

30 April 2012

**QUARTERLY ACTIVITIES REPORT FOR THE PERIOD
1 JANUARY 2012 TO 31 MARCH 2012**

HIGHLIGHTS

- Forge Resources (“Forge”) has signed definitive documentation with Todd Capital Ltd (“Todd”) in respect of a proposed investment in Forge Resources and entry into an unincorporated Joint Venture for the development of the Balla Balla Magnetite – Vanadium – Titanium Project in Western Australia.
- Todd has agreed to provide \$45.5 million towards the purchase of Balla Balla from Atlas Iron Ltd and the funding of ongoing exploration and development costs.
- Forge has received commitments from sophisticated/institutional investors totaling a further \$4.5 million at \$0.50 per share.
- McLaren Heavy Mineral Sand Deposit, within the Eulca West Mineral Sand Project tenements, attained a significant maiden JORC compliant heavy mineral (HM) resource estimate of 470 million tonnes @ 4.6 % HM (21.5 million tonnes of contained HM).
- Mayfield Prospect, NSW, obtained high-grade gold, silver and zinc hits in the recently completed drilling program.
- Mayfield North project, NSW, showed highly significant chargeable anomalies from an Induced Polarisation survey, defining strong targets for a drilling program.
- Michelago project rock chip channel sampling results recorded encouraging results, including 5 meters @ 0.11% copper and 0.17% zinc and 4 meters @ 1.36% zinc.

1. CORPORATE

1.1 Balla Balla Magnetite, Vanadium and Titanium Project

Following the announcement last quarter of the agreement with Atlas Iron Limited (“Atlas”) to acquire the Balla Balla Magnetite, Vanadium and Titanium Project (“Balla Balla”) in Western Australia, Forge agreed terms with Atlas to extend the deadline for the completion of this acquisition. The terms included completing the entire Balla Balla purchase in a single payment by combining the two cash payments in the original terms (\$17.5 million by the end of February 2012 and a further \$22.5 million by the end of February 2013). The capped royalty payment structure based on tonnages sold was not adjusted and remains in place. Further, Forge has paid Atlas a \$500,000 non-refundable deposit.

The date for satisfying the conditions precedent to completion of the acquisition has subsequently been adjusted to 31 May 2012.

1.2 Acquisition Funding for the Balla Balla Magnetite, Vanadium and Titanium Project

Following the announcement of the timeline extension with Atlas, the Board was pleased to announce on 19 March 2012 that the Company signed definitive transaction documentation with Todd whereby Todd has agreed to make an investment in Forge and enter into an unincorporated Joint Venture (“JV”) with Forge for the development of the Balla Balla Magnetite – Vanadium – Titanium Project in Western Australia.

The investment by, through related bodies corporate, will consist of:

1. an investment by Todd to acquire a direct 25% interest in Balla Balla (\$10 million) to be run as an unincorporated joint venture between Todd (25%) and Forge (75%);
2. a senior secured project-level debt facility from Todd to Forge (\$27.5 million);
3. a placement of Forge shares to Todd (at an issue price of \$0.50 per share) (\$8 million); and
4. a grant to Todd of options to acquire additional Forge shares, in each case as further described below.

Alongside the Todd investment, Forge also intends to place \$4.5 million of new shares to sophisticated investors bringing the total new funding raised to \$50 million. This transaction will enable Forge to complete the purchase of Balla Balla from Atlas and provide Forge with additional working capital to advance both Balla Balla and the Eucla West Mineral Sands Project in Western Australia.

The transaction remains subject to Forge shareholder approval. Forge has convened a general meeting of shareholders to be held on 25 May 2012 to vote on various resolutions in relation to the Transaction, and shareholders have been sent a Notice of Meeting and Explanatory Memorandum, including an Independent Expert’s Report.

The Recommending Directors of Forge¹ unanimously recommend that Forge shareholders vote in favour of all of the Forge shareholder resolutions to be put to shareholders at the general meeting in the absence of a superior proposal.

¹ The Recommending Directors of Forge are Dr Matthew James (Managing Director) and Mr Emmanuel Correia (Non-Executive Director).

It has also been agreed between Todd and Forge that Forge shall undertake the marketing of iron ore and certain other minerals produced at Balla Balla via an exclusive marketing agreement.

Upon completion of the Todd Investment, Todd will be entitled to have a nominee appointed as a Director to Forge's board (with any such appointee subject to re-election at Forge's next AGM in the ordinary course).

Key Terms of the Todd Investment

Forge and Todd have entered into a Master Agreement which provides a framework for implementation of the Todd investment.

The Master Agreement sets out the conditions precedent to completion of the Todd investment, which include Foreign Investment Review Board (FIRB) approval, Forge shareholder approval and other third party approvals.

The transaction will comprise the following key components:

- Forge completing the acquisition of the Balla Balla Magnetite – Vanadium – Titanium Project from Atlas for \$40 million plus a capped royalty payment structure based on tonnage sold. Todd will purchase a direct 25% interest in Balla Balla for \$10 million. Forge and Todd will enter into an unincorporated JV for Balla Balla.
- In addition Forge will grant an option to Todd whereby, subject to certain conditions (including Forge securing project finance on Balla Balla) Todd has the ability to acquire from Forge an additional 7.5% interest in the unincorporated joint venture for Balla Balla for a purchase price of \$36.4 million (the "JV Option"). The JV Option will expire on the earliest of: project finance being obtained and drawn for the Balla Balla Project; the repayment date of the senior secured project-level debt facility (see below); and the end of 10 years.
- Forge will issue an aggregate of 25 million fully paid ordinary shares, of which 16 million will be issued to Todd at \$0.50 per share and 9 million shares will be issued to sophisticated/institutional investors at \$0.50 per share.
- Todd will receive 6.5 million options to subscribe for additional fully paid ordinary shares of Forge, with each option having an expiry date two years from the date of issue and an exercise price of \$0.50 per share.
- Todd will provide a Forge subsidiary (at the Balla Balla JV level) with \$27.5 million of senior secured debt secured over Forge's interests in the Balla Balla project. The debt will have an initial two-year term, which can be rolled for six month periods at the option of Todd up to a maximum 10 year term. During the first two years, interest will accrue at 15% pa compounded annually, and during each rollover period at 5% pa plus BBSW for the rollover period. If the JV Option is exercised and completed the entire loan amount will become repayable and the \$36.4 million purchase price will offset outstanding amount by \$36.4 million. The outstanding debt will also become repayable upon first drawdown of project finance.

2. BALLA BALLA DEFINITIVE FEASIBILITY STUDY ACTIVITIES

During this quarter GR Engineering Limited (“GRES”) completed a review and update of the project capital and operating cost estimates of the Balla Balla Definitive Feasibility Study (“DFS”). GRES completed the previous DFS for Aurox Resources Ltd (“Aurox”) in February 2010, and the update was based on an identical Phase 1 project scope of work as was previously contemplated by Aurox (6 million tpa of Fe concentrate and 280,000 tpa ilmenite concentrate).

The original capital cost estimate for Balla Balla was developed in Australian Dollars as at the third quarter 2009 (Q3-2009) to an accuracy of +/- 15%. GRES reviewed the original estimate and presented a revised estimate in Australian Dollars as at the first quarter 2012 (Q1-2012) to an accuracy of +/- 15%. The revised capital cost estimate is based upon the original schedule, which has been reviewed and considered achievable.

In summary, the capital cost estimate has increased by \$92 million, from \$1,229 million to \$1,321 million, which represents an increase of 7.5% from the 2009 estimate.

Some major cost adjustments that have been realized during the review and estimate update include:

- Structural steel fabrication and supply
- Equipment supply costs. Some major equipment such as mills and filters have remained constant in the supply price however due to foreign exchange rate variations, have decreased in overall supply price
- Process plant piping supply cost estimate remains current for 2012 and have been adjusted for labour and freight increases
- Some electrical supply components have realized increases, whilst the balance of equipment supply costs remain current for 2012
- The overland slurry pipeline supply estimate
- Earthworks rates have been adjusted for 2012
- EPCM rates and construction labour rates have been adjusted for 2012
- Owners costs have been escalated
- The bucket wheel reclaimer and radial stacker have been re-estimated based upon current similar project requirements

The operating costs for Balla Balla have also been reviewed and revised for the first quarter 2012 (Q1-2012) to an accuracy of +/- 15%, in Australian Dollars. The basis of the operating cost estimate remains the same as for Q3-2009. In summary the operating cost estimate has increased 6%, based on Phase 1 tonnages, to \$49/t Fe concentrate FOB, excluding by-product credits.

The methodology that was used to update the operating cost estimate includes:

- Revised budget quotations obtained from reagent suppliers to determine price adjustment
- Review and update of operational labour salaries
- Review and update of freight charges for reagents and grinding media
- Review and update of grinding media costs
- Review and update of mining costs
- Power cost adjustment

Of the total capital cost estimate it should be noted that approximately \$310 million is directly associated with the slurry pipeline and port infrastructure. Should a trans-shipment operation be utilized a substantial capital saving may be realized, both through direct savings and also through associated administrative and management cost savings. A trans-shipment operation is likely to incur a slight increase in operational costs of approximately \$6/t Fe concentrate. However should a decision be made to expand the project to 10 million tpa this increase should be offset through expansion giving an operational cost reduction of approximately \$7/t Fe concentrate.

The next steps for Forge are to continue to study the trans-shipment opportunity and also to draw together a value engineering team to complete a process of value engineering with the aim of removing capital and operating costs from the updated costs of the DFS given above. This will generate a Forge DFS and cost base for the scope of works to be developed by Forge.

3. EXPLORATION ACTIVITIES

3.1 West Eucla Heavy Mineral (HM) Resource Development

Resource development and exploration for heavy mineral sands within the West Eucla Mineral Sands Project has continued this quarter. Significant effort has been directed towards the determination of a maiden heavy mineral (HM) resource at the McLaren Prospect and exploratory scout drilling over the greater project area.

3.1.1 McLaren Resources Development

As previously announced (ASX announcement 6th February 2012) geological resource estimate specialist Hellman and Schofield Pty Ltd have completed the HM resource estimate at the McLaren Prospect. The JORC compliant inferred HM resource estimate of 470 million tonnes @ 4.6% HM for 21.5 million tonnes of contained HM applies a 2.0% HM cutoff grade and a bulk density of 1.8. In total, 456 holes have been drilled with 271 defining the wireframed zone of mineralisation. Inferred Resources are reported in Table 1. No regard has been given to the fines (-45 micron) content of the mineralised sample.

HM Cut-off Grade (%)	Material Tonnes (Mt)	HM Grade (%)	In Situ HM Tonnes
2.0	470	4.6	21,500,000
3.0	450	4.7	20,800,000
4.0	300	5.3	15,500,000
5.0	150	6.0	9,400,000

Table 1: McLaren Deposit Heavy Mineral Inferred Resource Estimates.

The data indicates that potential extensions to the deposit can be achieved. In addition, previous regional drilling indicates the potential for possible satellite mineral deposits that could compliment this significant maiden HM resource. Following the completion of the resource estimate a total of 60 samples have undergone

mineralogy analysis to determine the mineral suit within various domains within the deposit. Of these 60 samples, a subset of 20 samples has been submitted for detailed QEM Scan analysis to determine the mineral quality. The full set of results for this test-work has not been received however the full modal optical mineralogy analysis based on 60 samples confirms the deposit to be ilmenite rich. The summary of results is shown below.

Mineral	Average % of HM portion
Ilmenite	51.1
Leucoxene	1.0
Rutile	0.3
Zircon	0.5
Total VHM	52.9

Table 2: Full modal optical mineralogy analysis results.

3.1.2 Exploration for Satellite Deposits near McLaren

Exploration auger drilling for possible satellite mineral resources close to the McLaren Deposit has continued during the period. A total of 142 holes for 580 metres has been completed and aims to identify those areas with the greatest potential to contain high value heavy mineral concentrations.

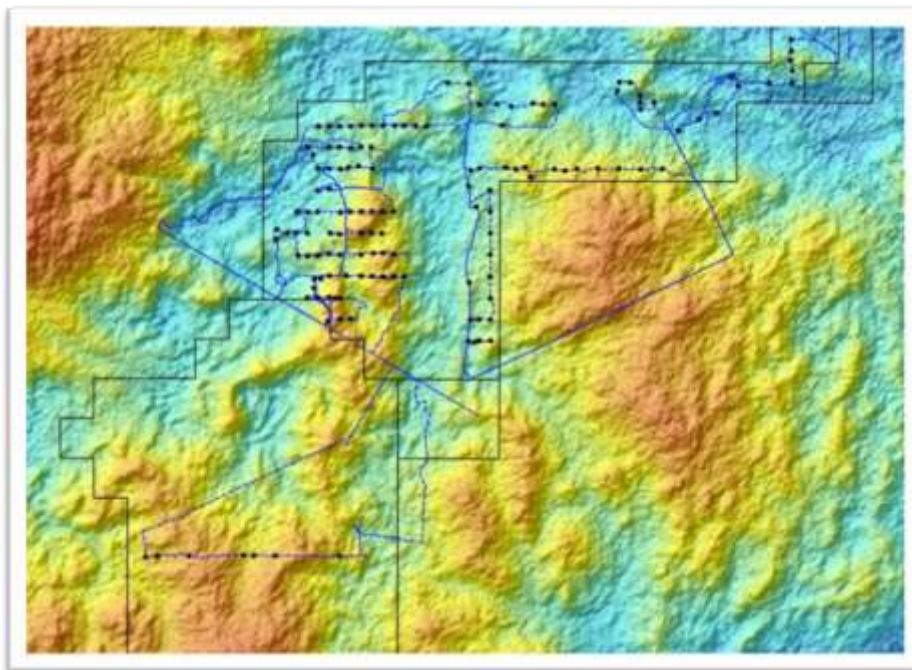


Figure 1: Figure Scout Auger drill collar locations and traverses over elevation DTM.

Geological field observations from this drilling suggest that there have been a number of deposition events over time that has occurred across a range of elevations. These separate deposition events have the potential to contain different mineral suits and alteration styles. Auger drill samples from these locations will undergo detail QEM Scan analysis to determine the mineralogy and alteration and will be used to identify high priority targets for future drill campaigns.

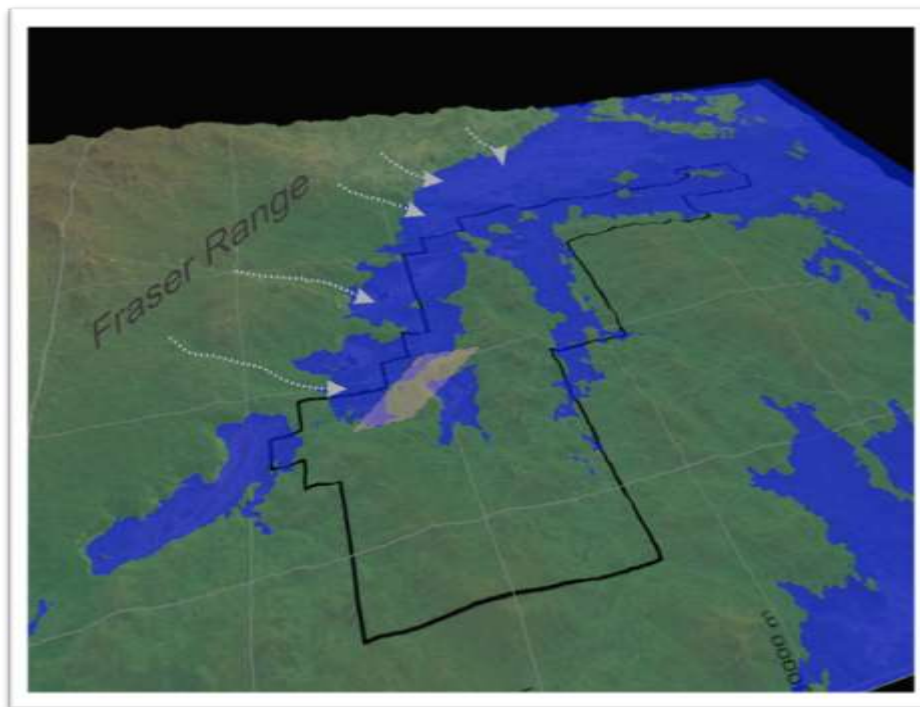


Figure 2: Current Geological model showing the McLaren HMS prospect shaded pink, the paleo drainage from the Fraser Range and interpreted shoreline at the time of deposition.

3.2 New South Wales Tenements Overview

Good progress was made on the NSW tenements, all of which are located within the prospective Lachlan Fold Belt – see Figure 3. The projects are prospective for VMS base metals, gold and copper deposits associated with intrusives and skarns as well as vein hosted tin, molybdenum and tungsten mineralisation.

Exploration during the quarter was focused on the Loaded Dog Prospect located within the Mayfield North Project area where a number of strong Induced Polarisation (IP) anomalies were delineated. Active fieldwork was also undertaken on the Michelago Project. Capital Mining, the Joint Venture partner on the Mayfield prospect, released drill results and an upgraded JORC compliant resource for the Mayfield Prospect during the quarter. Activities conducted on these projects during the Quarter, together with planned activities, are reported upon in the following sections.

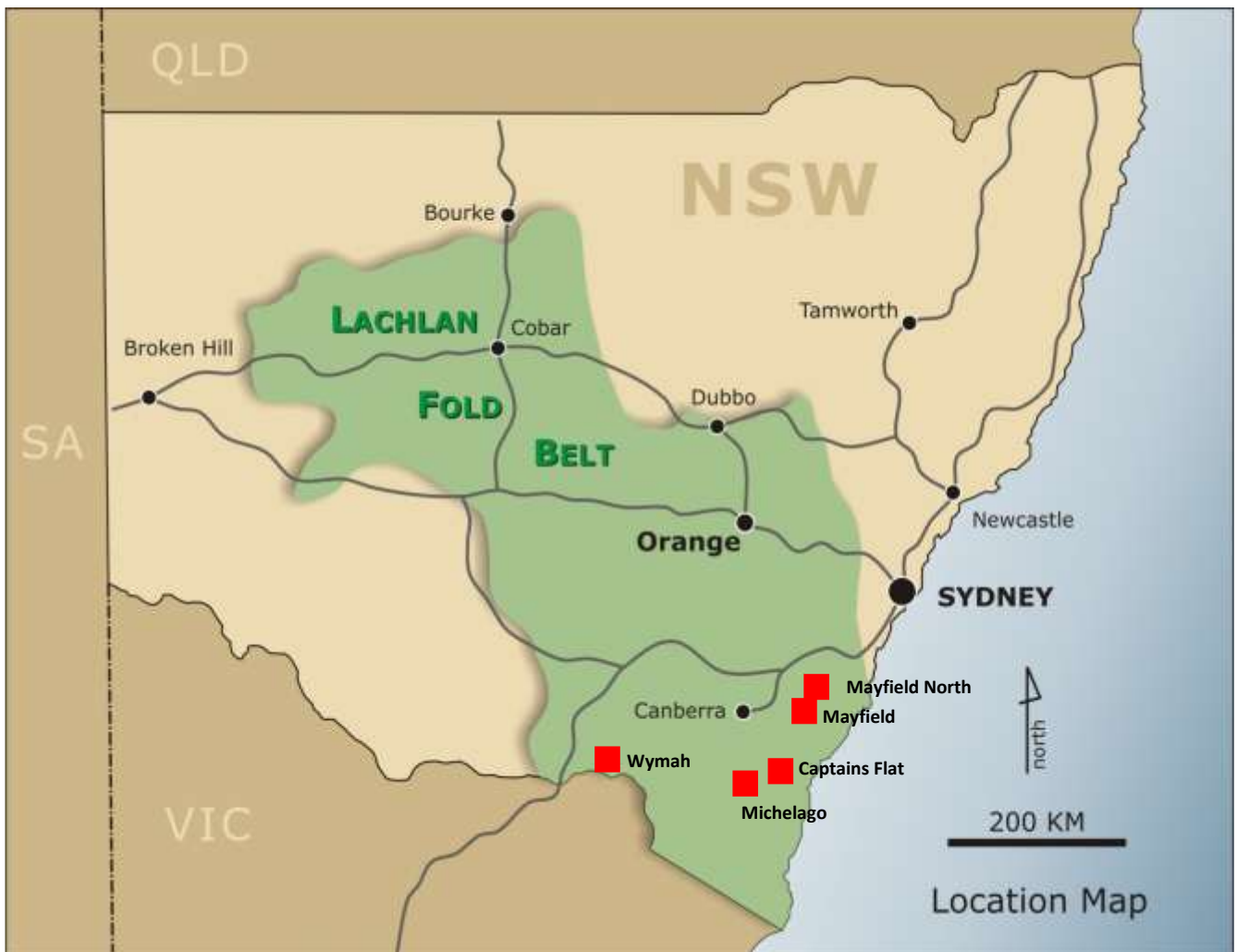


Figure 3: Location of Forge tenements.

3.2.1 Mayfield North (Forge 100%)

Following on from a comprehensive soil sampling program carried out on the Loaded Dog Prospect, an Induced Polarisation (IP) survey was carried out over a defined survey area – see Figure 4. The previous soil survey demonstrated widespread albeit low level metal anomalism over a wide area, and the objective of the IP survey was to identify subsurface areas with chargeable responses that might be responsible for the above anomalism.

The results of the IP survey were highly significant with 5 (five) chargeability anomalies being defined within the Loaded Dog survey area. Of these however, there are two particularly strong anomalies (Anomalies 1 and 2). The estimated depth to the top of these anomalies varies between 85 and 120 metres.

It should be noted that these anomalies may be generated by barren pyritic haloes or graphitic deposits. However, for reasons outlined above, the possibility that they may represent disseminated copper/gold deposits cannot be ignored and on that basis drill testing is warranted.

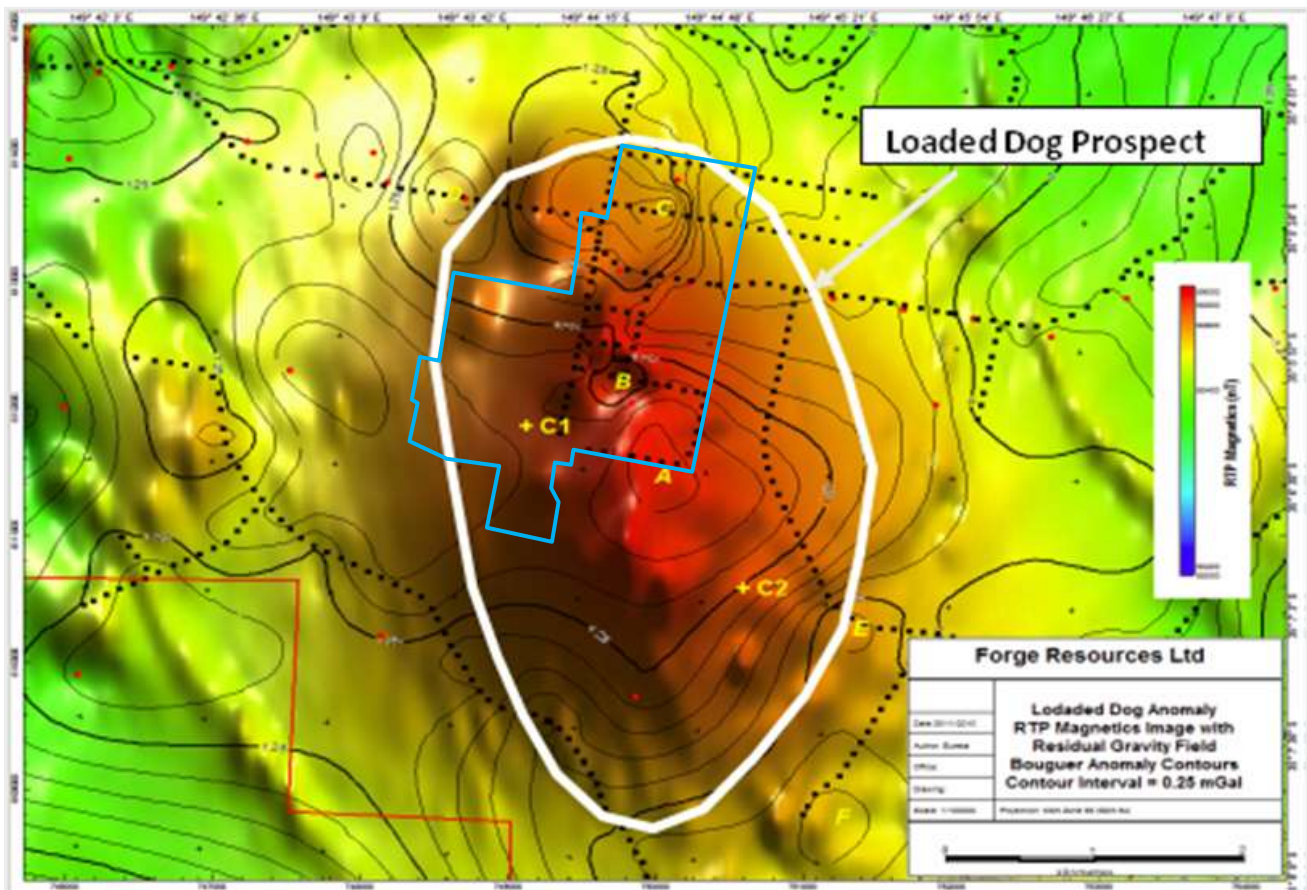


Figure 4: Location of the Loaded Dog Prospect and survey area (blue boundary).

A total of four (4) east-west and three (3) north-south IP lines were completed with chargeability anomalies being detected on all survey lines. The location of each of the survey lines and the detected chargeability anomalies are illustrated in Figure 5.



Figure 5: Anomaly and inverted section locations within survey area (see Figure 4 for boundary).

The continuity of results across the four east-west lines is encouraging, but the confirmation and additional shape/orientation provided by north-south lines 9350E and 9950E strongly supports the main two Anomalies (1) and (2). These anomalies were recorded, have consistent raw data chargeabilities of approximately 40 mV/V with these values rising significantly in the inversion sections. The actual computed values for some peak chargeabilities are as high as 87 mV/V suggesting possible high sulphide content.

Then inversion section for east-west line 11500N is illustrated in Figure 6 as an example of the line survey data.

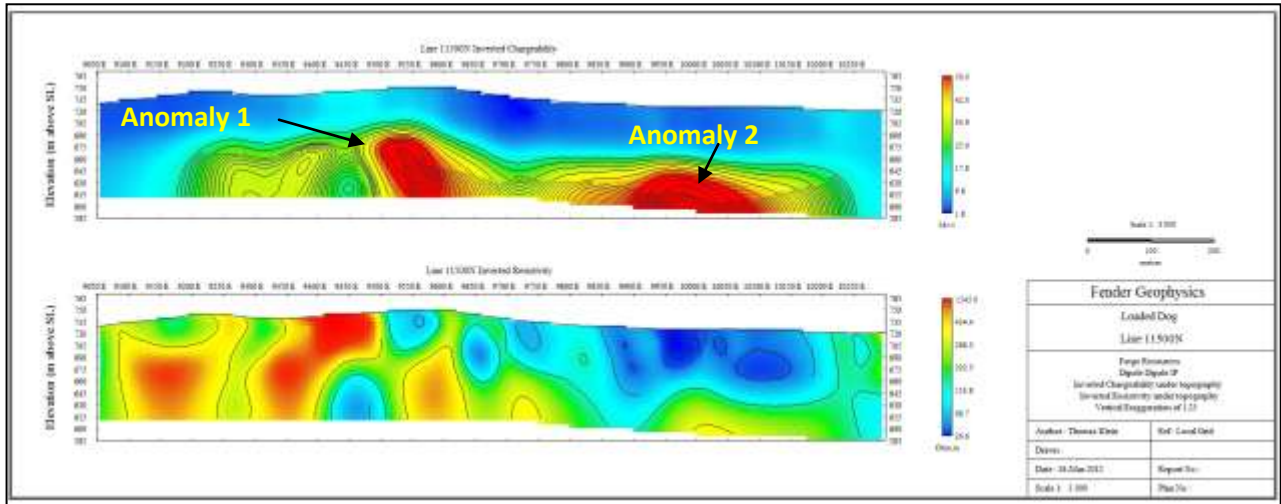


Figure 6: Strong chargeability anomaly on Line 11500N looking north.

Given the density of the data acquisition, it is possible to generate a three dimensional (3D) representation of the data. This is demonstrated in Figure 7 which utilises a ‘cut-off’ chargeability value of 50 mV/V. As a guide, raw chargeability values above about 30-35 mV/V are regarded as anomalous and indicators of increased chargeable mineralisation. Such mineralisation may be potentially high pyrite or metalliferous sulphides. Such responses may also be caused by graphitic lenses (eg graphitic schists), but in these cases extremely low resistivity anomalies are usually coincident and this is not the case here.

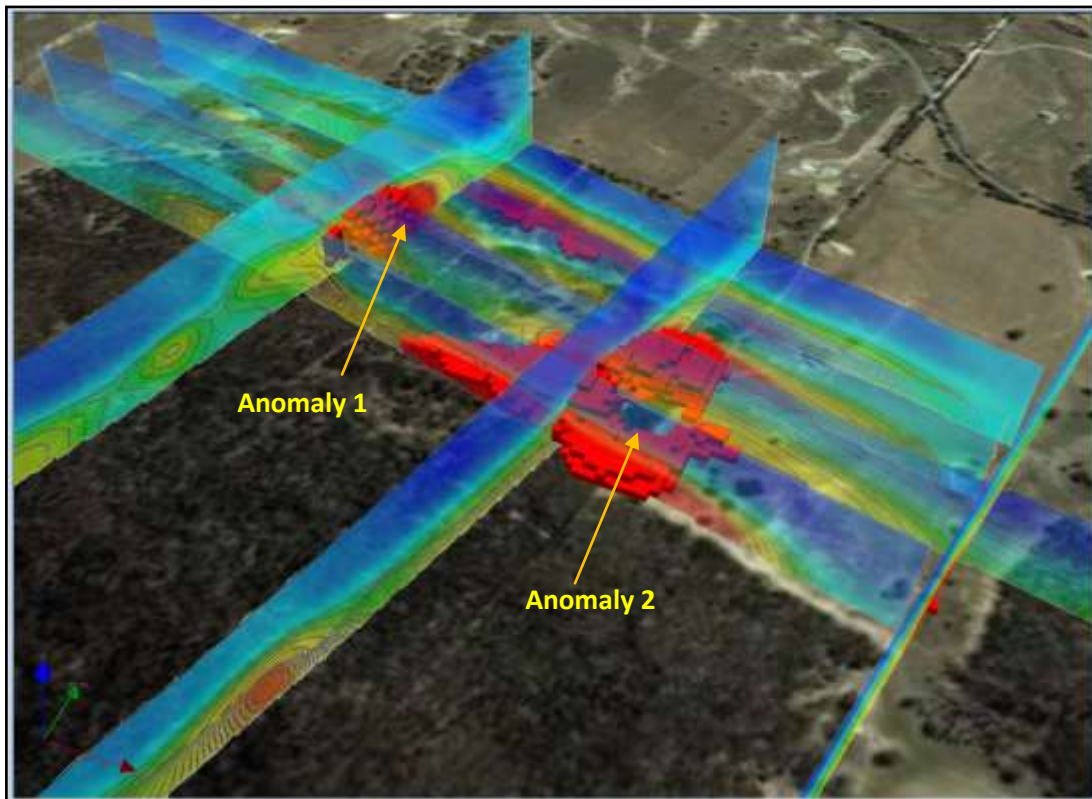


Figure 7: 3D view of chargeability anomalies looking to the north-west.

The interpretation of the data at this stage suggests that Anomalies (1) and (2) represent sizeable volumes with elevated chargeability properties which may indicate the presence of sulphides. It is estimated that the depths to the anomalous zones range between 85 to 120 metres below surface and the inverted sections suggest a relatively uniform overlying sequence of low chargeability, relatively moderate resistive lithologies.

Integration of the above IP data with previously compiled soil geochemistry suggests a relatively strong association (either direct or indirect). Figure 8 shows the chargeability locations overlain on soil copper and arsenic geochemistry respectively.

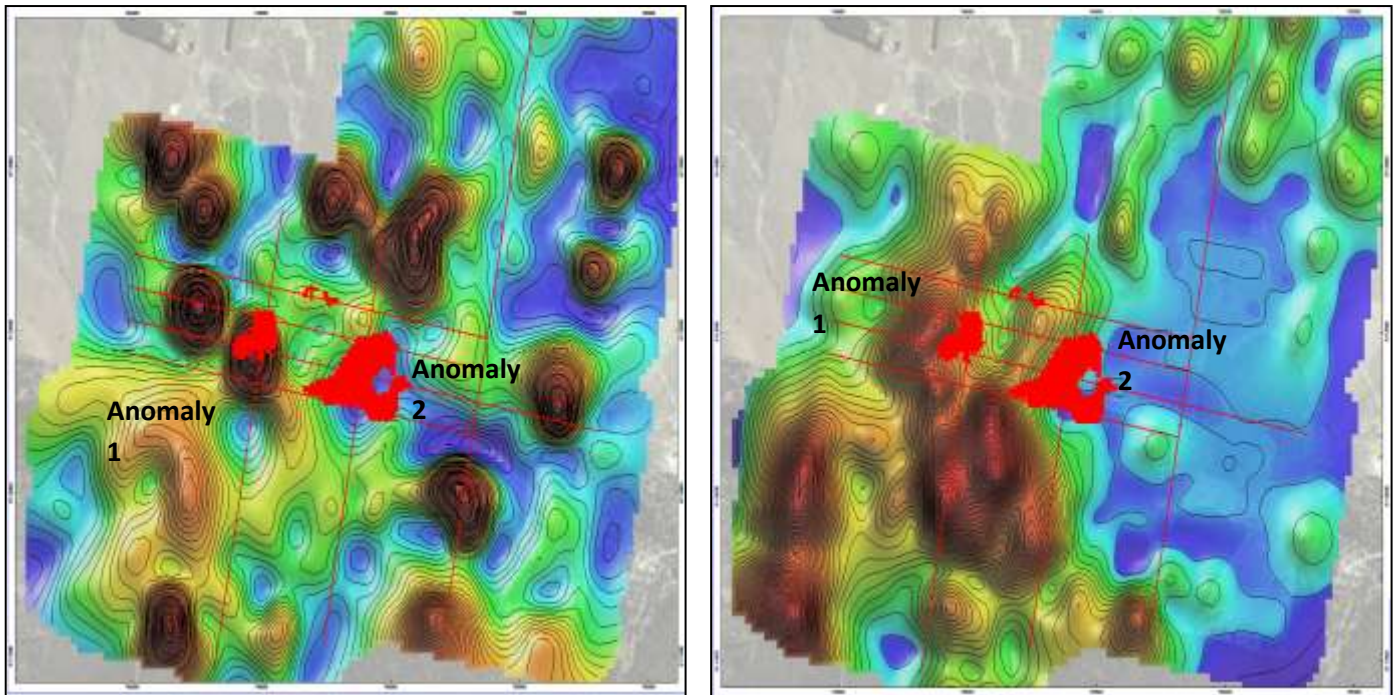


Figure 8: Chargeability model overlain by copper (left) and arsenic (right) soil geochemistry

There is now a strong case for drilling Anomalies 1 and 2 and the Company is now considering various options to progress this project.

3.2.2 Michelago (Forge 100%)

Field work during the quarter has enhanced the prospectivity of the Michelago project area significantly, with a number of new zones of potential mineralization being delineated and initial drilling targets being modelled. In the Colinton area (located in the northern portion of the licence area, recent rock chip channel sampling by the Company has delineated highly anomalous zones of zinc and lead mineralization adjacent to known mineralized zones. Some highly encouraging results were recorded from the Povey's Road and Poveys Creek area, including:

- 5 metres @ 0.11% copper and 0.17% zinc (northern section); and
- 4 metres @ 1.36% zinc (southern section).

These zones of mineralisation are being followed up with further detailed soil sampling and rock chip sampling in the coming quarter and it is anticipated that a number of drilling targets will delineated in this area.

At Birchams's Prospect located in the southern portion of the licence area, recent soil sampling has confirmed previous geochemical data and paves the way for a limited drilling program to test a prospective horizon for zinc, lead and silver mineralisation.

Additional work is also being carried out in the vicinity of the old Colinton Silver Mine area where initial rock chip sampling has confirmed several horizons anomalous in zinc, lead and silver.

3.2.3 Wymah (Forge 100%)

The licence was renewed for a further period of two years during the quarter. In addition, consent was also received to explore within the Woomargama State Conservation Area where historic exploration defined an area anomalous in molybdenum. Options for the continuing exploration of the tenement are now being considered.

3.2.4 Mayfield Project (Forge 46.55%)

Capital Mining Limited ("Capital"), the Operator of the Joint Venture over this licence completed a drilling program over the Mayfield and Limekilns prospects located within the tenement area during the quarter. At the Mayfield Prospect, a number of encouraging drill intercepts were recorded including:

- 20m @ 6.86 g/t gold from 10m;
- 36m @ 1.81 g/t gold from 18m; and
- 35m @ 14.7 g/t silver and 2.57% zinc from 42m.

As a result of this drilling, the copper-gold resource (classified as both inferred and Indicated according to the JORC code) was upgraded to the following:

- 4.0 million tonnes @ 0.4% copper, 0.7 g/t gold, 8.8 g/t silver, 0.2% zinc and 25.4% iron.

The zinc resource was upgraded to:

- 0.9 million tonnes @ 2.36% zinc, 5.9 g/t gold and 0.1% copper.

The resource recalculation has meant an increase of 23% of contained gold to 94,800 oz, an increase of 10,900 tonnes in the amount of contained zinc, an increase in the contained copper by 17,250 tonnes and silver to 1.3 million ounces.

At the Limekilns Prospect, three drill holes were completed with the results indicating that there is gold in the geological system and that there is a good probability of defining additional gold mineralisation in distal skarn depositional settings further afield.

Capital is currently re-assessing its entire exploration and development program prior to determining the next work program for this tenement.

3.2.5 Captains Flat (Forge 49% reducing to 25%)

Ironbark Zink (“Ironbark”) and NSW Base Metals (a Glencore Limited subsidiary) are jointly earning a 75% interest in the Captains Flat Project from Forge who currently holds a 49% non-contributing interest diluting to 25% subject to Ironbark and NSW Base Metals meeting agreed expenditure commitments.

Work during the quarter focused on the interpretation of data collected from the logging and analysis of a recently completed diamond drill hole (JRD1101) and the analysis of a high resolution ground magnetic survey on the Jerangle Prospect. Elsewhere, an assessment of the Anembo Prospect was also commenced. The proposed program for the next quarter includes:

- Assessment of deep drilling targets in the Lake George, Vanderbilt Hill and Copper Creek area by the use of specialised and high resolution geophysical surveys;
- Planning for closer spaced drilling of the Jerangle Prospect;
- Review of the prospectivity of the Anembo Prospect; and
- Progress access to Captains Flat North prospects including Briars.

Competent Persons Statement – Eucla West

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Paul Benson, who is a member of The Australasian Institute of Mining and Metallurgy. Paul Benson is a consultant to Forge Resources Ltd. Paul Benson has sufficient experience which is relevant to the style of mineralisation and type of deposits 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’. Paul Benson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – NSW Projects

The review of NSW exploration activities and results contained in this report is based on information compiled by Mr. M Rampe, a director of Harvest Exploration Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr. Rampe consents to the inclusion of this information in the form and context in which it appears in this report.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

FORGE RESOURCES LTD

ABN

30 139 886 187

Quarter ended ("current quarter")

31 MARCH 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(196)	(666)
(b) development	-	-
(c) production	-	-
(d) administration	(480)	(1,592)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	39	103
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	(636)	(2,155)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	(50)
(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)	-	-
Deposit & expenditure – Balla Balla project	(661)	(689)
Net investing cash flows	(661)	(739)
1.13 Total operating and investing cash flows (carried forward)	(1,297)	(2,894)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,297)	(2,894)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,500
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)	-	(149)
	Net financing cash flows	-	2,351
	Net increase (decrease) in cash held	(1,297)	(543)
1.20	Cash at beginning of quarter/year to date	3,678	2,924
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,381	2,381

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	106
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 and Salary to the Managing Director

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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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.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	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	42,697
4.2 Development	-
4.3 Production	-
4.4 Administration	354
Total	43,051

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	2,381	3,678
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,381	3,678

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	Refer to commentary in Quarterly Activity Report.		

+ 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	31,577,677	27,652,667	\$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>	19,855,905	6,547,573	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 31 July 2014
	600,000	Nil	\$0.67	15 June 2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Performance Shares <i>(totals only)</i>	24,000,000 <i>Expired effective 21 March 2012</i>	Nil		

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)	Nil	
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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: Date:
(Director/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 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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+ See chapter 19 for defined terms.