

Quarterly Report

GALAXY

Galaxy Lithium (Jiangsu)
Company Limited

Significant Events

...meeting a lithium future

- Merger offer made for Canada's Lithium One Inc
- Merger to Create Significant Global Lithium Company
- Successful A\$30 M Placement To Support Merger
- Jiangsu Lithium Carbonate Plant Officially Opened
- Jiangsu Hot Commissioning Progressed (completed subsequent to quarter)
- First Lithium Carbonate Produced at Jiangsu (subsequent to quarter)
- Lithium Hydroxide Expansion Study Commenced
- Mt Cattlin Exceeded Design Output
- Fourth Spodumene Shipment Due in Mid May 2012

For the three months ending 31 Mar 2012

Galaxy Resources Ltd ("Galaxy") is an Australian-based integrated lithium mining, chemicals and battery company listed on the Australian Securities Exchange (Code: GXY) and is a S&P/ASX300 Index Company. Galaxy wholly owns the Mt Cattlin project near Ravensthorpe in Western Australia where it mines lithium pegmatite ore and processes it on site to produce a spodumene concentrate and tantalum by-product. At full capacity, Galaxy will process 137,000 tpa of spodumene concentrate and 56,000 lbs per annum of contained tantalum. The concentrated spodumene is shipped to Galaxy's wholly-owned Lithium Carbonate Plant in China's Jiangsu province. Once complete, the Jiangsu plant will produce 17,000 tpa of battery grade lithium carbonate, the largest producer in the Asia Pacific region and the fourth largest in the world.

Galaxy is also advancing plans for a lithium-ion battery plant, to produce 620,000 battery packs per annum for the electric bike (e-bike) market. The Company also has a farm in agreement with TSX-listed Lithium One Inc to acquire up to 70% of the James Bay Lithium Pegmatite Project in Quebec, Canada.

Lithium compounds are used in the manufacture of ceramics, glass, electronics and are an essential cathode material for long life lithium-ion batteries used to power e-bikes and hybrid and electric vehicles. Galaxy is bullish about the global lithium demand outlook and is positioning itself to achieve its goal of being involved in every step of the lithium supply chain.

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Corporate Division

Proposed Merger with Lithium One



The Company announced that it had entered into an agreement to effect a merger ("Proposed Merger") of Galaxy and Canadian lithium and potash exploration and development company Lithium One Inc. (TSX-V: LI, "Lithium One"). Lithium One owns the highly prospective Sal de Vida lithium and potash brine project in Argentina ("Sal de Vida"), for which a preliminary economic assessment ("PEA") completed in October 2011 estimated a net present value of US\$1.07 billion (at 8% discount). Lithium One also owns the James Bay lithium pegmatite project in Quebec ("James Bay"), in which Galaxy has an existing 20% stake under a farm-in arrangement.

The Proposed Merger with Lithium One represents an excellent opportunity for Galaxy to boost its global lithium resource base and become a major global lithium company. Galaxy has spent the last 18 months searching the world for a high quality, undeveloped lithium brine deposit and believes Sal de Vida fits that criterion. The Sal de Vida brine chemistry is highly favorable, with high levels of lithium and potash, and low levels of magnesium and sulphate impurities. Sal de Vida is located adjacent to FMC Lithium's El Fenix lithium operation in the Salar del Hombre Muerto, which has been in operation for the last 15 years.

Galaxy will require more lithium resources over the next few years, and Sal de Vida along with James Bay would significantly add to its existing Australian resource inventory and give it ample resources to continue to grow the lithium business and drive the long term value of the Company.

The Proposed Merger is not only a good strategic fit for Galaxy, it also represents an opportunity for Lithium One shareholders to become part of a lithium producing company with hard rock and brine assets around the world.

With Galaxy's expertise across project development and lithium mining, processing and marketing, the Company believes it would be able to fast track development of Sal de Vida as it did at the Mt Cattlin lithium mine and Jiangsu Lithium Carbonate Plant ("Jiangsu Plant").

In addition, Galaxy plans to retain Lithium One's current management team and incorporate it into Galaxy's successful business.

The Galaxy Board of Directors unanimously support the Proposed Merger and recommend that Galaxy shareholders vote in favour of it at the Annual General Meeting, which is intended to be held in May 2012.

The Proposed Merger is also unanimously supported by the Lithium One Board of Directors, which recommends that Lithium One shareholders vote in favour accordingly. Lithium One Chairman, Martin Rowley, said this offer from Galaxy was attractive and represented an outstanding opportunity for Lithium One shareholders to realise the value of their investment.



Sal de Vida Project, Argentina



Merger Metrics

Under the agreement, Galaxy will acquire 100% of the outstanding securities of Lithium One via a Plan of Arrangement whereby Lithium One shareholders will receive Galaxy shares in exchange for their Lithium One shares ("Offer").

Lithium One shareholders will receive 1.96 Galaxy fully paid ordinary shares for each Lithium One common share. Based on the Placement and SPP pricing of A\$0.77 per share (see section below), this ratio values Lithium One at approximately C\$1.55 per share or C\$112 million on a fully diluted basis. This represents a premium of 27% to Lithium One's 30 day volume weighted average price ("VWAP") of C\$1.217, and a premium of 36% to its 10 day VWAP of C\$1.141, up to and including 15 March 2012, when the non-binding offer was submitted to Lithium One.

Lithium One has a current cash balance of approximately A\$10 million.



Lithium One's Pilot Plant at Sal de Vida, Argentina

Corporate Division

Successful Placement of A\$30 million

Subsequent to the quarter, the Company reported it had successfully raised A\$30 million (before costs) via a Placement ("Placement") to institutional and sophisticated investors. The Placement was undertaken for the purpose of supporting the Proposed Merger with Lithium One. The Placement proceeds, together with existing funds available to Galaxy, and Lithium One's A\$10 million cash reserves, will strengthen the merged entity's balance sheet and increase its financial flexibility to progress its development plans.

In addition, Galaxy received final approval for two pending fixed asset/working capital loan facilities from two major PRC banks. These credit facilities, together totalling A\$36 million (at a 6.6% pa interest rate), are available for the purpose of supporting the Jiangsu Lithium Carbonate Plant and its operations.

The Placement consisted of the issue of 39 million new, fully paid shares at a price of A\$0.77 per share, representing a 13% discount to Galaxy's closing price on 30 March 2012, the day prior to the Proposed Merger being announced to the market, of A\$0.885.

Subsequent to the quarter, Galaxy offered eligible existing shareholders the opportunity to participate in a Share Purchase Plan ("SPP"). The SPP is also priced at A\$0.77 per new share and will be capped at A\$3.0 million. Specifically, the funds raised from the Placement and SPP (together with existing funds available to the merged entity, and Lithium One's A\$10 million in cash reserves) will be used for working capital for the Mt Cattlin Mine and Jiangsu Lithium Carbonate Plant, to accelerate development of the Sal de Vida Lithium Project, debt servicing, capital raising fees and merger costs.



Marketing Division

Jiangsu Plant Officially Opened



Galaxy opened its A\$100 million Jiangsu Lithium Carbonate Plant on 7 March 2012 at the Plant's site at Zhangjiagang, Jiangsu Province. The opening celebrations were attended by 400 delegates, including Australia's Consul General in Shanghai Alice Cawte, the Zhangjiagang FTZ Administrative Committee, and substantial shareholders Creat Group and Fengli Group.

In addition, around 70 key offtake customers and representatives from major Chinese, Japanese and European battery cathode companies attended, impressed with Galaxy's capability and capacity to become a major producer and supplier of high quality battery grade (99.5% purity) lithium carbonate. The Jiangsu Plant is the first fully-automated processing plant in the Asia Pacific region and is the region's largest, with lithium carbonate production capacity of 17,000tpa.

Following the opening and site tour, many of the battery cathode makers in attendance registered a strong interest in evaluating the product. They acknowledged the Jiangsu Plant could offer a secure and reliable source of high purity lithium carbonate that would underpin their own expansion plans.

Currently, Galaxy has long term offtake framework agreements signed with 13 major cathode producers in China and Mitsubishi Corporation of Japan (5,000 tpa) for 100% of Jiangsu's capacity. Galaxy is the first Australian resource company operating in the Zhangjiagang Free TradeZone.

Lithium Carbonate Demand & Prices Forecast to Remain Strong



During the quarter, robust demand for lithium carbonate continued, while supply reached peak levels. Some of the brine-based lithium carbonate producers are yet to reach full capacity due to weather impacts on 2011 production rates.

Talison Minerals lifted Q1 2012 lithium concentrate sales by 15% over the previous quarter.

In an announcement, SQM said it increased sales volumes by 25% in 2011 over the previous year to reach to 85% of its nominal capacity. SQM said the lithium battery sector currently accounts for 33% of total global lithium demand. SQM estimates that battery demand growth grew about 30% in 2011 and projects the lithium market to continue to grow in the next five years, with a growth rate similar to the historical trend of last year of around 6-7%.

SignumBOX, a Chile based consultancy said the main lithium market growth areas were lithium batteries, glass and ceramics. It estimates 2011 demand to be in the range of 120,000t to 140,000t, a 15.5% increase from the previous year.

Chinese market prices for battery grade lithium carbonate were in the range of US\$5,850/t to US\$6,100/t in the previous quarter.



China: The Largest Lithium Consumer

In 2011, China accounted for approximately 43% of total global lithium demand, followed by Japan (16%), USA (14.5%), Europe (13%) and Korea (10.5%). The Far East and Asia are the biggest markets for lithium consumption, accounting for 70% of total lithium demand.



Lithium Cathode market

In 2011, the Chinese lithium cathode market produced close to 50,000t of various cathode materials for lithium-ion batteries. In addition, many cathode makers announced plans to expand capacity. Galaxy's internal calculations estimate an additional 10,000tpa of new capacity to come on line in the short to medium term.

E-Bikes to Power Lithium Battery Demand



According to Pike Research Cleantech Market Intelligence, lithium-ion battery demand from the electric vehicle market could be surpassed in the short to medium term by the growing e-bike market, and the global shift in transportation, which is already demonstrating an impact on the lithium industry. Pike Research forecasts that the global market for e-bikes will be more than 7% CAGR to 2018 with global annual sales of over 47 million vehicles.

Pike Research found in Western Europe, lithium battery technology is currently used in 65% of operating e-bikes, compared with 56% in North America and 4% in Asia. Demand for electric bicycles in Western Europe is expected to climb at an annual rate of 11.8% over the next six years for estimated sales of 1.5 million e-bikes by 2018.

The majority of the electric bicycles sold in China use sealed lead acid batteries; however, the report forecasts global penetration of lithium batteries will grow from 6% this year to 12% over the next six years.

Pike Research anticipates Chinese e-bike demand to account for 42.4 million in six years, with an estimated 89% of the total global market share. The total number of e-bikes currently operating in China is estimated at between 120 and 140 million, compared with total automobile ownership of approximately 72 million passenger cars.



Galaxy's plans to construct a Lithium-Ion Battery Project ("Battery Project" or "the Project") progressed in the quarter. As previously announced, Galaxy has secured Offtake sales agreements for 80% of the nominal capacity from Chinese and European e-bike makers.



Resource Division

James Bay - Canada

Galaxy made progress on a Definitive Feasibility Study (“DFS”) on the James Bay Pegmatite Project. DFS Manager, Genivar Inc, submitted the Notice of Project to the MDDEP (Ministry of Sustainable Development and Environment) on 16 February 2012. The MDDEP will decide, on behalf of certain State Government agencies, the level of environmental assessment to be undertaken for the James Bay and Matagami processing plant sites. Genivar commenced a consultation process with the Eastmain Cree Community in preparation for a social impact study. Meetings were held with Eastmain Council members and the Cree Grand Council to progress drafting a Pre-Development Agreement (“PDA”). The PDA will allow Genivar and Galaxy to undertake all the tasks necessary for the completion of the DFS.

Operations-wise, a 16t bulk sample was taken from the four main pegmatite zones at the James Bay deposit and sent to the SGS-Lakefield facility in Ontario for metallurgical testing. The aim of the testwork is to duplicate the Mt Cattlin flowsheet using SGS's DMS pilot plant. At the time of this Quarterly Report, the bulk sample was crushed to -6mm and a sub-sample taken for laboratory scale densimetric analysis. Results of the densimetric work indicate a head grade of 1.49% Li₂O, 27% mass and 16% Li₂O to -0.5mm fraction, 26% yield and 94.1% Li recovery to (6 x 0.5mm) DMS sinks at 6% Li₂O concentrate grade. These figures result in 79% Li recovery overall to 6% Li₂O DMS sinks using the Mt Cattlin flowsheet. The above results are similar to those from corresponding tests on Mt Cattlin ore, and indicate the James Bay pegmatite should be treatable using the Mt Cattlin flowsheet. Corroborative pilot plant testing is expected to commence during April 2012, and the results used to determine initial pilot plant tests parameters.

Mt Cattlin - Operations

SAFETY

During the quarter, Mt Cattlin suffered its first Lost Time Injury (LTI) since commencing operations.

MINING

Mining operations progressed well, with total material movement of 368,811 BCMs of waste and a further increase in ore mined to 217,918t @ 1.20% Li₂O. Ore was recovered from the main high grade pegmatite ore zone, which had been exposed in the planned 5 year open pit during the Dec 2011 quarter. This wide (up to 25m thick plus), flat lying, ore zone will provide the operation with an abundant supply of ore for future processing. With a large portion of the main ore zone now exposed, waste mining concentrated on progressing the cut back in the northern and eastern sections of the open pit for future mining. Run-of-mine ore stocks remained high at quarter-end. Production performance of the wet plant and concentrator improved, with ore throughput of 191,041t. Spodumene concentrate production increased 16% this quarter, due to modifications on the wet concentrator plant and more consistent ore feed to the processing plant. 21,698 dry tonnes of spodumene concentrate was produced for the March quarter compared to 18,692 dry tonnes in the Dec 2011 quarter.

RECORD PRODUCTION IN MARCH

Record spodumene production was achieved in March, realising the benefit of the process plant improvements. Significantly, the mine and processing plant exceeded design throughput levels in the second half of March. Galaxy said the crushing and dense media separation (DMS) plants performed above design output rates during the period.

Mt Cattlin Production Statistics	Mar 2012 Quarter	Dec 2011 Quarter
Ore Mined (Tonnes)	217,918	210,499
Grade (Li ₂ O%)	1.20	1.08
Waste Mined (BCM)	368,811	439,705
Ore Treated (Tonnes)	191,041	176,786
Grade (Li ₂ O%)	1.22	1.19
Spodumene Produced (dry Tonnes)	21,698	18,692

The Mt Cattlin team continued regular meetings with the Ravensthorpe community regarding progress on site. Galaxy continued its involvement with organised community and charity events.

Fourth Spodumene Shipment

Spodumene concentrate totalling 27,500 tonnes has been stockpiled at Bunbury port awaiting shipment to third parties in China during May. This shipment will represent the first external sale of product from Mt Cattlin.



Mt Cattlin - Exploration

Infill and extension RC drilling was undertaken from early Jan to late Feb 2012 totalling 40 holes for 3,258m. Three deep-drill holes targeting extensions of the North West deposit were partly funded by a Co-Funded Drilling Grant under the WA Exploration Incentive Scheme (EIS). Mineralised intercepts were narrower and of lower-than-expected grade.

Alteration to lithium-reduced spodumene types appears to be the main cause. 37 holes were drilled in the south east of the deposit aimed at upgrading existing inferred resources. All sampling has been completed and the assay results are pending.

Galaxy and Phillips River Mining (previously Tectonic Resources) entered into sales agreement for the McMahon tenements (M74/165, M74/184, P74/334) and Mosaic tenement (M74/136). Galaxy has agreed to sell the tenements for A\$250,000 in cash or receive the equivalent in fully paid ordinary shares in the capital of Phillips River Mining.

Chemicals Division

Jiangsu Commissioning & Production

Mechanical completion of the Jiangsu Lithium Carbonate Plant ("Jiangsu" or "the Plant") was achieved in December 2011 and cold commissioning concluded in February 2012. Hot commissioning was commenced in line with schedule. The calcination kiln was ignited in late January for the refractory 'dry out' process. The kiln reached operating temperature (1,080 degrees Celsius), and has been successfully producing beta spodumene since mid March.

The remainder of the Plant - including the sodium sulphate plant, utilities, and leach area - was brought online successfully. The sulphuric acid addition was established end-March, with the sulphation kiln producing sulphated beta spodumene which, in turn, was fed through the Plant.

Safety

No LTIs were recorded at the Jiangsu Lithium Carbonate Plant. Accumulative man-hours without LTIs since commencement of the Project reached 2 million. One Medical Treatment Injury (MTI) was recorded

Subsequent to the quarter, Galaxy announced it had produced first lithium carbonate product at the Jiangsu, which proved the success of the Plant's design and processes. Galaxy's focus now is maintaining plant stability, achieving continuous operation and product quality. A 12 month ramp-up period is expected to achieve the 17,000 tpa design capacity.

Business Readiness

In February, Galaxy received Trial Production Approval for Safety from the Suzhou Municipal and Trial Production Approval for Environment Protection from the Jiangsu Province Government.

In March, the required Operating Licence for Hazardous Chemicals was granted. Fulfilment of these compliance requirements meant Galaxy was legally qualified to begin production. 170 staff were employed at Jiangsu during the quarter, with a 97% on-board rate. Extensive training in operation, process, compliance and skills were planned and executed.

All production direct material and auxiliary material sourcing contracts were signed. Major reagents were introduced into the production system at Jiangsu. Sources for slag disposal and sodium sulphate (the major by-product) sales were finalised and the relevant agreements signed. Quality and EHS systems were established.

Galaxy plans to have its management systems certified for ISO9001/ ISO14001/ OHSAS18001 in 2012. The permanent plant gate and fence, CCTV system, electronic access control and security system, plant-wide landscaping and signage system were completed.



Lithium Hydroxide Expansion Feasibility Study

In January 2012, Galaxy announced it would commence a feasibility study to assess the potential to expand into lithium hydroxide production at the Jiangsu Lithium Carbonate Project. Galaxy believes the Jiangsu Plant has extra front-end capacity including calcination and sulphation kiln, leaching and slag filtration.

The study will look at the potential for Galaxy to produce 5,000 tpa of battery grade lithium hydroxide, in addition to the current design of 17,000 tpa of lithium carbonate. This would take total capacity of the Jiangsu project to 22,000tpa of lithium products. A lithium hydroxide circuit would include construction of a lithium hydroxide production plant on available land next to its existing lithium carbonate facility.

The demand for battery grade lithium hydroxide has been growing strongly and there is limited production capacity around the world. A battery grade lithium hydroxide plant would expand Galaxy's product mix significantly and, at a relatively minimal cost by making use of existing infrastructure, allow the Company to tap into growth in both markets, thereby extending Galaxy's battery sector customer base.

Battery Division

The Company continued to work on building, factory layouts and equipment designs of the revised output forecasts for its proposed Lithium-Ion Battery Project ("Battery Project" or "the Project") in China's Jiangsu Province to produce 620,000 e-bike battery packs per annum. An Environmental Impact Assessment Report (EIAR) submitted by the Company on revised output and revised method of waste treatment was accepted and approved by the Environment Protection Board (EPB) of China. The Company also submitted and received approval for Safety Impact Assessment Report (SIAR) from the Jiangsu Safety Board.

The Company is currently working to design e-bike battery packs for different configurations as per demand in the market, and also design of pack assembly lines to make those packs.

Due to the announced merger with Lithium One, company resources will be focused on fast tracking the Sal de Vida lithium brine project in Argentina. Consequently, the company will be looking to find a joint venture partner to develop the Lithium Battery Project.



For more information, please contact:

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Caution Regarding Forward Looking Statements

Statements regarding Galaxy's plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Galaxy's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Galaxy will be able to confirm the presence of additional mineral deposits, that any mineralization will prove to be economic or that a mine will successfully be developed on any of Galaxy's mineral properties. Circumstances or management's estimates or opinions could change. The reader is cautioned not to place undue reliance on forward-looking statements.

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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

Galaxy Resources Limited

ABN

11 071 976 442

Quarter ended ("current quarter")

31 March 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	1,345	1,345
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(998) (12,342) (4,490)	(998) (12,342) (4,490)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	105	105
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(16,380)	(16,380)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (d) intangibles	 (15,380)	 (15,380)
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)	5	5
	(15,375)	(15,375)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(31,755)	(31,755)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(31,755)	(31,755)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from borrowings	25,127	25,127
1.16	Proceeds from convertible bonds		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (interest and principal paid from restricted cash)		
	Net financing cash flows	25,127	25,127
	Net increase (decrease) in cash held	(6,628)	(6,628)
1.20	Cash at beginning of quarter/year to date	17,997	17,997
1.21	Exchange rate adjustments to item 1.20	(483)	(483)
1.22	Cash at end of quarter	10,886	10,886

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	488
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Includes directors' fees, salary and superannuation and also fees paid to directors or director related entities for professional and technical services.

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

Financing facilities available

+ See chapter 19 for defined terms.

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	70,720	58,510
3.2 Credit standby arrangements	-	-

As at 31 December 2011, RMB 266 million had been drawn down of an approved RMB 266 million fixed asset facility. An additional RMB 118 million was drawn down of an approved RMB 198 million working capital facility.

In addition to this, approval of two pending loan facilities from two major PRC banks have been received since 31 March 2012, which total A\$51m. These facilities are available if required.

As announced on 12 April 2012, the Company raised A\$30m (before costs) via a placement to institutional and sophisticated investors. At this time a Share Purchase Plan capped at A\$3m was also announced.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	1,000
4.3 Production	12,000
4.4 Administration	3,000
Total	16,500

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	10,659	6,500
5.2 Deposits at call	227	11,497
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	10,886	17,997

+ See chapter 19 for defined terms.

Changes in interests in mining tenements – refer attached tenement schedule

	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			

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 (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	323,327,000	323,327,000	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			

+ See chapter 19 for defined terms.

7.5	+Convertible debt securities <i>(description)</i>	615 (face value of \$100,000 per bond). Unsecured, subordinated 8% per annum. A\$1.16 conversion price.	-	-	-
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>
		750,000	-	\$0.45	17/11/14
		3,350,000	-	\$0.60	26/11/14
		5,350,000	-	\$0.60	<i>Vesting not satisfied</i>
		1,800,000	-	\$0.90	26/11/14
		3,000,000	-	\$0.96	<i>Vesting not satisfied</i>
		1,000,000	-	\$1.00	30/06/12
		3,600,000	-	\$1.11	22/07/16
		1,900,000	-	\$1.11	<i>Vesting not satisfied</i>
		39,100,000	-	\$1.16	<i>Vesting not satisfied</i>
7.8	Issued during quarter	8,550,000	-	\$1.16	<i>Vesting not satisfied</i>
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report



Sign here: Date: 30 April 2012
(~~Director~~/Company secretary)

Print name: A L Meloncelli

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.

+ See chapter 19 for defined terms.

Tenement Schedule as at 31 March 2012

Project	Tenement	Notes
<u>Boxwood Hill</u>	E70/2493	
	E70/2513-E70/2514	
	E70/2547	
<u>Connolly</u>	E69/1878	
<u>Ponton</u>	E28/1317	
	E28/1830	
<u>Shoemaker</u>	E69/1869-1871	20% Interest with General Mining Corporation.
<u>Ravensthorpe</u>		
Aerodrome	E74/334	
	E74/398	
Bakers Hill	E74/287	
	E74/295	
	E74/299	
	E74/415	
	P74/278	
Floater	P74/336	
	E74/400	
McMahon	P74/307-P74/308	
	M74/165	
	M74/184	
Mt Cattlin	P74/334	
	L74/46	
Sirdar	M74/244	
	E74/401	80% Interest with Traka Resources.
	P74/309-P74/310	80% Interest with Traka Resources.
West Kundip	M74/133	
	M74/238	
<u>James Bay</u>	Various	20% Interest with Lithium One Inc.

+ See chapter 19 for defined terms.