

MARCH 2012 QUARTERLY REPORT

The Board of Sierra Mining Limited (“the Company” or “Sierra”) is pleased to present the quarterly report for the quarter ending March 31 2012.

HIGHLIGHTS

- The Company completed its initial Inferred Mineral Resource estimate for the Nalesbitan Hill deposit, acquired in November 2011. The Estimate totalled 5.0 Mt at 1.1 g/t Au (170k oz) and 4.0 g/t Ag (645k oz) at a 0.5g/t cut-off. At a 0.3 g/t cut-off, the Resource increases to 7.7 Mt at 0.8 g/t Au (204k oz) and 4.0 g/t Ag (986k oz). The Resource Estimate was prepared by independent geological consultants, H&S Consultants Pty Ltd (H&SC), whose staff have consulted to the owners of the property since 2006 (previously as Hellman and Schofield).
- The deposit remains open at depth and along strike in a number of areas and the Resource does not include any of the known mineralised areas and prospects outside the Nalesbitan Hill deposit. Substantial fieldwork and discussions with local authorities during the March quarter are expected to allow drilling of the Project to commence in May 2012.
- The results of a soil sampling program on 100 x 200 m grid over the prospective western section of the Bahayan tenement block were received during the quarter. A number of discrete zones of anomalous Au and associated Ag-As Mo were outlined confirming the results of previous exploration in this area, which outlined a two square kilometre gold – silver stream anomaly.
- Plans for further drill testing of the thick blanket of low grade Cu mineralisation at the Taguibo project were completed during the quarter and a diamond drill rig is expected on site in May 2012. The thick, low grade zone which was intersected in two holes in previous drilling (125.6 metres at 0.15% Cu and 111.6 m at 0.15 % Cu) is open both along strike and down dip and is interpreted to be distal to a buried porphyry copper deposit.
- Discussions were held between Sierra’s associate company, Bunawan Mining Corporation and the Elders of the CAMMPACAMM Ancestral Domain Manobo Tribal Association Inc, in relation to EXPA 000037-XIII, part of the Company’s Bunawan Project. These discussions resulted in the execution of a resolution from CAMMPACAMM on 11 April endorsing the permit application, an important step forward in the permit approval process.

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NALESBITAN PROJECT

Resource Calculation

After acquisition of the Nalesbitan Project in late 2011, Sierra retained H&S Consultants Pty Ltd (H&SC) to provide an estimate of resources contained within the Nalesbitan Hill deposit. H&SC staff have acted as independent geological consultants to the owner of the Nalesbitan Project since 2006. The estimate was completed in March 2012 and is reported in accordance with the JORC Code, all within the Inferred Mineral Resource category under the Code.

Resources were estimated using the Multiple Indicator Kriging method. Grades are estimated into panels with dimensions 25m (east) by 25m (north) by 5m (elevation). Resources have been categorised as Inferred at this time as the data is generally of a historical nature. Quality control measures have varied over time with different phases of exploration however, based upon Sierra's investigations, sufficient quality control data have been collected by the previous operators and analysed by their independent consultants to conclude that the data from all phases of exploration is essentially reliable and that the data is suitable as input for estimation of an Inferred Resource. Similarly, a substantial amount of geological analysis and interpretation has previously been undertaken, which Sierra considers sufficient to support the estimation parameters used by H&SC and the resulting Inferred Resource classification. Additional verification drilling, geological interpretation and further validation of the historical data will be required to support higher levels of resource classification.

The estimates of (inferred) gold and silver resources for the Nalesbitan Hill prospect at a range of gold cut-off grades are set out in Table 1 below.

<i>TOTAL</i>	<i>Tonnes</i>	<i>Grade Au g/t</i>	<i>Grade Ag g/t</i>	<i>Au Oz</i>	<i>Ag Oz</i>	<i>Ag:Au ratio</i>
0.3	7,734,892	0.82	3.96	204,014	985,929	4.83
0.4	6,257,085	0.93	3.96	187,444	795,967	4.25
0.5	5,032,135	1.05	3.99	169,797	645,306	3.80
0.6	4,028,397	1.17	4.20	152,157	544,375	3.58
0.7	3,273,884	1.30	4.47	136,440	470,409	3.45
0.8	2,687,023	1.42	4.71	122,320	406,859	3.33
0.9	2,220,860	1.53	4.96	109,599	354,211	3.23
1.0	1,846,633	1.65	5.21	98,175	309,554	3.15
1.1	1,544,130	1.77	5.46	87,962	271,067	3.08
1.2	1,297,042	1.89	5.69	78,818	237,149	3.01
1.3	1,094,733	2.01	5.95	70,677	209,333	2.96
1.5	790,061	2.24	6.41	56,988	162,818	2.86
1.8	496,802	2.60	7.14	41,487	114,103	2.75
2.0	370,540	2.83	7.50	33,752	89,311	2.65

Table 1 – Nalesbitan Hill Inferred Mineral Resource Estimates (H&SC 2012)

* (significant figures used are to avoid rounding errors and do not imply precision)

At this stage, exploration of the other areas of known mineralisation within the Project (see Figure 1 below) is too preliminary for resource estimations.

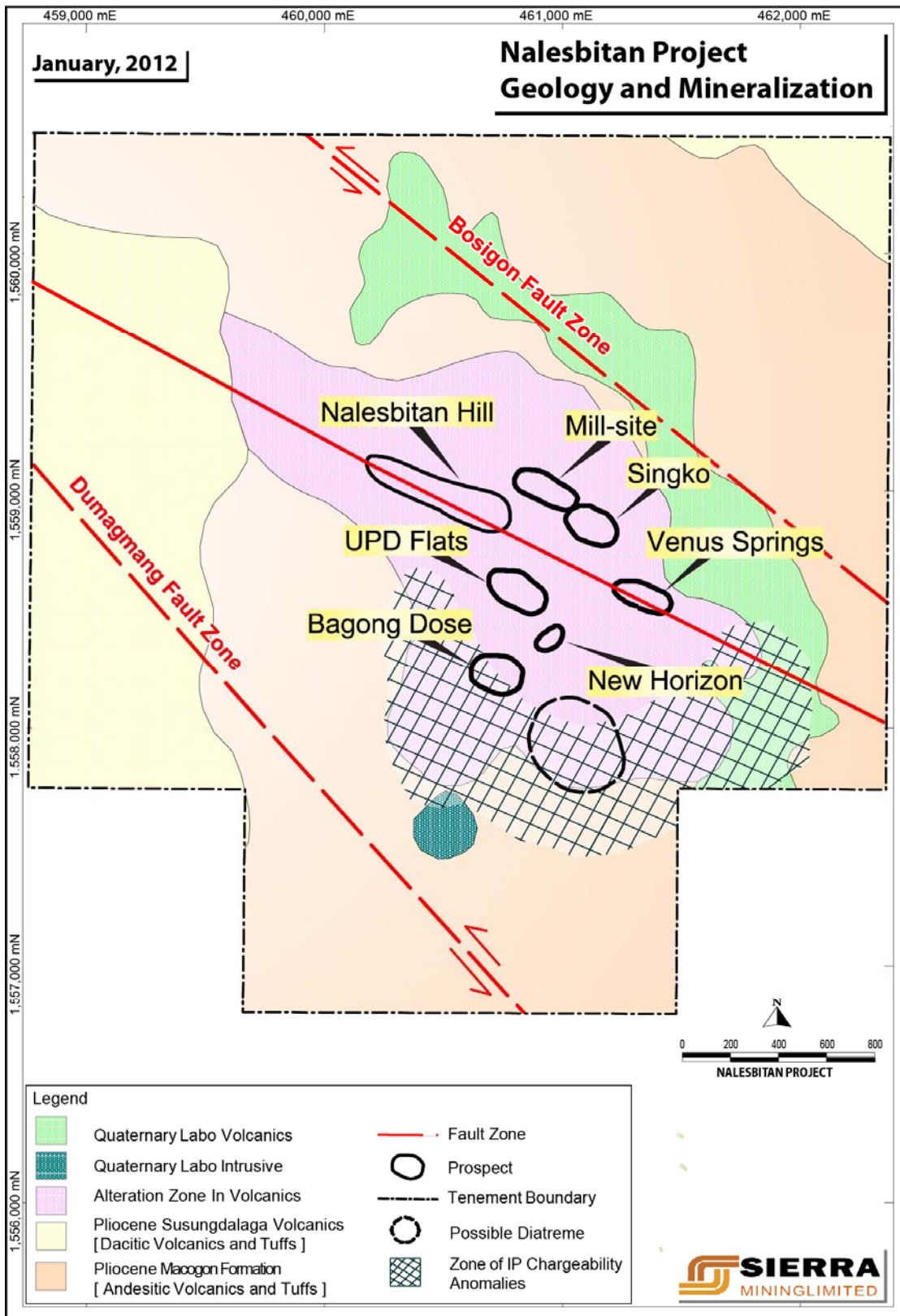


Figure 1. Summary map of the Geology and mineralisation at the Nalesbitan Project



Sierra have not yet carried out any drilling at the Project and the data utilised in the estimate was all collected by previous owners, prior to 2008. The estimate utilises a total of 8,116 two metre composite grades drawn from a database of 114 diamond drill holes (12,462m), 131 reverse circulation holes (7,295m) and 10 reverse circulation holes with diamond tails (1,635m). Samples from rotary air blast drilling, costeaning, tunnel sampling and other methods were not utilised in the estimate. Drill hole spacing varies from 5-35m across strike and 12.5-30m along strike.

The resource models were estimated by Multiple Indicator Kriging. No top cut was applied as the influence of high grades is adequately controlled by indicator thresholds during the estimation process. A standard value for density of 2.40gm/cc has been applied across the oxidation ranges. The resource was truncated at the current mined ground surface as at November 2008 however, no adjustment has been made for remaining mined voids, of which tunnels would be the most significant.

Project Geology

The geology within the tenements is dominated by andesitic pyroclastics and tuffs of the Pliocene Macogon Formation. Dacitic lava, tuff and pyroclastics attributed to the regional Pliocene Susungdalaga Volcanics unconformably overly the Macogon Formation, although it has alternately been proposed that the dacitic volcanics are part of a more localised diatreme dome complex emplaced into the Macogon Formation in the Nalesbitan area. Structurally and lithologically controlled alteration and mineralisation occurs in both volcanic units and both are overlain and intruded by un-altered and un-mineralised. Pleistocene andesite volcanics and intrusions of the Labo Volcanics. Miocene basement sediments are exposed in an erosion window to the SE of the tenement but are not known to outcrop within the tenement.

The alteration and mineralisation is located between two major NW-trending sinistral strike slip faults, the Bosignon and the Dumagmang Faults of the regional Philippine Fault system. Mineralisation at Nalesbitan Hill is controlled by a WNW trending fault termed the Nalesbitan Hill Fault which is a link fault or dilational jog between the two major regional faults. A number of NE trending faults have been mapped but the structural framework and the structural controls of mineralisation at all prospects at Nalesbitan are still poorly documented.

Nalesbitan Hill Geology

The Nalesbitan Hill gold deposit is hosted by andesite volcanics and tuffs within a northwest-striking fault zone (Nalesbitan Fault) in which steeply south west dipping silicified mineralised structures and breccias occur over widths of up to 300 metres and along strike for at least 800 metres, forming a prominent ridge. Mineralisation is late stage and occurs as matrix to the breccias, and in chalcedonic veins predominantly hosted by two parallel bodies of hydrothermal breccias within an envelope of advanced argillic alteration transitional to a halo of intermediate argillic alteration. The mineralisation flares upward and pinches out approximately 200 metres below surface.

Gold and silver mineralisation is supergene enriched and closely associated with copper sulphides including chalcocite, bornite, covellite, chalcopyrite and enargite. The high sulphidation mineral assemblage along with the presence of anomalous molybdenum suggest the deposit formed from fluids derived from a porphyry copper bearing intrusion at depth.



Future Work

Sierra will investigate the potential for establishing a small open pit mining operation based on the near surface Nalesbitan Hill deposit, possibly in conjunction with a local partner. Initial discussions have been undertaken in this regard.

Meanwhile, fieldwork and discussions with the local authorities have progressed sufficiently that Sierra is presently planning to mobilise diamond drilling capacity to the Project in the June quarter.

Diamond drilling will be focused initially on upgrading and extending the Nalesbitan Hill deposit and collecting samples for further metallurgical testwork. Drilling will then explore for additional near surface epithermal mineralisation at the adjacent prospects as well as deeper porphyry copper mineralisation.



BAHAYAN PROJECT

Background

The Bahayan application (EXPA-123) comprises two blocks located to the NW of the famous Diwalwal gold rush area where artisanal gold production from epithermal veins is reputed to amount to 10 million ounces. The northern block, which is expected to be granted separately ahead of the southern block, covers an area of 21 km² (Figure 2) and is approximately 20 km NNW of Diwalwal and 30 km SSE of the Co-O mine and the Company's Bunawan Project.

Preliminary exploration programs on the northern block has produced very encouraging results. Initial exploration focused on the Cogonon vein zone where a number of high grades (eg. 108.44 g/t Au) were recovered from veins in the artisanal workings. Subsequent regional mapping and sampling identified evidence of widespread gold and silver mineralisation in the Falcata and Tondan areas in the western part of the block. The mineralisation is associated with chalcedonic to opaline silica occurring as breccia fill and in veins and is interpreted to represent the upper levels of a low sulphidation epithermal vein system.

Following the identification of these epithermal veins the Company conducted a stream sediment sampling program over the entire northern block. Both pan concentrate samples (analysed for gold only) and – 80 mesh samples (analysed for gold and a multi element suite) were collected. The results outlined an approximate 2 x 1 km anomaly over the western part of the tenement centred on the Tondan and Falcata prospects. The anomaly was defined by greater than 0.10 ppm Au in both -80 mesh and pan concentrate samples, low level Ag (all samples above the 0.5 ppm detection level lie within it) and anomalous Zn and As.

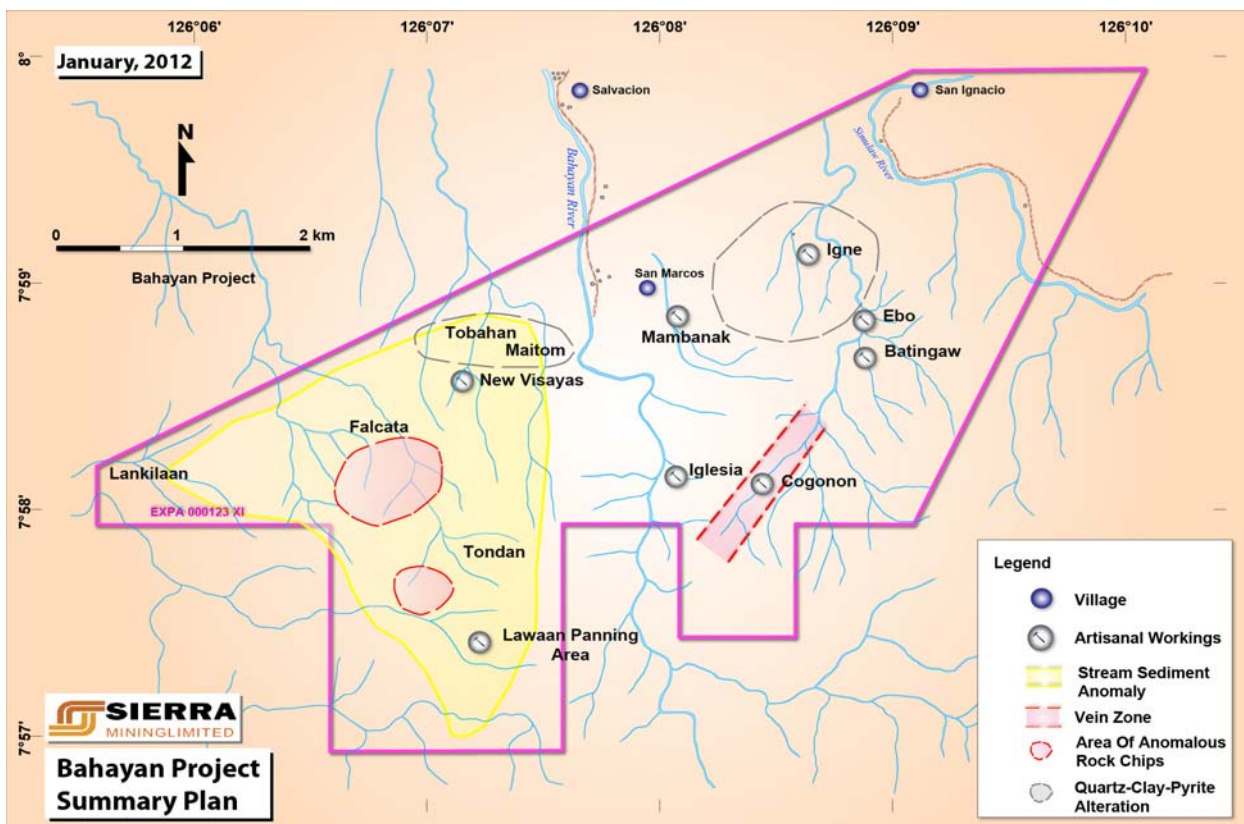


Figure 2. Bahayan Project North Block showing location of alteration zones, artisanal workings and the gold in stream sediment anomaly in the western section of the tenement block.



During the quarter the results of a soil sampling program over the western half of the tenement block were received. Samples were collected from the soil "C horizon" on a 100 x 200 metre spacing and sieved to minus 40 mesh prior to being submitted for analysis for Au by 30g Fire Assay/AA (0.01ppm detection level) and a suite of elements assayed by Aqua Regia digest/ICP.

Gold levels varied up to 0.92 ppm, silver up to 1.3 ppm, arsenic up to 231 ppm and molybdenum up to 8 ppm. Copper (up to 314 ppm), lead (up to 21 ppm) and zinc (up to 660 ppm) were all relatively low. Statistical analysis showed that Au-As has the best correlation followed by As-Mo and Au-Mo, thus As and Mo are the best indicator element for gold mineralisation which was also apparent in previous rock chip sampling. Analysis of the combined results of rock chip, stream sediment and soil sampling indicates a number of discrete zones of anomalous gold mineralisation as shown in Figure 3 below.

The structure of the area is poorly understood and the relationship and continuity between the various gold anomalous zones remains unclear.

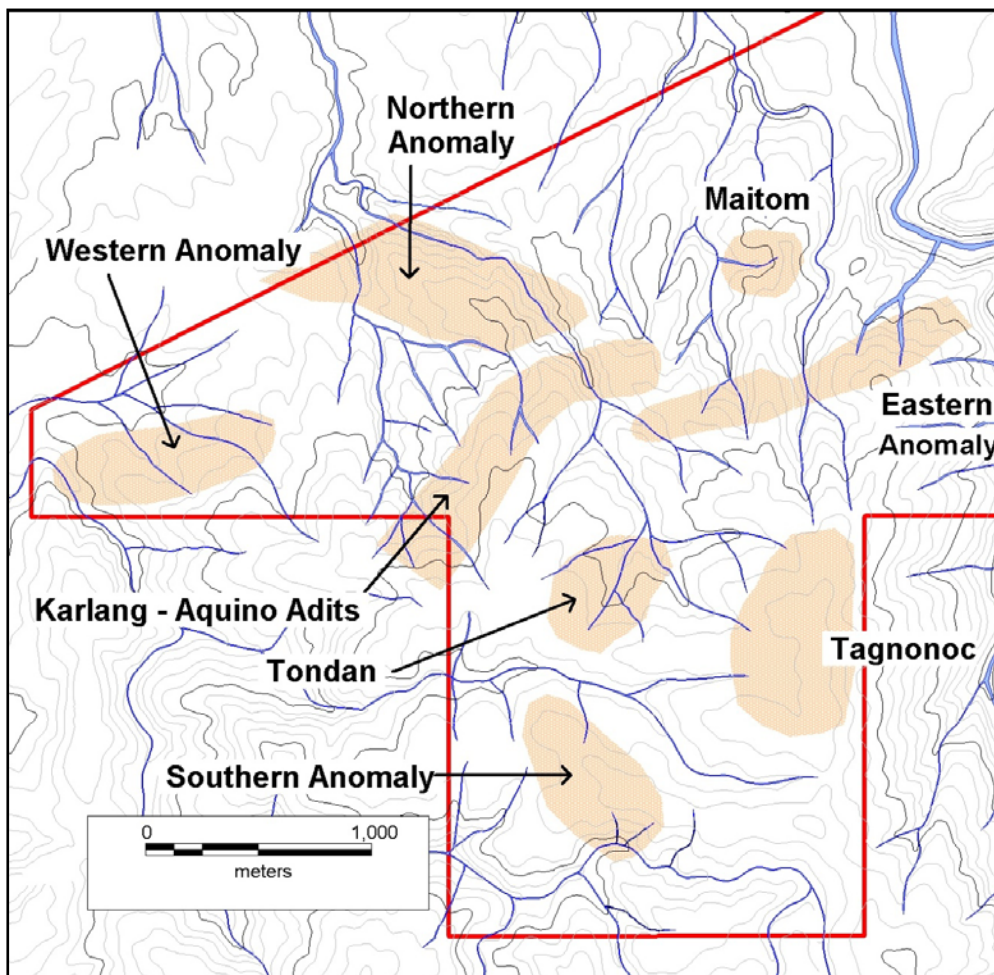


Figure 3. Gold anomalous zones in the western section of the Bahayan tenement block.

A program of infill soil and stream sampling along with detailed mapping and rock chip sampling was instigated during the March quarter to better define the nature, extent and continuity between the various anomalous zones. The results will be reported in the next quarter.



TAGUIBO PROJECT

Proposed Work program

The results of the reconnaissance drilling at Taguibo are encouraging. Logging of the wide spaced drill holes has revealed features which are typical of the alteration halo proximal to a mineralised porphyry copper ore body. These include inner propylitic actinolite-epidote-magnetite alteration grading to potassic alteration (K feldspar and biotite) with associated magnetite and hornfelsed magnetite mineralisation. The retrograde argillic alteration which has been superimposed on and masks much of the prograde alteration is also typical of a large porphyry system.

The target porphyry intrusion responsible for the widespread mineralisation and alteration within the Taguibo complex is interpreted to be near surface but un-eroded and thus has potential for significant copper gold mineralisation in the immediate un-eroded overlying country rock as well as in the intrusive itself. The mineralisation intersected in holes TDH 01, 02, 07 and 12 in the Palermo area is considered to be the most proximal to the porphyry source. The copper mineralisation zone intersected in these holes is open both along strike and down dip and will be the immediate focus of on-going exploration including further drilling in the June Quarter.

BUNAWAN PROJECT

After extensive discussions during the March quarter, on 11 April, 2012 the CAMMPACAMM Ancestral Domain Manobo Tribal Association, Inc. Council of Elders ("CAMMPACAMM") signed a resolution endorsing EXPA 000037-XIII, the Exploration Permit Application held by Sierra's associate company, Bunawan Mining Corporation ("BMC"), located in Agusan del Sur, Philippines.

The Resolution is a strong re-affirmation of BMC's position and specifically acknowledges, confirms and ratifies the previous commitments, agreements and resolutions in favour of BMC set out in the Memorandum of Agreement dated 13 February 2010 between CAMMPACAMM and BMC. This MOA records the principles and terms agreed for BMC to explore and mine within the CAMMPACAMM area.

On 08 June 2009, the National Commission on Indigenous People ("NCIP") Regional Office issued BMC a Certification of Non-Consent stating, among other things, that BMC has not secured the Free and Prior Informed Consent from CAMMPACAMM. The Certification of Non-Consent then served as a basis of denial of EXPA 000037-XIII by the Mines and Geosciences Bureau Regional Office. On 29 June 2010, Bunawan filed a letter-appeal with the MGB Central Office asking for the reversal of the Orders dated 15 June 2010 and 09 June 2009. The MGB Central Office has yet to resolve this Motion for Reconsideration.

The CAMMPACAMM resolution of 11 April 2012 now specifically calls upon the NCIP for the recall of the original 08 June 2009 Certification of Non-Consent.

Sierra will continue to work with CAMMPACAMM and the government authorities in getting the necessary approvals to commence exploration of this exciting gold district as soon as possible

MAWAB PROJECT

No work was conducted during the quarter.



PAPUA NEW GUINEA PROJECTS

Barrick (PNG Exploration) Limited is earning an 80% interest in Sierra's Salumei and Magavara projects in PNG. Barrick is the operator of both projects.

Barrick reported as follows in relation to their work for the quarter:

Salumei

All results have been received for surface samples collected last year. Soil results were generally low although a weak copper-molybdenum anomaly was identified striking NW and associated with hornblende porphyry intrusions. Soil gold results were all low (< 0.1g/t Au). Rock chip results were slightly higher with gold results up to 2g/t Au received from the outcropping NW trending feldspar porphyry in the northwest of the prospect. Stream sediment samples results were all low. The low tenor of geochemical results and the restricted extent of alteration and veining mapped at the Salumei prospect indicate that the area does not host a Barrick sized deposit.

Magavara

Further historic reports were received from the MRA and reviewed. Validated data was subsequently added to the database. Field work planning commenced for a reconnaissance program of mapping and surface sampling. A date for commencement has not been fixed, but is currently proposed for early Q3.

Business Development

The Board continues to review opportunities for other acquisitions, joint ventures, or investments in the resources sector which may enhance shareholder value. A number of new opportunities were assessed during the quarter and the Company will continue to evaluate these opportunities as they are presented.

The information in this report relating to exploration results, mineral resources or ore reserves is based on information provided to Mr Robert McLean by Sierra Mining Limited. Mr McLean is an independent consultant geologist and is a corporate member of the Australian Institute of Mining and Metallurgy. Mr McLean has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the Valmin Code and "Competent Person" under the JORC Code. Mr McLean consents to the inclusion in the report of the matters based on the information he has been provided and the 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

SIERRA MINING LIMITED

ABN

89 118 060 441

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	(191)	(439)
(b) development	-	-
(c) production	-	-
(d) administration	(146)	(531)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	123	412
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material):		
- Business development	(33)	(130)
Net Operating Cash Flows	(247)	(688)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	(501)
(c) other fixed assets	(1)	(13)
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):		
- Advances to Philippines associates to fund exploration activities	(279)	(1,031)
Net investing cash flows	(280)	(1,545)
1.13 Total operating and investing cash flows (carried forward)	(527)	(2,233)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(527)	(2,233)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1
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): - capital raising expenses	-	(6)
	Net financing cash flows	-	(5)
	Net increase (decrease) in cash held	(527)	(2,238)
1.20	Cash at beginning of quarter/year to date	8,801	10,512
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	8,274	8,274

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	61
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include directors fees and superannuation, executive remuneration and consulting fees.

Non-cash financing and investing activities

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

Not applicable

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

Not applicable

+ 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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300 (includes exploration expenditure incurred by Philippines Associate)
4.2 Development	-
4.3 Production	-
4.4 Administration	170
Total	470

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	147	95
5.2 Deposits at call	8,127	8,706
5.3 Bank overdraft		-
5.4 Other (provide details): -		-
Total: cash at end of quarter (item 1.22)	8,274	8,801

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	232,854,663	232,854,663	Not applicable	Not applicable
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>	3,583,333 3,683,333 31,970,363 8,333,334	- - 31,970,363 -	<i>Exercise price</i> \$0.15 \$0.20 \$0.10 \$0.25	<i>Expiry date</i> 1 July 2013 1 July 2014 31 December 2014 1 July 2015
7.8 Issued during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.9 Exercised during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.10 Expired during quarter			<i>Exercise price</i>	<i>Expiry date</i>
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 4).
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 26 April 2012
(~~Director~~/Company secretary)

Print name: Clint McGhie

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.