

About Iron Road

Iron Road has a strong project portfolio including a development stage project with excellent infrastructure, complemented by earlier stage projects.

Iron Road's principal project is the Central Eyre Iron Project (CEIP) in South Australia. A prefeasibility study has demonstrated the viability of a mining and beneficiation operation initially producing 12.4Mtpa of iron concentrate for export. Test work indicates that a coarse-grained, high grade, blast furnace quality concentrate may be produced at a grind size of -106µm grading 67% iron with low impurities.

The Company has a multi-disciplinary Board and management team that are experienced in the areas of exploration, project development, mining, steel making and finance.

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Iron Road continued its high level of activities aimed at advancing the flagship Central Eyre Iron Project (CEIP), hosting South Australia's largest iron ore mineral resource. The JORC global mineral resource at the CEIP increased to 2.1Bt with 1.1Bt in the indicated category. Positive results were returned from sinter test work and community engagement at the CEIP continued.

Highlights

Central Eyre Iron Project

- CEIP DFS well underway, with several key steps undertaken during quarter:
 - Engineering & Design packages tendered, with award due in February 2012 after consideration of received bids.
 - Appraisal underway of rail and water pipeline routes and alignment.
 - Extensive permitting and approvals studies commenced including flora & fauna, noise/dust, traffic, geotechnical.
 - Acquisition of Airborne LiDAR and photo mosaic over entire project area, including transport corridors to aid planning and design.
 - Power connection study with ElectraNet expected late Q1 2012.
- Completion of Stage VI JORC resource estimate with the global mineral resource at the CEIP increasing from 1.33Bt to 2.10Bt, with 1.11Bt in the indicated category.
- Further resource drilling completed at Hambidge and underway at Rob Roy (Murphy South eastern extension).
- Project value shown to increase dramatically with the combination of potential product pricing premium and increasing Mineral Resource size.
- Sinter characterisation test work undertaken in Japan demonstrated significant benefits in use for steel mill customers with consequential positive implications for obtainable pricing premium for CEIP product.

Gawler Iron Project

- Successful completion of Stage II diamond drilling programme during December 2011 with significant intersections of iron at four prospects.

Corporate

- Community engagement continued, including an information session with Elliston District Council.
- Adelaide office fully established, with all CEIP DFS works to be overseen and managed in the state of South Australia.
- Key project personnel appointed.
- Long term financing and potential partnering opportunities review continued.

Projects

South Australia – Central Eyre Iron Project

The Central Eyre Iron Project (663km²) is located on the Eyre Peninsula of South Australia and consists of three distinct prospects – Warramboo, Kopi and Hambidge. The project is located in a grain farming area with good infrastructure. Work during the Quarter focused on the Murphy South, Rob Roy and Hambidge prospects.

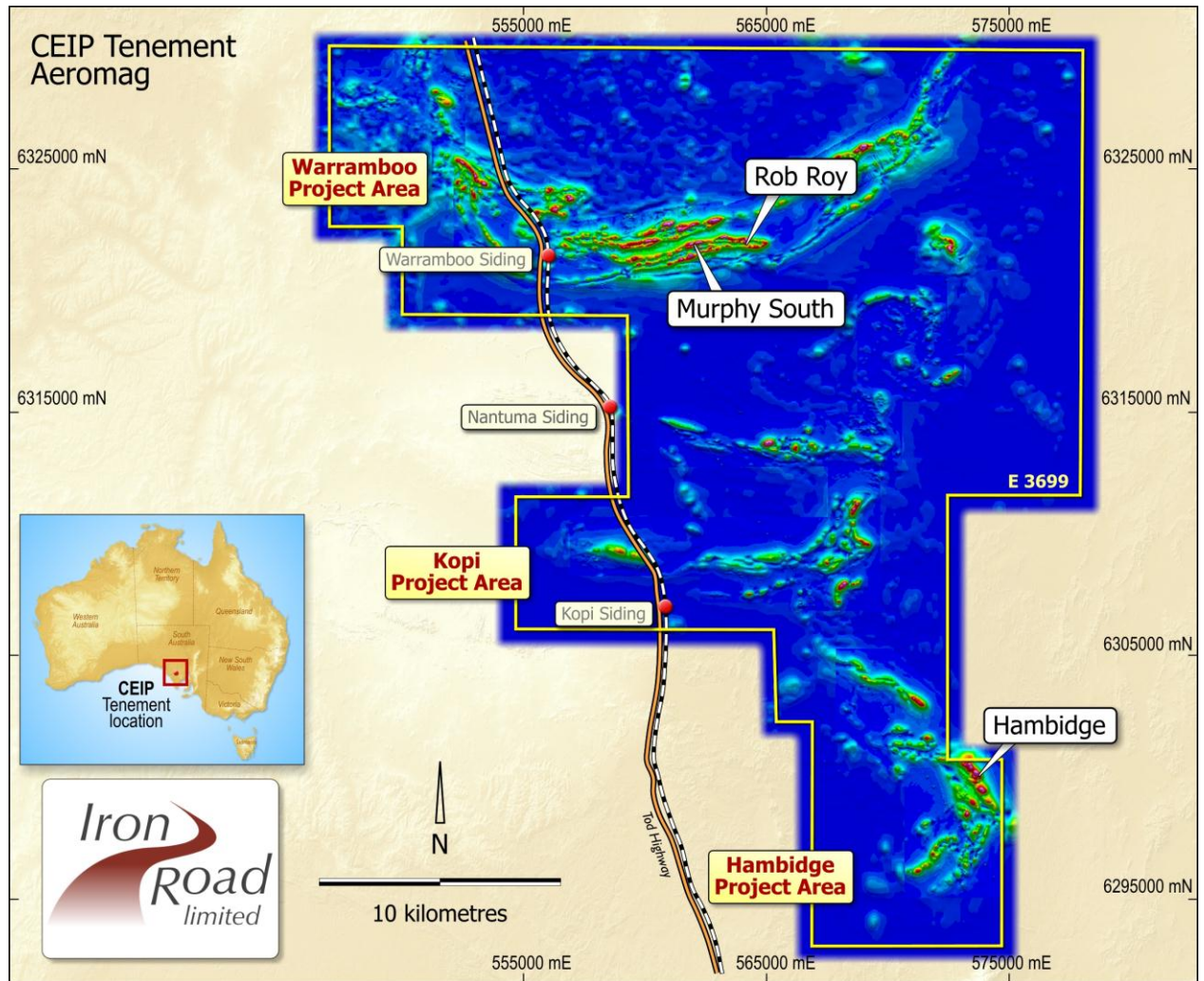


Figure 1

CEIP – Murphy South, Rob Roy and Hambidge prospects indicated

Definitive Feasibility Study (DFS) – Early Studies

Several packages of work related to the approvals process and other project activities have been advanced by various environmental and engineering consulting companies.

Sinclair Knight Mertz (SKM) has undertaken rail and water pipeline route selection and alignment, desalination plant and port site selection and various mine technical studies. This work includes flora and fauna surveys, noise and dust monitoring and sampling, socio-economic assessments, traffic studies, geotechnical testing and several other activities required for the permitting and approvals process.

Coffey Mining is involved in tailings design, resource and reserve expansion and modelling.

Iron Road continues to work with ElectraNet for the supply of power to both the proposed mine site and related infrastructure. A comprehensive connection study by ElectraNet is currently underway and due late Q1 2012.

Airborne LiDAR and photo mosaic has been flown over the mine site, planned infrastructure and transport corridors to facilitate planning and engineering design. Negotiations for the acquisition of land has commenced with significant progress in certain key areas. Sources of ballast for rail and aggregate for construction have been identified from localities situated near the project and infrastructure corridors.

Definitive Feasibility Study (DFS) – Engineering Design

Service providers invited to submit their Expressions of Interest (EOI) for the project engineering design were shortlisted during November 2011. Pre-qualified providers had the opportunity to present their credentials during December 2011 and following this, two providers were selected for each package and invited to submit commercial proposals or tenders. Final selection is currently in progress and award is expected to be announced next Quarter.

A permanent Iron Road project office has been secured in the Adelaide CBD and service providers will work together with Iron Road from these premises. Recruitment of key staff for the Iron Road (owner’s) team is complete and less critical positions are being filled as required.

Resource Expansion – Murphy South

During December 2011 the global JORC Mineral Resource estimate at the Central Eyre Iron Project (CEIP) increased in size from 1.33Bt to 2.10Bt with 1.11Bt in the indicated category. The upgrade is part of an ongoing mineral resource expansion programme at Murphy South and the adjacent Rob Roy prospect.

The wholly owned CEIP is South Australia’s largest iron ore Mineral Resource with Stage VI expansion drilling adding 770Mt to the existing 1.01Bt Mineral Resource estimate for the Murphy South prospect for a total of 1.78Bt. Coffey Mining has previously established an exploration target of 2.80 to 5.70Bt of magnetite gneiss with an estimated grade of 18-25% iron at the project¹.

The Mineral Resource estimate was calculated by Coffey Mining and is summarised in the table below and overleaf.

CEIP JORC Global Mineral Resource							
Location	Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Murphy South	Indicated	1,108	16.0	53.2	12.9	0.08	0.4
	Inferred	668	16.4	52.7	12.8	0.08	1.3
Boo-Loo	Inferred	328	17.3	52.4	11.5	0.09	2.1
Total		2,104	16.2	52.9	12.7	0.08	1.0

The mineral resource estimates were carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd.

¹ It is common practice for a company to comment on and discuss its exploration in terms of target size, grade and type. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo and Murphy South prospect.

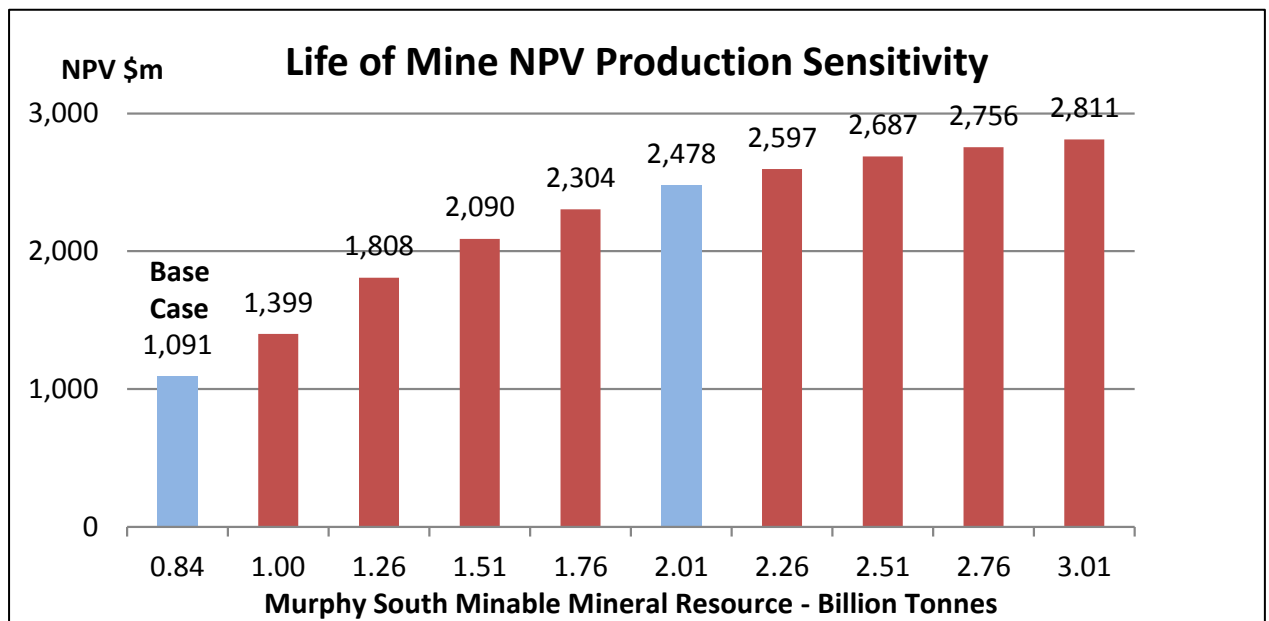


Murphy South JORC Mineral Resource Estimate							
Resource Classification	Oxidation	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Inferred	Fresh	550	16.4	53.2	12.5	0.09	0.4
	Transitional	32	16.3	50.7	14.0	0.05	5.5
	Oxide	87	16.4	50.5	14.4	0.05	5.8
<i>Total Inferred</i>		668	16.6	52.7	12.8	0.08	1.3
Indicated	Fresh	1,108	16.0	53.2	12.9	0.08	0.4
<i>Total Indicated</i>		1,108	16.0	53.2	12.9	0.08	0.4
Total Murphy South		1,776	16.1	53.0	12.8	0.08	0.8

The Murphy South mineral resource estimate was carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd

With the establishment of over two billion tonnes in Mineral Resources at CEIP, Iron Road continues to demonstrate the necessary size and scale of resource to underpin the capital required for a potential long life initial 12.4Mtpa high grade iron concentrate export operation and the development of associated export infrastructure.

Iron Road's Prefeasibility Study for the CEIP indicated a base case Net Present Value for the project of \$1.1 billion. The addition of further resources has the potential to significantly lift project NPV, as detailed in the study and shown in the graph below.



Stage VII Resource Expansion Drilling – Rob Roy

The Stage VII drilling programme at Rob Roy (Murphy South eastern extension) is currently in progress with an exploration target of 400-700Mt magnetite gneiss with an estimated grade of 16-18% iron².

Drilling of this programme commenced following on from the completion of Stage VI resource expansion and geotechnical drilling to the west of Murphy South (Figure 2). The Stage VII drilling programme comprises 81 diamond drill holes totalling over 34,000m of which 46 are currently approved by DMITRE. The remaining 35 drill holes are either within or adjacent to a registered Vegetation Heritage Agreement Area and are subject to a Declaration of Environmental Factors as required under the licence conditions.

Individual diamond holes range from 100m-700m in depth with drilling on a standard 200mx100m grid. This drilling programme will explore the eastern extension of the Murphy South orebody over an area approximately 800m wide x 2000m long and initially utilise three diamond rigs drilling NQ2 core.

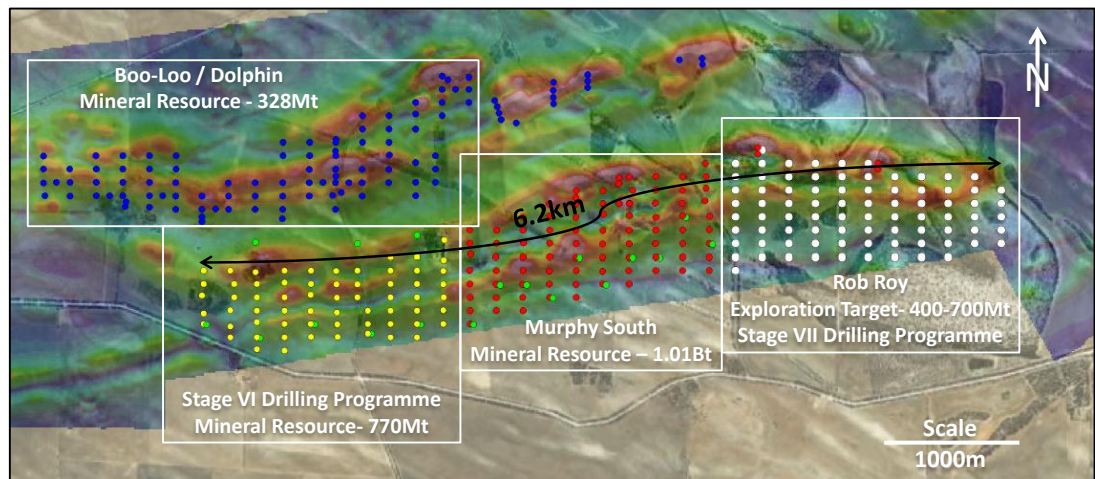


Figure 2 – Plan of Boo-Loo, Murphy South and Rob Roy Stage VII Resource drilling programme. The Murphy South Stage VI drilling programme added 770Mt to the mineral resource estimate.



Figure 3

Stage VII diamond drilling at Rob Roy

² It is common practice for a company to comment on and discuss its exploration in terms of target size, grade and type. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo and Murphy South prospect.

Over 9,000m and 28 diamond drill holes of the current drilling programme has been completed and the same sequence of magnetite gneiss as exposed at Murphy South has been intersected (Figure 4).

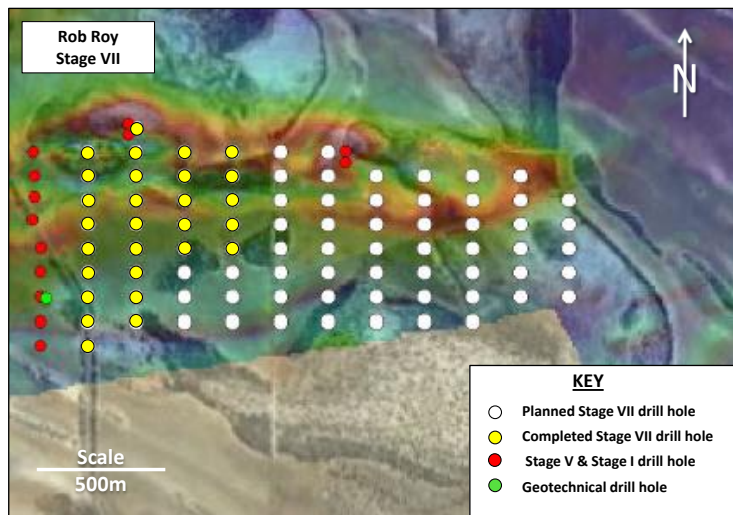


Figure 4 – Plan view of CEIP Rob Roy (to the east and adjacent to Murphy South) Stage VII Resource drilling programme.

Murphy South Stage V eastern margin indicated by red drill holes.

Stage IV Exploratory Drilling & Exploration Target – Hambidge

The Stage IV drilling programme investigated the Hambidge magnetic anomaly with a total of four traverses totalling 12 holes for 5,412m. Drill holes intersected continuous magnetite gneiss of up to 200m apparent thickness. A plan view of the drill hole collars is shown in Figure 5 below.

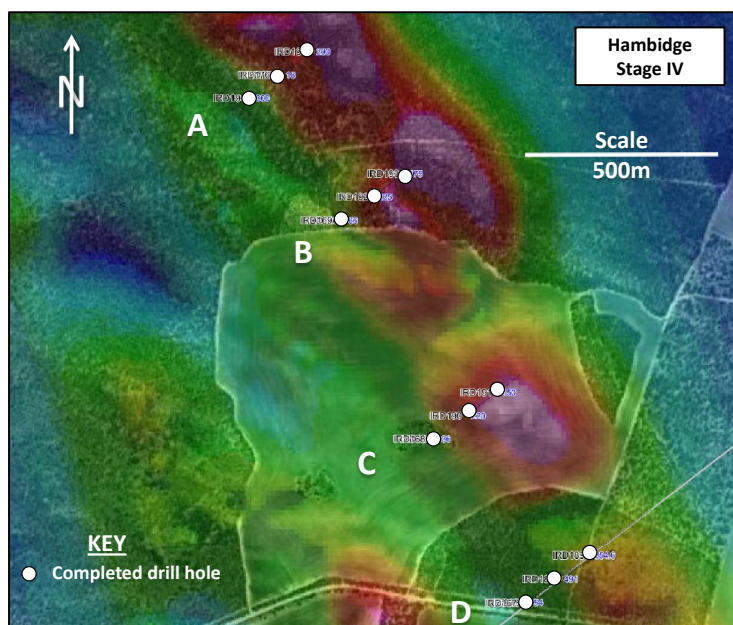


Figure 5 – Plan view of CEIP Stage IV drilling programme at Hambidge prospect.

Cross-sections of traverses A, B, C, and D are presented overleaf. Using extrapolation of the magnetite gneiss on dip and on strike and from assays received, an exploration target for Hambidge of 800-1,000Mt magnetite gneiss with an estimated grade of 15-18% iron³ has been determined.

³ The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo and Murphy South prospect.

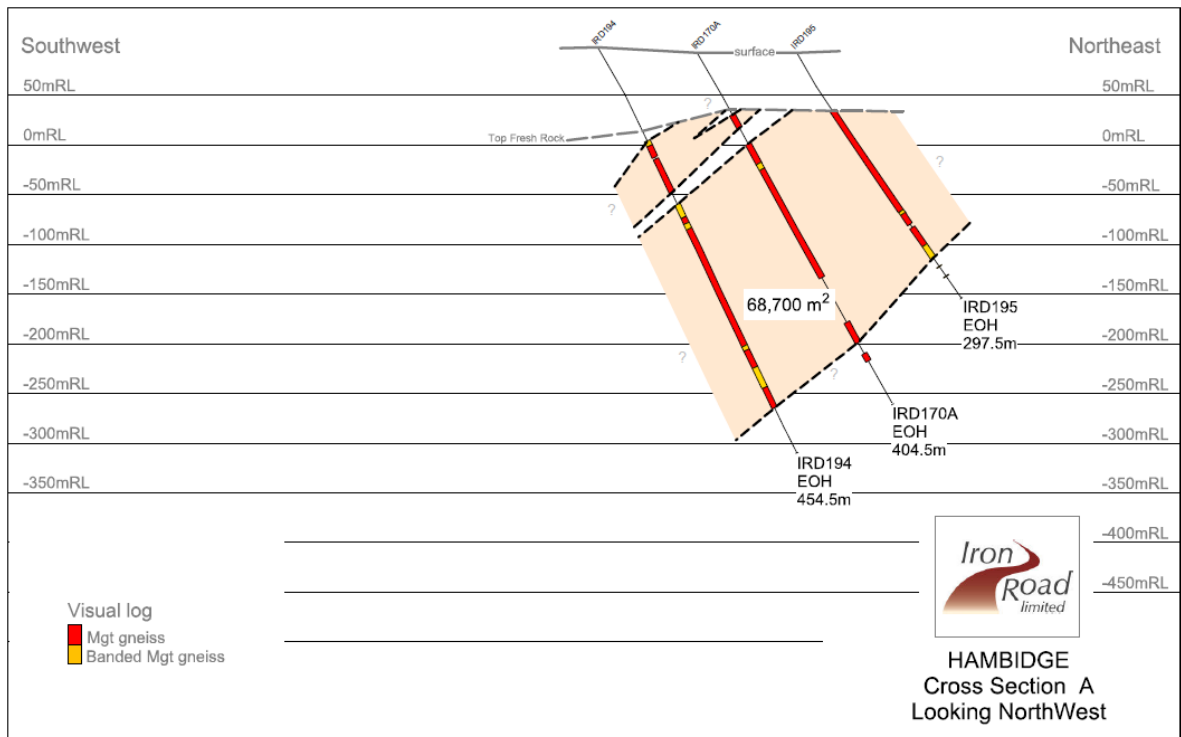


Figure 6

Cross-section A

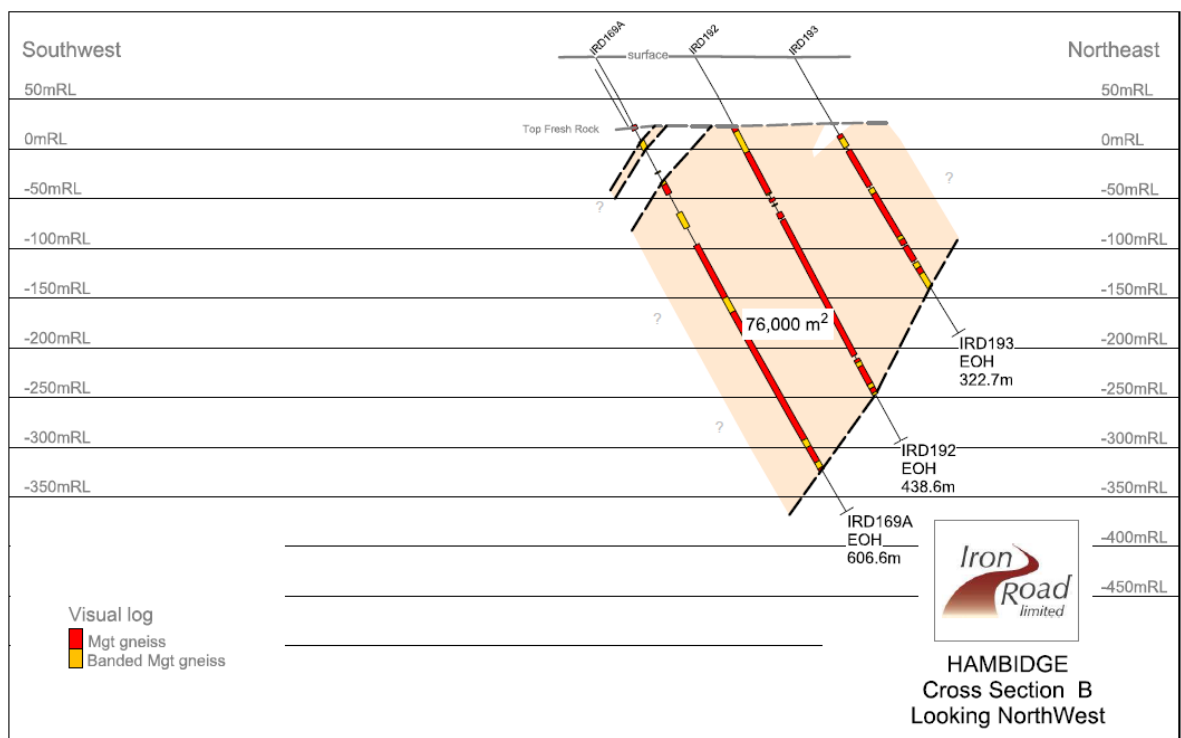


Figure 7

Cross-section B

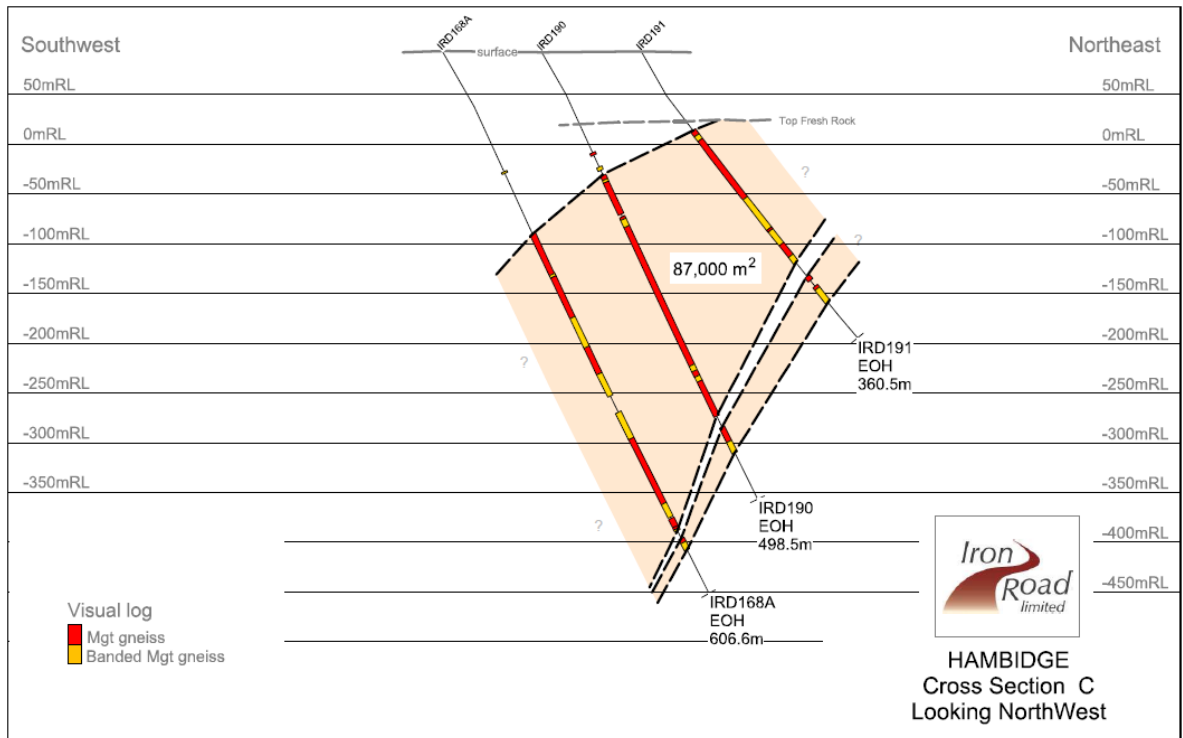


Figure 8

Cross-section C

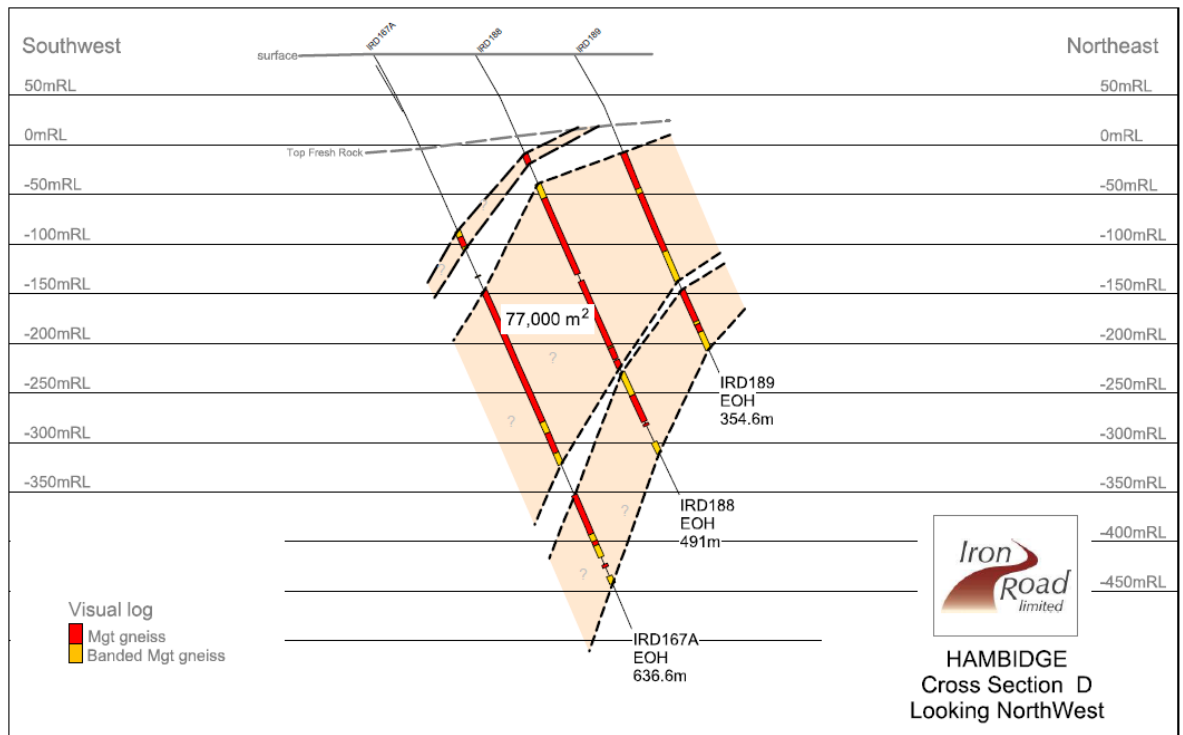


Figure 9

Cross-section D



Figure 10

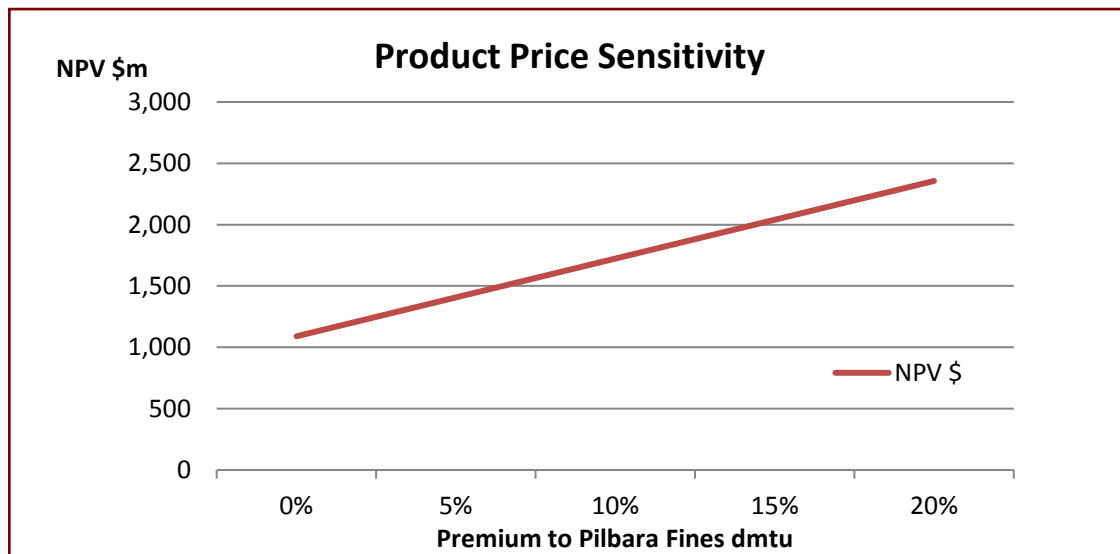
Processing of diamond core on site at Warrambo

Sinter Test Work Programme

Sinter characterisation test work undertaken in Japan for Iron Road has demonstrated significant benefits in use for steel mill customers, advancing the test work previously undertaken under the completed Prefeasibility Study.

Iron Road's Prefeasibility Study for the CEIP indicated that a coarse grained sinter feedstock, grading 67% iron, would be expected to fetch a premium above Pilbara fines prices. The sensitivity analysis of pricing fines indicates that project returns increase significantly when pricing is linked to the expected value in use (VIU) for the CEIP product. The "base case" Net Present Value (NPV) of \$1.1 billion for CEIP is based upon long term iron prices. In addition sensitivity analysis of NPV relative to a larger Mineral Resource also indicates that project returns increase significantly (refer *Resource Expansion – Murphy South*) with increasing Mineral Resources. **When the price premium and increased Mineral Resource size are combined, project value increases dramatically.**

With the positive results received from the sinter test work and from additional VIU analysis, Iron Road is confident that the premium above Pilbara fines prices will be achieved and consequently a higher project value for CEIP. VIU modelling indicates a price premium exceeding 20% may be possible.



HN-Minerals has developed a micro-testing technique to provide the basic information by which broad conclusions can be drawn regarding the likely performance of an ore in a sinter pot testing campaign and in sinter plants. The HN-Minerals test work was undertaken by arrangement at the NSTR (Nippon Steel Testing and Research) facility in Japan. Dr Y. Hida and Mr N. Nosaka are recognised leaders in their field and are responsible for the development of the micro-testing technique.

The main process was to test the agglomeration characteristics of the samples and compare these against other sinter feed ores.

The tests relevant to the sintering process included:

- Assay and mineralogical review by particle size;
- Granulation testing;
- Bulk density determination;
- Moisture absorbance characteristics;
- Review of oxidation potential;
- Adhering fines and sinter properties; and
- Assimilation properties.

Test work was carried out on the basis of Japanese sintering conditions and iron ore types.

Chinese mills use considerably higher percentages of magnetite concentrate than Japanese mills and therefore test outcomes based on Chinese conditions are considered likely to be even more positive. A 720kg sample of -106µm iron concentrate is currently being prepared for further sinter test work by CISRI in China.

The HN-Minerals test work concluded that CEIP concentrate is suitable for use in conventional sintering plants without the need for pelletising. Pelletising involves higher costs than sintering and since the CEIP product will not require pelletising the product will not incur these additional costs.

Results from the testing of CEIP -106 μ m iron concentrate indicate:

- Coarse particles contain the majority of the gangue material (feldspar and quartz).
 - This fraction represents only 2.2% of the product mass.
- Granulation properties are similar to Brazil Pellet Feed Fines.
 - This is a widely used product particularly in Japan, Korea and China where steel mills have sintering practices adapted to use this material.
- Good oxidation properties similar to ultra-fine magnetite concentrate.
 - Suggests that CEIP concentrate used in sinter mix with high proportions of Australian fines will produce positive sinter outcomes.
- Sintering properties of adhering fines is inferior to ultra-fine magnetite concentrate.
 - These properties may be improved by increasing CaO/Ore or by grinding of the coarser portion.
- Assimilation properties suggest that as adhering fines, with an Australian CID (channel iron deposit) as the core particle, CEIP concentrate demonstrates a lower primary melt formation than similar concentrates.
 - Chinese mills use considerably higher percentages of magnetite concentrate than Japanese mills so test outcomes based on Chinese conditions are likely to be more positive.

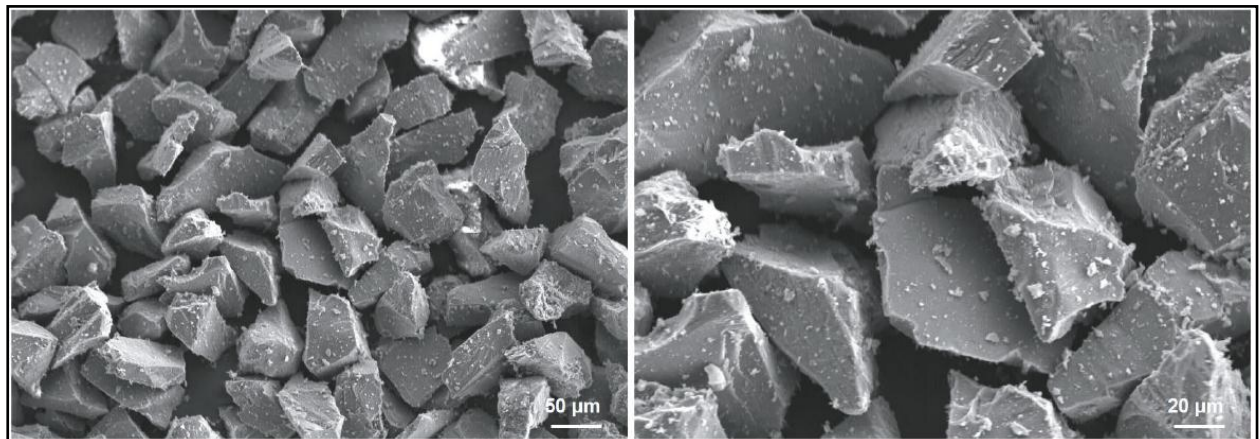


Figure 11

Scanning Electron Microscope (SEM) image of CEIP 0.063–0.045 mm particles

South Australia – Gawler Iron Project

The Gawler Iron Project is located 25 kilometres north of the Trans Australian Railway and within 100 kilometres of the Central Australia Railway in South Australia. Iron Road has a farm-in agreement with tenement holder Dominion Gold Operations (a subsidiary of Kingsgate Consolidated Limited) to progressively earn up to 90% interest in the iron ore rights.

Stage I RC drilling during 2010 identified several new iron deposits in the district. The deposits occur within magnetite gneiss and are capped by oxidised material containing a mixture of hematite and magnetite. The results of initial metallurgical studies suggest excellent beneficiation characteristics of the magnetite. Average iron content of magnetite concentrates is in the range 69-70% with minimal impurities and most concentrates meet direct reduction (DR) grade specifications, while all met or exceed high-grade blast furnace requirements.



Stage II diamond drilling commenced during the September Quarter and targeted three of the most promising iron occurrences identified during Stage I. In addition, a new geophysical target was tested at George Hill Extended (Figure 13). The drilling programme was completed on 14 December and comprised nine drillholes for a total of 1,433 m. Important new information on geology and structure was collected and the drilling better delineated the boundaries of the iron mineralisation – which is a metamorphosed Banded Iron Formation (BIF) with distinctive magnetite layering (Figure 12). Details of the drilling programme and intersected iron mineralization are included below.

Gawler Iron Project - Stage II Drilling Summary

Drillhole	Prospect	Easting	Northing	Plunge (o)	Depth (m)	Iron mineralisation (m)	Iron mineralisation down hole intervals (m)
GWL073	Christie Extended	359980	6651254	60	100	47	42-84; 87.1-92.5
GWL074	Christie Extended	359939	6651283	60	157	80	19.4-25; 29.7-32.8; 56.5-93.5; 95.5-119.9; 125-131.35; 134-137.5
GWL075	Boomer	350921	6645922	60	193	120	48.2-97; 99-115.6; 119.3-173.6
GWL076	Boomer	350981	6646094	60	190	102	22-88.6; 139-174.3
GWL077	Boomer	351069	6646307	60	130	66	20-22.5; 29.8-37.2; 47.2-49.4; 55.3-90.4; 93.2-112.2
GWL078	Boomer	351110	6646278	60	202	104	62.4-70.6; 73.8-169.2
GWL079	NWFingerpost Hill 1	355700	6648726	60	148	119	1.7-114.7; 122.9-127.5; 132.8-134.2
GWL080	NWFingerpost Hill 1	355781	6648668	60	154	90	42.9-67.5; 70.4-121.1; 124.7-139.2
GWL081	George Hill Extended	360702	6644903	90	162	45	87.0-94.2; 110.85-117.5; 123.4-125.3; 127.1-153; 159-162

Reported down-hole thicknesses of mineralized zones are preliminary and based on visual logging of core only.



Figure 12

Detail of core collected during Stage II drilling at the Gawler Iron Project

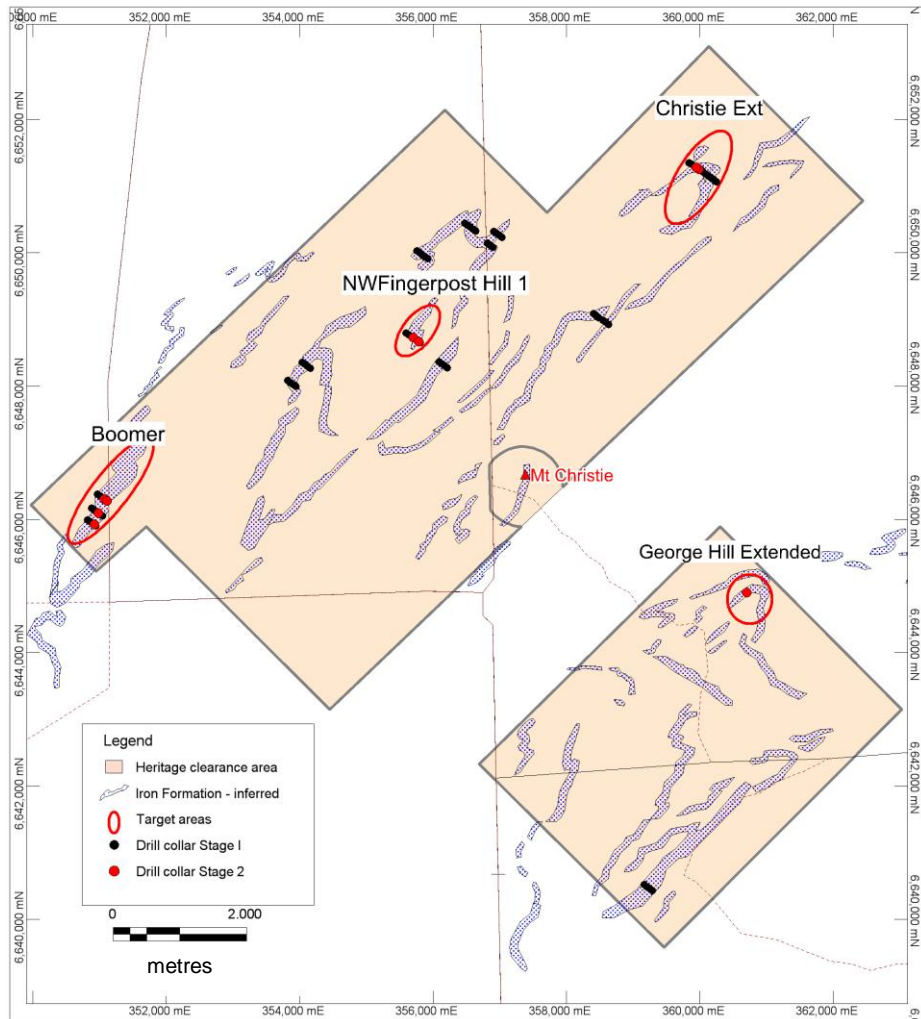


Figure 13 Gawler Iron Project drill hole location map

Ongoing Exploration and Test Work

An oxide (hematite) and magnetite test work programme from the Stage II drilling will assess the metallurgy and mineralogy of each ore type. These studies will focus on cost-effective beneficiation methods such as dry magnetic separation that may allow for relatively simple upgrading of ore, possibly producing a product suitable for sinter feed.

Western Australia – Windarling

The Windarling Peak project is located approximately 85km north of Koolyanobbing, Western Australia. The tenure consists of three granted exploration licenses and four prospecting licences. The Company entered into an agreement with Convergent Minerals Limited (Convergent) during September 2010 whereby Convergent may earn up to a 75% interest in the project by meeting certain expenditure and management criteria.

Convergent has advised that ground magnetic surveys conducted during the early part of the year indicate that the highly magnetic banded iron formation (BIF) units encountered were disrupted within E77/1236 and proposed that this could be an area prospective for haematite mineralisation similar to that defined at the nearby Windarling iron ore mine.

CORPORATE

Community Engagement

With the completion of the Prefeasibility Study for the Project, Iron Road initiated an ongoing community and stakeholder engagement programme. Iron Road commissioned Gould Thorpe Planning (GTP) to design and conduct a stakeholder and community engagement approach for the Central Eyre Iron Project (CEIP), commencing with a series of community information events in Wudinna and Warramboos between 5 and 7 September 2011. A meeting planned for the Lock community was postponed due to harvesting and will now take place during February 2012.

The engagement approach is based on Iron Road's commitment to connect with local communities through:

- Sharing information;
- Providing opportunities for people to have a say;
- Providing opportunities for people to be involved in the planning process; and
- Being involved in the life of local communities.

The engagement activities focus on the provision of information and gaining an insight into community and stakeholder perceptions of the potential benefits and challenges arising from the project, and what community members value about their current communities and townships. To best facilitate this, the Iron Road Principal Advisor-Community Engagement has taken up residence within the local community, near Kyancutta. This person is supported by a second Advisor who will be based in Adelaide and frequently be involved on site.

Iron Road has committed to continue to communicate, inform and consult with stakeholders and the community on an on-going basis throughout the life of the project. During February 2012 several focus groups will be established to address key challenges and concerns. Nominations for these were called during December 2011.

Long term financing

Long term financing and potential partnering opportunities review continued this Quarter.

Confidentiality agreements have been signed with a number of parties to enable access to the electronic data room and site visits are well underway.

ADDITIONAL INFORMATION

Glossary

Aeromag survey – Short for aeromagnetic survey, an aeromag survey is a common type of geophysical method carried out using a magnetometer aboard or towed behind an aircraft. The aircraft typically flies in a grid like pattern with height and line spacing determining the resolution of the data. As the aircraft flies, the magnetometer records tiny variations in the intensity of the ambient magnetic field and spatial variations in the Earth's magnetic field. By subtracting the solar and regional effects, the resulting aeromagnetic map shows the spatial distribution and relative abundance of magnetic minerals (most commonly magnetite) in the upper levels of the crust.

DTR – Davis Tube Recovery testing is used to separate ferromagnetic and non-magnetic fractions in small samples of approximately 20g at a time. The test is suited to establishing the recoveries likely from a magnetic separation process. This can assist mineral body assessment for magnetite, hematite or combinations thereof.

Gravity survey – A geophysical method undertaken from the surface or from the air which identifies variations in the density of the earth from surface to depth. It is used to directly measure the density of the subsurface, effectively the rate of change of rock properties. From this information a picture of subsurface anomalies may be built up to more accurately target mineral deposits. For iron exploration gravity surveys are commonly overlain on magnetic surveys to help identify and target fresh and oxidised iron ore (ie. magnetite and hematite).

HBF – Horizontal Belt Filters are commonly used vacuum filters due to their flexibility of operation and suitability to handle large throughputs.

Hematite – Hematite is a mineral, coloured black to steel or silver-gray, brown to reddish brown or red. Hematite is a form of Iron (III) oxide (Fe_2O_3), one of several iron oxides.

Magnetite – Magnetite is a form of iron ore, one of several iron oxides and a ferrimagnetic mineral with chemical formula Fe_3O_4 and a member of the spinel group. It is metallic or dull black and a valuable source of iron ore. Magnetite is the most magnetic of all the naturally occurring minerals on Earth, and these magnetic properties allow it to be readily refined into an iron ore concentrate.

Martite – The name given for Hematite pseudomorphs after Magnetite. More simply put primary magnetite that has been totally replaced by secondary hematite through oxidation.

Specularite – A black or gray variety of hematite with brilliant metallic luster, occurring in micaceous / foliated masses or in tabular or disk-like crystals. Also known as specular iron.

XRF – X-Ray Fluorescence spectroscopy is used for the qualitative and quantitative elemental analysis of geological and other samples. It provides a fairly uniform detection limit across a large portion of the Periodic Table and is applicable to a wide range of concentrations, from 100% to few parts per million (ppm).

Competent Person's Statements

The information in this report that relates to Exploration Results and the exploration target at Murphy South is based on and accurately reflects information compiled by Mr Larry Ingle, who is a fulltime employee of Iron Road Limited and a Member of the Australasian Institute of Mining and Metallurgy. Mr Ingle has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which 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 Ingle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

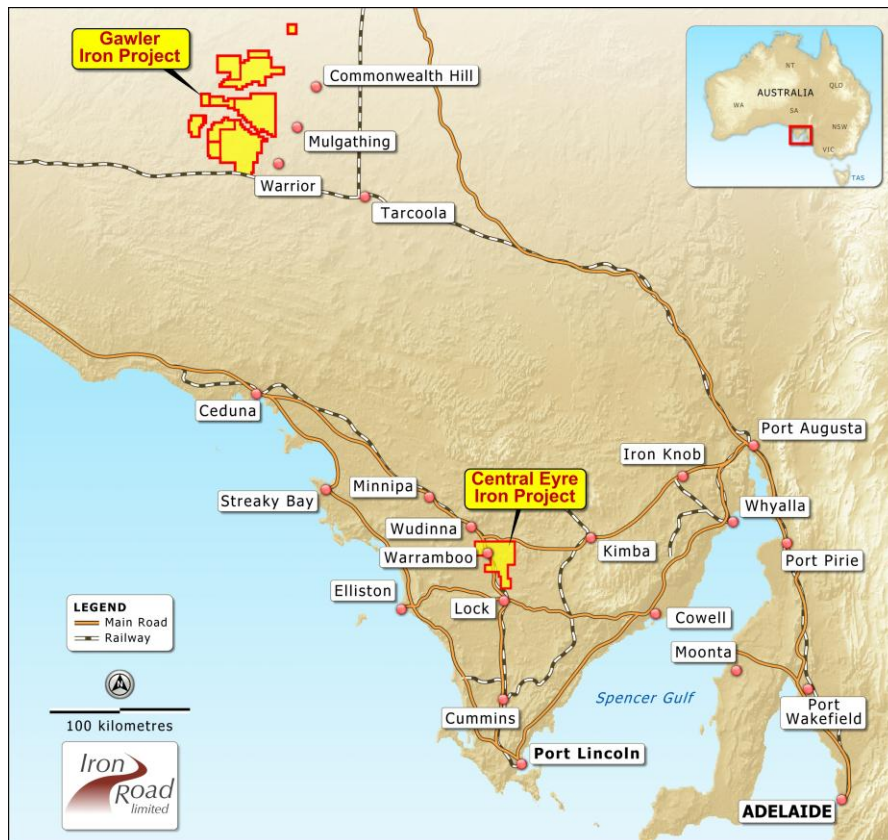


Figure 14 Location of the Company's South Australian projects

The information in this report that relates to global project exploration targets is based on and accurately reflects information compiled by Mr Albert Thamm, Coffey Mining, who is a consultant and advisor to Iron Road Limited and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Thamm has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which 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 Thamm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears on 31 August, 2009 in West Perth. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo prospect.

The information in this report that relates to Mineral Resources is based on and accurately reflects information compiled by Mr Iain Macfarlane, Coffey Mining, who is a consultant and advisor to Iron Road Limited and a Member of the Australasian Institute of Mining and Metallurgy. Mr Macfarlane has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which 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 Macfarlane consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

IRON ROAD LIMITED

ABN

51 128 698 108

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	1
1.2 Payments for (a) exploration & evaluation	(5,918)	(11,511)
(b) development	-	-
(c) production	-	-
(d) administration	(522)	(917)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	136	194
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	20	(121)
Net Operating Cash Flows	(6,284)	(12,355)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(348)	(374)
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	(348)	(374)
1.13 Total operating and investing cash flows (carried forward)	(6,632)	(12,729)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(6,632)	(12,729)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	22,274
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	(9)	(424)
	Net financing cash flows	(9)	21,850
	Net increase (decrease) in cash held	(6,641)	9,121
1.20	Cash at beginning of quarter/year to date	15,885	123
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	9,244	9,244

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	141
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and associates were on normal commercial terms.

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

Nil

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

Nil

+ 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	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	4,000
4.2 Development	-
4.3 Production	-
4.4 Administration	650
Total	4,650

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	2,962	1,335
5.2 Deposits at call	6,282	14,550
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	9,244	15,885

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	Nil			
6.2 Interests in mining tenements acquired or increased	Nil			

+ 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.

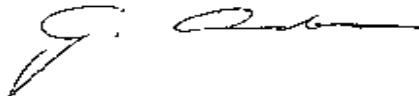
	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	140,180,238	140,180,238		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	7,125,000 7,500,000 2,000,000 3,000,000 625,000 625,000 625,000 625,000 500,000 100,000 100,000 100,000		<i>Exercise price</i> \$0.20 \$0.35 \$0.20 \$0.35 \$0.20 \$0.25 \$0.30 \$0.35 \$1.00 \$1.00 \$1.25 \$1.50	<i>Expiry date</i> 22/1/13 22/1/13 10/3/13 6/8/13 15/12/14 15/12/14 15/12/14 15/12/14 25/07/16 24/08/16 24/08/16 24/08/16
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes <i>(totals only)</i>		
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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: 30 January 2012
(~~Director~~/Company secretary)

Print name: GRAHAM DOUGLAS ANDERSON

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.