Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

ASF Group Limited

ABN	Quarter ended ("current quarter")
50 008 924 570	30 September 2011

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $	Year to date (3 months) $
1.1	Receipts from customers		215,565	215,565
1.2	Payments for	(a) staff costs	(346,817)	(346,817)
		(b) advertising and marketing	(1,708)	(1,708)
		(c) research and development	-	-
		(d) leased assets	-	-
		(e) other working capital	(1,429,305)	(1,429,305)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		56,631	56,631
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other (GST refund)		(19,544)	(19,544)
	Net operating cash flows		(1,,525,178)	(1,,525,178)

+ See chapter 19 for defined terms.

		Current quarter $	Year to date (12 months) $
1.8	Net operating cash flows (carried forward)	(1,,525,178)	(1,,525,178)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	(442,590)	(442,590)
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	6,000,000	6,000,000
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	(212,051)	(212,051)
1.12	Loans repaid by other entities	4,132	4,132
1.13	Other (US$1m deposit received from Guoli for subscription of ASFR Shares, less reclassification of A$1m deposit for sale of 2 WA tenements to item 1.10(a) above)	(33,647)	(33,647)
	Net investing cash flows	5,315,844	5,315,844
1.14	**Total operating and investing cash flows**	3,790,666	3,790,666
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (term deposit)	26,605	26,605
	Net financing cash flows	26,605	26,605
	Net increase (decrease) in cash held	3,817,271	3,817,271
1.21	Cash at beginning of quarter/year to date	5,852,096	5,852,096
1.22	Exchange rate adjustments	-	-
1.23	**Cash at end of quarter**	9,669,367	9,669,367

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 $
1.24	Aggregate amount of payments to the parties included in item 1.2	(143,602)
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Consulting and directors fees ($92,710), Office lease ($50,892)

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 businesses in which the reporting entity has an interest

n/a

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $	Amount used $
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

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 $	Previous quarter $
4.1	Cash on hand and at bank	9,669,367	9,669,367
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.23)	9,669,367	9,669,367

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	n/a	ASF Kaili Resource PL
5.2	Place of incorporation or registration	n/a	Australia
5.3	Consideration for acquisition or disposal	n/a	$6,000,000
5.4	Total net assets	n/a	$999,167
5.5	Nature of business	n/a	Mineral Exploration

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

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

Sign here: .... Date: 31 October 2011
(Director)

Print name: Min Yang

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 definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **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.

Report on Mineral Exploration activities for September Quarter 2011

ASF Resources Limited

The company, a controlled entity of ASF Group, holds 8 tenements in the Canning Basin, W.A.

During the Quarter, heritage site clearances were obtained ahead of continuation on the drilling program for coal on the following Exploration Licences: 1670, 1433, 1435 and 1774. Drilling commenced during the Quarter on EL1670.

Drilling season will conclude shortly with the onset of the wet season. A report of the 2011 drilling program will be released when results become available.

Applications have been made for two additional tenements in the Canning Basin.

Tasmania

During the Quarter, China Coal Resources Pty Limited (a partly owned ASF Group entity), carried out extensive soil sampling for base metals and gold on tenement EL55/2007 with the objective of assisting in the identification of drill targets. No on-ground exploration activity occurred on EL15/2007, held by this company.

ASF Group was granted another Exploration Licence in Tasmania during the Quarter. This tenement, EL23/2011, is in north-eastern Tasmania and covers old workings for tin at Derby.

+ See chapter 19 for defined terms.