

## ACTIVITIES REPORT FOR THE SEPTEMBER QUARTER 2011

### HIGHLIGHTS

#### ***Buffalo, Spring Hill and Centenary Gold and Nickel Projects, Parker Range:***

- A 37% increase of the Centenary Project JORC Gold Resource to 557,000 t @ 2.2 g/t Au for 40,300 oz Au (Indicated + Inferred)
- Pre-feasibility studies on Centenary, Buffalo and Spring Hill resources progressing with open cut pit optimisation studies on all three pits
- Exploration drilling planned for nearby Parker Range gold prospects

#### ***Lindsay's Nickel Project, Parker Range***

- Environmental permits have been received for drilling at the Lindsay's nickel prospect

#### ***Trigg Hill REE Project, East Pilbara:***

- A detailed geochemical soil survey program comprising 341 soil samples contained significant Rare Earth Elements (REE)
- Twenty-one samples graded between 200ppm (0.02%) and 1242ppm (0.124%) Total REE
- This geochemical program has identified an REE pegmatite target over 200m in strike (central zone) and a new northern zone anomaly of approximately 160m in strike

#### ***Cyclops Nickel Prospect, East Pilbara:***

- V-TEM airborne electromagnetic survey successfully completed with final data pending

#### ***Red Rock Bore Uranium Project, Ashburton:***

- Results from the recent detailed rock chip sampling program around the Red Rock Bore 2009 Uranium discovery, RB1, has identified further anomalous Uranium up to 553ppm U over 100m strike length across the granite inselberg
- A second radiometric anomaly at Red Rock Bore, RB4, which was stronger than the first, is located 550m to the north east of the inselberg and results of the recent program include Uranium grading up to 359 ppm U on the surface
- Traditional Owners have performed a site specific aboriginal heritage clearance survey around the phase 1 and 2 proposed drill locations, with the first 13 RC drill holes cleared
- RC drilling program is scheduled for Red Rock Bore early in 2012, subject to approval of the POW and Radiation Management Plan

#### ***Bobs Bore Nickel Project, Gascoyne:***

- V-TEM airborne electromagnetic survey successfully completed with final data pending

## GOLD

### Centenary Project, Parker Range, WA

(M77/657- Gondwana 100%)

The company announced during the quarter a **37%** increase in the JORC-compliant Centenary gold Mineral Resource, which now totals **40,300 oz Au** (Indicated + Inferred) as summarised in Table 1.

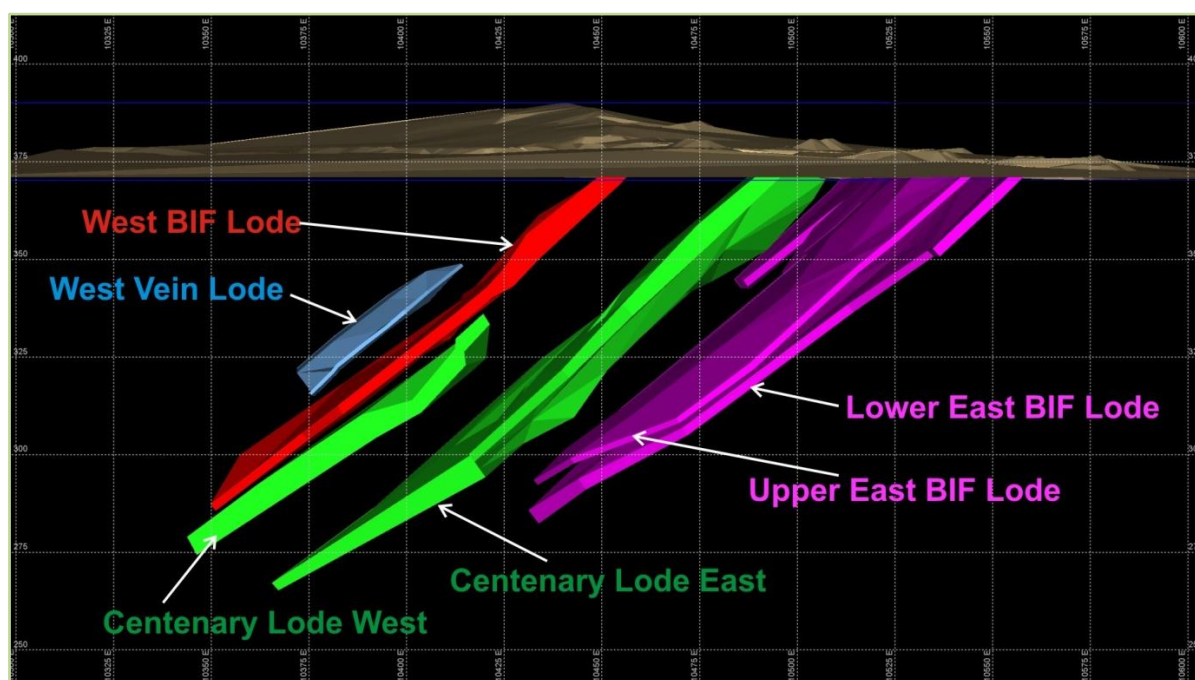
**Table 1: Upgraded Centenary mineral resource estimate ( $\geq 1.0$  g/t)**

Resource Category	Tonnes	Grade (g/t)	Cut ounces* (Au)
Indicated	391,000	2.4	30,400
Inferred	166,000	1.8	9,900
<b>Total</b>	<b>557,000</b>	<b>2.2</b>	<b>40,300</b>

\*Resource reported at a 1.00 g/t Au lower cut and variable top cuts for the 6 ore zones  
 1kg screen fire assay results were used for estimation of high grade zones where possible  
 Assay results are primarily from RC drilling with a single diamond hole into the high grade vein  
 Specific Gravity density values were derived from the Centenary and Buffalo diamond drill core measurements

This resource upgrade has added a JORC-compliant 10,900 oz of gold (Indicated + Inferred) to the Centenary maiden resource announced on 1 March 2011. The most recent reverse circulation (RC) drilling along strike to the north and south of the deposit area was completed during the June quarter, and these new gold intersects added additional strike length resulting in additional tonnage.

The major increase was in the indicated resource category due to the detailed drill spacing (20m x 20m) coupled with a high precision down hole azimuth / dip survey and high precision RTK - GPS collar positioning. The revised wire frame modelling completed during the September quarter incorporates all 6 mineralised zones (West BIF Lode, West Vein Lode, Centenary Lode West, Centenary Lode East, Lower East BIF Lode and Upper East BIF Lode) as indicated in Figure 1 showing a north facing East-West cross section through the centre of the deposit.



**Figure 1: An image showing the mineralised lodes at the Centenary Project (looking North)**

All gold assays used in the resource estimation were from 1m down hole sample intervals using 50g fire assays. Selected 1kg screen fire gold assay results were used where possible to determine a suitable top cut for the high grade quartz vein.

RC drill intersects announced in 2010 substantially improved the southern part of the eastern BIF mineralisation due to a mineralised zone up to 6m thick being located directly underneath the historic drill holes. In May 2011, RC drilling tied off the southern extension to the resource, however the Eastern BIF mineralisation is still open to the north and down dip through the central zone and will be in-fill drill tested next quarter.

Using 1g/t gold as the lower cut for all 3 Parker Range gold deposits, the 70% owned Buffalo deposit (containing 25,400 oz inferred + indicated) and the 70% owned Spring Hill deposit (containing 25,750 oz inferred + indicated) within tenement M77/893 will be added to the 100% owned Centenary deposit (containing 40,300 oz inferred indicated) for a total JORC compliant resource base of 91,450 oz (inferred + indicated) for the Buffalo Gold Project.

**Table 2: Total Buffalo Gold Project JORC Resource Estimate (>= 1.0 g/t)**

Resource Category	Tonnes	Grade (g/t)	Cut ounces* (Au)
<b>Buffalo</b>			
Indicated	292,200	2.4	22,200
Inferred	62,800	1.6	3,200
Buffalo total	355,000	2.2	25,400
<b>Spring Hill</b>			
Indicated	226,400	2.0	14,250
Inferred	180,300	2.0	11,500
Spring Hill total	406,700	2.0	25,750
<b>Centenary</b>			
Indicated	391,000	2.4	30,400
Inferred	166,000	1.8	9,900
Centenary total	557,000	2.2	40,300
<b>Total Project</b>			
Indicated	909,600	2.3	66,850
Inferred	409,100	1.8	24,600
<b>Project grand total</b>	<b>1,318,700</b>	<b>2.1</b>	<b>91,450</b>

\*Resource reported at a 1.00 g/t Au lower cut and variable top cuts

1kg screen fire assay results were used for estimation of high grade zones where possible

Assay results are primarily from RC drilling with diamond holes as required

Specific Gravity density values were derived from the Centenary and Buffalo diamond drill core measurements

The Company can now commence metallurgical and geotechnical assessment of this gold deposit, adding its gold resource to the nearby Buffalo and Spring Hill gold deposits. Prior to diamond core being drilled for metallurgical and geotechnical assessment, results from the 2010 Buffalo test program along the same geological stratigraphy will be used to create preliminary pit optimisation and draft pit designs.

In view of the rising trend in the gold price, the three gold deposits will be also re-assessed using a lower cut off grade of 0.5 g/t Au prior to completing the pre-feasibility study. This will increase the total ounces through the addition of tonnage but will lower the overall global resource grade to less than the existing 2.1g/t. The pre-feasibility study will use a 1 g/t lower cut for the initial assessment, however subsequent whittle shell optimisation using variable gold prices will likely include both pit design scenarios for the 0.5g/t and 1.0 g/t lower cut block models.

## RARE EARTHS

### Trigg Hill Project, East Pilbara

(E45/3437 – Gondwana 90%)

Rare Earths are in demand with the world prices trending upwards. The Trigg Hill pegmatite project is an historic Tantalum – Yttrium alluvial mining district dating back to 1979. This tenement was granted in 2011 and the Company's historic research indicates a zoned, tantalum and rare earth pegmatite, over an area approximately 200m x 10m in size (reference page 6 from WAMEX open file report a14989) which remains undrilled but surface strip mined



#### Rock Chip Sampling Program

A detailed rock chip sampling program at 25m and 50m sample spacing has just been completed across the central target area. The central area is thought to contain the primary mineralisation source from historic mapping, and has been confirmed with the recent detailed soil survey.

Mesh soil samples (6mm) were extracted from 341 sample locations across the central target zone and surrounding areas which showed anomalous responses from the reconnaissance survey in May.

The geochemical assay results show the central REE target area is approximately 220m in strike, which is co-incident with the covered pegmatite zone previously mapped in the 1980's.

A new northern zone without mapped pegmatites has also been uncovered, with the length of the new anomalous response approximately 160m.

**Figure 2: Soil sampling of Trigg Hill pegmatites**

The background image in the above figure is a gridded product from the Yttrium values, and the maximum total Rare Earth grade values are shown over 200ppm. There is clearly an eastern extension zone to the main target which indicates there could be an eastern plunge to the pegmatite. The northern target is at a similar height level and may or may not be associated with the same pegmatite linked beneath the hill.

The surface exploration has shown other anomalous zones to the west; however the main target zone is 220m long and is to be drill tested with an RC drill program. Drilling is required to test the potential for a plunging pegmatite under the ultramafic host rocks to the east and to the north. The RC drill program has been designed for next year and will test the width and grade of the pegmatite at depth.

Significant assay results are listed in the Table below, confirming that the Trigg Hill Rare Earths Prospect is highly promising in both size and grade. The Total Rare Earth Element grade is calculated by adding the concentrations of the following elements La + Ce + Pr + Nd + Sm + Eu + Gd + Tb + Tm + Dy + Ho + Er + Tm + Yb + Lu and Y. TREE (ppm) grade is shown in the last column.



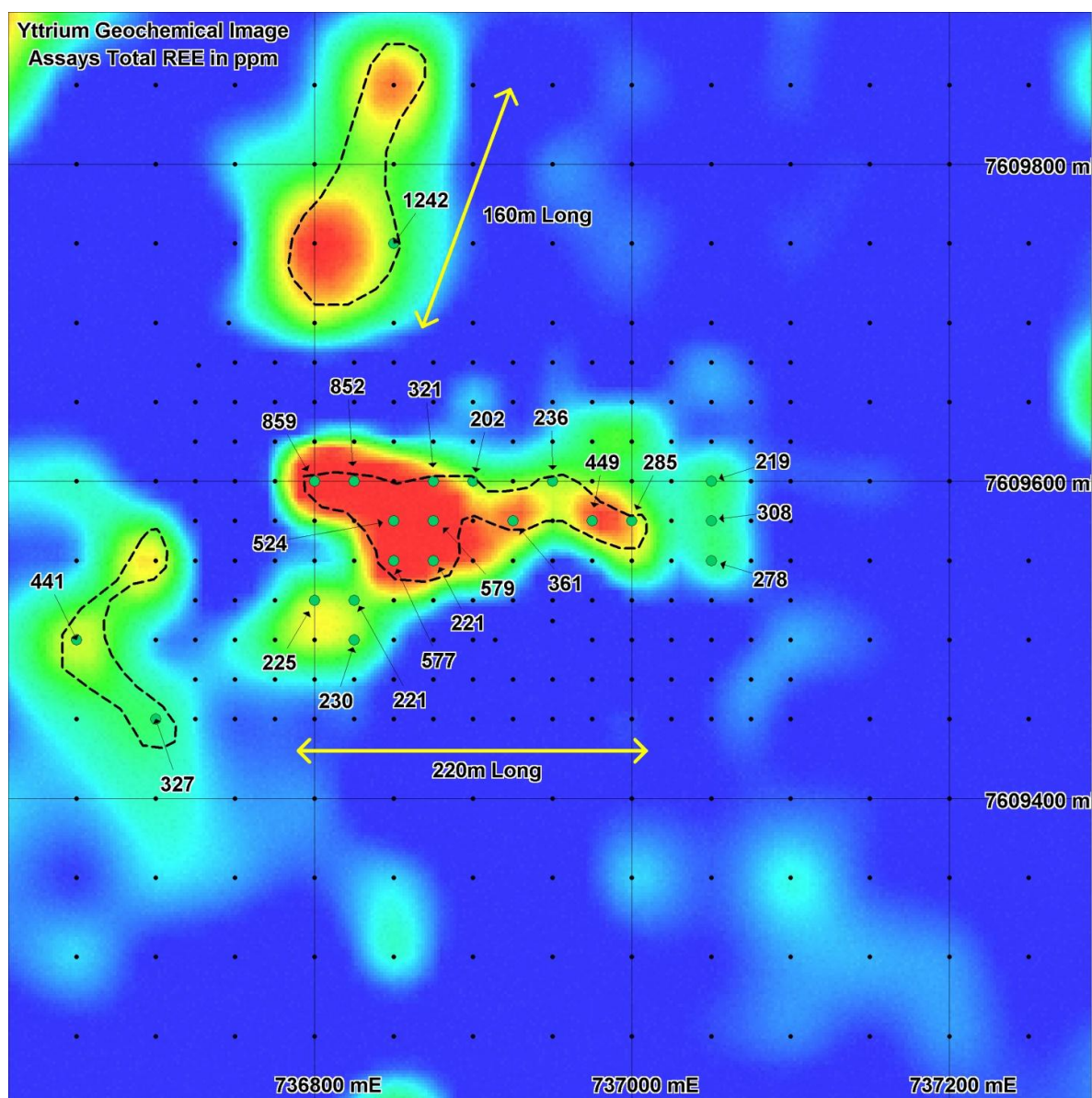
**Table 3: Significant REE Soil / Rock Chip results from detailed survey over target zone in ppm**

Sample	Type	GDA_E	GDA_N	Ce	Dy	Er	Eu	Gd	Ho	La	Lu	Nd	Pr	Sm	Tb	Tm	Y	Yb	Total REE (ppm)
11TH051	Rocky	736850	7609750	53.33	79.72	56.37	0.58	41.13	15.97	10.19	13.345	60.97	11.059	32.83	10.346	11.65	754.07	90.14	1241.7
11TH137	Sandy	736800	7609600	36.3	37.7	51.92	0.34	11.44	10.72	9.02	28.82	13.46	3.569	7.06	3.628	13.94	483.6	147.19	858.7
11TH138	Rocky	736825	7609600	39.76	26.26	27.36	0.39	14.33	6.05	12.96	17.243	30.16	5.896	17.71	3.299	7.68	554.56	88.16	851.8
11TH160	Rocky	736875	7609575	51.82	23.42	24.4	0.42	10.54	5.71	11.26	11.127	27.2	7.401	10.21	2.687	6.05	326.13	60.31	578.7
11TH178	Sand	736850	7609550	35.14	23.93	32.79	0.4	9.21	6.78	13.21	16.674	15.77	4.017	6.2	2.479	8.62	316.28	85.22	576.7
11TH159	Rocky	736850	7609575	27.61	19.07	24.23	0.21	7.7	5.07	7.22	12.881	15.94	3.611	7.48	2.049	6.47	315.97	68.03	523.5
11TH164	Gravel	736975	7609575	19.73	21.95	25.72	0.28	9.48	5.67	7.25	11.094	11.3	2.419	5.49	2.431	6.27	260.75	59.44	449.3
11TH210	Rocky	736850	7609500	42.9	35.14	19.95	0.55	22.45	6.26	17.73	4.323	32.73	6.234	18.16	5.07	3.87	197.5	27.89	440.8
11TH162	Rocky	736925	7609575	40.64	14.92	16.89	0.5	6.79	3.84	19.07	7.308	16.43	4.665	4.8	1.631	4.09	180.49	38.79	360.8

Notes:

Samples analysed by Genalysis Laboratory Services

Lab Method is 4 Acid ICP-OES/CP-MS 64 elements analysis

**Figure 3: Detailed soil sample locations with Yttrium grid image and +0.02% TREE grades shown**

## URANIUM

### Red Rock Bore Uranium Project, Ashburton, WA

(E08/1968, E08/2049 – Gondwana 100%)

During July 2011, consulting uranium geologist, Syd Morete, performed a detailed on-ground assessment at Red Rock Bore around the previously released Uranium grab sample discovery of 946ppm Uranium. The two tenements covering this granite inselberg were pending when the original Uranium discovery was made in 2009, limiting ground work that could be performed until the tenements were granted this year.

The focus of the recent field program was twofold:

- to assay additional rock chip samples around the 2009 discovery zone (referred to as RB1), extracting larger rock chip sample weight over a larger surface sample area; and
- to rock chip sample the second stronger radiometric anomaly (referred to as RB4) discovered during the aerial radiometric survey in late 2009, which had remained untested until now.

Rock chip assay results from Uranium anomaly, RB4, were encouraging as samples were taken around the strongest radiometric response area measured with a hand held scintillometer. The radiometric response from RB4 was higher than RB1, however the rock chips measured lower uranium, meaning remnant daughter products from decay of Uranium might be measured with the scintillometer.

This radiation effect can be caused when near surface uranium is leached out of rock and washed away, leaving only the daughter products. However, at RB4 the maximum rock chip assay result of 359ppm U from sample 11RRRK003 was at the lower range indicated by the scintillometer readings near the zone. Not relying solely on the gamma ray scintillometer readings, a zone having lower surface radioactivity across the RB1 hill appeared to contain secondary uranium minerals near the original rock chip discovery.

A zone trending North West to South East has now been identified across RB1 with rocks chips grading up to 553ppm U from sample 11RRRK010. Rock chips taken across the RB1 granite hill over approximately 100m of strike contained five high grade uranium assays grading over 500ppm U.

These rock chip samples were not grab samples but were crushed surface zones taken over a 1m<sup>2</sup> sample area. The elevated hill containing the RB1 target zone has, however, lower radioactivity readings from the scintillometer compared to RB4, but overall higher grade uranium assays showing this granite contains primary uranium mineralisation, potentially as Uraninite oxidizing on the surface.

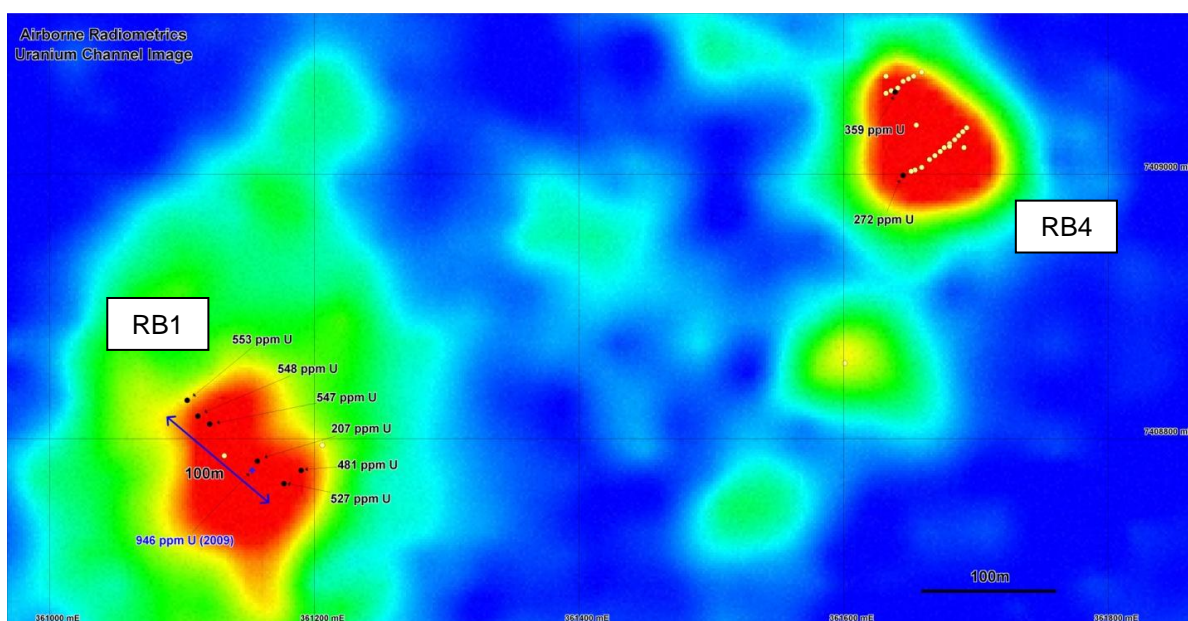
The undrilled S-type granite requires samples of un-oxidised or fresh rock chip to assay because the gamma probe may or may not give an accurate equivalent uranium concentration result if the uranium is in disequilibrium. Lab assaying of the drill chips will ascertain if the high grade surface uranium content is 1) upgraded surface enrichment from a lower grade granite containing less than 100ppm uranium, or 2) the fresh granite has similar or greater primary uranium content than the surface rock chips which could be depleted at surface.

The location of the 2009 discovery (946ppm U) grab sample is shown in Figure 4 as the blue dot, along with the recent rock chip samples as yellow and black dots.

Assay results over 200ppm uranium are shown in Table 4, and are represented in Figure 4 with the labelled black dots. Approximately 100m of strike is also shown across RB1 target using the blue arrow to identify the size of the anomalous zone and the strike orientation of the mineralisation.

**Table 4 : Rock chip assays over 200ppm Uranium from 1m<sup>2</sup> surface area samples and locations**

Sample No	Sample Type	East (MGA)	North (MGA)	Uranium (ppm)
11RRRK010	Rock Chip	361104	7408829	552.57
11RRRK009	Rock Chip	361112	7408817	548.11
11RRRK008	Rock Chip	361121	7408811	546.5
11RRRK013	Rock Chip	361177	7408766	527.42
11RRRK014	Rock Chip	361190	7408776	481.39
11RRRK003	Rock Chip	361639	7409062	359.29
11RRCS020	Rock Chip	361645	7408999	272.16
11RRRK012	Rock Chip	361157	7408783	206.89

**Figure 4: Aerial Radiometric Uranium channel image labelling rock chips over 200ppm Uranium****Cundarra Prospect (E08/2049)**

In September 2011, a further field investigation was conducted within the overall Red Rock Bore tenements. 53 MMI soil samples were submitted for assay with results pending. Sample traverses 7411000N (2,500m long at 100m sample spacing; 11CCMM001-027) and 358600E (2,600m long at 100m spacing; 11CCMM028-053). Sample traverse 7411200N (575m long at 25m spacing 11CCMM054-077) will be held in storage pending results.

The sampling was targeting hidden channel calcrete-type uranium deposit within extensive 6km by 3km area of Recent-Quaternary sedimentation. This area possesses low magnetic and radiometric signatures and initial thinking was that this area hosted deep calcrete hidden under cover.

Google earth imagery aerial photography define a number of structures with general E-W orientation. These may be part of a domain controlling the Red Rock Bore uraniferous granite. Ground reconnaissance indicates the area is shallowly underlain by granite intrusives and Poorinoo Metamorphics. The area is characterized by myriads of crabholes culminating in a large sub-circular depression at 50K 356900E 7411200N. This doline is about 275m in diameter.

Within and surrounding this doline are calcretized dolomite subcrops that may be part of a Proterozoic sequence raising the possibility of other styles of mineralization such as base metals and manganese.

### **Horse Well/Telfer South Uranium Projects**

Two other tenements located to the north of Red Rock Bore project, the Horse Well project and the Telfer South project contain historic uranium mineralisation grading 0.14% U<sub>3</sub>O<sub>8</sub> from historic drilling assays extracted from WAMEX report A6344, and trench samples grading 530ppm U from A8091.

The location of the Horse Well and Telfer South tenements in relation to the Red Rock bore tenements is shown in Figure 5. This image contains the regional GSWA airborne geophysics uranium channel radiometrics data fused with aerial photography as the image background.

The style of target within the region is a uranium rich granitic rock along a regional unconformity in one of the most prospective Uranium provinces in Australia.

Ground assessment of the airborne uranium channel anomalies at Telfer South and Horse Well projects has been done during September, with soil and rock chip samples now at the laboratory with assays pending.

A total of 127 MMI soil orientation samples were collected from 5 lines over two prospects and from these, 77 samples were initially submitted to SGS Laboratories for assay using the MMI technique.

#### *Horse Well (E08/1966)*

The Horse Well prospect was extensively explored for uranium by Uranerz Australia Pty Ltd during the period 1973-1975. The area contains a number of surficial uranium anomalies associated with calcareous soils. Secondary uranium minerals are generally phosphates or vanadates. Costeaming and drilling demonstrated limited depth potential, generally less than 3-4 metres. However, a different style of uranium was discovered below one of these surficial anomalies where uranium is associated with carbonaceous sediments. Assays up to 2000ppm were encountered by Uranerz. Close-spaced drilling showed the occurrence to be of limited extent.

The source of the uranium could be uraniferous local granites but the presence of a Lower Proterozoic unconformity within the project might indicate the presence of a primary uranium deposit associated with structural features and hidden under cover.

To test this theory, two MMI soil orientation traverses 2,000m apart were conducted over lines 7335000N (31 samples) and 731500N (21 samples). Sample spacing was 50m. Both lines cover the lowermost units of the Bangemall Group and its unconformable contact with the underlying basement.

#### *Telfer South - NE Anomaly (E08/1967)*

The NE Anomaly is a magnetic anomaly previously explored for SEDEX base metals by Dominion Mining during the period 2006-2009. Dominion undertook a ground magnetic traverse which was interpreted by Southern Geoscience. A single vertical RC drillhole (07EDRC008, 199m deep) tested the anomaly. Base metal values were low. The magnetic anomaly was caused by magnetite along with strong potassic and sodic alteration.

Gondwana has re-evaluated the magnetic data and found the drillhole was not located over the magnetic anomaly but was offset ~170m because of an error in grid transformation. Highly altered ferruginised white mica-bearing rocks occur at the surface over an area 700m long and 250m wide.

In the September field trip, three traverses 100m apart covered this prospect with sample spacing varying between 50m outside of the altered area to 25m within the altered area. Traverse 368000E (sample numbers 11NEMM001-025) have been submitted for assay and the other two lines will be submitted if results from the first line are positive.



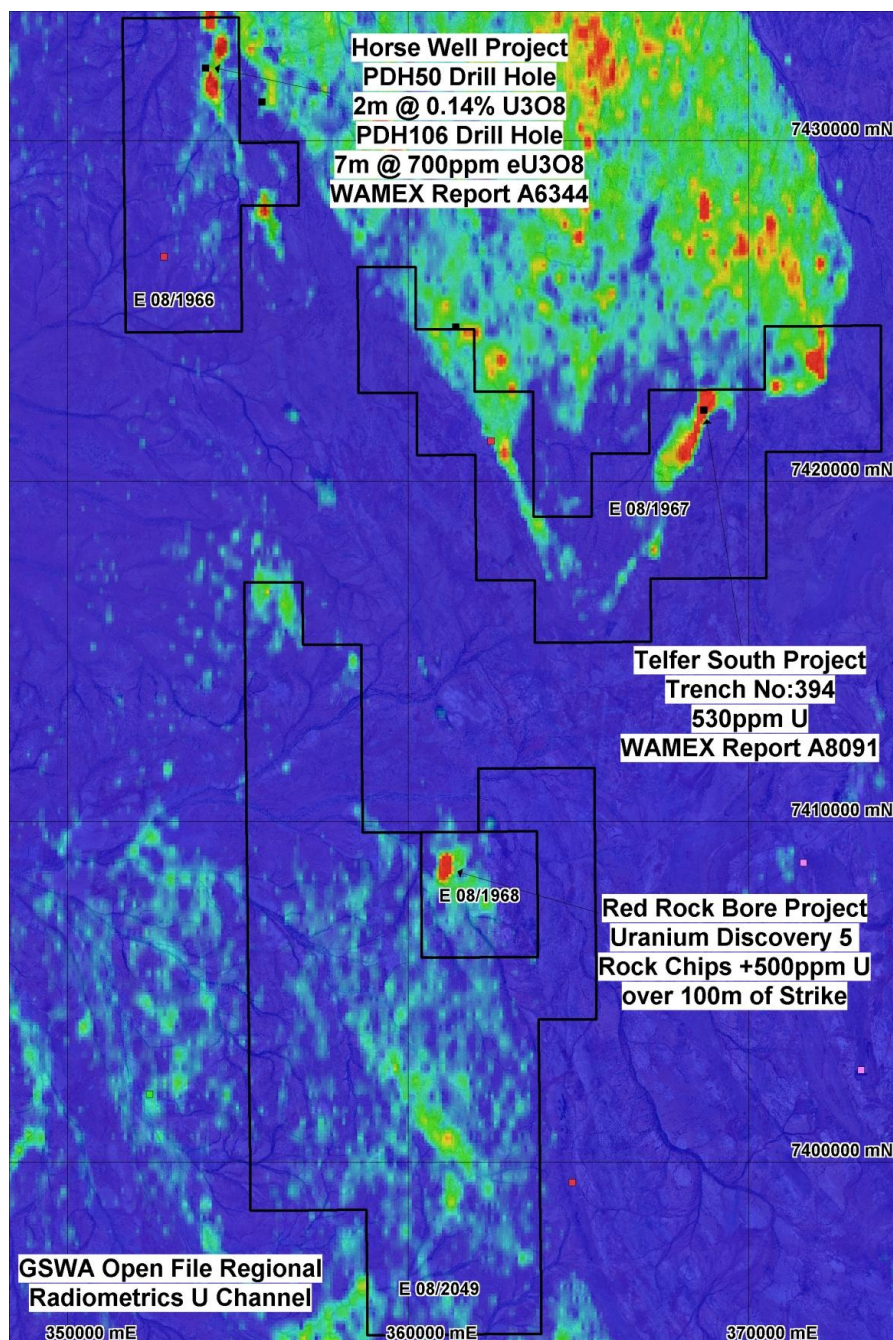


Figure 5: Regional Radiometric Uranium channel

### Thudgari Heritage Survey

Traditional owners from the Thudgari people have now visited each one of the proposed drill holes at the Red Rock Bore Project on a site specific native title clearance survey. The survey resulted in 13 proposed drill holes being cleared for RC drill testing into and under the granite outcrops. These holes will be split into 2 phases for drilling and will likely be drilled after the wet season, once the relevant state government drilling permits for radioactive mineral exploration have been approved.

### RC Drilling Program

Now that the Heritage Survey at Red Rock Bore has been completed, an RC drilling program is scheduled for next year as the company is currently awaiting the approval of the POW and Radiation Management Plan. A track mounted drill rig is likely to be utilised for drilling on the granite inselberg.

## Nickel

### **Bobs Bore Nickel Project, Gascoyne, WA**

(E08/1969 – Gondwana 100%)

A 100m line spaced airborne electromagnetic VTEM survey has been flown over this tenement during the September quarter with final data delivery pending.

This survey was performed to detect nickel sulphide conductors related to the only mapped ultramafic intrusive in the district. In 1998 Anaconda Nickel (Wamex Report A57346) drilled shallow holes through the centre of the ultramafic intrusive and drill hole NARC0014 intersected the highest grade nickel of 2m @ 1.4% from 13m depth to the end of hole with no follow-up.

### **Cyclops Nickel Project, East Pilbara, WA**

(E45/3326 – Gondwana 90%)

A 100m line spaced airborne electromagnetic VTEM survey has been flown over this tenement during the September quarter with final data delivery pending.

This survey was performed to detect nickel sulphide conductors related to a circular shaped magnetic unit discovered in 2009, thought to be a doubly plunging ultramafic sequence.


### **Lindsay's Nickel Project, East Parker Range, WA**

(E77/1362 – Gondwana 100%)

In early 2010 an airborne electromagnetic VTEM survey performed over the eastern margin of the Parker Range dome detected a mid strength electromagnetic conductor around 100m depth below the surface. An EM plate model of 600S conductivity was modelled using ground EM data collected by the Landtem EM system, and the proposed drill collar locations were designed then mapped by a botanist into vegetation classifications. The clearing and drilling permits have now been obtained and this nickel target will be drill tested during the next Parker Range drill program using 2 deep RC holes.

### **Contact**

For further information phone Grant Donnes on (08) 9388 9961, email [info@gondwanaresources.com](mailto:info@gondwanaresources.com) or visit the Company's website at [www.gondwanaresources.com](http://www.gondwanaresources.com).



**Warren Beckwith**  
**Director**

**31 October 2011**

**Competent Person Statements**

*The technical information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Mr Malcolm Castle who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Castle consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears. Mr Castle is a self-employed consultant to the Company.*

*The technical information in this report that relates to Exploration Results is based on information compiled by Mr. Grant Donnes who is a Member of the Australian Institute of Geoscientists. Mr. Donnes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Donnes consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears. Mr Donnes is a self-employed consultant to the Company.*

# 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

GONDWANA RESOURCES LIMITED

ABN

72 008 915 311

Quarter ended ("current quarter")

30 September 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	-	-
1.2	Payments for (a) exploration & evaluation	(515)	(1,354)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(51)	(367)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>		<b>(562)</b>	<b>(1,716)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(2)
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)	-	-
<b>Net investing cash flows</b>		<b>-</b>	<b>(2)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(562)</b>	<b>(1,718)</b>

+ See chapter 19 for defined terms.



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

1.13	Total operating and investing cash flows (brought forward)	(562)	(1,718)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	206	1,757
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	640
1.17	Repayment of borrowings	-	(573)
1.18	Dividends paid		
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	206	1,824
	<b>Net increase (decrease) in cash held</b>	(356)	106
1.20	Cash at beginning of quarter/year to date	619	157
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	263	263

Note: Since the end of the quarter, a placement of new shares and options is currently being arranged to raise \$350,000 (before costs of the issue).

**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	15
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**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

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	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100,000
4.2 Development	-
4.3 Production	-
4.4 Administration	50,000
<b>Total</b>	<b>150,000</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	263	619
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>263</b>	<b>619</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	-	-	-	-
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	<b>Preference securities</b> <i>(description)</i>	nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>*Ordinary securities</b>	803,071,558	800,571,558		Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	29,429,853	29,429,853		
7.5	<b>*Convertible debt securities</b> <i>(description)</i>	nil	nil		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	380,995,604 600,000	380,995,604 nil	Exercise price 1¢ Exercise price 30¢	Expiry 30/6/13 Expiry 31/12/11
7.8	Issued during quarter	29,395,493	29,395,493	Issued free attached to shares subscribed	
7.9	Exercised during quarter	34,410	34,410	Exercise price 1¢	Expiry 30/6/13
7.10	Expired during quarter	-	-		
7.11	<b>Debentures</b> <i>(totals only)</i>	nil			
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	nil			

+ 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 31 October 2011  
(Director)

Print name: Warren T Beckwith

## 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.