



GGG Resources plc
(the “Company” or “GGG”)

31 January 2012

Electronic lodgement

ASX RELEASE

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2011**

HIGHLIGHTS

Corporate

- The merger with Auzex Resources Limited is progressing according to plan, with Auzex now awaiting approval for the merger from its shareholders and the Court. In October 2011, Auzex completed a capital raising and entitlements issue, with GGG taking up its full entitlement.
- On December 16 2011 the Scheme Document for the acquisition of GGG’s entire share capital by Bullabulling Gold Limited was posted to GGG shareholders. The General Meeting of shareholders and Court Meeting were held on 9 January 2012, with approval for the merger from both meetings. On the same day, Auzex’s shareholders approved the demerger of Auzex Exploration Limited (acquiring all the non Bullabulling gold assets of Auzex) from Auzex Resources.
- On 30 November 2011, the Directors of GGG exercised their warrants in GGG at an exercise price of 12.6p per share. The total number of Ordinary Shares on issue in GGG following this exercise is 166,280,298.

Exploration

- Phase II infill drilling was completed during the quarter. A total of 425 holes were drilled for 74,452 metres. Upon receipt of all the results an updated resource estimate will be calculated and this will be used for the purposes of the pre feasibility study.
- During the quarter the following drilling results were announced:
 - **1m @ 48.80 g/t Au** from 182m and
 - **16m @ 1.75 g/t Au** from 63m in hole BJ1297,
 - **9m @ 13.32 g/t Au** from 195m and
 - **15m @ 1.39 g/t Au** from 161m in hole BJ0371,
 - **1m @ 12.50 g/t Au** from 61m in hole BJ2012,
 - **2m @ 5.01 g/t Au** from 55m in hole BJ2085,
 - **2m @ 3.99 g/t Au** from 76m in hole BJ2338,
 - **9m @ 3.52 g/t Au** from 113m in hole BJ1945,
 - **2m @ 3.48 g/t Au** from 82m in hole BJ2160,

- **13m @ 3.45 g/t Au** from 92m in hole BJ1257,
 - **20m @ 3.45 g/t Au** from 21m with
12m @ 1.97 g/t Au from 58m and
12m @ 1.77 g/t Au from 133m in hole BJ0405,
 - **10m @ 2.61 g/t Au** from 125mand
14m @ 1.94 g/t Au from 44m in hole BJ0261,
 - **14m @ 2.51 g/t Au** from 130m in hole BJ2083,
 - **10m @ 2.48 g/t Au** from 45m in hole BJ0466,
 - **19m @ 2.48 g/t Au** from 19m in hole BJM024,
 - **14m @ 2.41 g/t Au** from 21m and
26m @ 0.83 g/t Au from 62m in hole BJ0381,
 - **14m @ 2.40 g/t Au** from 65m in hole BJ2066.
- Approximately 99% of drill holes have so far intersected mineralisation.
 - During the quarter 2D seismic and aeromagnetic data acquisition were completed and the data are now processed. This, together gravity data, which will be acquired in January, will help target deeper, possibly higher grade mineralisation.
 - A new exploration programme has been planned to test regional structures and anomalies identified by recent regolith mapping.
 - In November the Joint Venture announced the results of initial metallurgical study of the primary mineralisation, from samples taken between Bacchus and Phoenix pits. The results show 92.5% recovery over 24 hours for the master composite sample grading 0.96 g/t Au. The samples have soft to medium hardness and moderate abrasiveness. The results indicate that the project is amenable to SAG milling and possibly high pressure grinding rolls.
 - Following the metallurgical results, in December the Joint Venture announced the initial scoping study results. Highlights of the results are:
 - 230,000 ounces of annual recovered gold production targeted
 - 7.5 million tonnes per annum base case plant size
 - Capital costs of A\$366 million
 - Significant OPEX cost reduction potential
 - IRR of 29% at A\$1,500/oz (IRR of 42% at A\$1,700/oz)
 - Reduced CAPEX costs being studied with external consultants
 - Ten year plus mine life targeted
 - Full pre-feasibility study underway, reporting in Q3 2012

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

EXPLORATION

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

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

PHASE TWO DRILLING PROGRAMME

During the December quarter Phase Two drilling to define the resources within the Bullabulling Trend was completed. Better intersections from the Phase Two drilling results received during the reporting period include:

16m @ 1.75 g/t Au from 63m and **1m @ 48.80 g/t Au** from 182m in hole BJ1297,
15m @ 1.39 g/t Au from 161m and **9m @ 13.32 g/t Au** from 195m in hole BJ0371,
1m @ 12.50 g/t Au from 61m in hole BJ2012,
2m @ 5.01 g/t Au from 55m in hole BJ2085,
2m @ 3.99 g/t Au from 76m in hole BJ2338,
9m @ 3.52 g/t Au from 113m in hole BJ1945,
2m @ 3.48 g/t Au from 82m in hole BJ2160,
13m @ 3.45 g/t Au from 92m in hole BJ1257,
20m @ 3.45 g/t Au from 21m, 12m @ 1.97 g/t Au from 58m and 12m @ 1.77 g/t Au from 133m in hole BJ0405,
10m @ 2.61 g/t Au from 125m and 14m @ 1.94 g/t Au from 44m in hole BJ0261,
14m @ 2.51 g/t Au from 130m in hole BJ2083,
10m @ 2.48 g/t Au from 45m in hole BJ0466,
19m @ 2.48 g/t Au from 19m in hole BJM024,
14m @ 2.41 g/t Au from 21m and 26m @ 0.83 g/t Au from 62m in hole BJ0381,
14m @ 2.40 g/t Au from 65m in hole BJ2066,
18m @ 1.60 g/t Au from 146m and 11m @ 1.19 g/t Au from 237m in hole BJ2070,
12m @ 1.55 g/t Au from 94m in hole BJ1921,
14m @ 1.45 g/t Au from 35m and 12m @ 1.17 g/t Au from 126m in hole BJ1996,
19m @ 1.31 g/t Au from 123m in hole BJ0384,
12m @ 1.30 g/t Au from 90m in hole BJ0370,
17m @ 1.15 g/t Au from 42m in hole BJ2106 and
25m @ 0.98 g/t Au from 28m in hole BJ0718.

So far only seven drill holes that have not intersected mineralisation out of the 565 holes drilled since the programme started (**approximately 99% of the holes are hitting mineralisation**).

As in the previously announced holes, there are generally at least 4 intersections per drill hole relating to the multiple stacked lodes defined by the structural mapping. Approximately 60% of the intersections to date are better than estimated by the model, 34% are similar to the model and 6% are worse or missing as predicted by the new model developed by Snowden. High grade mineralisation continues to be intersected within the broad low grade halo with intersections such as **9m @ 13.32 g/t Au from 195m** in hole BJ03711, **9m @ 3.52 g/t Au** from 113m in hole BJ1945, **13m @ 3.45 g/t Au from 92m** in hole BJ1257, **20m @ 3.45 g/t Au from 21m** in hole BJ0405 and **10m @ 2.61 g/t Au** from 125m in hole BJ0261 providing encouragement for targeting high grade ore shoots within the Bullabulling Trend beneath the currently mineralised stratigraphy.

Near Surface Exploration Follow up Drill Planning

The review of the soil geochemistry database completed using historical soil data in combination with photo-mapping of regolith identified six regional scale targets that require follow up exploration drilling. Drill planning for this work has been completed. The exploration drilling will follow on from the current Phase Two infill drilling programme and exploration along the Gibraltar Trend and to the south of the Bullabulling Trend have been incorporated into the exploration work plan. The aim of the

exploration drilling is to test for regional extensions to known mineralisation and to better define the geology, especially in the south. The programme will consist of 340m at Kraken, 1,520m at Gryphon, 700m at Edwards, 2,500m on the southern Exploration Licence (Rhea) and 2,000m along strike from Gibraltar. Two separate “Programme of Works” have been lodged with the Department of Mines covering these prospects and these are anticipated to be approved early in the New Year, with drilling expected to take between 46 and 60 days, extending into late February.

Deeps Exploration Programme

Planning the Deeps exploration programme continued with aeromagnetic and radiometric data acquisition completed over the Bullabulling shear zone. The new data are significantly more detailed than previously available and will lead to a better understanding of the geology and structure of the Bullabulling region. The data will now be analysed to produce a number of filtered geophysical images, unconstrained inversions over the Bullabulling Trend and a geological and structural interpretive map of the study area.

Acquisition of 2D seismic data to map the geology of Bullabulling at depth has been completed and the data has been processed. A combination of the detailed magnetic data will be used in combination with 2D seismic and gravity to develop a detailed 3D model of the structure and geology of the Bullabulling Trend. This model will then be used to target mineralisation at depth.

Metallurgy

During the quarter the Bullabulling Joint Venture announced the results of the first stage comprehensive metallurgical test work on fresh mineralisation at the Bullabulling Gold Project. The test work was based on five samples from PQ size diamond core holes, which were composited to a master composite sample and the remaining samples were the subject of variability test work. The samples were selected from fresh (primary) mineralisation taken at intervals along the Bullabulling Trend between Bacchus pit in the south and Phoenix pit in the north.

The results from both the test work on the composite sample and the variability test work are highly encouraging with the results confirming that the Bullabulling gold deposit has excellent recoveries at head grades of less than 1.0 g/t Au, with approximately 40% of the contained gold recoverable by gravity. The gold recoveries are sensitive to grind size and additional test work is planned to optimise the required grind.

Process water, obtained from the existing borefield at Bullabulling, was used for all parts of the test programme where wet grinding and slurry preparation were required.

Sample	Au g/t	Gravity %	% Au Extraction (Hours)				Consumption (kg/t)	
			2	8	24	48	Lime	NaCN
Master	0.96	45.00	87.01	91.15	92.51	93.17	6.89	0.39
HS25168	0.56	27.59	86.51	86.51	87.76	88.97	4.72	0.82
HS25169	5.44	47.73	93.86	94.42	96.93	97.61	4.92	0.89
HS25170	2.18	42.79	91.29	94.26	95.40	97.05	5.49	0.88
HS25171	1.60	52.50	90.33	92.57	94.00	94.70	5.33	0.78
HS25172	1.53	47.53	92.10	93.49	93.49	93.49	5.23	0.88

Table 1: Variability recovery test work results from individual samples

The composite sample was also tested at four different grind sizes and the results suggest that the ore from Bullabulling is sensitive to grind size with the 75 micron sample giving the best recovery of 94.8%, with recoveries reducing to 88.58% at a 150 micron grind (Table 2).

Sample	Grind (microns)	Gravity	% Au Extraction (Hours)				Consumption (kg/t)	
			2	8	24	48		
HS24786	150	33.97	77.62	85.72	87.65	88.58	6.90	0.68
HS24787	125	34.71	79.30	87.60	89.57	90.52	6.80	0.67
HS24788	106	36.28	80.68	89.33	90.36	90.85	6.87	0.77
HS24789	75	35.22	85.33	91.61	93.11	94.08	6.84	0.97

Table 2: Grind size recovery test results from the composite sample

Initial Cyanide (%)	% Au Recovery (24 hrs)
0.200	94.84
0.100	94.40
0.075	92.08
0.050	91.85
0.025	86.81

Table 3: Summary of Cyanidation Testwork

A comprehensive comminution testwork programme was performed on samples from the five sample drill holes, with most of the testwork being performed on composite samples from the mineralised intervals in each drillhole ('comminution composites'). The UCS values ranged from 5.4 to 161.3 MPa with an average of 101 MPa; the range spans Very Soft to Competent material, and indicates SAG milling would be an appropriate process option. The Bond Crushing Work Indices recorded ranged from 4.6 to 18.1 kW/t, averaging 8.8 kW/t. Apart from the high outlier readings the samples are considered soft to medium with respect to impact resistance and are generally lower than average for typical Eastern goldfields type gold deposits. The Bond Rod Mill Work Indices were consistently higher than the Ball Mill Work Indices averaging 15.7 and 12.5 kWh/t respectively. The Crushing Work Indices reported were significantly lower than the Rod and Ball Milling figures, which also supports the inclusion of a SAG mill in the process flowsheet. The Bond Abrasion Indices varied from 0.14 to 0.27 averaging 0.19 which is moderately abrasive. The Drop Weight and SMC testing indicate the samples exhibit significant resistance to both impact and abrasion breakage and indicate High Pressure Grinding Rolls (HPGR's) should be considered to realise power efficiencies.

Compared to other deposits in the Goldfields, the ore at Bullabulling is neither hard nor abrasive due to the lack of quartz associated with the gold mineralisation. This should have a positive impact on operating costs.

Planning and sampling of additional ore from the entire length of the Bullabulling Trend to increase the number of variability test work samples has commenced and these data will be used in the next phase of work to more accurately estimate processing and capital costs and assess recoveries at lower head grades.



SCOPING STUDY

During the December quarter the Joint Venture issued a Scoping Study results which assessed the potential economic and technical viability of a large tonnage – low grade open cut mining operation at Bullabulling. The study is an initial attempt to estimate the capital and operating costs based on the current inferred and indicated resources and the estimated costs have an accuracy of $\pm 30\%$ which will then be further refined in the pre feasibility study (PFS) and bankable feasibility study (BFS). The results gave the Joint Venture the confidence to progress to a PFS and if successful then onto a BFS.

The Scoping Study identified a substantial gold project capable of producing approximately 230,000 ounces of gold per annum over a 10 year period. The study also highlighted that there is a significant level of cost improvements that can be made at both operating and capital cost levels that will enhance the economics of the project.

The main results from the study are:

Financial Model Summary		
Bullabulling Gold Project, November 2011		
Gold price A\$1500oz		
<i>Mining Physicals</i>		
Total material movement	Mbcm	148.4
Waste tonnes mined	Mt	260.1
Ore mined	Mt	69.4
Ore grade mined	g/t	1.04
Waste:ore strip ratio	t:t	3.7
Mine life	years	9.2
Maximum marginal ore in stockpile	kt	1,750
Waste backfilled to pit void	Mlcm	114.91
<i>Processing Physicals</i>		
Total CIL ore processed	Mt	69.4
Annual process rate	Mt	7.5
CIL grade	g/t	1.04
CIL Au recovery	%	92.5
Total recovered gold	koz	2,149
Ave. recovered gold per annum	koz	233.6
<i>Operating Costs</i>		
Average mining unit cost	\$/t material	3.41
Average CIL process & admin unit cost	\$/t ore	13.65
Total operating unit cost	\$/t ore	29.98



<i>Capital Costs</i>		
Preproduction & working capital	\$M	22.5
Start-up capital	\$M	366.5
Cash operating cost per ounce produced	A\$oz	968
NPV (6% discount rate)	\$M	389
IRR%	%	29

MERGER

The merger with Auzex Resources Limited is progressing according to plan and Auzex is awaiting approval for the merger from its shareholders and the Court..

Bullabulling Gold Limited has been incorporated, and will be the listed vehicle that merges with Auzex following the successful merger between Bullabulling Gold and GGG Resources plc. This will result in the consolidation of a 100% interest in the Bullabulling Project into a single entity.

On 16 December 2011 the Scheme Document for the acquisition of GGG's entire share capital by Bullabulling Gold Limited was posted to GGG shareholders. The General Meeting and Court Meeting were held on 9 January 2012, both meetings approving the acquisition. On the same day, Auzex's shareholders approved the demerger of Auzex Exploration Limited (acquiring the non Bullabulling gold assets of Auzex) from Auzex Resources.

Prior to the publication of the Scheme Document, in order to simplify the capital structure, the Directors of GGG exercised their warrants in GGG at an exercise price of 12.6p per share. The total number of Ordinary Shares on issue following this exercise is 166,280,298.

An executive search is underway for a new independent Chairman and Managing Director for Bullabulling Gold Limited which we hope to update the market on in due course.

FUTURE WORK PLAN

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

- Update resource estimation based on Phase Two infill drilling
- Complete Phase Two exploration drilling at Gibraltar and other prospects
- Work to reduce estimated capital costs
- Work to reduce estimated operating costs
- Optimisation and ore reserve estimation
- Completion of Pre-Feasibility Study
- Completion of geophysical modelling to target high grade deep exploration
- Drilling of potential high grade targets

COMPETENT PERSON STATEMENT

The information in this letter/report that relates to the Exploration results is based upon information compiled by Dr. Jeffrey Malaihollo who is a full-time employee of the Company and Fellow of The Australasian Institute of Mining and Metallurgy and a Fellow of the Geological Society of London. He is qualified as a Competent Person under the Code for the Reporting Mineral Exploration Results, Mineral Resources and Mineral Reserves, 2004 ("The Reporting Code") prepared by the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Jeff Malaihollo consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Contacts:

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Bullbuling Gold Deposits with Whittle Pit Shell Outlines

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

GGG RESOURCES PLC

ARBN

143 978 376

Quarter ended ("current quarter")

31 DECEMBER 2011

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 and evaluation	(2,620)	(10,927)
(b) development		
(c) production		
(d) administration	(859)	(2,028)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	326	705
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	(3,153)	(12,250)
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)	(3,153)	(12,250)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,153)	(12,250)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	8,129
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – capital raising costs	-	(715)
	Net financing cash flows	-	7,414
	Net increase (decrease) in cash held	(3,153)	(4,836)
1.20	Cash at beginning of quarter/year to date	14,724	16,285
1.21	Exchange rate adjustments to item 1.20	(144)	(22)
1.22	Cash at end of quarter	11,427	11,427

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	94
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

All intercompany loans have been eliminated at consolidation for purposes of this report

Non-cash financing and investing activities

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

None

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

None

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,600
4.2 Development	
4.3 Production	
4.4 Administration	700
Total	4,300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	11,427	15,601
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	11,427	15,601

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	N/A			
6.2 Interests in mining tenements acquired or increased	N/A			

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

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31 January 2012
Director/Company Secretary

Print name: David M McArthur

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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