

gsh/psh/gsh840

31 January 2012

The Manager - Company Announcements Office  
Australian Securities Exchange  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

Via ASX Online

Number of pages – 22

Dear Sir,

Quarterly activity report to 31 December 2011

Enclosed for release to the market is the Company's activity report for the quarter ended 31 December 2011 together with a duly completed Appendix 5B report for the period.

For and on behalf of the directors of  
Goldsearch Limited



P S Hewson  
Secretary

*for the quarter ended 31 December 2011*

### HIGHLIGHTS

#### ***Exploration***

- Maiden JORC inferred resource for Elaine sulphide discovery commenced – expected first quarter 2012
- Completion of reverse circulation (RC) drill program at Mount Dorothy
- New targets defined on the Sweden properties

#### ***Equity investments***

- The market value of the Company's equity investments at 31 December 2011 was \$1,644,000

**Goldsearch**

**Limited**

ABN 73 006 645 754

Level 4

20 Loftus Street

SYDNEY NSW 2000

# GOLDSEARCH

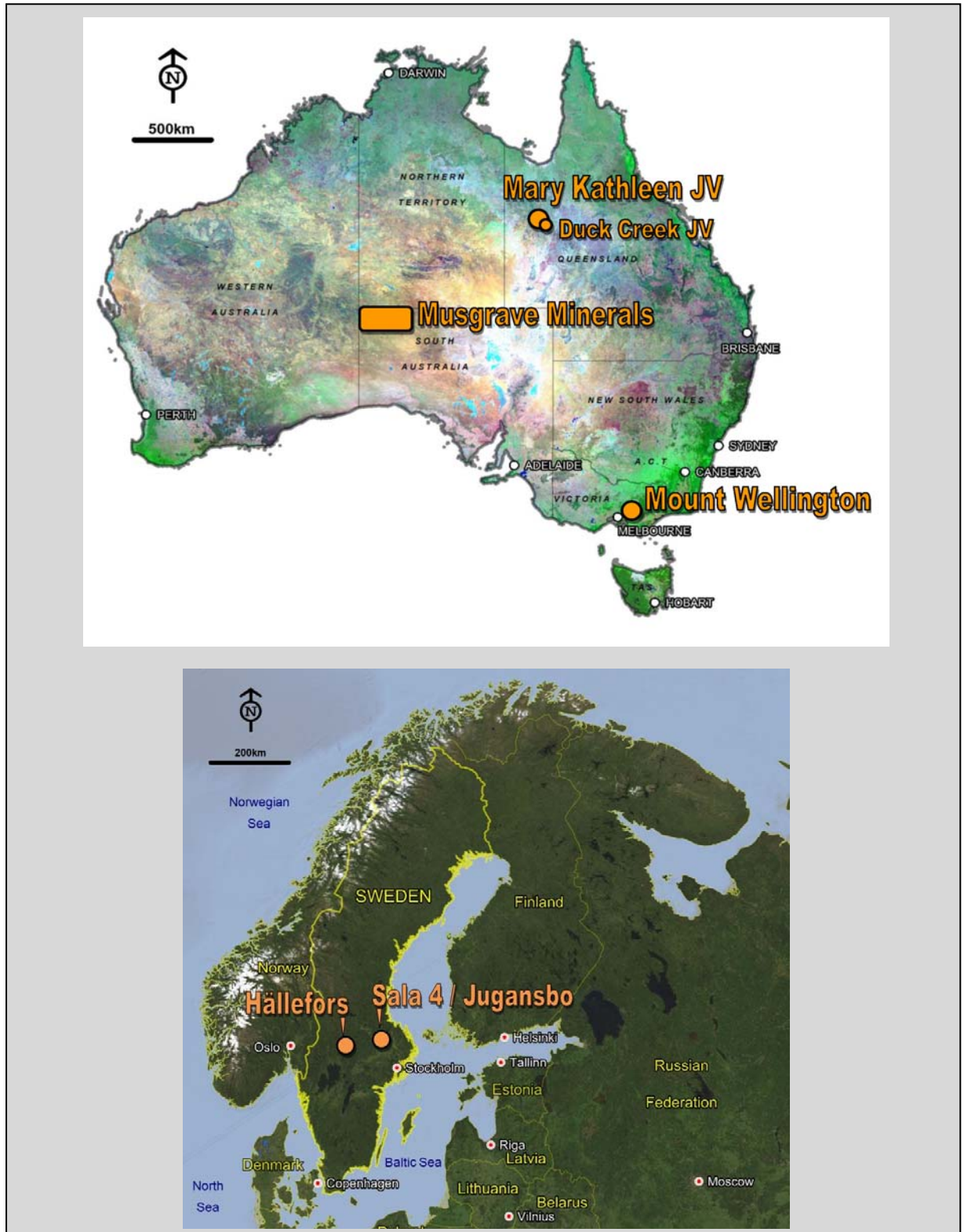


Figure 1: Goldsearch Limited project locations – Australia (top) and Sweden (bottom)



## MARY KATHLEEN JOINT VENTURE (QUEENSLAND)

CYU 70%, GSE 30% copper-gold-cobalt, uranium-rare earth elements

The Mary Kathleen joint venture between Goldsearch (GSE) and Chinalco Yunnan Copper Resources (ASX: CYU) covers three exploration permits (EPMs) located between Mount Isa and Cloncurry within the Mount Isa Inlier of north-west Queensland (Figure 2). Through aggressive drilling campaigns, the current joint venture has discovered a new zone of heavy rare earth elements (HREE), copper and cobalt at Mount Dorothy and light rare earth elements (LREE), copper, gold and cobalt mineralisation at Elaine (“Elaine sulphide discovery”). During the December quarter (diamond) resource drilling continued at Elaine and a reverse circulation (RC) program was completed at Mount Dorothy.

### Elaine (formerly Elaine Dorothy) copper-cobalt-gold-LREE discovery

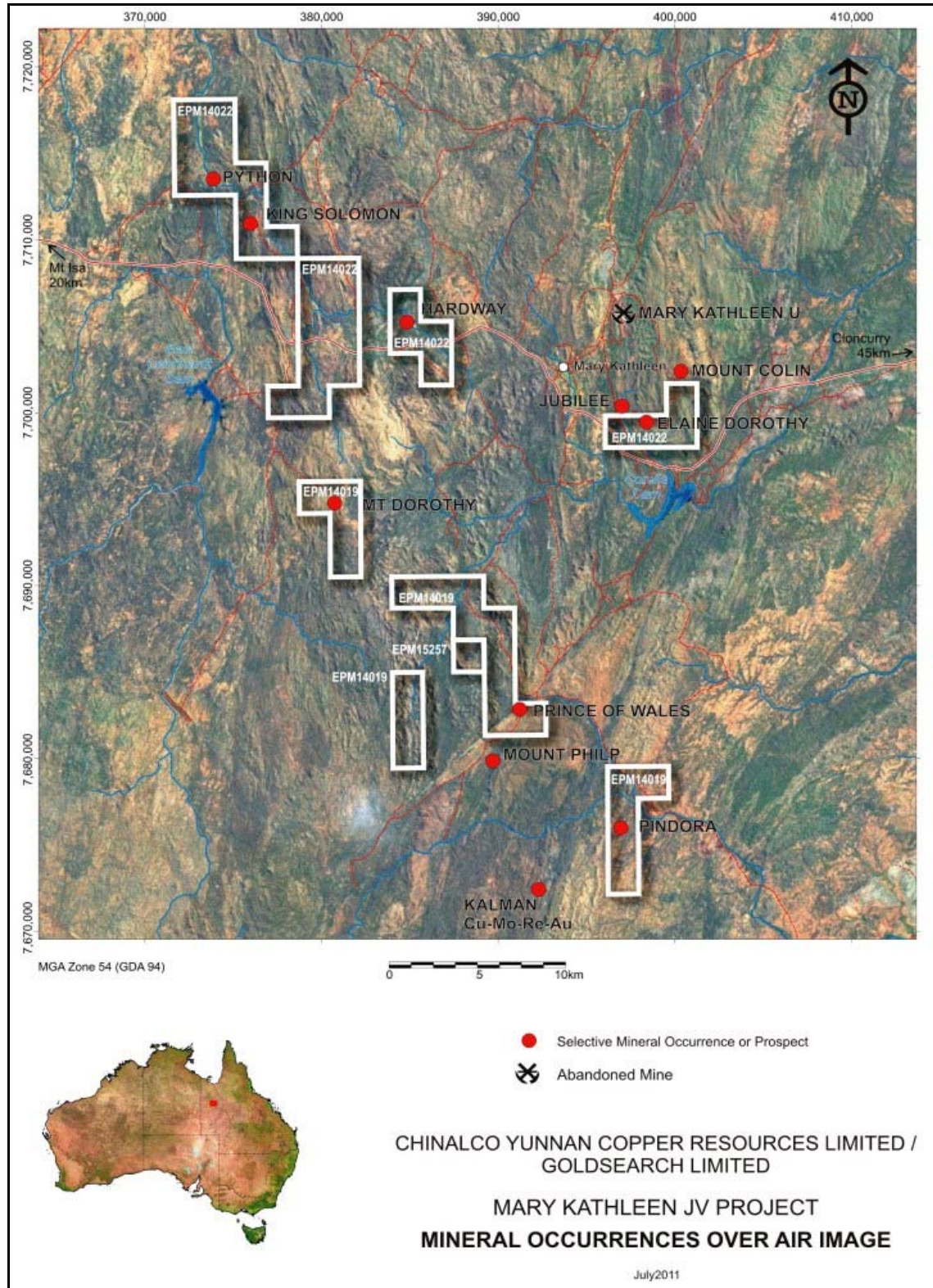
Drilling on the Elaine discovery continued during the December quarter with 3,186 metres drilled in eight core holes (MKED013 to MKED020 inclusive). In addition one water bore (MKWB001 total depth 35 metres) was drilled using an RC drill. Drilling ended in mid-December for the Christmas break and at that time holes MKED019 and MKED020 were not completed due to mechanical problems. Drillhole specifications are summarised in Table 1 and locations are shown in Figure 3.

MKED017 was abandoned due to deviation problems in the collar – it was redrilled as MKED018. The last two drillholes MKED019 (267.5 metres) and MKED020 (474.5 metres) were suspended for the Christmas break, before reaching their respective target depths. Drilling recommenced on these holes in mid-January 2012.

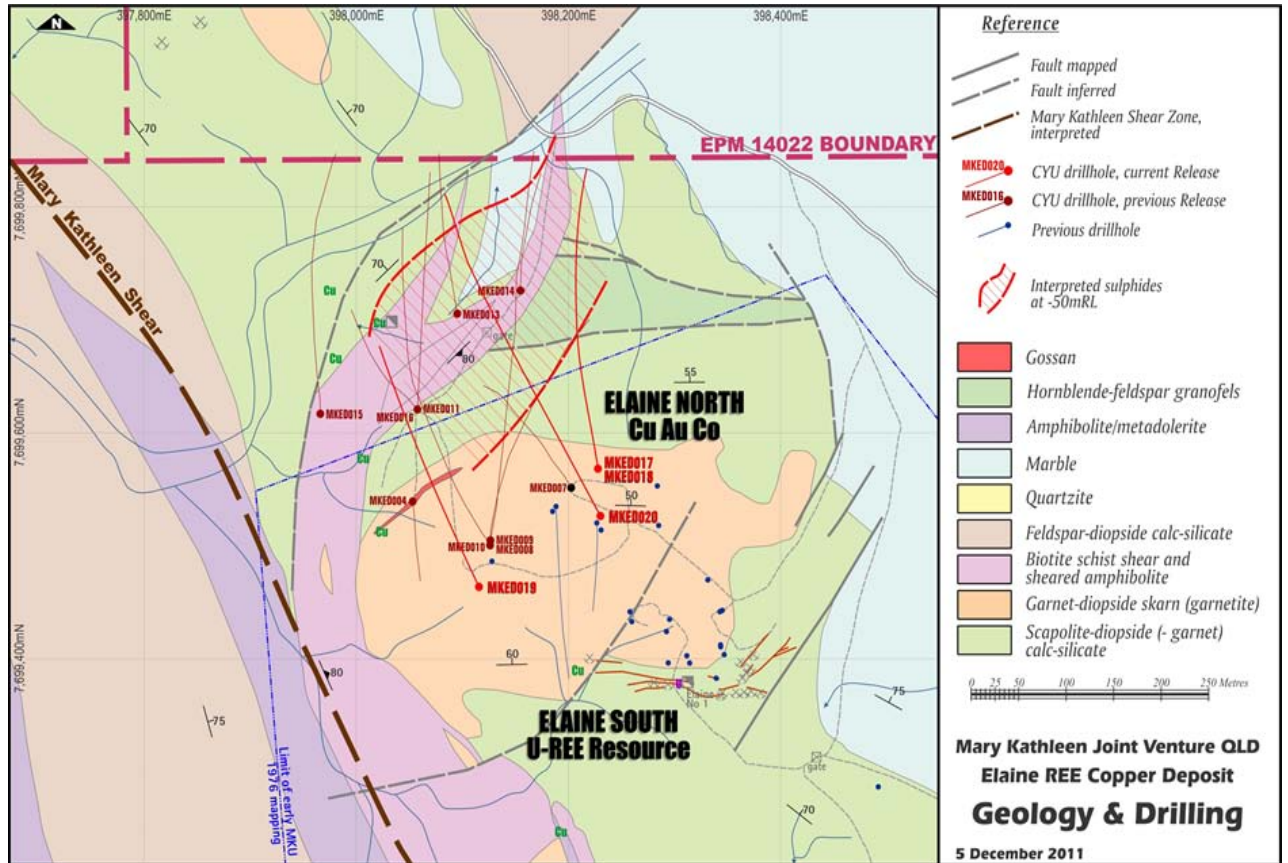
**Table 1:** December quarter diamond drillholes completed at Elaine (datum GDA 94 MGA zone 54)

Hole_ID	Easting	Northing	RL (metres)	Azimuth (degrees)	Dip (degrees)	Total Depth (metres)
MKED013	398095	7699705	387	350	-66	339.6
MKED014	398155	7699725	394	1	-70	420.5
MKED015	397967	7699617	377	358	-60	438.3
MKED016	398057	7699618	391	306	-75	642.4
MKED017	398225	7699570	450	354	-60	7.9
MKED018	398225	7699570	450	334	-69	630.3
MKED019	398120	7699443	402	334	-69	267.5
MKED020	398236	7699529	442 <sub>3</sub>	339	-70	475.4
MKWB001	398415	7699775	387	NA	-90	35

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**Figure 2:** Mary Kathleen joint venture – tenements, prospects and infrastructure



**Figure 3:** Elaine drillholes (at 16 December 2011) over geology

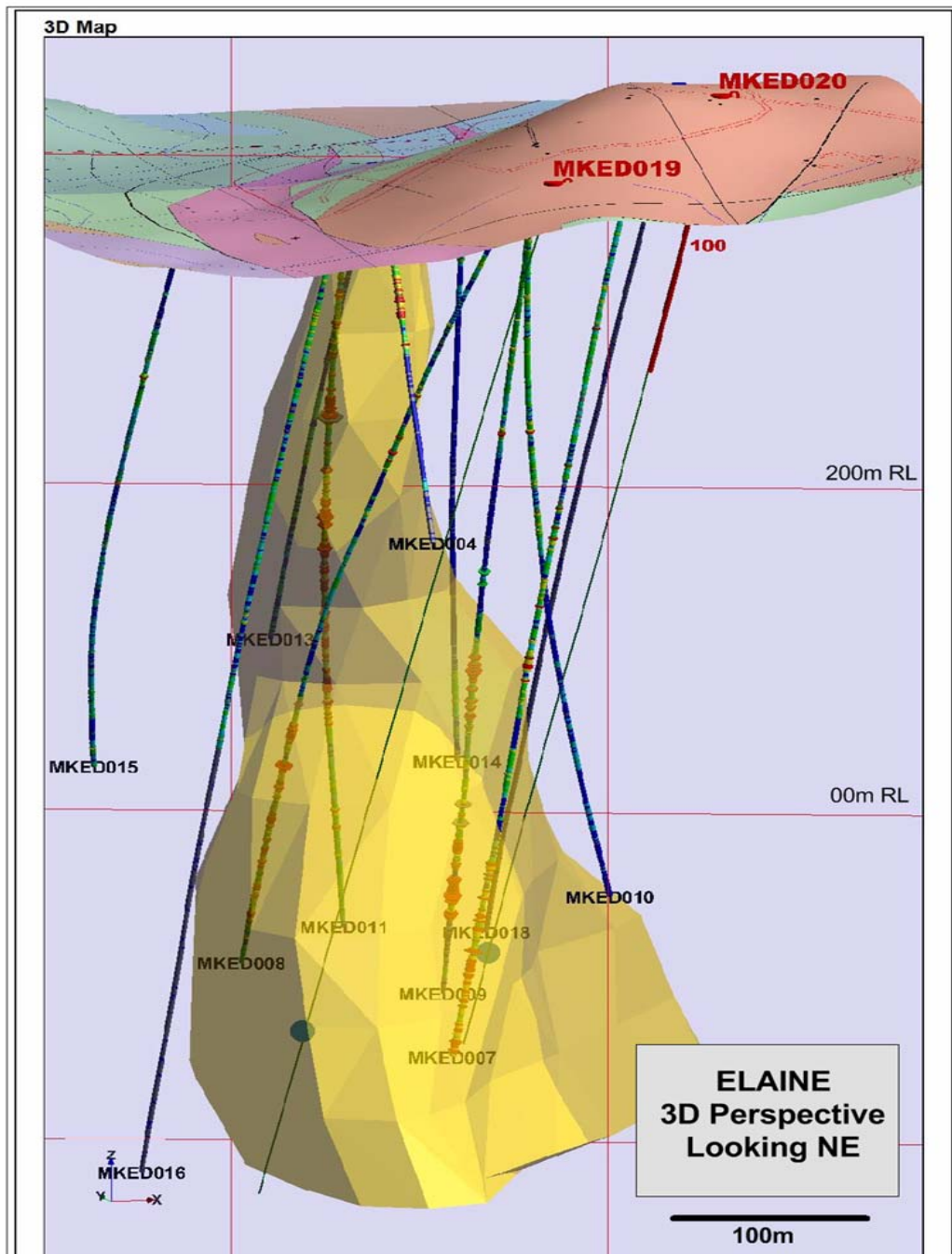
Assays for all holes to MKED018 were received by the quarter end and are summarised in Table 2. All other finalised assays were reported in earlier quarterly reports. Drillholes MKED013, MKED014, MKED015, MKED016 and MKED018 intersected weak sulphide zones that returned low copper grades. Elevated zones of rare earth-uranium-thorium mineralisation were also intersected in several holes, highlighted by 5 metres grading 2,681 parts per million (ppm) total-rare-earth-oxide (TREO) from 477 metres in MKED010 and 5 metres grading 2,459 ppm TREO from 70 metres in MKED011. MKED016 has several REE intercepts which are usually associated with elevated to strong thorium values. The best intercept was 96 metres grading 1,760 ppm TREO (1,674 ppm LREO) from 471 metres with 0.13% copper and 0.16 kilograms per tonne (kg/t) thorium and includes narrower, high grade intervals, for example 2 metres grading 9,417 ppm TREO with 1.22 kg/t thorium from 536 metres and 9 metres grading 3,951 ppm TREO with 0.46 kg/t thorium from 544 metres. The rare earth-thorium mineralisation is hosted by potassium-feldspar altered calc-silicates. Hole MKED018 (total depth 630.3 metres) intersected narrow intervals of elevated gold mineralisation with the best being 9 metres grading 0.25 grams per tonne (g/t) gold from 617 metres. The rare earth and associated uranium-thorium mineralisation is interpreted as a

separate mineralising event that overlaps the copper-cobalt-gold mineralisation in places. Three-dimensional modelling of the drillhole data has updated the orientation of the sulphide zone (Figure 4). A new exploration model of the sulphide body has been developed with a north-east strike (compared with an original east-west strike) and steep south-east dip that remains open along strike at deeper levels, below 50 metres RL (350 metres vertical depth) and at depth (Figure 4). An interpreted pipe-like structure, with a diameter of 100 metres to 150 metres, extends upwards from this zone to within 100 metres of the surface and is centred on drillhole MKED011. The body is mostly contained within the north-east trending shear zone (purple zone in Figure 3).

**Table 2:** Elaine Phase IV drilling - significant copper-cobalt-gold intersections (at 0.2% copper cut-off)

Hole ID	From (metres)	To (metres)	Width (metres)	Copper (%)	Cobalt (ppm)	Gold (g/t)	Copper equivalence (%)
MKED012	hole abandoned						
MKED013	zones of weak copper						
MKED014	zones of weak copper						
MKED015	zones of weak copper						
MKED016	80	91	11	0.21	127	0.01	0.27
MKED016	363	364	1	0.54	377	0.13	0.78
MKED016	493	498	5	0.22	37.4	0.008	0.24
MKED016	514	528	14	0.26	39.8	0.018	0.29
MKED016	604	614	10	0.25	165	0.01	0.32
MKED016	642	642.4	0.4	0.86	164	0.09	0.99
MKED017	hole abandoned						
MKED018	no significant copper intersections						
MKED019	assays pending						
MKED020	assays pending						

Holes MKED019 and 020 are designed to test the extent and continuity of the deeper mineralisation where the tonnage potential exists and future drilling is dependent on the outcome of these holes. Resource consultants Hellman and Schofield Consultants have been engaged to undertake JORC-inferred resource estimation on the drilling to date which is expected to be completed in the first quarter of 2012. Depending on timing and assay turn around, MKED019 and MKED020 may or may not be included in the resource.



**Figure 4:** Elaine 3D perspective looking north-east showing drill holes and copper equivalence (CuEq) grades with the revised sulphide model (yellow shell). Drillhole traces are coloured as follows: green





>0.05% CuEq\*, yellow > 0.2% CuEq and red > 0.5 CuEq. The current incomplete holes MKED019 and 020 are shown in red with projected traces in green.

\*CuEq factors are copper % + cobalt ppm \*0.0004 + gold\*0.688 using London Metal Exchange prices at 5pm 20 January 2012 of \$3.79 per pound copper, \$15.64 per pound cobalt and \$1654 per ounce gold.

## **Mount Dorothy - copper-cobalt-heavy-rare earth element (HREE)-yttrium discovery**

CYU followed up on previously reported moderate to high grade copper+cobalt results with heavy rare earth oxide and yttrium oxide (HREO- $Y_2O_3$ ), highlighted by 36 metres grading 1.14% copper and 198 ppm cobalt in MDD006 and 16 metres grading 1.03% copper and 109 ppm cobalt in MDD011. The best HREO result, reported as TREO; predominately comprising the HREE of dysprosium (Dy), europium (Eu) and holmium (Ho), was returned from MDD005 with 16 metres grading 1,864 ppm TREO -  $Y_2O_3$ . In addition, significant precious metal values were returned from the bottom of MDD011 with individual assays of up to 157 ppm silver and 0.29 ppm gold (reported previously).

Three dimension inversion modelling of the sub-audio magnetics (SAM) geophysical survey data defined a 700 metre long conductivity anomaly (Figure 5). This anomaly continues north-east under cover and appears to coalesce with the Wee Wyeems (north-east trending) mineralised zone at its southern end (Figure 5; reported previously).

A seventeen hole, 2,500 metre RC drill program was planned originally to be undertaken during the December quarter. Seven of the planned holes totalling 1,400 metres were designed to test:

- Strong induced polarisation (IP) anomaly around Three Threes derived from the SAM survey;
- Strong north trending SAM conductors (SAM Targets 1 and 2);
- Strike extent of the recently discovered north-east mineralised trend at Wee Wyeems;
- Mineralised zones in MKED011 (at Wee Wyeems) that reported heavy core loss.

Due to limited drill rig availability and a prolonged 2010-11 wet season, work on the Mount Dorothy prospect was not able to resume until the September 2011 quarter. Early attempts to access the prospect during the prior quarter were abandoned when support vehicles were bogged. As a result, only six drill holes totalling 1,171 metres of the original program were completed. They comprised two diamond holes (MDD012-MDD013 drilled during the September quarter) and four RC drill holes (MDR014 to MDR017 inclusive) totalling 672 metres (Table 3). Assays for all six holes were returned during the quarter (Table 4).

**Table 3:** Mount Dorothy prospect - 2011 drilling (datum is GDA 94 MGA zone 54)

Hole_ID	Easting	Northing	RL	Dip (degrees)	Azimuth (degrees)	Total depth (metres)	Comments
MDD012	380519	7695126	433	-67	121	308.5	
MDD013	380476	7695254	431	-70	70	220.5	
MDR014	380351	7695324	435	-60	225	168	abandoned
MDR015	380076	7695667	423	-60	50	90	abandoned
MDR016	380615	7695157	451	-60	120	186	abandoned
MDR017	380613	7695117	448	-60	120.5	198	
<b>TOTAL</b>						<b>1171</b>	

MDD012 and MDD013 were drilled during the September quarter and tested a large conductivity anomaly near the Wee Wyeems prospect (Figure 5). Both diamond holes intersected oxidised and clay altered breccia zones at the targeted depths. Rare native copper and cuprite were identified along fracture surfaces, however no other significant visual mineralisation was noted. MDD012 returned 4 metres grading 0.25% copper from 103 metres with isolated 1 to 2 metre intervals containing copper to 0.71% and cobalt to 865 ppm. MDD012 also returned REE values (>500 TREO) in two 20 metre zones with isolated values to 2,600 ppm TREO, dominated by cerium (with elevated yttrium in places). These holes were drilled as diamond core due to the scarcity of RC drill rigs at the time. Extremely broken ground resulted in short drilling runs and core loss.

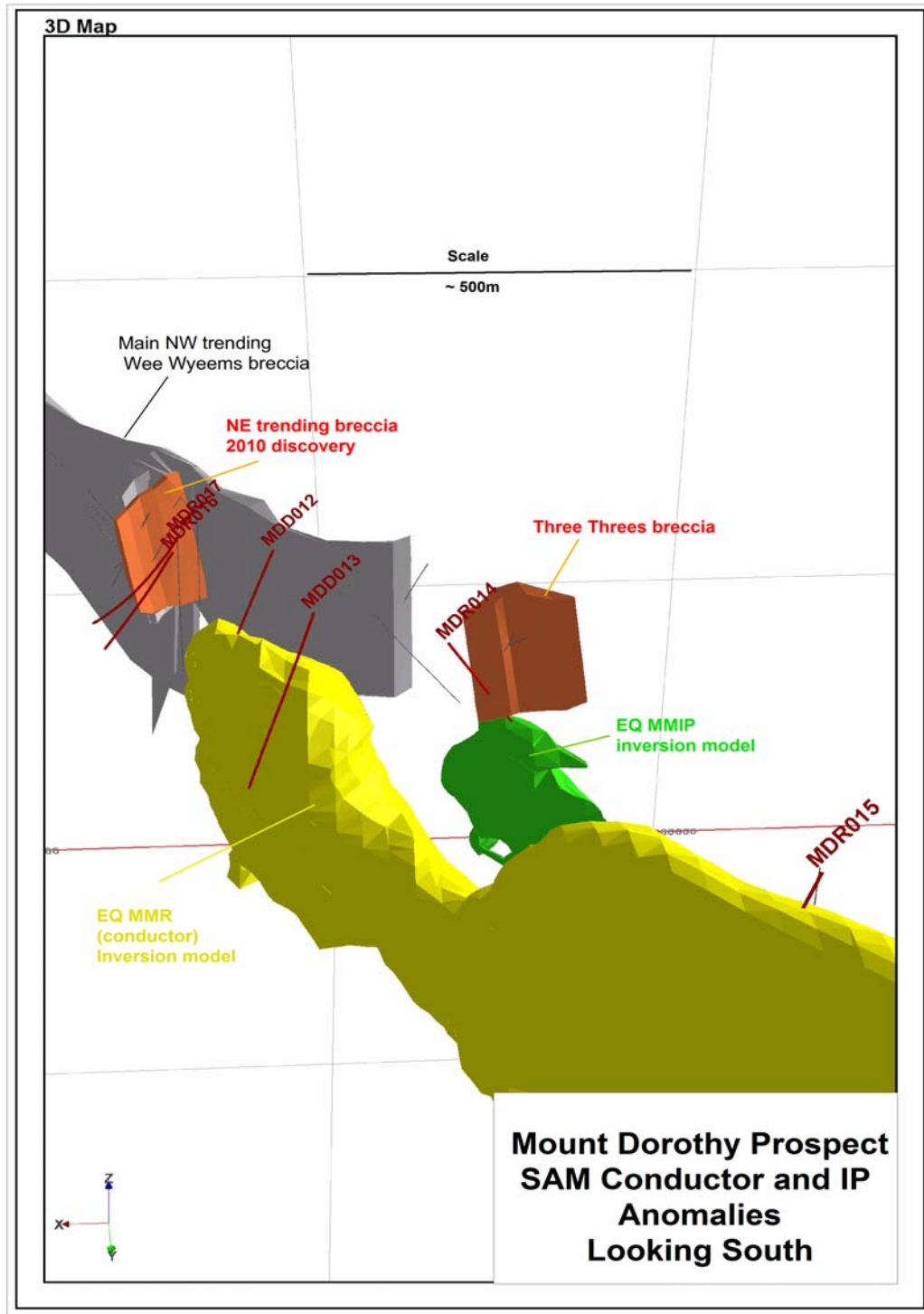
Four RC holes were designed to test various geological and electrical geophysical targets at both the Three Threes and Wee Wyeems prospects. This drill program encountered serious problems with large volumes of ground water affecting depth penetration due to insufficient rig air pressure and volume. Two planned RC holes could not be completed because of major grass fires. The drilling intersected the top of targeted breccia zones but three of the four holes were abandoned before completely testing the targets. No significant visual encouragement was observed in any of the holes with only trace amounts of visible copper noted in some. No significant copper intersections were returned in the assays but elevated zones of cobalt (to 926 ppm in MDR014 at Three Threes) and broad zones of REE mineralisation >500 ppm TREO containing isolated values to 2,400 ppm TREO, are again dominated by cerium. No coherent zones of >1,000 ppm TREO over 5 metres were recorded.

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Data is being compiled and historical geophysical data reviewed to assist in the current 3D modelling.

**Table 4:** Elaine - Phase IV drilling - significant copper-cobalt-gold intersections (using a 0.2% copper cut-off)

Hole ID	From (metres)	To (metres)	Width (metres)	Copper (%)	Cobalt (ppm)	Gold (g/t)
MDD012	103	107	4	0.25	46	<0.01



**Figure 5:** Mount Dorothy - 3D perspective looking south, showing the SAM inversion modes for EQ MMR (conductivity- yellow) and MMIP (IP- green), the Wee Wyeems north-east striking mineralised breccia (discovered 2010 - orange) and recent drill holes in red.

## **DUCK CREEK PROJECT (QUEENSLAND)**

QMN earning 75%, GSE diluting to 25% - copper-gold

The Duck Creek joint venture between Queensland Mining Corporation (ASX: QMN, project manager) and Goldsearch comprises EPM 13336 Duck Creek and EPM 15718 Duck Creek South. QMN can earn up to 75% of the project by spending \$750,000. The project is centred approximately 30 kilometres south-west of Cloncurry straddling the Cloncurry-Dajarra Road (Malbon Road) and Great Northern Railway Line (Figure 6). The area hosts at least 80 known copper ( $\pm$ gold) occurrences, small mines and gouger pits hosted on east-north-east striking structures that cross-cut the regional scale Proterozoic Duck Creek Anticline. Oxide mineralization has been mined to vertical depths of less than 25 metres at numerous locations. Mining leases do not form part of the Duck Creek joint venture agreement.

Initial reconnaissance work completed by Goldsearch included mapping and sampling of approximately 80 historical workings. 233 rock samples taken over the EPM and MLs averaged 1 g/t gold and 3 % copper. RC drilling completed in 2008 and 2011 by QMN defined numerous zones of shallow strong copper-gold $\pm$ cobalt mineralisation at Forget-Me-Not, Horseshoe, Dulce and Mountain Maid prospects.

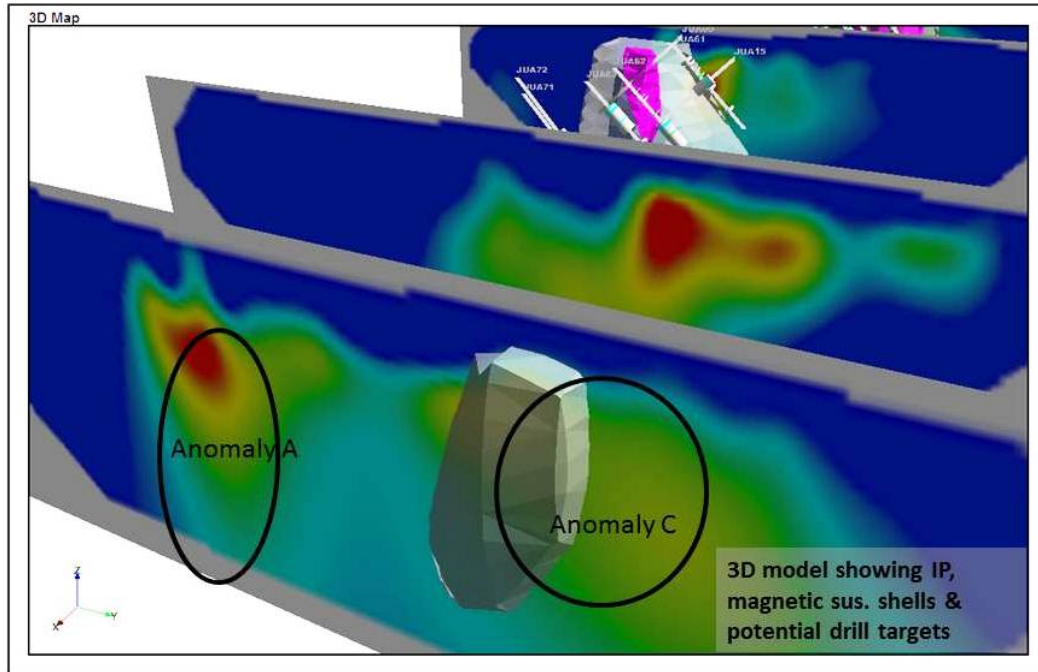
QMN is working on resource calculation for the Forget Me Not prospect that is expected to be announced in the first quarter of 2012.

## **BERGSLAGEN JOINT VENTURE (SWEDEN)**

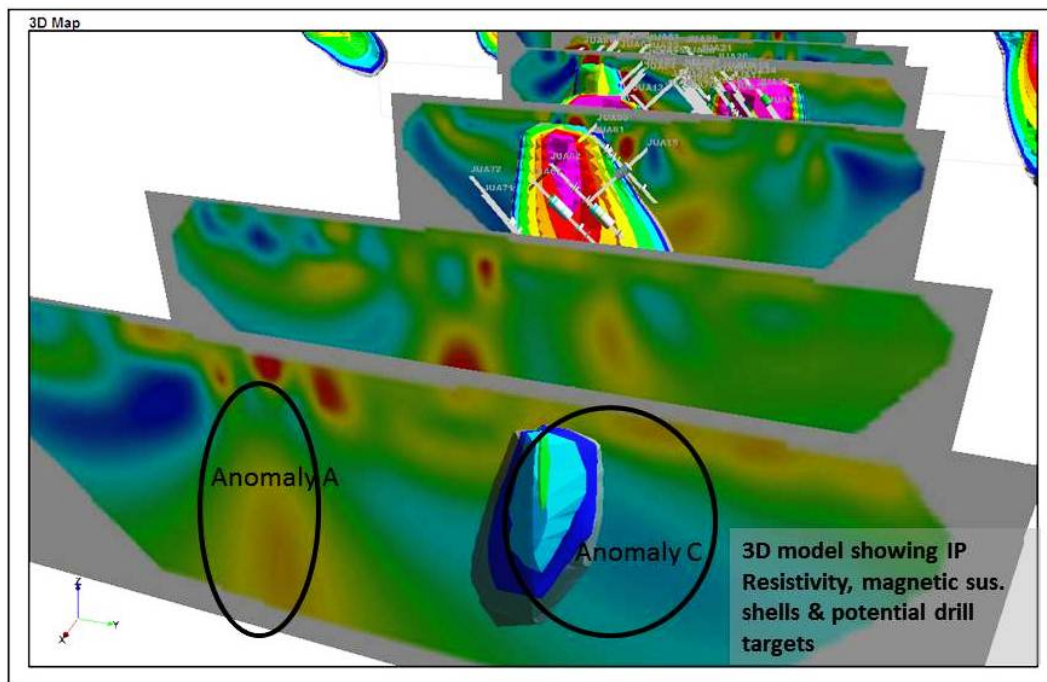
GSE earning 70% (manager), Tumi Resources diluting to 30% - silver, lead, zinc

Goldsearch is currently earning a 70% interest in three exploration licences which cover two separate target areas approximately 100 kilometres north-west and 150 kilometres west-north-west of Stockholm in Sweden (Figure 1). Under the terms of its joint venture with Tumi Resources (TSX-V: TM) Goldsearch can earn 70% by spending up to €1 million. The projects occur in the areas that host Sweden's two largest historical silver mines (Sala and Hällefors).

At Jugansbo, two potential drill targets occur on the easternmost survey line (51,175E) along strike from previously drilled mineralisation. Anomaly A is a coincident chargeable (Figure 6) - conductive (Figure 7) feature with good vertical depth extent whereas Anomaly C is a coincident chargeable - magnetic feature (Figure 7). There is no drilling within 300 metres of these zones and they occur along strike from small historical resources.



**Figure 6:** Snapshot of the 3D model looking south-west towards survey line 51175E IP data with magnetic susceptibility shells

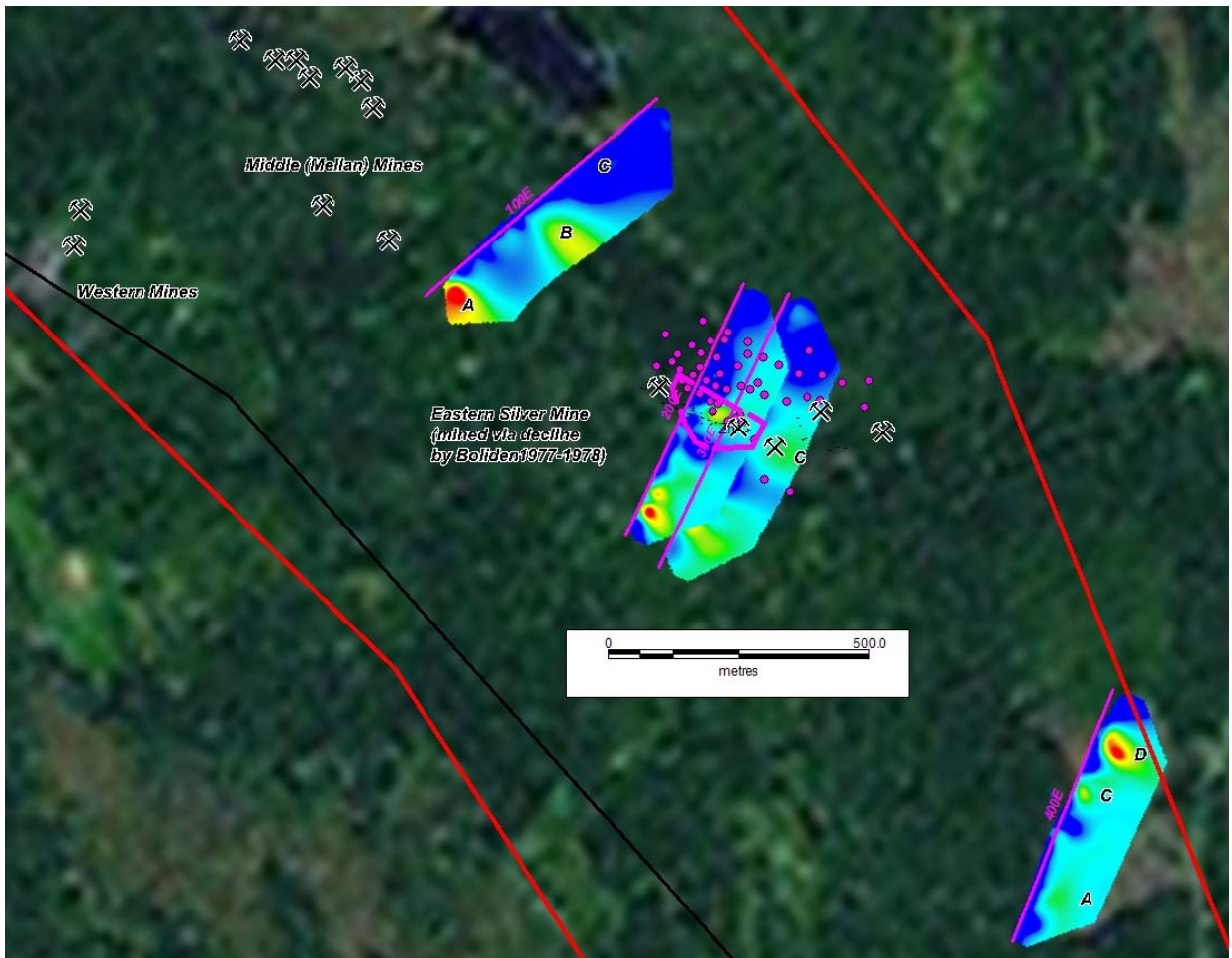


**Figure 7:** Snapshot of the 3D model looking south-west towards survey line 51175E resistivity data with magnetic susceptibility shells

At Hällefors, coincident chargeable-conductive anomalies were defined by the 2011 pole-dipole survey which consisted of four gridlines totalling 2.4 line kilometres (Figure 8). Follow-up IP has been recommended to:

1. infill the current grid (between the mines and current gridlines) (Figure 8); and
2. extend the current grid in order to better define diffuse anomalies that are interpreted to occur off-line (such as anomaly B on the northernmost line in Figure 8) and to cover the Middle and Western Mines.

All proposed work is subject to budgetary constraints, board and joint venture partner approval.



**Figure 8:** Hällefors IP survey lines and historical mines. Pink circles are historical drillhole collars and the purple polygon is the approximate area of the underground Eastern Silver Mine mined in 1977-78 by Boliden.

The Sala NR 4 licence (covering approximately 2.26 square kilometres which adjoins the larger Jugansbo property) lapsed in mid-December and was not renewed. Hällefors NR 1 licence was renewed in mid-December for a 12 month period. All licences are held in a Swedish subsidiary of the joint venture partner.

## **MOUNT WELLINGTON PROJECT (VICTORIA)**

100% GSE - gold, silver, zinc, copper, lead

The Mount Wellington project is centred 20 kilometres south-east of Jamieson and 10 kilometres east of the Morning Star Gold NL Woods Point mining centre in eastern Victoria. The project consists of three granted exploration licences (ELs) and one exploration licence application (ELA). Several prospects and showings occur within the tenements, several of which were historically mined. Significant gold ( $\pm$  silver and base metal) mineralisation has been drilled by previous explorers at Hill 800 and Rhyolite Creek. Mineralisation is hosted by Cambrian-aged volcanic rocks and various genetic mineralisation styles have been proposed. At Hill 800, the inferred mineral resource calculated by Goldsearch is 1,118,000 tonnes at an average grade of 1.5 g/t gold for 52,200 contained ounces of gold (using a cut-off grade of 0.8 g/t gold).

No fieldwork was undertaken during the quarter. Goldsearch is negotiating a farm-out agreement with other parties. Native title negotiations for ELA 5232 (Mount Wellington 2) progressed during the quarter.

### **Equity investments**

#### *Morning Star Gold NL (ASX: MCO)*

[www.morningstargold.com.au](http://www.morningstargold.com.au)

Goldsearch has an investment in Morning Star Gold NL (MCO) which is the 100% owner of the Morning Star gold mine located approximately 10 kilometres west of Goldsearch's Mount Wellington project. At 31 December 2011 Goldsearch held 2,595,000 ordinary shares in MCO with a market value of \$597,000.

#### *Chinalco Yunnan Copper Resources Limited (ASX: CYU)*

[www.cycal.com.au](http://www.cycal.com.au)

Chinalco Yunnan Copper Resources Limited (ASX: CYU) is currently exploring for copper and gold in the Cloncurry region of northwest Queensland and Chile and Laos for copper. CYU is also pursuing advanced copper project acquisitions under a mandate from its majority shareholder Yunnan Copper Industry (Group) Co Ltd. Yunnan Copper Industry (Group) is one of China's largest copper producers and is majority owned by Chinalco, China's largest aluminium producer. Goldsearch currently holds 2,000,000





August 2011 and 1,000,000 August 2012 share options in CYU all exercisable at 40 cents each which are not valued at present, being unquoted options.

### *Musgrave Minerals Limited (ASX: MGV)*

[www.musgraveminerals.com.au](http://www.musgraveminerals.com.au)

Goldsearch holds 8,673,000 shares in Musgrave Minerals Limited. 6,909,000 of these shares are restricted securities under the ASX Listing Rules and are subject to escrow until 29 April 2013.

Goldsearch also holds 1,837,500 Musgrave Minerals Limited 25 cent 5 year options.

As at 31 December 2011 the 8,673,000 ordinary shares in Musgrave Minerals Limited had a market value of \$1,041,000.

#### **COMPETENT PERSONS STATEMENTS**

*Aspects of this report that relate to mineralisation, mineral resources or ore reserves are based on information prepared by Mr Erik Conaghan, BSc(Hons), who is a Member of the Australian Institute of Geoscientists, and has sufficient relevant experience of the activity undertaken and of the mineralisation styles and type of deposits described to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves" (JORC Code). The above report fairly reflects the information prepared by this Competent Person, who consents to the inclusion of this information in the form and context in which it appears.*

*Aspects of this report that relate to mineralisation, mineral resources or ore reserves pertaining to the Mary Kathleen joint venture is based on information prepared by Chinalco Yunnan Copper Resources Limited (CYU) of whom Mr Richard Hatcher BSc(Hons) is the qualified competent person. Mr Hatcher is a Member of the Australian Institute of Geoscientists and has sufficient relevant experience of the activity undertaken and of the mineralisation styles and type of deposits described to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves" (JORC Code). The above report fairly reflects the information prepared by this Competent Person. Mr Hatcher consents to the inclusion of this information in the form and context in which it appears.*

# 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

**Goldsearch Limited**

ABN

**73 006 645 754**

Quarter ended ("current quarter")

**31 December 2011**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(208)	(645)
(b) development	-	-
(c) production	-	-
(d) administration	(243)	(481)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net operating cash flows</b>	<b>(446)</b>	<b>(1,121)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	(248)
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	226	238
(c) other fixed assets	-	10
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>226</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(220)</b>	<b>(1,121)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(220)	(1,121)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	1,000
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 – share issue cost	-	(11)
	<b>Net financing cash flows</b>	-	989
	<b>Net increase (decrease) in cash held</b>	(220)	(132)
1.20	Cash at beginning of quarter/year to date	355	267
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter (see Note 1 below)</b>	135	135

Note 1: In addition to the cash on hand the Company has access to further working capital through realisation of its investments in unrestricted listed securities. At the end of the current quarter, the Company's investments in unrestricted listed securities had a market value of \$815,000; the Company has a further \$829,000 of listed securities restricted until 29 April 2013.

**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	120
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

- Directors' fees & expenses	68,623
- Directors' superannuation	4,844
- Director termination payment (A Harris)	36,000
- Legal fees paid to Landerer & Company (J Landerer)	10,293

**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

+ See chapter 19 for defined terms.

### 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	N/A
3.2 Credit standby arrangements Market value of listed unrestricted securities as at 31 December 2011(see note to paragraph 1.22 above),	815	N/A

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	375
4.2 Development	-
4.3 Production	-
4.4 Administration	150
<b>Total</b>	<b>525</b>

### 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	87	309
5.2 Deposits at call	48	46
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>135</b>	<b>355</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	EPM 15257 Mary Kathleen joint venture	last sub-block surrendered during the quarter	30%	0%
	Sala Nr4 Sweden	joint venture with Tumi Resources – tenement lapsed in December 2011	earning 70%	0%
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 (cents) (see note 3)	Amount paid up per security (cents) (see note 3)
7.1 <b>Preference +securities</b> <i>(description)</i>	Nil	N/A	N/A	N/A
7.2 Changes during quarter				
(a) Increases through issues	N/A	N/A	N/A	N/A
(b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3 <b>+Ordinary securities</b>	407,764,517	407,764,517	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues	Nil	N/A	N/A	N/A
(b) Decreases through returns of capital, buy-backs	Nil	N/A	N/A	N/A
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	Nil	N/A	N/A	N/A
7.6 Changes during quarter				
(a) Increases through issues	N/A	N/A	N/A	N/A
(b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
7.7 <b>Options</b>			Exercise price	Expiry date
Listed options	Nil	N/A	N/A	N/A
Unlisted options	22,250,000	Nil	5 cents	1 December 2014
7.8 Issued during quarter				
Listed options	Nil	N/A	N/A	N/A
Unlisted options	Nil	N/A	N/A	N/A
7.9 Exercised during quarter				
Listed options	Nil	N/A	N/A	N/A
Unlisted options	Nil	N/A	N/A	N/A
7.10 Expired during quarter				
Listed options	Nil	N/A	N/A	N/A
Unlisted options	Nil	N/A	N/A	N/A
7.11 <b>Debentures</b> <i>(totals only)</i>	Nil	N/A		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	Nil	N/A		

+ 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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

  
Company secretary

Date: 31 January 2012

Print name: Paul Hewson

## 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.