



ACN 120 580 618

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

HIGHLIGHTS

Canning Basin, Western Australia

- Pursuant to an agreement with Empire Oil & Gas N.L. dated 24 October 2011, Key Petroleum Limited acquired Gulliver Productions Pty Ltd for an issue of 52 million shares in Key Petroleum Limited and 22.5% of North Perth Basin Permit EP 437. This transaction was approved by shareholders at the Company's Annual General Meeting on 30 November 2011.

Key, through its wholly-owned subsidiary Gulliver Productions Pty Ltd, has interests in 3 exploration permits, a Retention Licence and a Production Licence in the Canning Basin, Western Australia.

- **Drilling**

The drilling of the Cyrene-1 well is planned for 2012 in EP 438 in the Canning Basin, Western Australia and will be funded by farmin partner Buru Energy Limited. The testing of the Stokes Bay-1 well in EP 104/R1 in the Canning Basin is also programmed for 2012. The Company is evaluating additional drilling prospects in the Perth and Carnarvon Basins, Western Australia.

- **Appointment of Director**

Mr Craig Marshall was appointed to the Board on 30 November 2011 as a Director and has assumed the role as Chairman of the Company.

Weald Basin, Onshore Southern England UK

During the Quarter, the Company has commenced a re-evaluation of the Lidsey and Brockham Oilfields and the programmes for 2012.

Relocation of the Registered Office

The offices of Key Petroleum Limited are at Suite 7, 154 Hampden Road, Nedlands WA. The contact details are:

Telephone: 08 6389 0322
Facsimile: 08 6389 0697
Email: info@keypetroleum.com

PLANNED 2012 DRILLING AND WELL TESTING ACTIVITY			
1.	Cyrene-1	EP 438 Canning Basin Western Australia	Key Petroleum Limited is carried through the expenditure of drilling this 1,000 metre well. Potential recoverable oil is estimated at 5 million barrels.
2.	Stokes Bay-1	R1 Canning Basin Western Australia	Conduct a Testing Programme of the completed Stokes Bay-1 well over the Anderson Formation intervals 2,455m to 2,470m and 2,510m to 2,535m which had elevated gas shows and oil shows intersected and evaluated on electric wireline logs. Potential recoverable gas 100 billion cubic feet.
3.	Production Licence L 15	West Kora-1 Oilfield Western Australia	Workover programme and Production testing is planned to determine recoverable oil.
4.	Lidsey Oilfield – PL 241	Weald Basin United Kingdom	Production to continue. Consideration of proposal to drill a new horizontal well to increase production at Lidsey. Reservoir and petroleum engineering work is being undertaken.
5.	Brockham Oilfield – PL 235	Weald Basin United Kingdom	Production to continue whilst the potential to improve field productivity will be evaluated.
6.	New drilling opportunities being evaluated	Perth and Carnarvon Basins, Western Australia	Drilling of additional wells planned for 2012 from new acquisitions and a re-evaluation of existing prospects

**PROSPECTS EP 104 AND
RETENTION LICENCE R1
CANNING BASIN
WESTERN AUSTRALIA**

Gulliver Productions Pty Ltd - 14.8%
(Subsidiary of Key Petroleum Limited)
Buru Energy Limited - 38.95% (Operator)
Indigo Oil Pty Ltd - 5.5%
First Australian Resources Limited - 8%
Pancontinental Oil & Gas NL - 10%
Emerald Oil & Gas NL - 12.75%
Phoenix Resources Plc - 10%

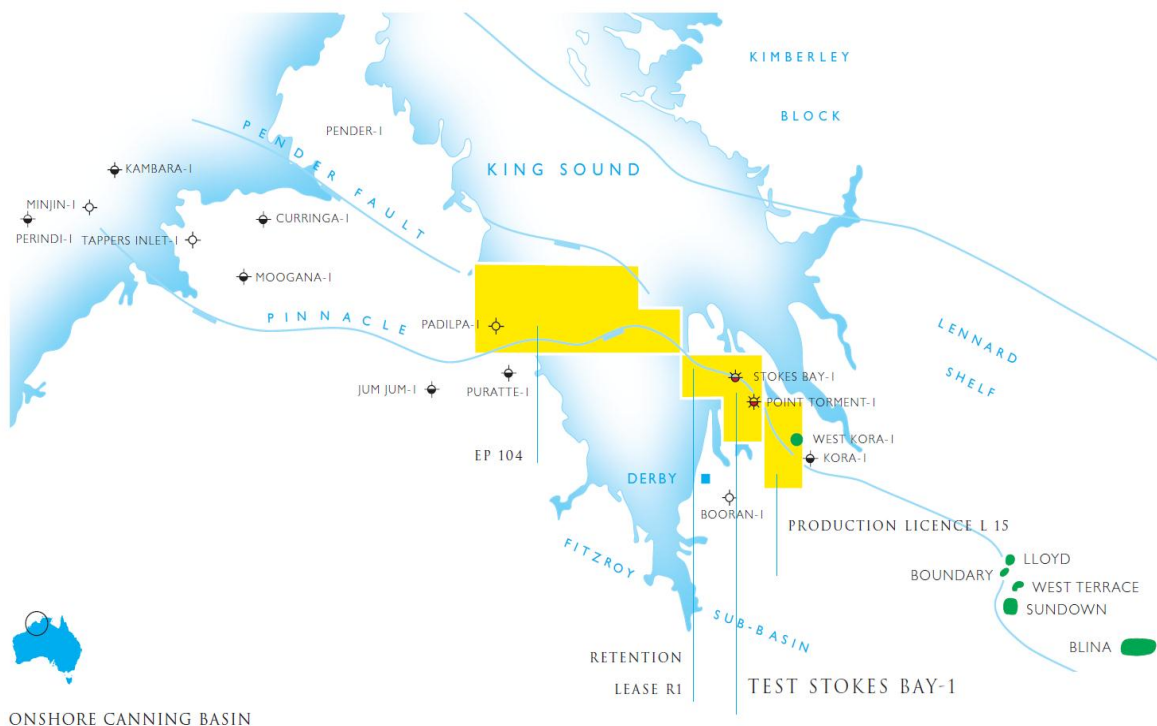
EP 104/R1

Stokes Bay-1 – Test the Anderson Formation

A test programme for the sands of the Anderson Formation that are gas bearing are on the agenda for the EP 104/R1 Joint Venture in 2012.

The Stokes Bay-1 well drilled in 2007 encountered gas bearing sands within the Lower Anderson Formation over the intervals 2,455 to 2,470m and 2,510 to 2,535m also with minor oil shows which were not tested. Key's evaluation of the data set is that the Anderson Formation, the primary objective in the well and the structure, remains an exciting testing objective. A further re-evaluation of these Carboniferous aged gas bearing sands of the Anderson Formation intersected in the Stokes Bay-1 well will be undertaken prior to designing a test programme to select the perforation intervals for a cased hole test programme. The prospectivity of the Anderson Formation to provide economic flow rates and contain economic recoverable gas is demonstrated from the Point Torment-1 well (also in EP 104/R1) which flowed gas on a test at a rate of 4.3 million cubic feet of gas per day.

Key considers there is potential for the Anderson Formation to have potential recoverable gas of up to 100 Billion Cubic Feet within the structure.





**EP 104/R1 – Flaring gas at Point Torment-1 at 4.3 million cubic feet of gas per day
Canning Basin, Western Australia from the Anderson Formation.
The well is completed and suspended.**



R1/EP 104 Canning Basin Western Australia

Drilling the Stokes Bay-1 well, Anderson Formation gas sands to be tested, 2012. The well and the structure are located on mud flats and mangroves. A detailed “swamp” seismic survey was undertaken by Esso prior to these two wells being drilled with Gulliver Productions Pty Ltd (now owned by Key Petroleum Limited).

**PRODUCTION LICENCE L 15
(WEST KORA-1)
CANNING BASIN
WESTERN AUSTRALIA**

*Gulliver Productions Pty Ltd – 49%
(a wholly-owned subsidiary of Key Petroleum Limited)
Buru Energy Limited – 19%
Pancontinental Oil & Gas NL – 12%
First Australian Resources Limited – 12%
Indigo Oil Pty Ltd – 8%*

The Western Australian State Government Department of Mines and Petroleum granted Petroleum Production Licence L 15 to the Applicants over the West Kora-1 oil discovery well in the Canning Basin, Western Australia. The Petroleum Production Licence term for L 15 is effective from 1 April 2010 for a period of 21 years.

Production Licence L 15 consists of two graticular blocks 6054 and 6126 and is located nearby the Point Torment-1 gas discovery and the recent Stokes Bay-1 well that was drilled in October/November 2007.

West Kora-1 remains as a completed oil well which is planned to be placed back on production to the existing West Kora Tank Farm. This work will likely follow the workover of the Stokes Bay-1 well to test the Anderson Formation during 2012.

West Kora-1 was drilled in 1984 to a depth of 2606 metres in Exploration Permit EP 104 by Esso Australia Limited. The Carboniferous aged Anderson Formation demonstrated a number of oil shows while drilling. Following drill stem testing, a production test was conducted over the gross interval 1,735 to 1,751 metres. An extended production test, using a beam pump, was performed from 15 October 1989 to 22 December 1990 during which time some 20,000 barrels of oil were produced at an initial rate of 350 BOPD with 30% water cut, declining to an 85% water cut.

In June 1992, a new interval 1693 to 1696 metres was perforated by the then Operator, Anzoil NL, and referred to as “the 1,700 metre oil sand”. A through tubing bridge plug was run but failed to isolate water production in the well which is likely be from the original perforated intervals in the well. (See photograph)



West Kora-1 oil well on Extended Pump Test to the West Kora Tank Farm

An additional Extended Production Pump Test (“EPT”) was conducted in 1992 with a further EPT conducted over the period December 1997 to January 1998. The results demonstrated the need for a workover programme to isolate water production and to adequately produce the West Kora-1 well to determine the oil productivity and reserves.

The Joint Venture in the Production Licence L 15 will determine the workover programme to be conducted at West Kora-1. Emerald Oil & Gas NL and Buru Energy Limited have the right to elect to earn further equity in L 15 from Gulliver Productions Pty Ltd by contributing some costs towards the West Kora workover. To date there has been no election.

Key looks forward to advising the timetable of this programme. It is likely to be conducted following the testing of the Anderson Formation in the Stokes Bay well during 2012.

**EP 438
CANNING BASIN
WESTERN AUSTRALIA**

Key Petroleum Limited - 80% reducing to 20%

(Gulliver Productions Pty Ltd holds the interest as a wholly-owned subsidiary of Key Petroleum Limited)

Indigo Oil Pty Ltd - 20% reducing to 5%

Buru Energy Limited- 5% earning up to 75% from the Joint Venture

Gulliver Productions Pty Ltd (“Gulliver”) announced on 15 January 2010 that, together with Indigo Oil Pty Ltd (“Indigo”), they had entered into a Farmin Agreement with Buru Energy Limited (“Buru”) in the EP 438 Permit, located on the Broome Arch, Canning Basin, Western Australia.

Buru, pursuant to the Farmin Agreement, will spend a further \$3 million on additional exploration in the EP 438 Permit. This will include the recording of additional new multifold 2D seismic and the drilling of one well where Buru will earn from Key and Indigo, a 75% interest in the EP 438 Permit. Key, through Gulliver will retain a 20% interest and Indigo 5% in EP 438 and be free carried through the expenditure of \$3 million.

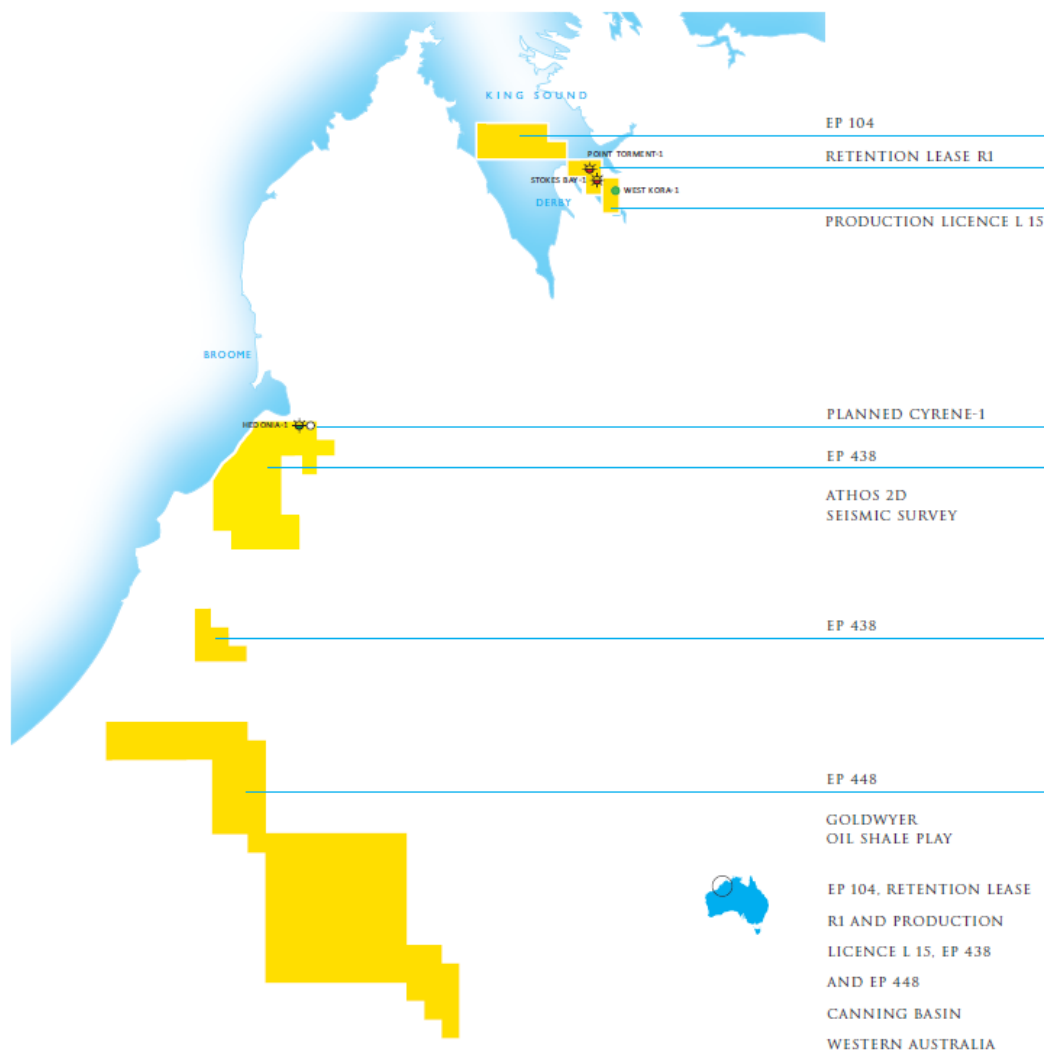
Drilling of Cyrene-1 – Planned 2012

Previous wells in the EP 438 Permit have encountered significant oil and gas shows. Of particular interest to the Company are the wells Hedonia-1, drilled by Gulf Oil in 1984 and the Goldwyer-1 well, drilled by WAPET in 1959.

Hedonia-1 is located on an anticlinal feature and is of significant interest where well developed karstic porosity was intersected in Ordovician aged Willara limestones at a relatively shallow depth of some 1,050 metres. The Hedonia-1 well lost circulation of its drilling fluids upon drilling into the top of this reservoir objective Willara Formation. This severe lost circulation indicates high permeabilities in this limestone reservoir where a significant gas show was recorded. This is an exciting reservoir objective where this formation was never properly tested. The testing programme on Hedonia-1 was terminated prematurely due to weather.

There were also numerous oil and gas shows in the marine black shales of the Goldwyer Formation which demonstrates oil maturity in these source rocks.

Drilling of Cyrene-1 on the Hedonia Structure is on the Joint Venture agenda for 2012. Native Title Heritage Surveys have been completed and the necessary earthworks required are programmed. The prospectivity of this Broome Arch area is recognised for both mid to large size oil and gas discoveries. Other wells with significant shows in the area include Goldwyer-1 with oil shows in the Willara Limestone, and Willara-1 with oil and gas shows in the Permian Grant Formation.



The EP 438 Permit and these prospects are located close to the Great Northern Highway providing easy access and enables the joint venture to extend the exploration season closer to the “wet” season. In addition, EP 438 is located comparatively close to port facilities, providing for the cost effective transport of oil and access to gas pipeline infrastructure, should hydrocarbons be discovered.

To date, the Operator Buru, have completed an aeromagnetic survey being the West La Grange Aeromagnetic Survey, and have completed the reprocessing of seismic for its registered 5% interest in EP 438. Depending on the final cost of the well drilled under the Farmin Agreement, the sum of \$3 million may include any completion and testing of the well. If the Hedonia Structure is drilled as Cyrene-1, Key estimates the potential recoverable oil reserves, if hydrocarbons are present and the structure is filled to its mapped spill point, to be 5 million barrels of oil.

Athos 80km 2D Seismic Survey

The acquisition of the Athos Seismic Survey consisting of 80 line kms was completed on 15 September 2011. The interpretation is near complete and will further delineate the Cyrene Prospect as well as providing additional prospects in the EP 438 Permit.

In late 2011 Buru Energy Limited, the Operator of the EP 438 Permit, demonstrated the prospectivity of the Canning Basin with the recent discovery of the major new oilfield at Ungani, and also potential substantial gas and condensate fields at Valhalla. The reservoir objectives in Key’s prospects and leads in the Canning Basin EP 438 Permit are enhanced by Buru’s success.



EP 438 Canning Basin - Recording the Athos Multifold 2D Seismic Survey with Terrex Seismic in September 2011. Geophones are located on the right hand side of the photo.

**PETROLEUM EXPLORATION
PERMIT EP 448
CANNING BASIN, WESTERN AUSTRALIA**

*Gulliver Productions Pty Ltd - 70%
(Subsidiary of Key Petroleum Limited)
Indigo Oil Pty Ltd - 20%
United Oregon Limited – 10%*

Key, on behalf of the EP 448 Joint Venture, are negotiating with potential farmin groups to progress exploration within the EP448 Permit in the Canning Basin. The recently announced total farmin by Conoco Philips with New Standard Energy Limited where Conoco Philips are to provide 100% of exploration funding of up to US\$109.5 million to explore the Goldwyer Formation in the Canning Basin for Shale Oil/Shale Gas has demonstrated the potential of the Canning Basin and in particular, the relatively shallow Ordovician aged Goldwyer Formation reservoir objectives and the carbonate reservoirs of the Nita Formation.

Within the EP 448 permit, one of the primary potential reservoir objectives is the Nita Formation sealed by the thick red bed and salt sequences of the basal Carribuddy Group and underlain by the Goldwyer Formation. This part of the Canning Basin has rich oil source rocks of the Goldwyer Formation which are considered some of the richest source rocks in Western Australia.

The West Anketell 8,000 line km Aeromagnetic Survey was completed and existing seismic is being evaluated to delineate carbonate reef type prospects in the Nita and structural development in carbonates of the Nullara Formation as well as the Goldwyer Formation for Shale Oil/Shale Gas potential. Key is progressing with introducing venture participation in the EP 448 Permit on terms where Key will retain meaningful equity at the production stage.

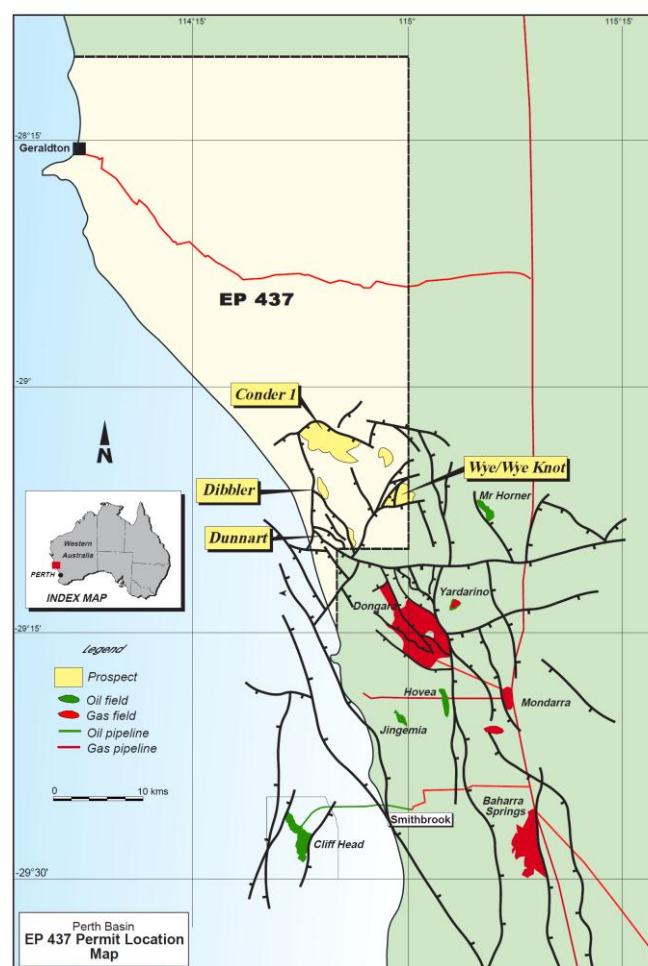
**EP 437
NORTH PERTH BASIN
WESTERN AUSTRALIA**

Key Petroleum Limited – 22.5%

EP 437 is located in the northern part of the Perth Basin on the southern end of a significant basement high, known as the Northhampton High. The EP 437 Permit area of the North Perth Basin and its evolution has provided the Triassic aged Kockatea Shale, a highly organic rich and well known source rock which also includes two reservoir sand members. These sand members are the Bookara Sandstone Member in the basal section and the Arranoo Sandstone Member in the upper part. Both these reservoir sandstones exhibit fair to good reservoir quality evaluated in a number of wells drilled within the Basin.

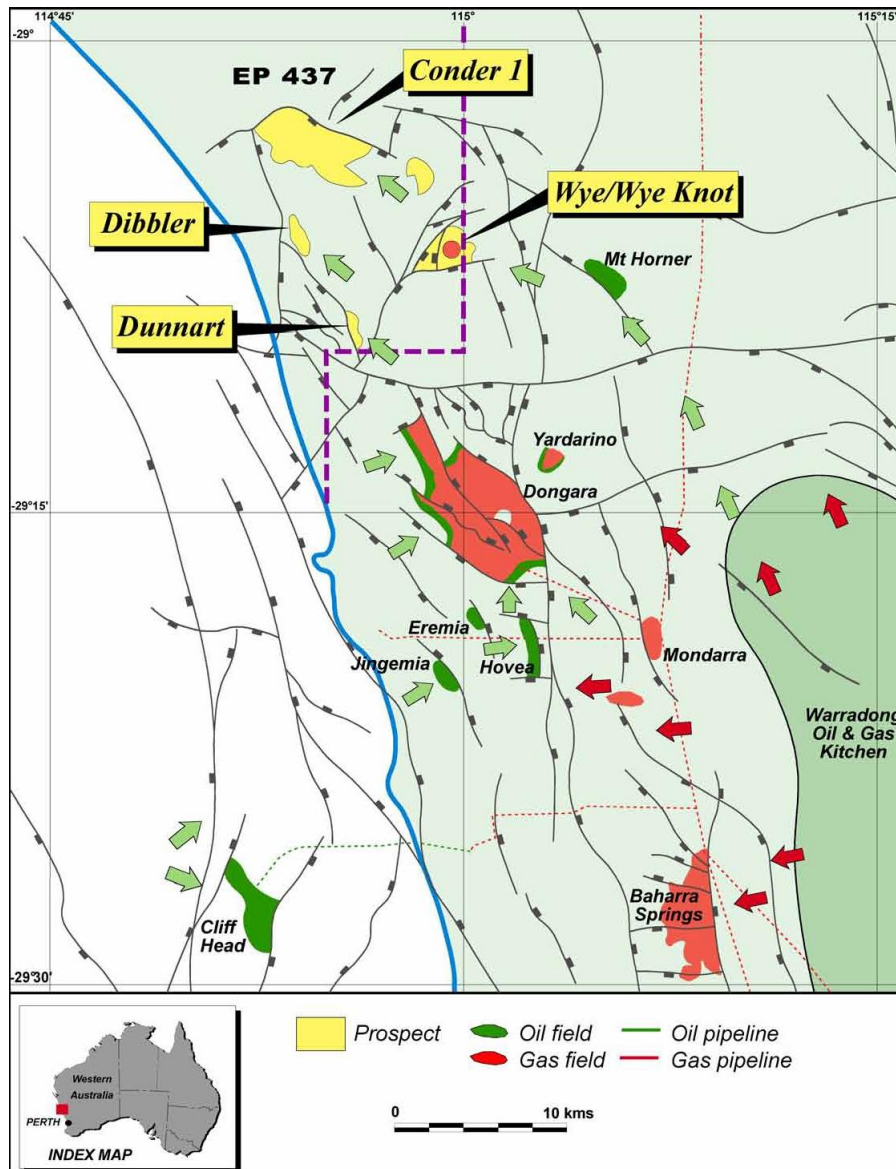
Two recent wells were drilled in the Permit during 2011. The Dunnart-1 well, drilled to 667 metres in January 2011, had good oil shows in the Bookara Sandstone. These oil shows are currently being re-evaluated by Key as part of a permit evaluation including the remapping of all of the existing seismic data sets.

On 3 February 2011, the second well, Dibblers-1, was drilled to a total depth of 525m to test the Bookara Sandstone. The Dibbler Structure consisted of a low relief fault closed structure. No hydrocarbon shows were recorded and the well was plugged and abandoned.



The prospectivity of the Permit is also confirmed by the Wye-1 well drilled to 766 metres in 1996. Oil shows while drilling Wye were recorded in virtually every porous sandstone from the top of the Jurassic aged Champion Bay Group (Cadda Formation) to the Permian aged Wagina Sandstones. Gas shows were noted in the Arranoo Sands and the basal sands of the Triassic aged Kockatea Shale.

Wye-1 flowed 4.4 million cubic feet of gas per day (4.4 MMCFGD) from the Permian aged Wagina Sandstone on test with H₂S in the gas stream. The H₂S was postulated to be from an oil leg, possibly biodegraded, downdip at the Wye Knot Prospect. A further test conducted within the Arranoo Sandstone had a calculated gas flow rate of 1.7 MMCFGD. The good oil shows in Wye-1 support a possible down dip oil leg. The hydrocarbon potential of the Wye and Wye Knot area and the Dunnart-1 well will be evaluated as part of a Permit review by Key. This is being undertaken to develop prospects and leads identified in the EP 437 Permit, considered highly prospective, particularly for oil.



The EP 437 Permit with its shallow oil and gas prospects is located in the North Perth Basin oil province immediately north of the Dongara and nearby oilfields.

Brockham Oilfield PL 235 and Lidsey Oilfield – PL 241 Weald Basin, United Kingdom

Key Petroleum Weald Basin Ltd – 100% (a wholly-owned subsidiary of Key Petroleum Limited)

Both the Lidsey and Brockham Oilfields are located in the oil prone Weald Basin, in the south of England. Oil being produced is trucked and sold into the nearby BP Hamble Facility at Southampton. These fields, which are only partially developed, currently produce approximately 85 barrels of oil per day.

Lidsey Oilfield

The Lidsey Oil Production Facility is located near the village of Lidsey, West Sussex. This facility is self-contained and designed to handle the 37° API crude oil. This field was discovered in 1987 and was brought into production in March 2008 and was acquired by Key on 30 September 2009.

Following Schlumberger's geomodelling and simulation studies already undertaken, consideration has been given to drilling a horizontal well to access an additional oil saturated reservoir section of the Jurassic aged, Greater Oolite Formation.

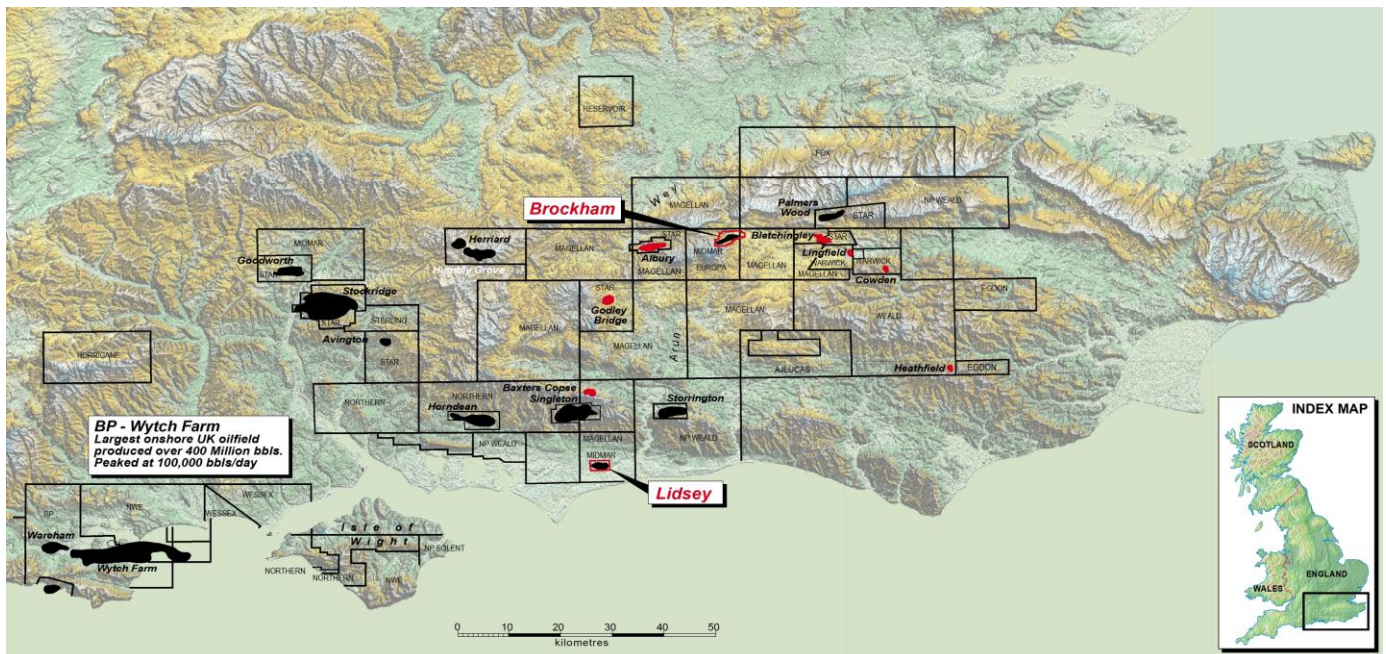
Further reservoir and petroleum engineering studies are being undertaken by the Company's UK-based technical personnel.

Brockham Oilfield

The Brockham Production Facility near the town of Brockham is also a self-contained production unit designed to treat 28° API crude oil. The field was discovered in 1987 by BP and brought into production in 2002.

The recoverable reserves and the potential to enhance production is the subject of reservoir engineering studies and also an evaluation by Key's UK-based consultant petroleum engineers who have considerable experience in the Weald Basin and the reservoir parameters of the Greater Oolite Formation.

I look forward to addressing the way in which Key Petroleum considers it should progress activities in the Weald Basin in the future.



Location of the Lidsey and Brockham Oilfields in the Weald Basin, Southern England U.K.



Tank farm Lidsey, Weald Basin U.K.



Lidsey Production Facility, Weald Basin U.K.

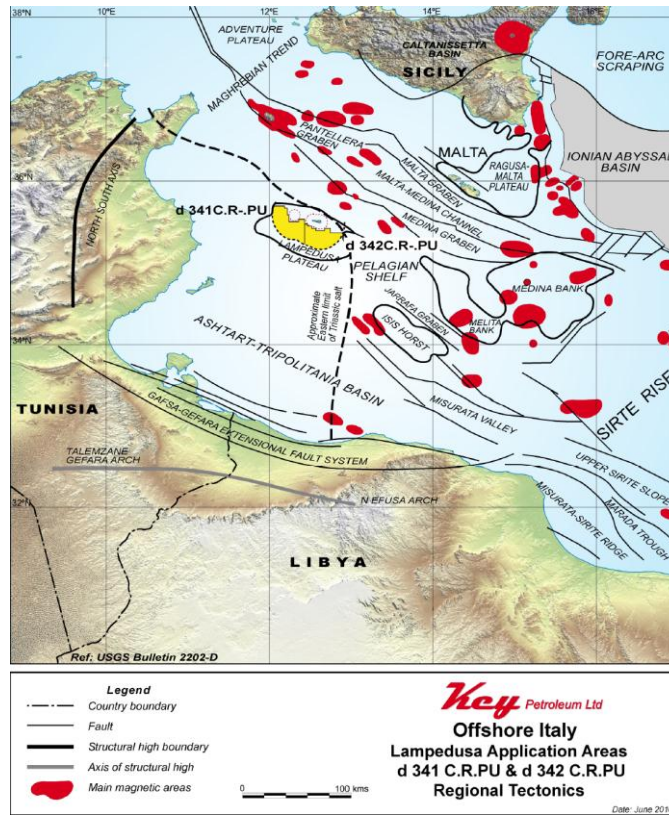
Offshore Italy
Puma Petroleum SRL – 100% (a wholly-owned subsidiary of Key Petroleum Limited)
West Sardinia E.R54.PU
ITALY

Key has undertaken an evaluation of the oil and gas prospectivity of the West Sardinia offshore permit E.R54.PU upon its grant on 21 April 2010.

The Permit area is underexplored and only has sparse seismic coverage. It is considered to be prospective for deep gas and also has shallow oil and gas plays. Shortly after this permit was awarded, the Italian Government temporarily halted offshore drilling in its territorial waters following BP's Macondo oil discharge in the Gulf of Mexico. The Italian Government proposed the enactment of drilling exclusion zones close to environmentally sensitive areas and suspended the award of new acreage including Key's long standing other Applications. Key has sought a suspension of the work commitment of E.R54.PU Permit until the exclusion zones are ratified.

The Company is currently reviewing the prospectivity of this under-explored Permit and will seek venture participation in all of its Italian permits and Applications.





LAMPEDUSA D 341 C.R. (APPLICATION)
LAMPEDUSA D 342 C.R. (APPLICATION)
ELBA D 91 E.R – PU (APPLICATION)

Puma Petroleum SRL – 100% (a wholly-owned subsidiary of Key Petroleum Limited)

The Company has three application areas in offshore Italian waters:

- Elba South Application is an underexplored shelf, prospective for gas and close to markets.
- Two Lampedusa Application areas are located over shallow water shelf areas that have not been explored for 20 years.

All of the Applications and the granted Permit are held in a wholly owned company, Puma Petroleum SRL. On completing its evaluation in this coming quarter, the Company will determine the terms of possible venture participation.

Offshore Tanzania

Key Petroleum Limited - 5%

Key Petroleum retains a 5% working interest in the Kiliwani North gas development licence which was excised out from the Nyuni PSA. The Kiliwani North-1 well tested at 40 million cubic feet of gas per day and is located only 3.5 kilometres from the Songo Songo gas plant and pipeline to Dar Es Salaam.

Kiliwani North Development

The principal steps toward development of the Kiliwani North-1 well were:

- Certification of 40 BCF of gas reserves sufficient to enter a gas supply contract.
- Grant of a development licence.
- Project engineering and engineering design.

The challenge for Key and other Joint Venture participants for commercialisation is to settle a reasonable gas sales contract. Commercial negotiations commenced in September 2011. Negotiations are on-going to seek to tie the well into existing infrastructure in 2012.



JL Craig Marshall
BSc (Hons), F.Aus.IMM, CPGeo,
Chairman
KEY PETROLEUM LIMITED

Dated this 31st day of January 2012
Perth, Western Australia

Competent Person's Statement

Information in this Quarterly Report relates to exploration results that are based on information compiled by Mr JL Craig Marshall of Key Petroleum Limited. JL Craig Marshall is a Fellow of the Australian Institute of Mining and Metallurgy and is a Certified Practising Geologist BSc (Hons), F.Aus.IMM, CPGEO, and has more than 30 years experience relevant to oil and gas exploration and production.

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

Key Petroleum Limited

ABN

50 120 580 618

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	308	882
1.2 Payments for (a) exploration & evaluation	(304)	(344)
(b) development	-	-
(c) production	(263)	(439)
(d) administration	(361)	(854)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	27
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(4)	(2)
Net Operating Cash Flows	(614)	(730)
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	10	10
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	19
Net investing cash flows	10	29
1.13 Total operating and investing cash flows (carried forward)	(604)	(701)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(604)	(701)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2	2
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)	-	-
	Net financing cash flows	2	2
	Net increase (decrease) in cash held	(602)	(699)
1.20	Cash at beginning of quarter/year to date	1,876	1,972
1.21	Exchange rate adjustments to item 1.20	(88)	(87)
1.22	Cash at end of quarter (refer item 1.25)	1,186	1,186

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

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

Item 1.22 excludes December 2011 oil sales that would otherwise have increased the cash reserves of the Company by approximately \$115,000 for the quarter.

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

52 million ordinary shares with a deemed value of \$930,000 were issued as consideration for the acquisition of 100% of the issued capital of Gulliver Productions Pty Ltd from Empire Oil and Gas NL.

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

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
4.3 Production	(350)
4.4 Administration	300
Total	250

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	1,186	1,076
5.2 Deposits at call	-	800
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,186	1,876

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

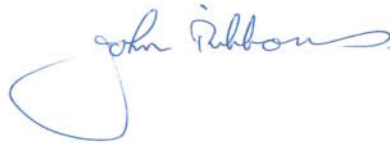
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	268,072,707	268,072,707		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	52,025,000	52,025,000		
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>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter	25,000	25,000	7.5 cents	30 November 2011
7.10 Expired during quarter	41,150,058 250,000	41,150,058 -	7.5 cents 30 cents	30 November 2011 30 November 2011
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 ~~/does not*~~ (*delete one*) give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: 30 January 2012

Print name:

John Ribbons

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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