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QUARTERLY REPORT FOR THE PERIOD ENDING 31ST DECEMBER 2011
ASX RELEASE

Exalt's Projects

Exalt owns 100% of the Mineral Hill South Project covering 116km² of land located 3km to the south of the Mineral Hill Mine in NSW and 100% of the Nyngan Project which covers 160km² of land in central west NSW targeting porphyry copper and epithermal gold mineralisation.

Mineral Hill South Project

Exalt's Mineral Hill South Project is adjacent to the Mineral Hill Project owned by Kimberley Metals Ltd approximately 3km south of the recently discovered Pearse South Deposit which currently has Proven & Probable Reserves of 235,240t @ 6.72g/t Au & 71.7g/t Agt.

Nyngan Project

The Nyngan Project comprises 160km² of land located approximately 12km south of Nyngan, in central west NSW. The land covered by the Nyngan Project is flat and easily accessible by sealed roads. Current land uses consist of grazing and winter cereal cropping. The Nyngan Project covers a magnetic complex which is inferred to be part of the Nyngan Intrusive Complex beneath transported Quaternary alluvium around the Bogan River.

Exploration Activity

Mineral Hill South – EL7663 (ERD – 100%)

During the December Quarter Exalt Resources Limited received results for the remaining three of six holes drilled in the September Quarter for a total of 1,219m. Two RC holes (314m) were drilled at Mineral Hill South during the quarter; one hole was following up the mineralised structure with elevated arsenic discovered in hole YLW003 at the Yellow Shaft Prospect; the other testing below the L'Empires Shaft at the Brooklyn Prospect.

Brooklyn Prospect

One hole was designed to test the L'empires shaft at depth. The L'empires shaft was sunk in 1900-1906 within the Brooklyn iron stone (a known surface hematite deposit which outcrops over a circular area of approximately 150m in diameter). Historical information suggests that the shaft was related to gold mineralisation although no veining was visible at surface. Regional aerial magnetic data shows an unexplained magnetic high below the shaft position which is similar to that seen at Mineral Hill and the Cobar Deposits to the north-west.

The hole collared within the Brooklyn iron stone and successfully intersected two quartz vein zones at 75m vertically beneath the shaft. The veins were very strongly weathered and consisted of quartz crystals and clay. Any sulphide minerals that may have been present in the veins have been completely destroyed, but should persist below the base of weathering.

+ See chapter 19 for defined terms.

Appendix 5B Mining exploration entity quarterly report

The drillhole the hole encountered difficult drilling conditions and was terminated at 120m without penetrating through the iron stone. The samples were sent to ALS for XRF iron ore analysis and highlighted significant widths of greater than 50% iron with relatively low contaminants.

Drilling was originally designed to follow-up chargeability anomalies within two of three large 3D IP surveys completed in July 2011.

Five of the eight holes were drilled into chargeability highs and all intersected significant amounts of pyrite which explains the results of the IP surveys.

Exalt's Managing Director Emmanuel Corriea said, "the results of the drilling whilst encouraging failed to intersect any economic gold or base metal mineralisation, but in turn identified a significant intersection of hematite at Brooklyn which is open in all directions. Evaluation of the iron at Mineral Hill South will continue in the new year."

| From | To | Interval | Fe% | SiO2% | Al2O3% | P% | S% | TiO2% | LOI% |
|------|-----|----------|------|-------|--------|------|-------|--------|-------|
| 0 | 39 | 39 | 45.4 | 11.2 | 4.6 | 0.13 | 0.010 | 0.120 | 11.38 |
| 39 | 81 | 42 | 52.7 | 4.2 | 1.7 | 0.17 | 0.010 | 0.022 | 11.55 |
| 87 | 96 | 9 | 52.8 | 5.3 | 1.5 | 0.11 | 0.014 | 0.047 | 11.84 |
| 108 | 120 | 12 | 56.0 | 4.9 | 1.2 | 0.08 | 0.009 | <0.005 | 11.55 |

Table 1 – Results of BNRC004 analysed by ALS using XRF Fusion

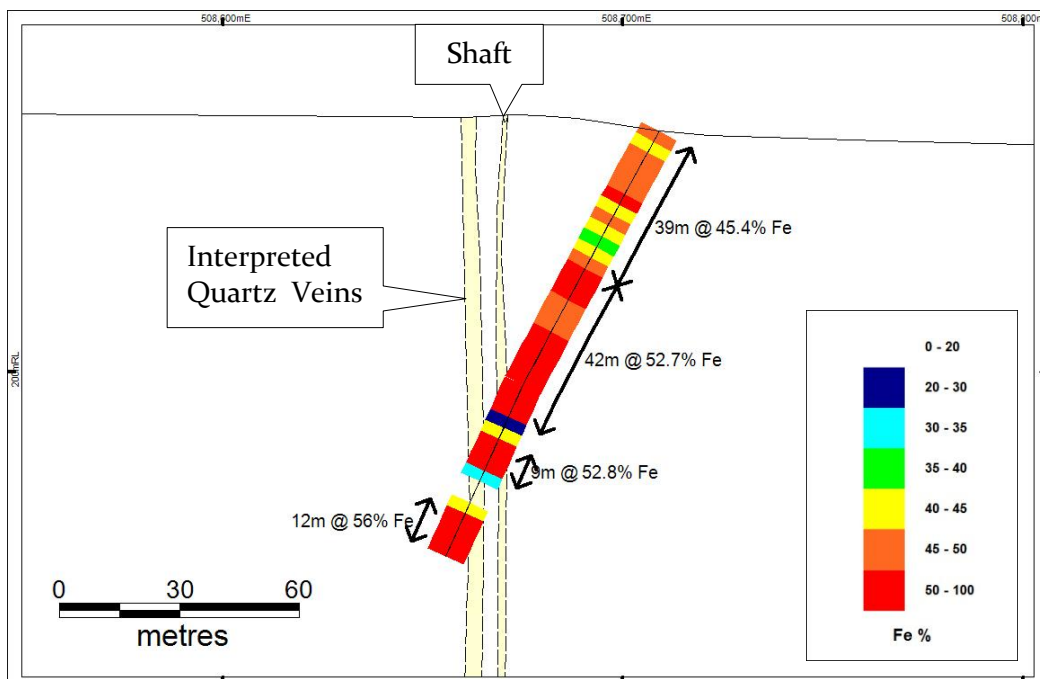


Figure 1 –BNRC004 East West Section 6,384,530N

Yellow Shaft Prospect

One 298m RC hole (YLW004) was drilled at Yellow Shaft during the December Quarter. The hole was designed to follow-up strongly anomalous arsenic seen in hole YLW003.

YLW004 successfully intersected an 89m zone of anomalous arsenic between 87m and 176m with arsenic values ranging between 45ppm and 971ppm. The arsenic anomalism in hole LYW003 and YLW004 appears to represent a northwest south-east oriented zone of arsenic mineralisation.

Arsenic is often closely related to gold; this is seen at the Pearse Deposit less than 9km to the north-west. Interpretation of the results to date suggest that the arsenic seen in holes YLW003 and YLW004 is similar to and may represent part of a Pearse like mineralised structure and requires follow-up.

The Pearse Deposit was discovered using conventional soil sampling and was also represented as a northwest south-east oriented zone of arsenic-gold anomalism; the recent results from Pearse include 14m @ 25.5g/t Au & 56g/t Ag and 51m @ 9.8g/t Au & 72g/t Ag.

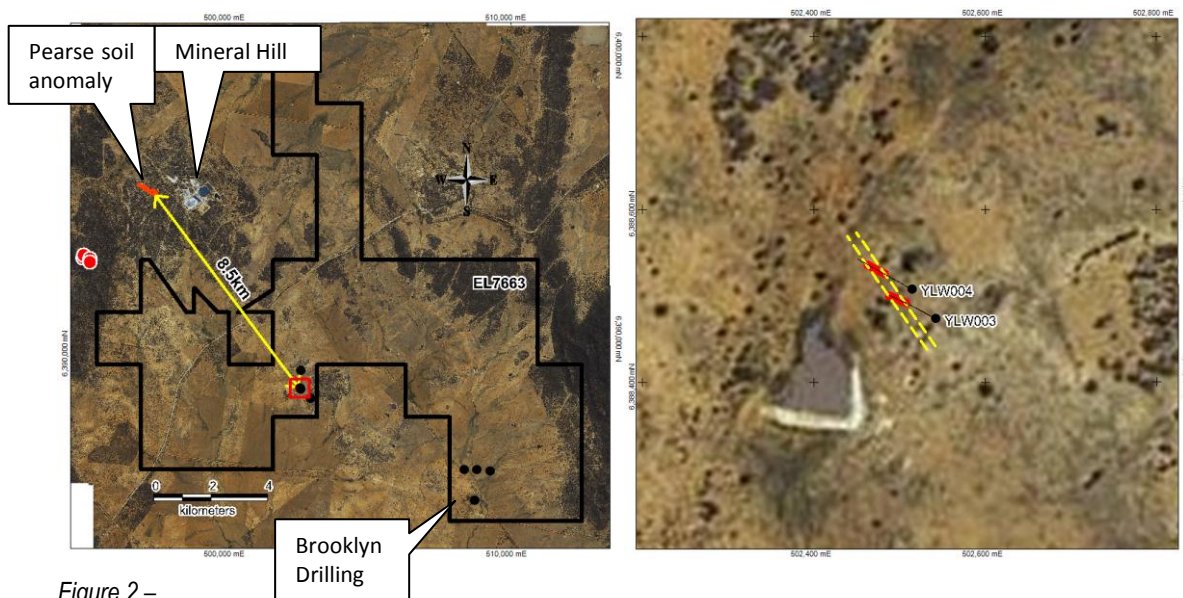


Figure 2 –
 Left = EL7663 Mineral Hill South (drillhole – black points)
 Right = Inset Yellow Shaft As Anomalism in red and interpreted northwest trend (yellow) projected to surface in holes YLW003 and YLW004

Anomalous lead was discovered with up to 1,054ppm in soils using a hand held XRF analyser approximately 600 to the south-east of YLW003 and YLW004. The lead anomalism is spatially associated with a shallow resistivity anomaly highlighted by the 3D IP survey completed in mid-2011.

+ See chapter 19 for defined terms.

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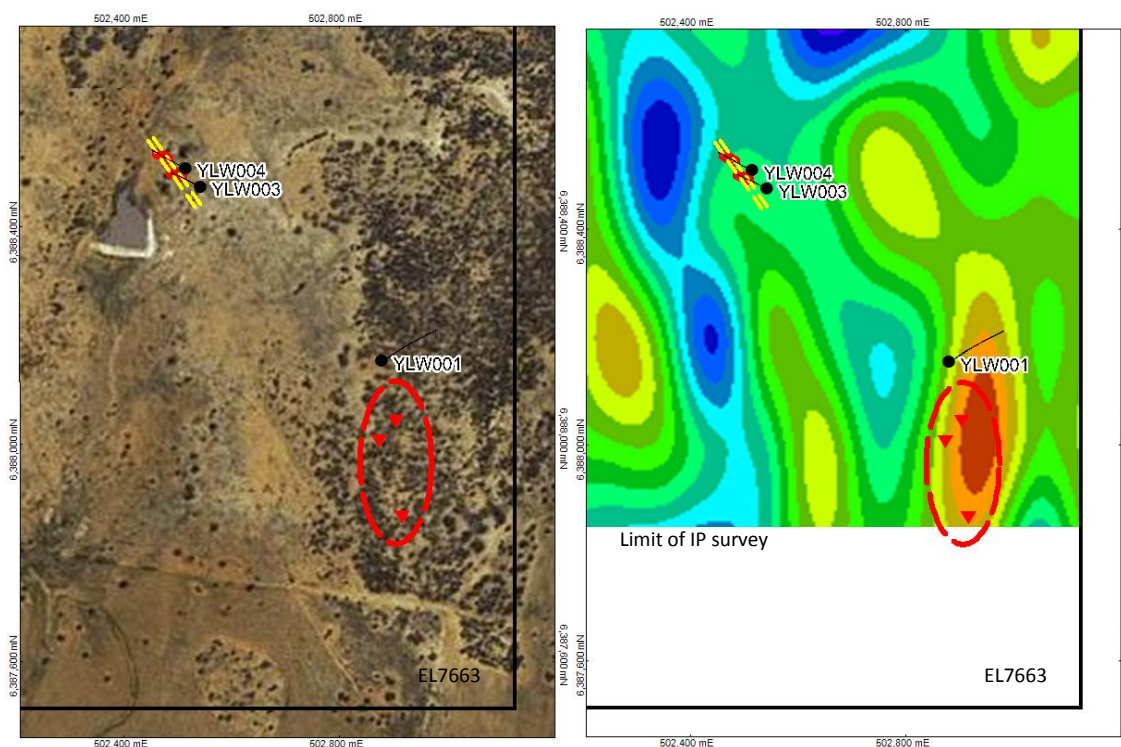


Figure 3 –
Left = Yellow Shaft Area. Arsenic anomalism in yellow and lead anomalism in red (drillhole – black points)
Right = Arsenic and Lead anomalism overlaid on shallow resistivity image (hotter colours = higher resistivity). (Note – YLW001 was drilled into a chargeability high, the higher resistive area is interpreted to be pervasive silica alteration).

Soil sampling using a hand held XRF analyser has been demonstrated as an effective exploration method for the area. It is expected that detailed soil sampling covering the whole area from the arsenic anomalism in YLW003 and 004 to the area of lead anomalism to the south-east may be conducted in the first quarter 2012; the sampling will outline the extent of the surface arsenic and lead anomalism and define those structures within that may contain gold.

| Hole_ID | Type | East | North | RL | Dip | Azimuth | Depth | Prospect |
|---------|------|--------|---------|-----|-----|---------|-------|--------------|
| BNRC001 | RC | 508341 | 6385636 | 265 | -65 | 220 | 228 | Brooklyn |
| BNRC002 | RC | 508789 | 6385627 | 265 | -65 | 214 | 198 | Brooklyn |
| BNRC003 | RC | 509271 | 6385573 | 265 | -65 | 79 | 168 | Brooklyn |
| BNRC004 | RC | 508709 | 6384530 | 260 | -60 | 309 | 120 | Brooklyn |
| YLW001 | RC | 502880 | 6388152 | 294 | -65 | 68 | 264 | Yellow Shaft |
| YLW002 | RC | 502533 | 6389127 | 290 | -60 | 66 | 234 | Yellow Shaft |
| YLW003 | RC | 502543 | 6388473 | 290 | -65 | 303 | 127 | Yellow Shaft |
| YLW004 | RC | 502515 | 6388507 | 290 | -60 | 321 | 194 | Yellow Shaft |

Table 2 – Mineral Hill South Drillhole locations. GDA94 Zone 55

Nyngan – EL7664

Eight aircore holes (614m) was drilled at the Nyngan Project testing one of the copper-gold porphyry targets.

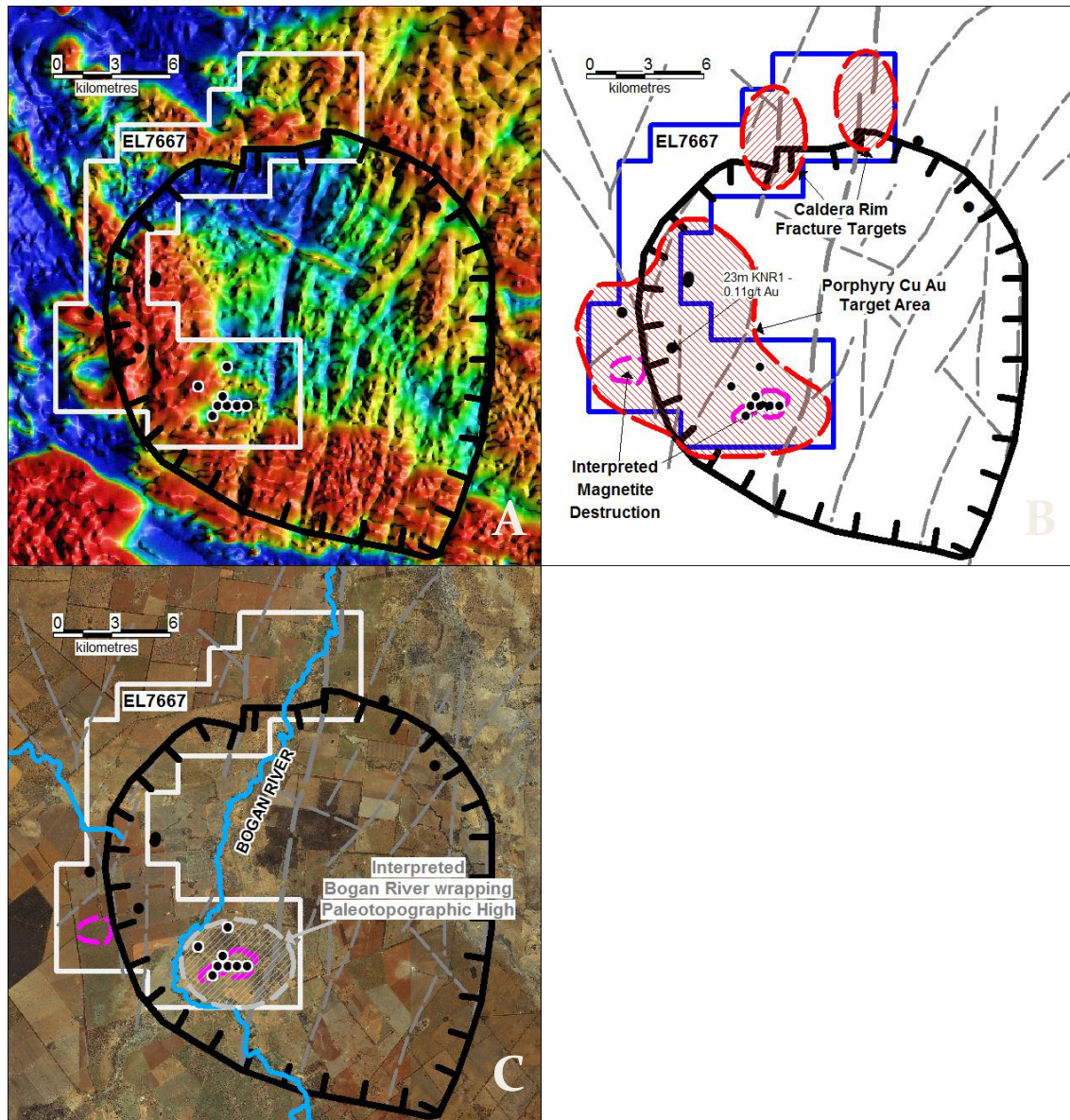


Figure 4 – Nyngan Completed AC holes
 A – Interpreted Caldera on Regional RTP Magnetics
 B – Interpretation and Target Areas
 C – Interpreted Zones of Magnetite Destruction on Aerial Photography

Access was limited due to winter cropping. All holes successfully drilled to basement under the transported sand and clay around the Bogan River and intersected unaltered monzogranite without any significant geochemistry.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information provided by Mr D Ward, Member of Australasian Institute of Mining and Metallurgy and a Consultant to Exalt Resources Limited. Mr Ward has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ward, consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

+ See chapter 19 for defined terms.

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

EXALT RESOURCES LIMITED

ABN

17 145 327 617

Quarter ended ("current quarter")

31 DECEMBER 2011

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|--|
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for (a) exploration & evaluation | (192) | (336) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (134) | (215) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 32 | 68 |
| 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 | (294) | (483) |
| 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) | (294) | (483) |
| 1.13 Total operating and investing cash flows (brought forward) | (294) | (483) |
| Cash flows related to financing activities | | |
| 1.14 Proceeds from issues of shares, options, etc. | - | - |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|---|-------|-------|
| 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) | - | (104) |
| | Net financing cash flows | - | (104) |
| | Net increase (decrease) in cash held | (294) | (587) |
| 1.20 | Cash at beginning of quarter/year to date | 2,946 | 3,239 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 2,652 | 2,652 |

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 | 20 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | |

1.25 Explanation necessary for an understanding of the transactions

These payments include Non-Executive Director Fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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| |
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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 | | |

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

| | | \$A'000 |
|--------------|----------------------------|------------|
| 4.1 | Exploration and evaluation | 100 |
| 4.2 | Development | |
| 4.3 | Production | |
| 4.4 | Administration | 85 |
| Total | | 180 |

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 | 2,652 | 2,946 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 2,652 | 2,946 |

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 | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 +Ordinary securities | 25,125,003 | 17,724,984 | \$0.20 | \$0.20 |
| 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 | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options <i>(description and conversion factor)</i> | 16,008,333 | 7,508,555 | <i>Exercise price</i> \$0.20 | <i>Expiry date</i> 31 December 2014 |
| 7.8 Issued during quarter | | | | |
| 7.9 Exercised during quarter | | | | |
| 7.10 Expired during quarter | | | | |
| 7.11 Performance Shares <i>(totals only)</i> | | | | |

+ See chapter 19 for defined terms.

| | | | |
|------|-------------------------------|--|--|
| 7.12 | Unsecured notes (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 /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date:31/1/12.....
(Company Secretary)

Print name: SHANE HARTWIG

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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+ See chapter 19 for defined terms.