encounter RESOURCES LIMITED
ABN 47 109 815 796

QUARTERLY REPORT DECEMBER 2011

A highly active exploration company with projects in Western Australia prospective for base metals, manganese and uranium

ASX Code

ENR

Market Cap (30/01/12)

A$39.7m ($0.40/share)

Issued Capital (31/12/11)

99.3 million ordinary shares
7.5 million employee options

Cash (31/12/11)

A$3.0M

Board of Directors & Management

Mr. Paul Chapman
Non-Executive Chairman

Mr. Will Robinson
Managing Director

Mr. Peter Bewick
Exploration Director

Dr. Jon Hronsky
Non-Executive Director

Mr. Kevin Hart / Mr. Dan Travers
Joint Company Secretary

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HIGHLIGHTS

PATERSON PROVINCE

Yeneena - Major ground position between the Nifty copper mine, the Woodie Woodie manganese mine, the Telfer Gold mine and the Kintyre uranium deposit

- **BM1**
  - Four diamond drill holes completed along a 600m section of the western breccia zone all intersected copper sulphide mineralisation.
  - Copper sulphide mineralisation along the western breccia zone is of varying intensity with assay results up to 0.3m @ 6.6% copper highlighting the potential for high grade sulphide mineralisation at depth.
  - A fifth diamond hole along the western breccia zone ended in strengthening copper sulphide mineralisation at the bottom of hole. This hole will be extended at the start of the 2012 drill program.
- **BM7 Prospect**
  - New 3.5km long copper oxide anomaly discovered 3km to the south of BM1.
  - First diamond hole beneath copper oxide anomaly intersects broad zone of copper sulphides. EPT1109 returned 274m @ 0.12% copper and 174ppm cobalt (including multiple bands of stronger mineralisation).
  - Alteration and mineralisation in EPT1109 interpreted as marginal to a major sediment-hosted copper deposit.
- **BM2 Prospect**
  - WA Government EIS co-funded diamond drill hole intersects 188m @ 0.35% zinc.
  - 800m long copper anomaly remains unexplained.
  - Successful application for 2012 EIS co-funded drilling program (up to $150,000).
- **T4 Prospect**
  - First stratigraphic drill hole intersects multiple zones of copper anomalism up to 0.9m @ 0.84% Cu.
  - Age dating of drill core has confirmed Paleo Proterozoic (1.8Ga) basement inlier at T4 prospect. Structural targets along the margin and internal to this basement inlier block are conceptually and fundamentally prospective for major mineral deposits.
  - Infill geochemical sampling completed, results expected in February 2012.

EXPLORATION

PATERSON PROVINCE

YENEENA (100% Encounter)

The Yeneena project covers a 1,300km^2 tenement package in the Paterson Province of WA located between the Nifty copper mine, the Woodie Woodie manganese mine, the Telfer Gold mine and the Kintyre uranium deposit (Figure 1). The project is considered highly prospective for different styles of mineralisation including: sediment-hosted copper; silver-lead-zinc; Woodie Woodie style manganese and unconformity related uranium.

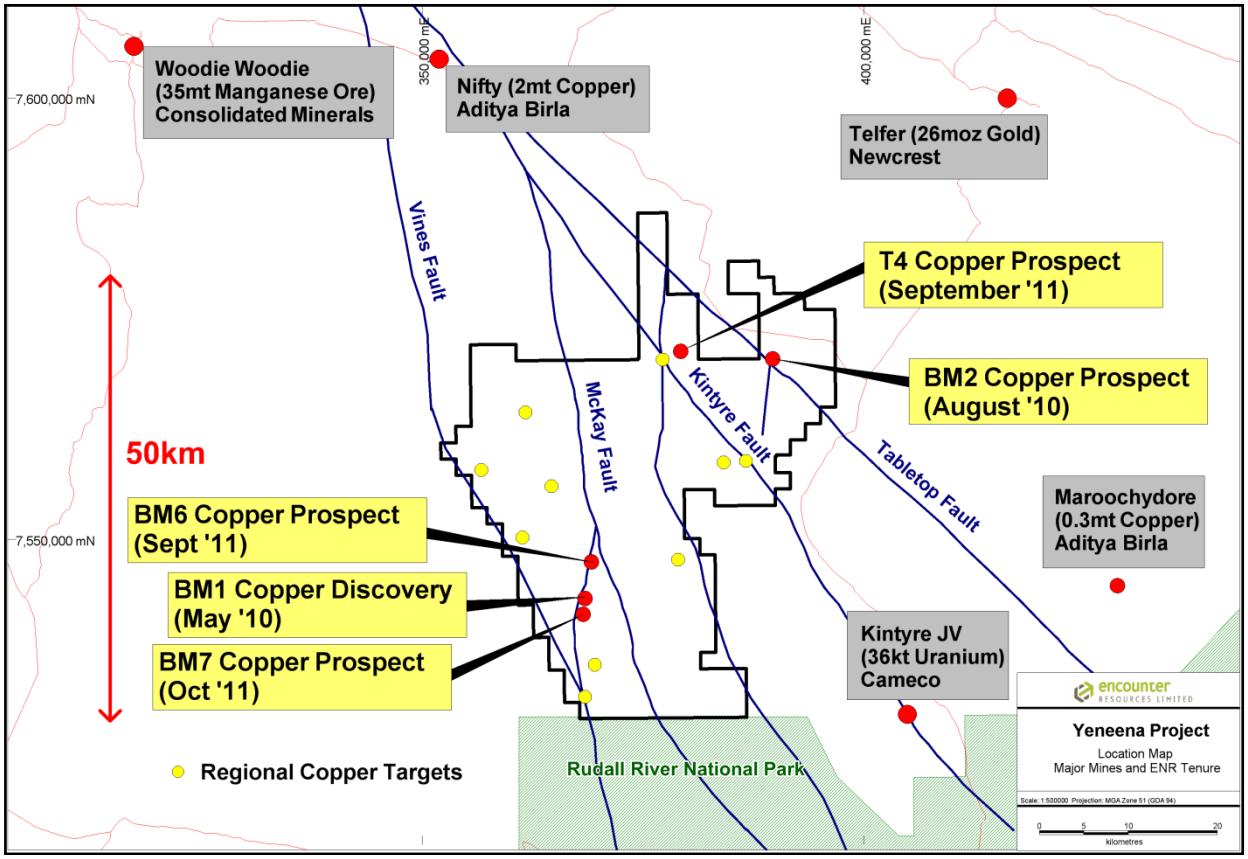


Figure 1: Yeneena Project leasing and target areas with major regional faults

Exploration activities in the December 2011 quarter saw the completion of the most active drilling program completed by Encounter at the Yeneena project. In total 37,000m of drilling was completed in 2011 comprising 8,800m of diamond drilling and 28,200m of aircore and RC drilling.

Activities during the quarter included:

- Diamond drilling of the western breccia zone at BM1
- Aircore and initial diamond drilling at the BM7 copper prospect
- Diamond drilling of a discrete bedrock geophysical conductor north of BM7
- Partial leach soil geochemical survey at the T4 and BM7 prospects
- Age dating of the T4 interpreted basement block

Field exploration activities at the Yeneena project are scheduled to recommence in March 2012 following the summer / wet season.

BM1 Region (includes BM1, BM6 and BM7)

Aircore ("**AC"**) drilling in the BM1 region, approximately 60km south of the Nifty copper mine, has defined copper oxide mineralisation over an 8km section of the McKay fault zone from BM6 in the north to the BM7 prospect in the south. Copper mineralisation appears to be concentrated at the intersection of north east trending late structures and the McKay fault zone (Figure 2). Diamond drilling has focused on these key structural intersections, interpreted to be foci for the ore bearing fluids that generate large scale sediment-hosted copper deposits. Mineralisation in this region is hosted within the Broadhurst sediments and is almost entirely overlain by 2-10m of transported cover.

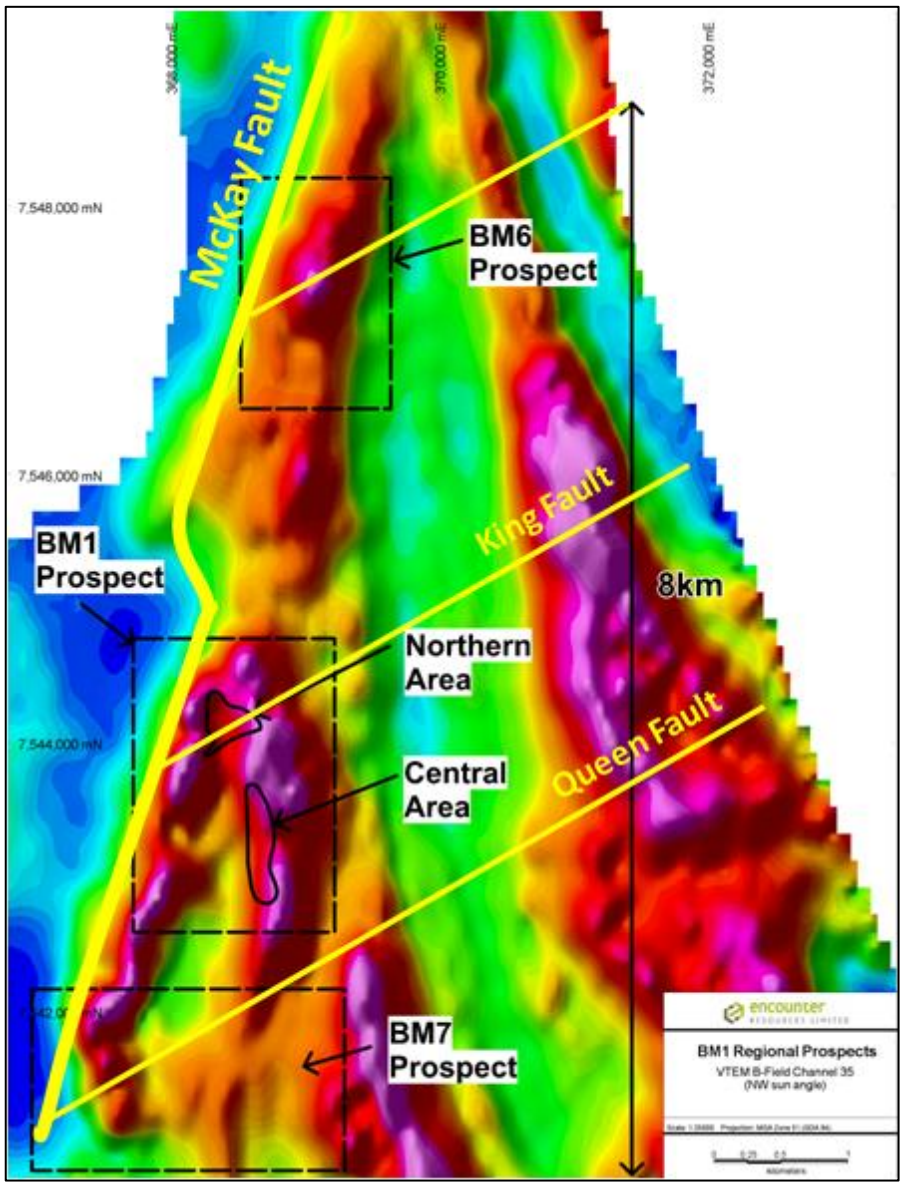


Figure 2: Prospect location plan BM1, BM6 and BM7

BM1

Aircore and reverse-circulation ("**RC**") drilling has defined two zones of coherent near surface copper oxide mineralisation named the Northern and Central Areas. This mineralisation lies adjacent to the intersection of the King and McKay faults (Figure 2). At the Northern Area the flat lying copper oxide mineralisation extends over an area 500m by 250m and is interpreted to be the weathered remnants of a primary copper sulphide position.

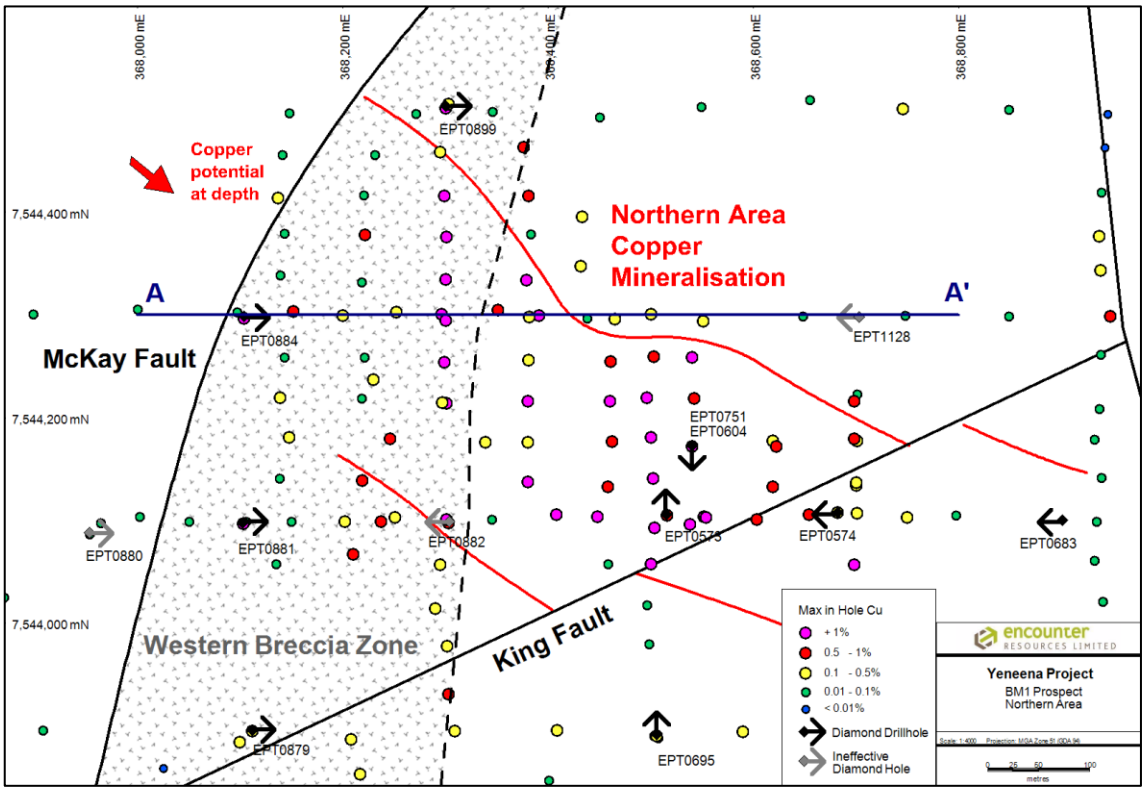


Figure 3: Drillhole location plan BM1 Northern Area

Diamond drilling during the quarter focused at depth along a steep dipping fault breccia zone identified on the western margin of BM1 Northern Area (Figure 3). The fault breccia is interpreted to be a major, long lived, fluid conduit and source of the near surface copper mineralisation hosted within the flat lying sediments adjacent to the deformation zone. Four diamond drill holes were completed along a 600m section of the defined deformation zone to a depth of between 450-600m below surface. Copper sulphide mineralisation of varying intensity was intersected in each hole and was generally associated with bands of intense quartz-carbonate veining along lithological boundaries.

Tables 1 summarise the results of completed diamond drill holes into the western breccia zone.

Hole ID	*Northing (m)*	*Easting (m)*	*RL (m)*	*EOH (m)*	*Dip*	*Azi*	*From(m)*	*To(m)*	*Interval(m)*	*Copper (%)*
EPT 879	7543885	368100	320	237.5	-60	090	No assay results - sampling to be completed			
EPT 881	7544098	368103	320	632.1	-60	090	482.3	484.1	1.8	0.45
				and			567.4	569.2	1.8	0.11
				and			608.8	609.1	0.3	2.94
				and			696.4	697.5	1.1	0.17
				and			706.4	707.8	1.4	0.34
EPT 884	7544298	368104	320	840.8	-60	090	690.4	699.7	9.3	0.43
				incl.			***690.4***	***690.65***	***0.25***	***2.86***
				incl.			***693***	***693.3***	***0.3***	***6.57***
				and			724	725.1	1.1	0.17
				and			731	732.2	1.2	0.33
EPT 899	7544503	368300	320	663.8	-60	090	549.3	549.75	0.45	0.28
EPT1128	7544300	368,700	320	532	-60	270	No assay results – hole to be extended			

Table 1: Western breccia zone diamond drill holes - Assay Results Summary
Intervals listed are composited from individual assays using a cut off grade of 0.1% copper.

Primary copper sulphides in diamond drilling on this western fault breccia zone at BM1 are an important milestone. Significantly it confirms that that copper system at BM1 is alive to a vertical depth of at least 500m. At the completion of the 2011 field campaign a fifth diamond hole, EPT1128, was in progress and at a downhole depth of 534m (Figure 4). Visual inspection noted a strengthening of copper sulphide mineralisation in the last few trays of drill core with copper mineralisation confirmed utilising a handheld XRF in the final metre. Drilling of this hole will recommence at the start of the 2012 drill program.

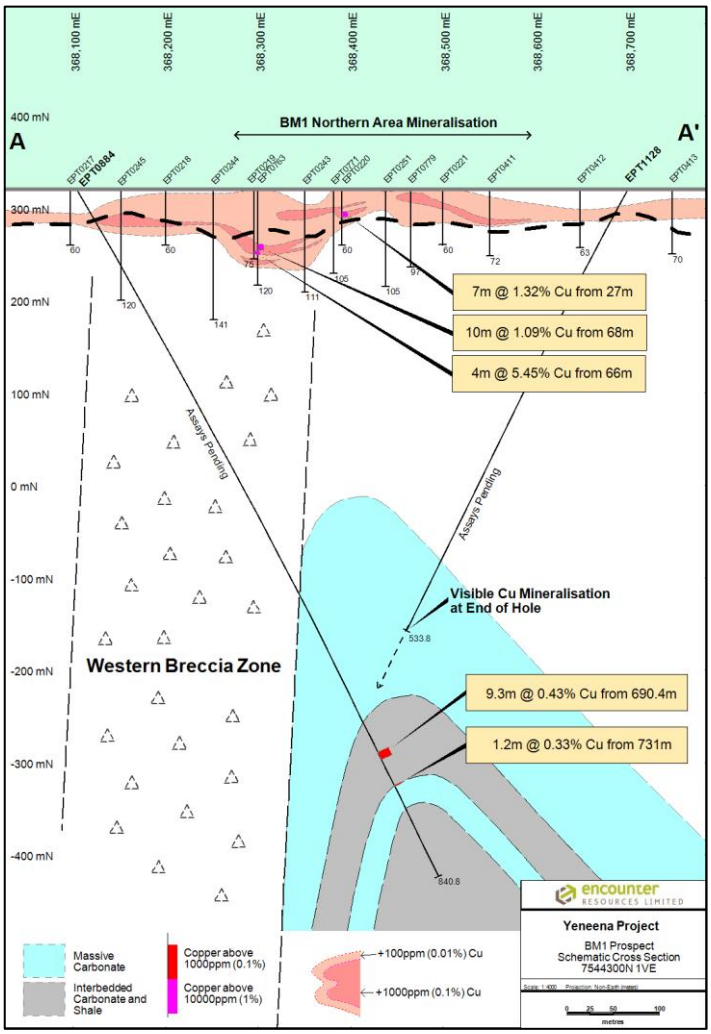


Figure 4: BM1 cross section 7544300mN

Eleven (11) diamond drill holes were drilled at BM1 during the 2011 drilling program. Two of these holes failed to reach their target depth (EPT880 and 882) and one was a re-entry of a hole drilled in the 2010 campaign. Of the eight effective holes, two holes intersected significant copper oxide mineralisation including the highest grade intersection at the project to date in EPT751 (10m @ 6.8% copper from 32m). The final four holes completed at the end of the drill season targeted the western breccia zone and all intersected copper sulphides at depth. The identification of the western breccia zone as a potential feeder system to the BM1 mineralisation provides a key focus for future exploration drilling at BM1.

This western breccia zone appears to be a long lived fluid pathway and has potentially been the focus of multiple mineralising events that introduced the copper, cobalt and silver mineralisation. The multiple phases of mineralisation are supported by the observation that copper, cobalt and silver are not always found together within the sequence. One such example is the recent discovery of a zone of silver only mineralisation intersected in drillhole EPT880. This hole was one of the failed diamond holes and is the westernmost hole drilled at BM1. EPT880 and returned an intersection of 13m @ 26g/t silver from 135m.

The 2012 drill program at BM1 will focus on sedimentary units to the east of the western breccia zone for sediment-hosted copper-cobalt mineralisation. Additional drilling will look to determine the significance of the silver intersection in EPT880 and to determine the mineral potential of the sediments to the west of the fault breccia.

BM7 Prospect

The BM7 prospect is located 3km south of the BM1 discovery and situated at the intersection of the north-east trending Queen fault and the regionally extensive McKay fault. A major aircore drilling program during the quarter defined a zone of copper oxide mineralisation that extends over 3.5km along the Queen fault and remains open both along strike and to the south (Figure 5).

Copper oxide mineralisation at BM7 is best developed at the intersection of the McKay and Queen faults where copper oxide anomalism in excess of 0.1% copper extend over an area approximately 1km by 750m. Better assay results received from the aircore program using a cut off grade of 0.1% copper include;

- 28m @ 0.25% copper from 36m
- 10m @ 0.32% copper and 280ppm cobalt from 14m
- 17m @ 0.23% copper and 288ppm cobalt from 46m to end of hole
- 10m @ 0.44% copper and 202ppm cobalt from 28m and
- 20m @ 0.25% copper from 24m

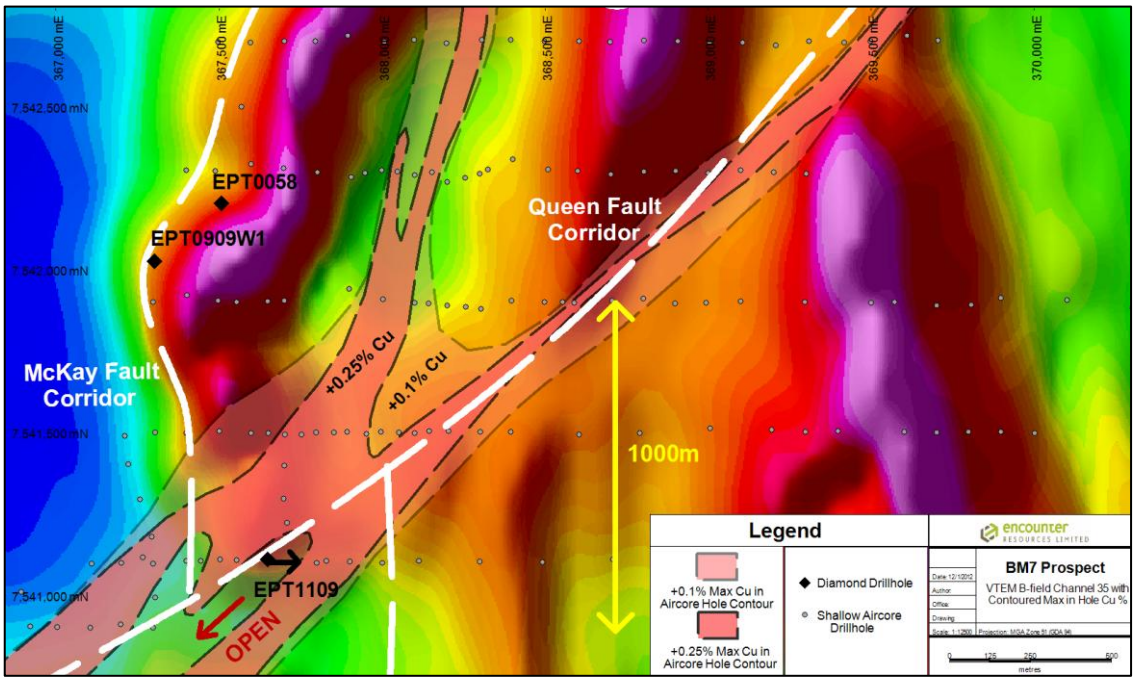


Figure 5: BM1 and BM7 prospects shown with a gridded image of maximum copper in hole

Diamond hole EPT1109 completed in December 2011 was the first hole drilled beneath the large scale copper oxide anomaly at BM7. The hole was collared along the south eastern limb of the anomaly and targeted the position interpreted as the down dip continuation of a disseminated sulphide gossan drilled aircore hole EPT1029 (Figure 6). The diamond hole intersected an extensive hydrothermal stockwork system containing broad zones of finely disseminated, locally blebby and stringer copper sulphide mineralisation. Assay results from the sulphide zone confirm highly anomalous copper and cobalt and includes multiple bands of stronger mineralisation (Table 2). Mineralisation is hosted in both carbonate and shale rock types. Chalcopyrite is the dominant copper sulphide mineral.

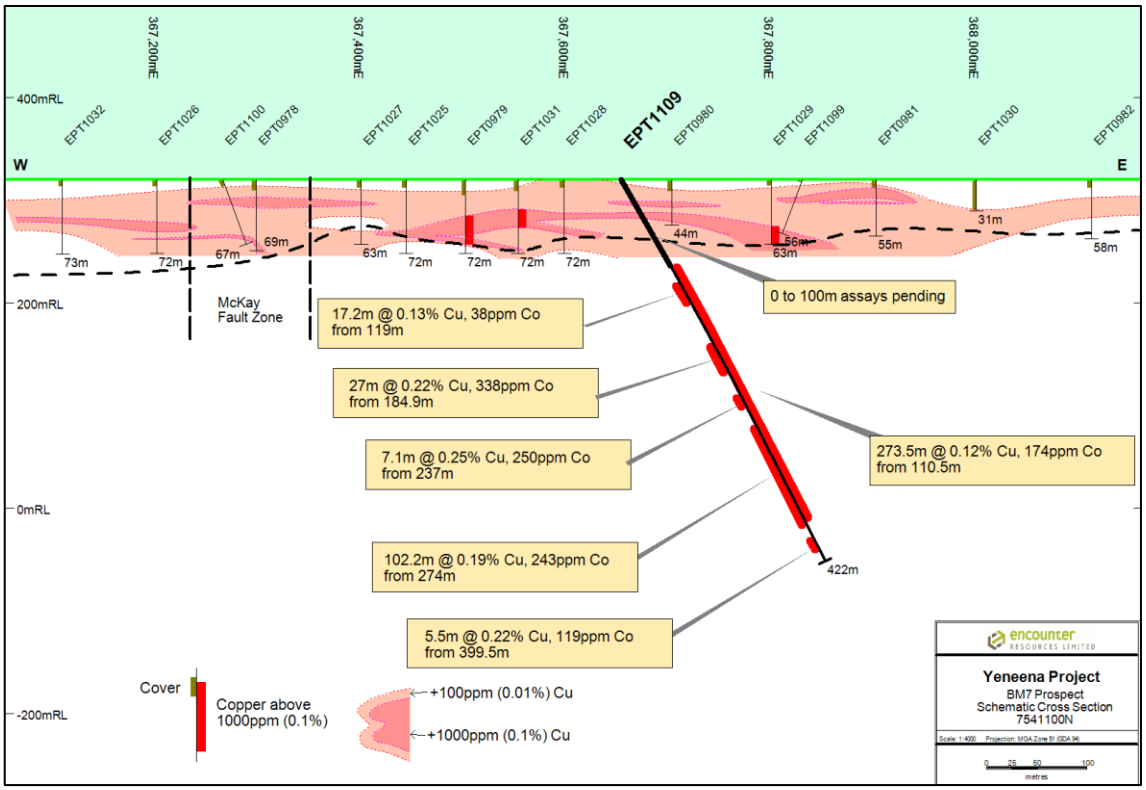


Figure 6: BM7 Cross Section 7541100mN

Hole ID	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)	Cobalt (ppm)
EPT1109	110.5	384	273.5	0.12	174
including	**119**	**136.2**	**17.2**	**0.13**	**38**
and	**184.9**	**211.9**	**27**	**0.22**	**338**
and	**237**	**244.1**	**7.1**	**0.25**	**250**
and	**274**	**376.2**	**102.2**	**0.19**	**243**
including	*274*	*289.9*	*15.9*	*0.22*	*238*
and	*294*	*307.3*	*13.3*	*0.30*	*308*
and	*319*	*332*	*13*	*0.24*	*230*
and	*337.7*	*376.2*	*38.5*	*0.22*	*325*
and	**399.5**	**405**	**5.5**	**0.23**	**119**

Table 2: EPT1109 - Assay Results Summary
0-100m (assays pending). Intervals listed are composited from individual assays using a nominal cut off grade of 0.1% copper. Narrow zones of below 0.1% copper have been included in +100m thick composite calculations.

These results indicate the presence of a large-scale, depth-extensive, copper sulphide system at BM7. The observed coincidence of copper and cobalt mineralisation is a common association in Proterozoic sediment-hosted copper deposits, such as those in the Zambian Copper Belt. This mineralisation intersected in EPT1109 is similar in style and intensity to what would be expected on the margin of a major sediment-hosted copper deposit.

The next round of drilling at BM7 is scheduled to commence as weather permits in March/April 2012. This program will focus on the area to the north and west of EPT1109, directly adjacent to the Queen fault where the copper bearing fluids may have been more focused and therefore mineralisation more intense. The initial program is planned to commence with a pattern of RC drill holes to a depth of approximately 250m that will be extended by follow up diamond drilling.

Results from a second diamond hole, EPT909W1, were received during the quarter. This hole is located 600m north west of the BM7 copper oxide anomaly and was designed to test a discrete, westerly dipping electromagnetic conductive horizon modelled along the McKay fault, in an area of little near surface geochemical response.

A zone of fine disseminated copper sulphide mineralisation was noted in the hole and assay results confirm highly anomalous copper and cobalt mineralisation beneath the interpreted conductor (Figure 7). A downhole geophysical survey is planned to determine the nature of the targeted conductor with further drilling proposed to follow up the mineralisation in EPT909W1.

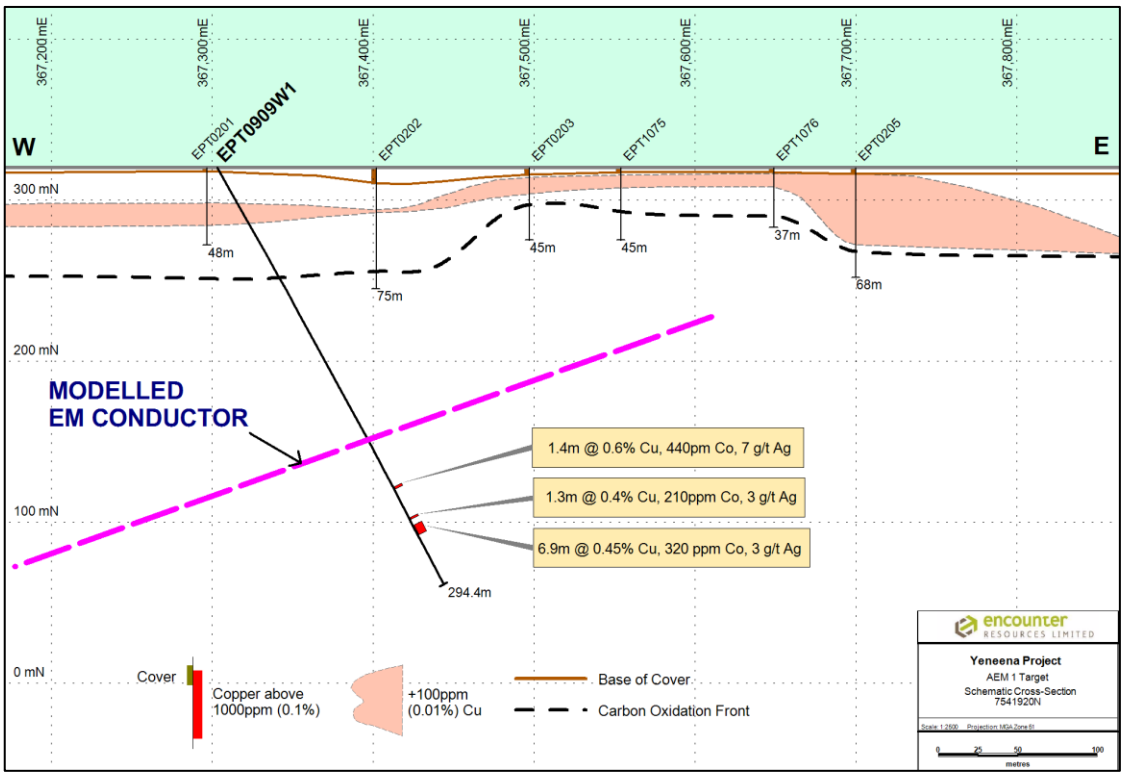


Figure 7: BM7 Cross Section 7541920mN

BM2 Prospect

The BM2 prospect is located on the regionally extensive Tabletop Fault. This structure is known to be metallogenically important and is closely associated with the position of the Nifty Copper deposit, 50km along strike to the north-west (Figure 1). The prospect was first aircore drilled in August 2010 and later followed up with a more extensive aircore drill program in 2011. A broad zone of copper anomalism (+0.25% Cu) was identified within the regolith over a strike extent of 800m (Figure 8). The identification of this significant base metal anomaly was made in an area of no outcrop with up to 20m of transported overburden. This greenfields base metal discovery was the second significant under cover discovery at the Yeneena project following the identification of high grade copper mineralisation at BM1.

Two diamond drill holes completed in August 2011 at BM2 represent the first deep drilling at the prospect. These holes were co-funded through the Western Australian ("**WA**") Government Exploration Incentive Scheme ("**EIS**"). The purpose of the holes was to test for the source of the 800m long copper anomaly defined in aircore drilling and to gain a basic understanding of the geology and structure at depth. The two holes were drilled as a scissor pair on the same north south section (Figure 8). Assay results from the two diamond holes drilled on section 389350mE were received during the quarter. The results confirm extensive thicknesses of zinc mineralisation in both holes with the mineralisation open along strike and at depth. Results include:

EPT798 - 188m @ 0.35% Zn from 213.3m to EOH incl. 44.7m @ 0.74% Zn

EPT799 - 173.6m @ 0.30% Zn from 375m incl. 26.5m @ 0.51% Zn; and
23.9m @ 0.37% Zn from 608m to EOH

Zones of +1% zinc mineralisation were intersected within this broader zone, including 16.1m @ 1.06% Zn (EPT 798) and 4.2m @ 1.32% Zn (EPT 799). A full set of assay results can be found in Table 3.

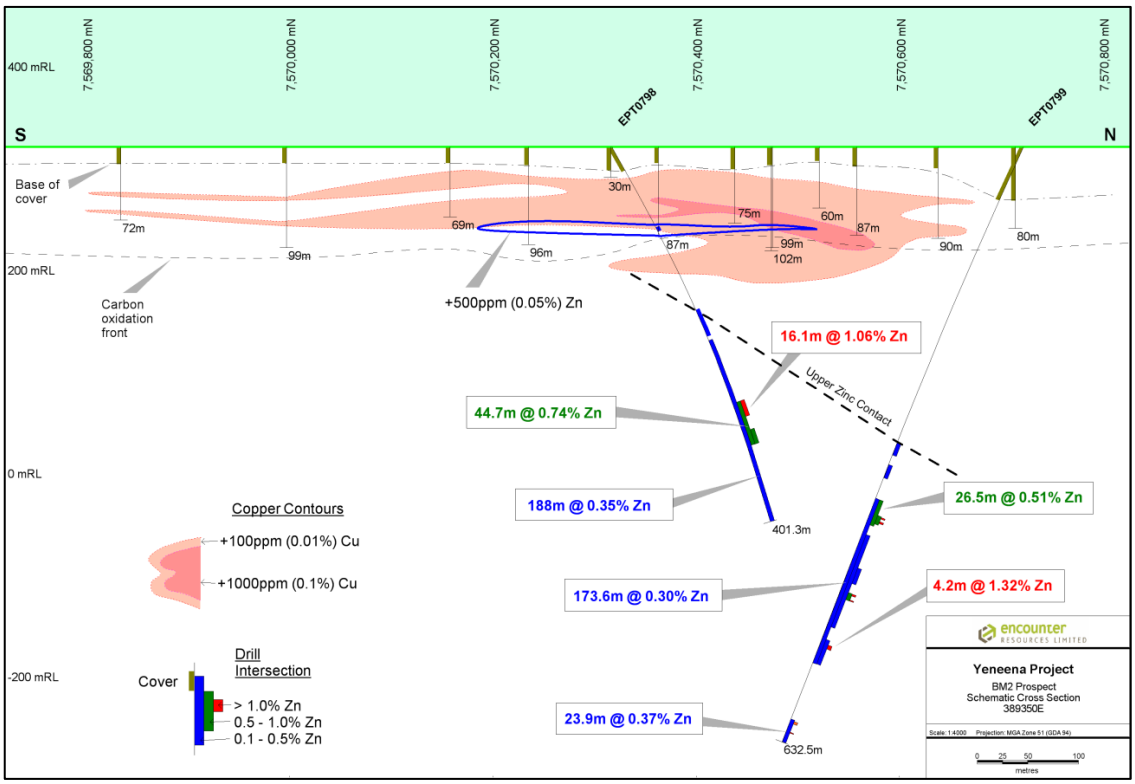


Figure 8: BM2 Cross Section 389350mE

The zinc mineralisation intersected in the diamond drilling appears stratabound in nature with the 'Upper Zinc Contact' coinciding with a marked change in lithogeochemical indicators. The lower contact of this mineralised unit remains untested with zinc anomalism extending to the bottom of both holes.

The wide extent of mineralised veining intersected in the first diamond holes at BM2 is highly encouraging and supports the potential for a large scale base metals deposit.

Significantly, the minor levels of copper anomalism observed in fresh rock at depth in these holes is considered insufficient to account for the scale and intensity of the 800m long near surface copper oxide anomalism at BM2. This interpretation suggests the potential primary source of the oxide copper anomalism is along strike from the current drill section and that the copper anomalism observed within the regolith on this section represents secondary dispersion from this primary source.

It is noted that in many ore-systems it is not uncommon for zinc mineralisation to occur distal to a central zone of copper mineralisation.

The Company was successful in its merit based application for a second round of co-funded EIS diamond drilling at BM2. This funding will contribute up to $150,000 towards the cost of drilling that will target the primary source of the copper oxide anomalism and define potential vectors to higher grade zinc mineralisation. This program is planned for early in the 2012 field season.

Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi	From (m)	To (m)	Interval (m)	Zinc (%)
EPT 798	7570317	389350	320	401.3	-60	000	90.6	95.3	4.7	0.26
				and			180.2	209.3	29.1	0.23
				and			213.3	401.3	188	0.35
				incl.			*279.6*	*324.3*	*44.7*	*0.74*
				incl.			***279.6***	***295.7***	***16.1***	***1.06***
				Incl.			*309.0*	*324.3*	*15.3*	*0.85*
				incl.			*355.9*	*362.0*	*6.1*	*0.56*
EPT 799	7570722	389352	320	632.1	-60	180	315.5	329	13.5	0.24
				and			339.3	353.1	13.8	0.19
				and			375	548.6	173.6	0.30
				incl.			*375*	*401.5*	*26.5*	*0.51*
				incl.			*389.9*	*399*	*9.1*	*0.92*
				incl.			***390.7***	***392.3***	***1.6***	***1.35***
				incl.			***395.0***	***397.0***	***2.0***	***1.03***
				and			411.9	509.4	97.5	0.29
				incl.			*445.9*	*462.0*	*16.1*	*0.45*
				incl.			*471.5*	*479.2*	*7.7*	*0.94*
				incl.			***471.5***	***473.5***	***2.0***	***1.65***
				incl.			***478.1***	***479.2***	***1.1***	***1.82***
				and			522.7	548.6	25.9	0.35
				incl.			***527.2***	***531.4***	***4.2***	***1.32***
				and			608.2	632.1	23.9	0.37
				incl.			***609.5***	***612.0***	***2.5***	***1.47***
				incl.			***620.9***	***621.8***	***0.9***	***1.11***

Table 3: BM2 – Diamond Drilling Assay Results Summary

Drill hole coordinates GDA94 zone 51 datum and determined via handheld GPS (+/-5m),
EOH = End of hole depth; m=metre; azi=azimuth. Intervals listed are composited from individual assays using a nominal cut off grade of 0.1% zinc.Reported intervals contain zones of lost core. Intersections have been determined by assigning the average of the grade of the interval above and below the loss core interval to the zone of lost core.

T4 Prospect

The T4 prospect is located in the north of the Yeneena project, about 30km NE of BM1 (Figure 1). The geology of the T4 area is dominated by an 8km by 5km domal shaped resistive unit highlighted in the airborne electromagnetic survey. The resistor is interpreted to be uplifted block of Palaeo-Proterozoic Rudall Complex metamorphics. Base metal mineralisation is being targeted along structures internal to the basement block and as well as those along the margin of the dome.

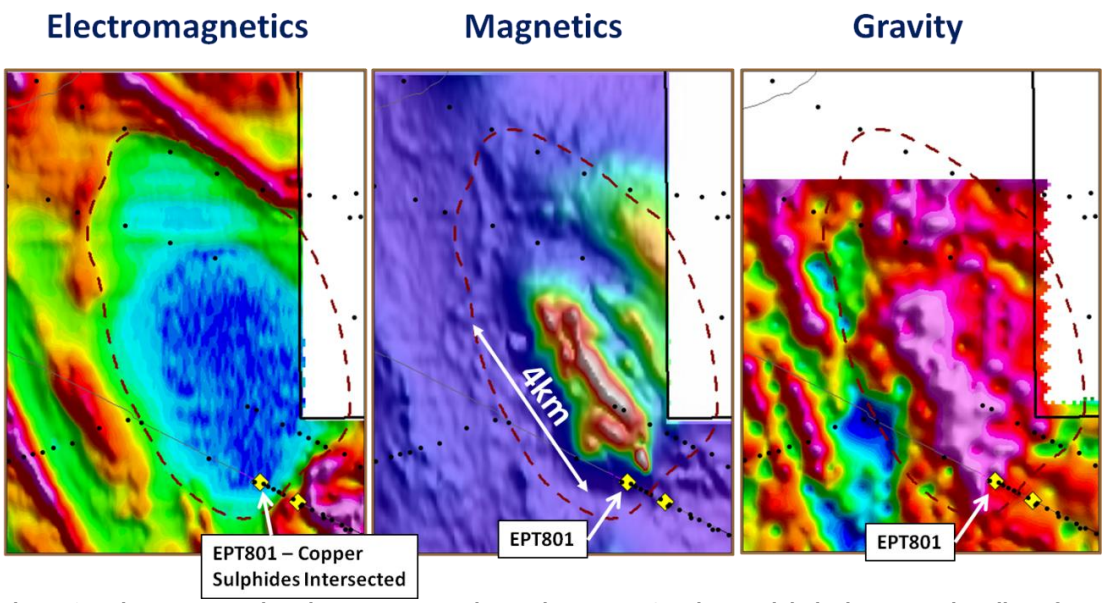


Figure 9 – Electro-Magnetics ch45, TMI Magnetics and Bouguer Gravity overlain by interpreted outline of Palaeoproterozic block (dashed line). Diamond drill holes shown as yellow diamonds.

Results from age dating completed on core samples from EPT0801 were received in the quarter and has confirmed a Palaeo-Proterozoic age of the metamorphic rocks. This age date also confirms the T4 area is the site of an uplifted block of Rudall Complex basement.

Narrow zones of disseminated copper sulphides intersected in EPT 801 within a broad zone of copper anomalism confirm the presence of copper mineralising fluids in the T4 system (Table 5). This is considered to be a highly significant result as EPT 801 was a stratigraphic hole that was not specifically targeted to intersect mineralisation but rather drilled to confirm our geological model. The presence of copper mineralisation in the first, untargeted hole in such a large untested area is highly encouraging for the presence of a major copper mineralised system. EPT801 was drilled at the southern end of a 4km long semi-coincident magnetic and gravity anomaly (Figure 9). If this anomaly represents the mineralised system, it implies significant scale potential for this prospect.

Modelling of the magnetic and gravity data at T4 will be completed prior to finalisation of the 2012 drill plan. Diamond drilling in 2012 will focus on defining the source of the magnetic anomaly at the centre of the T4 block and determining the source of the adjacent gravity anomaly.

A broad spaced partial leach geochemical survey earlier in the year highlighted a number of coincident copper and silver anomalies in the sand dune swales at T4. A follow up sampling program was completed at T4 in the quarter to infill anomalous areas and determine the possible orientation of these anomalies. Final results of this geochemical program will be available in February 2012.

Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT801	7569162	380467	320	258.7	-60	300

Table 4: EPT801 - Drill hole information
Drill hole coordinates GDA94 zone 51 datum and determined via handheld GPS (+/-5m), EOH = End of hole depth; m=metre; azi=azimuth.

Hole ID		Depth from (m)	Depth to (m)	Interval (m)	Copper (%)	Silver (g/t)
EPT801		193.8	194.7	0.9	0.84	7.6
	and	202.1	202.5	0.4	0.34	2
	and	236.9	237	0.1	0.35	3.2

Table 5: EPT801 - Assay Results Summary
Intervals listed are composited from individual assays using a nominal cut off grade of 0.1% copper.

YILGARN DISTRICT

CALCRETE URANIUM RESOURCES

A strategic review of the calcrete uranium resource initiated by Encounter to consider the potential development and commercial alternatives to advance these projects continued during the quarter.

HILLVIEW (E51/1127 - 82% Encounter, 18% Alacer)

The Hillview uranium project is located 50kms south east of Meekatharra and contains an Inferred Resource of 27.6 million tonnes, averaging 174ppm U_3O_8 for a contained 10.6 million pounds of U_3O_8. The Inferred Resource is reported in accordance with the JORC code (2004) and guidelines.

LAKE WAY SOUTH (E53/1232 – 60% Encounter Uranium rights only, 40% Alacer)

The Lake Way South project is located approximately 10kms south of Wiluna, between Toro Energy's Lake Way and Centipede uranium deposits. An Inferred Resource for the area of the Centipede resource within the JV tenement has been calculated. This resource contains 220,000t @ 244ppm U_3O_8 for 120,000lbs of U_3O_8. The Inferred Resource is reported in accordance with the JORC code (2004) and guidelines.

CORPORATE

The Company's cash balance at the end of the quarter was A$3.0 million.

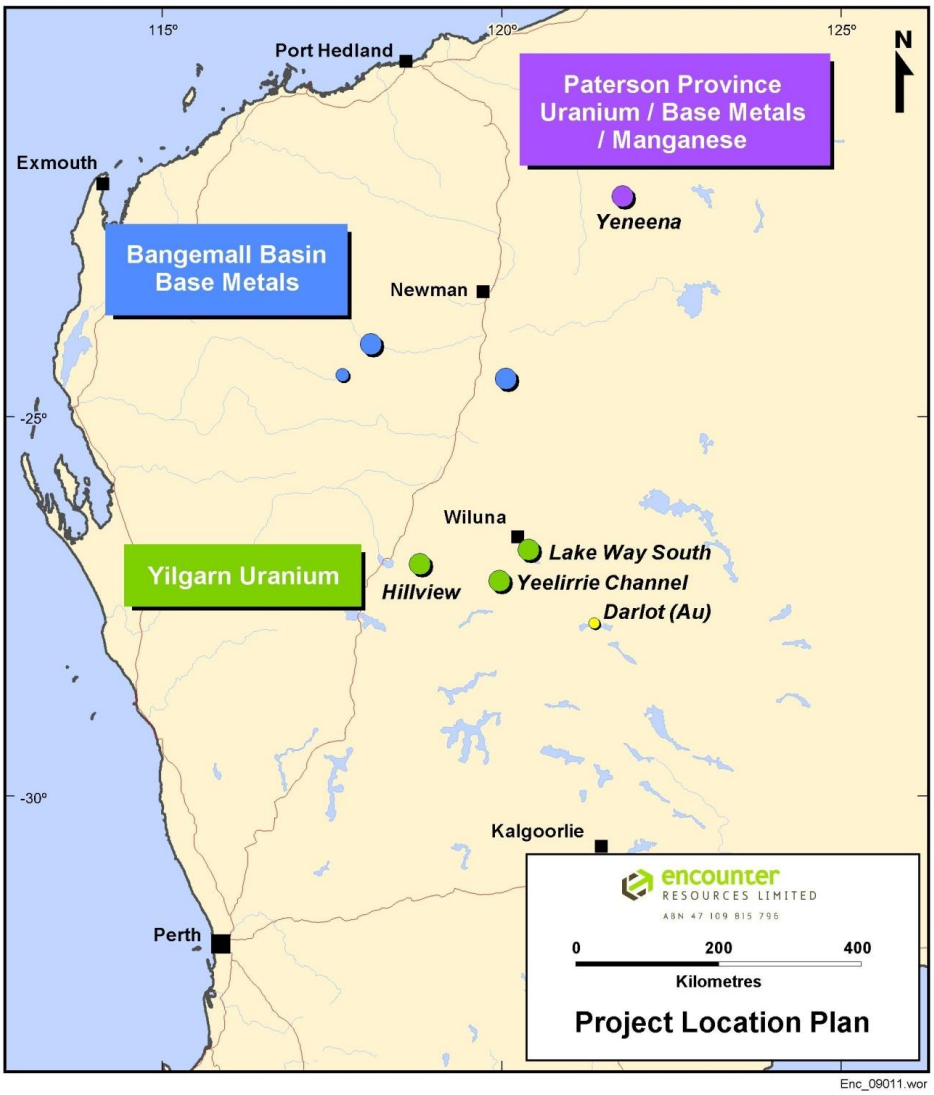
During the quarter the Company issued 450,000 employee options exercisable at 80 cents each on or before 30 September 2015.

NEXT QUARTER HIGHLIGHTS

Compilation and interpretation of the 2011 drilling information resulting in refinement of primary copper drill targets at the BM1, BM2, T4 and BM7 prospects for 2012.

Commencement of the 2012 field drilling campaign is scheduled in March 2012 following the summer wet season. The program is planned to commence at BM2 to complete the EIS co-funded drilling. This will be followed by an RC drill program at BM7 and completion of the current diamond drill hole EPT1128 at BM1 that ended in copper mineralisation.

Partial leach geochemical results from the BM7 and T4 programs and delineation of drill targets.



Will Robinson
Managing Director

The information in this report that relates to Exploration Results and Mineral Resources at Lake Way South is based on information compiled by Mr Peter Bewick who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bewick is a full time employee of Encounter Resources Ltd and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bewick consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this presentation that relates to Mineral Resources for the Hillview Uranium Project is based on information compiled by Mr Neil Inwood who is employed by Coffey Mining Ltd. Mr Peter Bewick from Encounter has consented to a joint sign off for the Resource, Mr Bewick taking responsibility for the quality and reliability of the drillhole database and Mr Inwood is responsible for the grade estimate and classification of the resource. Messrs Inwood and Bewick have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Messrs Inwood and Bewick consent to the inclusion in the report of the matters based on the information compiled by them, in the form and context in which it appears

Rule 5.3

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, 17/12/10

Name of entity

Encounter Resources Limited

ABN	Quarter ended ("current quarter")
47 109 815 796	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	-	-
1.2	Payments for (a) exploration and evaluation	(1,987)	(3,982)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(212)	(390)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	117	190
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – R&D tax concession refund, drilling grant	11	22
	Net Operating Cash Flows	(2,071)	(4,160)
	Cash flows related to investing activities		
1.8	Payment for purchases: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(59)	(73)
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)	-	-
	Net investing cash flows	(59)	(73)
1.13	Total operating and investing cash flows (carried forward)	(2,130)	(4,233)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(2,130)	(4,233)
	Cash flows related to financing activities		
1.14	Proceeds/(refunds) from issues of shares, options, etc.	-	-
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 – capital raising costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(2,130)	(4,233)
1.20	Cash at beginning of quarter/year to date	5,138	7,241
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	3,008	3,008

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	172
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 - Remuneration of Directors.

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

-

+ 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	925
4.2	Development	-
4.3	Production	-
4.4	Administration	175
	Total	**1,100**

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	891	303
5.2	Deposits at call	2,117	4,835
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	3,008	5,138

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	E53/1158	Relinquished	82%	0%
6.2	Interests in mining tenements acquired or increased	E36/2622	Granted	0%	100%

+ See chapter 19 for defined terms.

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**	99,344,360	99,344,360		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Released from Escow	- - -	- - -		
7.5	**+Convertible debt securities** (*description)*	-	-		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -		
7.7	**Options** *(description and conversion factor)*	50,000 500,000 400,000 400,000 200,000 5,475,000 450,000	- - - - - - -	*Exercise price* $0.50 $0.535 $0.55 $0.70 $0.30 $1.35 $0.80	*Expiry date* 9/8/2012 30/11/2012 30/11/2012 30/11/2012 30/6/2013 22/11/2014 30/9/2015
7.8	Issued during quarter	450,000	-	$0.80	30/9/2015
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		

+ See chapter 19 for defined terms.

7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31 January 2012

(Company secretary)

Print name: Kevin Hart

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: Cash Flow Statements* 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.