Quarterly Report – 30 June 2011

HIGHLIGHTS

WEST AFRICA GOLD - (Comoe JV – Burkina Faso)

Phaco Hill

- **High-grade gold intersections** reported from diamond drilling, including:

  17 metres @ 2.35g/t Au
  9 metres @ 3.86g/t Au *(including* ***4m @ 6.94g/t Au****)*
  15 metres @ 2.65g/t Au *(including* ***3m @ 9.66g/t Au****)*
  17 metres @ 3.55g/t Au *(including* ***6m @ 8.5g/t Au****)*

- At least **three gold bodies** identified within the large alteration system at Phaco Hill – all of which are poorly defined below 100m depth and remain open in all directions.

- **Anomalous silver values** reported from limited assay results within gold zones at Phaco North, including:

  45 metres @ 10g/t Ag *(including* ***14m @ 23g/t Ag****)*
  92 metres @ 8.8g/t Ag *(including* ***35.3m @ 18.7 g/t Ag****)*
  11 metres @ 15.9g/t Ag

- **Gold assay results still pending** for two diamond drill-holes at Phaco Hill. Drilling operations have now been suspended for the wet season.

Other Prospects

- **Several potential gold-bearing structures** identified west of the Phaco

- **Potential new gold system** located at the **Sangigee prospect**, 3km north of Phaco Hill.

- Assay results still pending for **23 RC drill-holes at Siniko West** and **six diamond holes at Karite**.

AUSTRALIA – GOLD, MANGANESE

- **Five gold (+/- Ag, Cu, Zn) targets** confirmed at the Dundas Project, located east of Norseman, from shallow in-fill RAB drilling – *RC drilling planned for the December 2011 Quarter*.
- **Extensive VTEM targets within areas of known manganese mineralisation** outlined at the **Stanley Project** – *RC drilling scheduled for the December Quarter 2011.*

- **Strong, discrete VTEM anomalies** reflecting **possible massive sulphide mineralisation** located within mapped ultramafic rocks at the **Mt Ramsay Nickel Project** in the Kimberley region of WA.

PERU – COPPER-GOLD

- Agreement reached with Cliffs Natural Resources to explore for **Iron Oxide Copper Gold** (IOCG) **and other mineral deposits** in south-western Peru. A binding joint venture agreement is in preparation.

- **Tenement applications submitted over 13 areas** considered prospective for IOCG and other mineral deposits identified from regional aeromagnetic data.

CORPORATE

- Strong cash position of **approximately $12M** at the end of June 2011, not including **$1.875M** still outstanding from the sale of the Rocklea iron project.

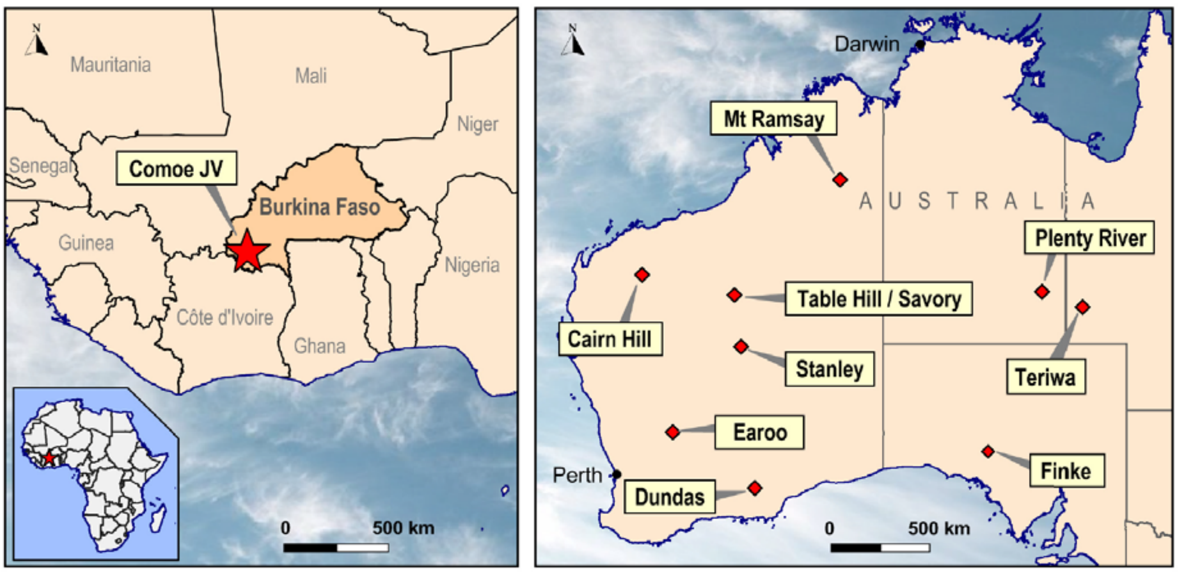


Figure 1: Project Locations – Australia and West Africa

OVERVIEW

AusQuest Limited (ASX: AQD) has a diversified portfolio of gold, base metal and bulk commodity projects in West Africa and Australia (*Figure 1*) and has recently embarked on a new exploration venture in Peru, South America in conjunction with its strategic alliance partner, Cliffs Natural Resources. The Company's exploration strategy is based on the discovery of major new deposits and new mineral provinces.

During the June Quarter, the Company continued to focus its exploration efforts at the Comoe Joint Venture in Burkina Faso, West Africa where major programs of RC and diamond drilling were undertaken to test priority gold prospects.

A total of 15,000m of RC and 6,900m of diamond drilling was completed during the current field season with drilling operations now suspended for 3-4 months over the wet season. Assay results for drilling samples continue to be reported but on an eight week turnaround time, making ongoing assessment of results incomplete. This is due to an industry-wide backlog of samples and assay results that is currently affecting all exploration companies operating in West Africa.
Compilation and interpretation of results from West Africa will be undertaken during

the September Quarter and will provide an indication of the emerging potential of the Company's gold exploration project, where work to date indicates the presence of a potentially large volcanogenic massive sulphide (VMS)-style mineralised system on the Comoe Joint Venture tenements.

In Australia, in-fill RAB drilling was completed at the Company's Dundas Gold Project in Western Australia, with gold targets defined for RC drilling later in the year. Airborne geophysical surveys (VTEM) were also completed over the Stanley (manganese) and Mt Ramsay (nickel) Projects in Western Australia identifying targets for drilling.

GOLD (WEST AFRICA)

Comoe Joint Venture *(AQD 60%, Endeavour Mining 40%)*

The Comoe Joint Venture area is located in southwest Burkina Faso, West Africa within a NNE trending greenstone belt, approximately 20km east of the town of Banfora. The area is relatively unexplored except for extensive surface sampling programs undertaken by Endeavour Mining (previously Etruscan Resources) prior to the formation of the joint venture, and scattered artisanal gold workings along the belt. Burkina Faso is emerging as a significant new West African gold province.

The Company's exploration activities continue to be focused in the **Phaco Hill** area, located within the southernmost Komoe tenement block in southern Burkina Faso (*see Figure 1*).

Previous drilling at Phaco Hill had confirmed the potential for gold (+/- silver, lead and zinc) mineralisation associated with a laterally extensive zone (1,000m x 400m) of sulphidic and aluminous alteration that is typical of gold-bearing volcanogenic massive sulphide (VMS) systems found elsewhere in the world.

During the Quarter a further five diamond drill-holes (2,200m) were completed at Phaco Hill (*see Figure 2*), six diamond drill-holes (1,030m) at the Karite prospect, and one diamond drill-hole east of Phaco to test a satellite EM anomaly. Assay results have now been received for a total of 17 diamond drill-holes at Phaco Hill with assays from the other prospects still pending.

The following table lists significant diamond drill intersections reported to date from Phaco Hill:

Hole No	Easting	Northing	From(m)	To (m)	Int (m)	Au (g/t)	Ag (g/t)
KPHD01	329594	1102701	10	63	53	0.49	8.6
(including			24.1	32	7.9	1.84	30)
KPHD02	329582	1102559	16	140.9	124.9	0.29	No assay
KPHD03	329614	1102549	111	195.5	84.5	0.80	9.4
(including			133	150	**17**	**2.35**	24)
KPHD04	329602	1102606	42	124	82	0.24	3.3
KPHD05	329638	1102603	84	165	81	0.38	6.4
KPHD06	329612	1102075	123.6	125.3	1.7	1.06	No assay
			141	145	**4.0**	**2.84**	
KPHD07	329617	1102096	136.3	139	2.7	2.59	No assay
			141.2	142	0.8	3.01	
			146	155	**9.0**	**3.86**	
(including			150	154.16	**4.16**	**6.94)**	
KPHD08	329605	1102050	132	141	9	0.22	No assay
KPHD010	329797	1102301	86	122	36	0.18	No assay
			194	220	26	0.26	
KPHD011	329612	1102500	154	169	**15**	**2.65**	No assay
(including			164	167	**3**	**9.66)**	

Cont..

KPHD012	329689	1102701	115	204.7	89.7	0.27	No assay
KPHD013	329691	1102147	247	258.1	11.1	0.59	No assay
KPHD014	329698	1102096	259	276	**17**	**3.55**	No assay
(including			267	273	**6**	**8.5)**	
KPHD015	329792	1102248	202	227	25	0.65	No assay
(*including*			213	221	8	1.47)	
KPHD016	329449	1102350	306	380	74	0.19	No assay
KPHD017	329688	1102202					No assay
KPHD022	329725	1101900	240	348	108	0.20	No assay

NB: Projection WGS84 Zone 30N; All drill-holes inclined -50° to -60° to 265-270° except KPHD016, which is inclined-50° to 090° and KPHD022 which is inclined -75° to 330°.

At least **three separate gold bodies** have been identified within the broader Phaco Hill gold system by the recent diamond drilling. At this stage, all gold bodies are poorly defined and remain open in all directions (*see Figures 2 and 3*).

At **Phaco South**, the high-grade shoot extends close to surface whereas elsewhere along the Phaco trend the shoots appear to top-out at depths of 100 metres or more below surface.

The Phaco South gold body is strike limited near surface (~100 metres) but is poorly defined at depths below 100 metres where its size and grade is unknown.

Diamond drill-hole KPHD014, which intersected the Phaco South mineralisation at a depth of 220 metres below surface, returned an intersection of **17 metres @ 3.55g/t Au** (including **6 metres @ 8.5 g/t Au**), confirming the near-vertical plunge of the gold shoot and its potential to extend to depth.

At **Phaco North**, drill-holes KPHD03 and 011, which intersected **17m @ 2.35g/ Au** and **15m @ 2.65g/t Au** respectively, suggest the onset of a second gold body while results from drill-hole KPHD015 (8m @ 1.47g/t Au) are believed to reflect the beginnings of a higher grade gold shoot at the **Phaco East** Prospect, located ~200 metres east of the main Phaco South trend.

Isolated intersections in RC drill-holes RC04 (26m @ 1.26g/t Au) and RC062 (6m @ 4.6g/t Au) at the northern and southern limits of the current drill program have not been tested at depth and may also reflect the onset of further gold shoots within the Phaco Hill system.

Drill-hole KPHD022, which was sited to test a deep EM target ~200 metres south east of Phaco South, intersected further thick low-grade gold mineralisation (108m @ 0.2g/t Au), indicating new extensions to the Phaco Hill gold system.

The high-grade gold zones are generally associated with significant sulphide contents but are not always associated with the more conductive portions of the sequence as indicated by the EM and in particular the DHEM (down-hole EM) data.

DHEM was completed in 17 of the diamond drill-holes at Phaco Hill confirming the steep plunge of the Phaco South sulphides and the continuation of this mineralisation to depths below the current level of drilling (>500 metres). Preliminary modelling also shows multiple conductive sources in most drill-holes. A full report is in preparation.

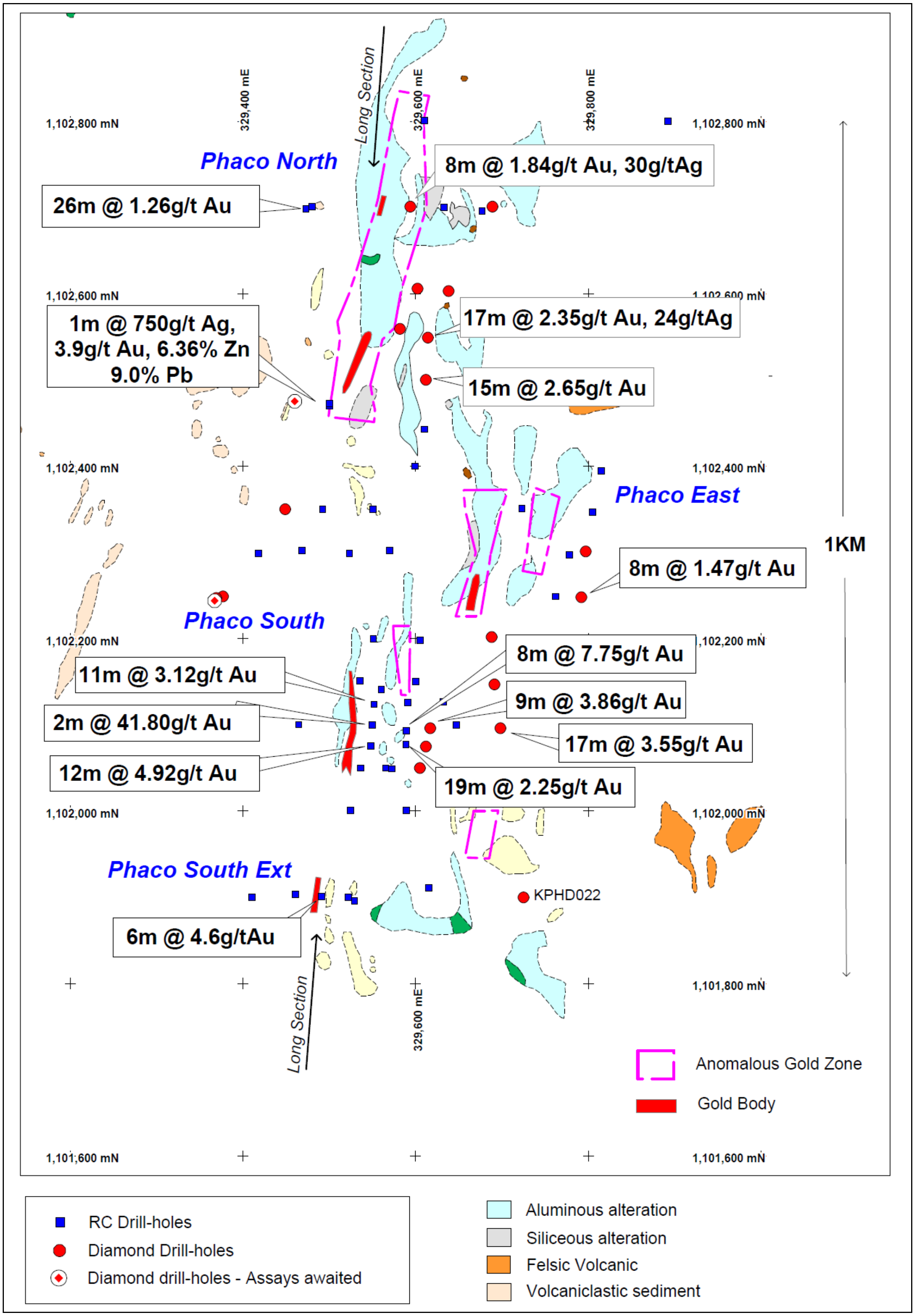


Figure 2 – Phaco Hill Drill Summary Plan

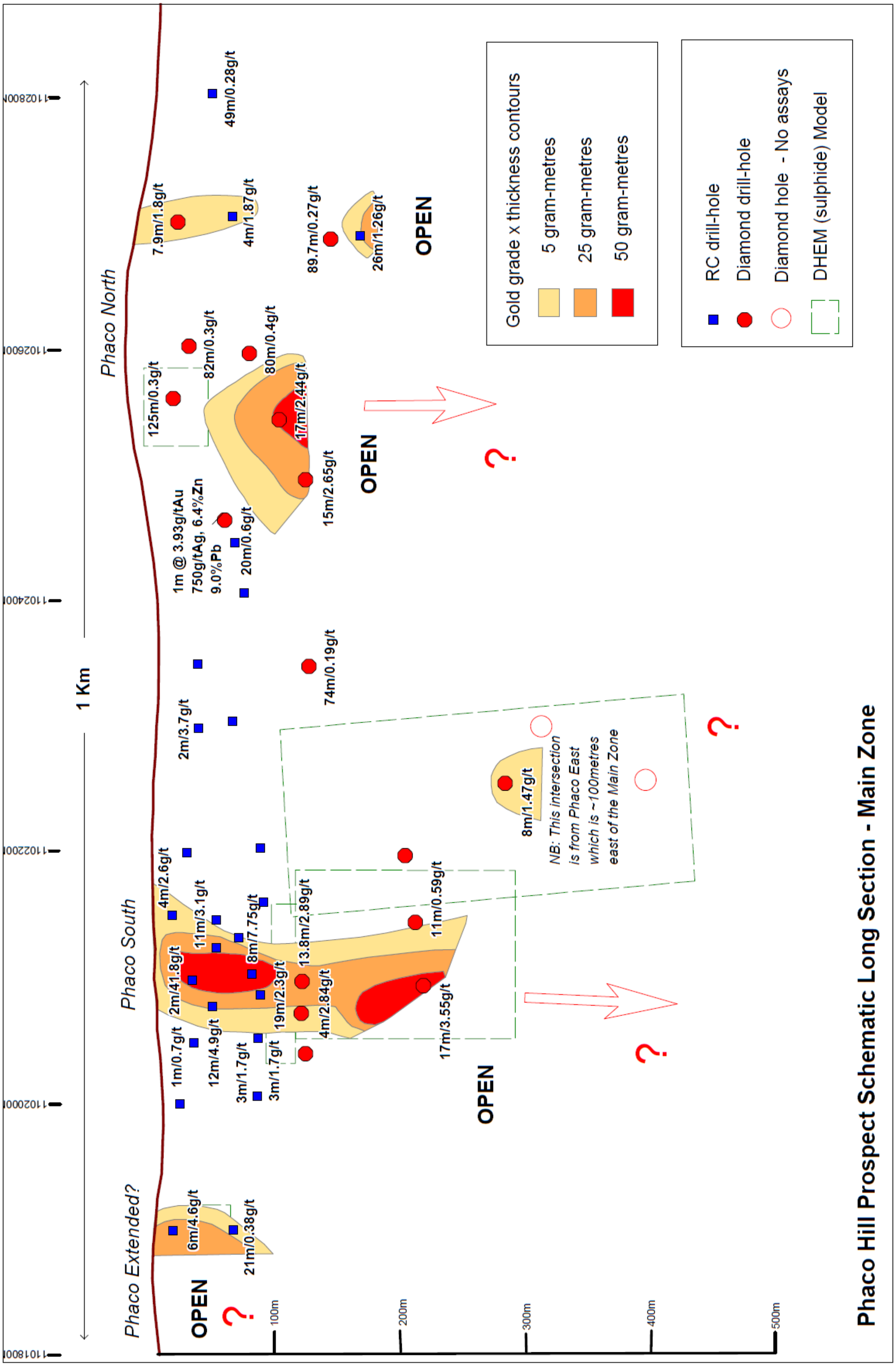


Figure 3 – Phaco Hill Schematic Long Section

Base metal assays were received for four diamond drill-holes from the Phaco North prospect indicating **thick zones of anomalous silver** (Ag) overlapping with the anomalous gold zones. Significant silver intersections included 45m @ 10g/t Ag (including 14m @ 23g/t Ag) in KPHD01, 92m @ 8.8g/t Ag (including 35.3m @ 18.7 g/t Ag) in KPHD03, and 11m @ 15.9g/t Ag in KPHD05.

Silver values directly associated with the gold zones are shown in Table 1 and reflect a potential increase of in-ground value for the relevant gold intersections. Anomalous lead (up to 6,500ppm Pb), zinc (up to 1.1% Zn) and antimony (up to 2,600ppm Sb) also occur within the silver zones, highlighting the multi-element nature of the Phaco system.

Initial diamond drill testing of targets outside of the immediate Phaco Hill area focused on EM and gold targets at the Karite prospect, located 4km south of Phaco, discrete EM targets north and east of Phaco, and shallow broad-spaced RC drilling along potential structural gold targets at Siniko West.

At **Siniko West**, initial broad-spaced RC drill coverage (97 holes / 6,284m) identified **a new gold-bearing structure** trending parallel to the Siniko Central structure, and extending for at least 5km in length. Better results included 46 metres @ 0.28g/t Au, 14 metres @ 0.5g/t Au and 14 metres @ 0.19g/t Au on drill-sections spaced 400 and 800 metres apart. Assay results for 23 of the 97 holes are still pending.

Compilation of aeromagnetic and soil geochemical data over the area has highlighted several potential gold-bearing structures within the Komoe tenement similar to the Siniko West trend (*see Figure 4*). Further shallow drilling is being planned.

Diamond drilling (6 holes / 1,030m) at the **Karite** prospect, located 3km south of the Phaco Hill area, confirmed that graphitic rocks within a mixed volcanic sequence were the source of the EM targets being tested. Assays are pending.

Single drill-hole tests of two EM targets north and east of Phaco Hill confirmed the presence of significant sulphide mineralisation at both locations.

At the **Sangigee** prospect, located 3km north of Phaco Hill, a shallow RC drill-hole intersected strong sulphide mineralisation within an altered mafic volcanic, containing anomalous gold assays (32 metres @ 0.15g/t Au) and inferring the presence of a new gold system. Further drilling is planned for this area when drilling operations re-commence.

Ground-based EM surveys were completed over a total of 17 targets located within the Komoe tenement by the 2010 VTEM survey, to outline possible targets for future drill testing. Bedrock conductors were located at each site and are being assessed with other available data to determine priorities.

Compilation of geological mapping and soil sampling over an area 5km north and 5km south of the Phaco Hill prospect is in progress. Assay results for approximately 40% of the soil sampling program are still pending.

Reconnaissance soil sampling was also completed over priority target areas identified within the Tondoura and Tiefora tenements, where new artisanal gold workings have been located. Assays are pending.

The Company is pleased with progress being made by the Comoe Joint Venture as it now looks to consolidate results from the extensive work program completed during the field season before embarking on another phase of drilling.

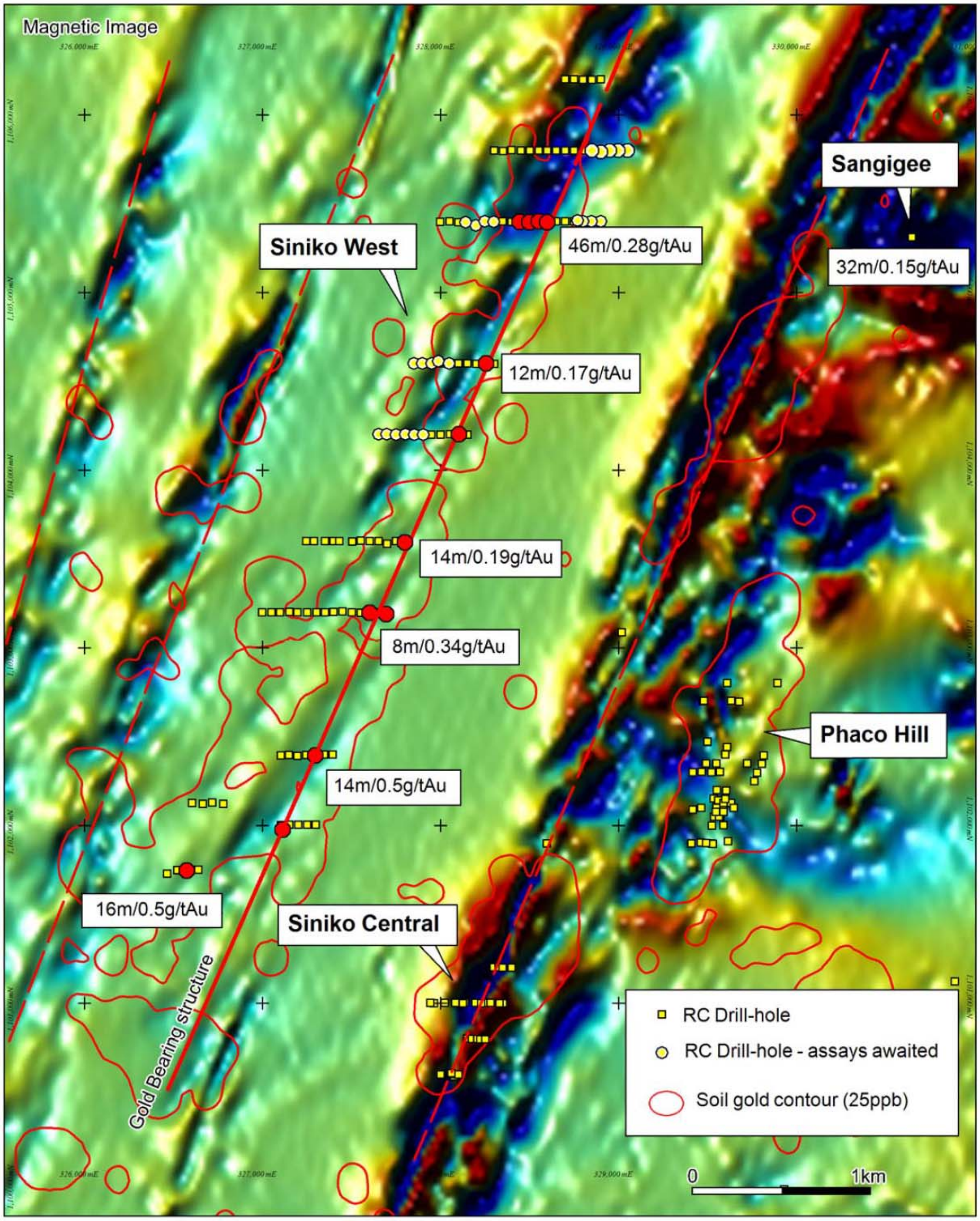


Figure 4 – Summary Plan showing Siniko gold trends

GOLD (WA)

Dundas Gold *(100% AQD)*

The Dundas Gold Project is located approximately 100km east-southeast of Norseman in WA and covers an area of ~1,100km² within a structurally complex region 200 km southwest of the Tropicana gold discovery (AngloGold Ashanti/ Independence Group). The tenements occur within the Dundas Nature Reserve, which is under the control of the Department of Environment.

Reconnaissance and in-fill RAB drilling (698 holes / 24,353m) was completed during the Quarter over gold-copper targets outlined by the regional surface sampling program. Initial drill coverage was on

sections 400m and 800m apart with in-fill drill sections at either 100 metre or 200 metre intervals either side of the anomalous drill-holes.
Assay results highlight five coherent gold targets with strike lengths varying from 400m to 1.8km, which run parallel to a contact zone along the western margin of an elliptical dome-like feature that is evident in the aeromagnetic data. Some of the gold targets are also associated with anomalous copper and zinc values (from 200 to 1,000 ppm) and occasional silver values (up to 14ppm Ag), suggesting possible multi-element targets.

Follow-up RC drilling to provide an initial test of these targets to ~100 metres depth is scheduled for the last Quarter of 2011, subject to obtaining site access clearances and drill rig availability.

MANGANESE

<u>Stanley Project</u> (*100% AQD*)

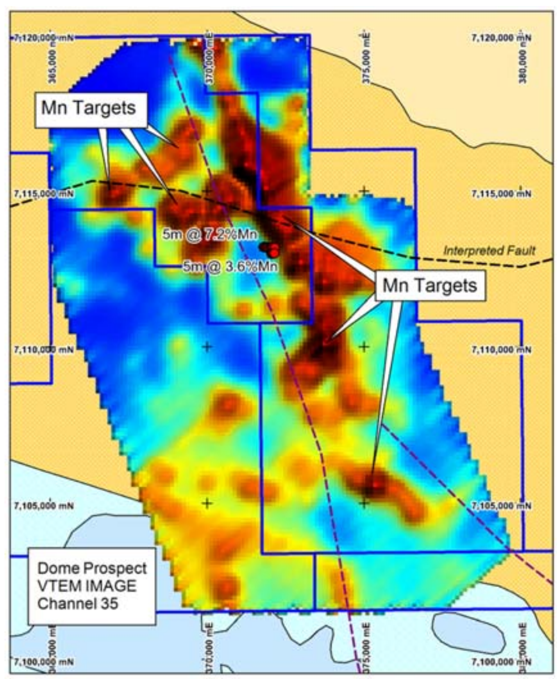
The Stanley Project is located 170km east of Wiluna in Western Australia within the Earaheedy Basin. The Project comprises 16 granted Exploration Licences and three Exploration Licence Applications covering a total area of approximately 4,400km² following rationalisation of the Company's tenement holdings. Manganese mineralisation in the area appears to be associated with thick carbonate units that are located stratigraphically above the iron formations which occur near the base of the Frere Formation.

VTEM surveys were completed over three prospect areas within the Stanley Project area during the Quarter to identify potential accumulations of manganese mineralisation within the Earaheedy Basin sediments.

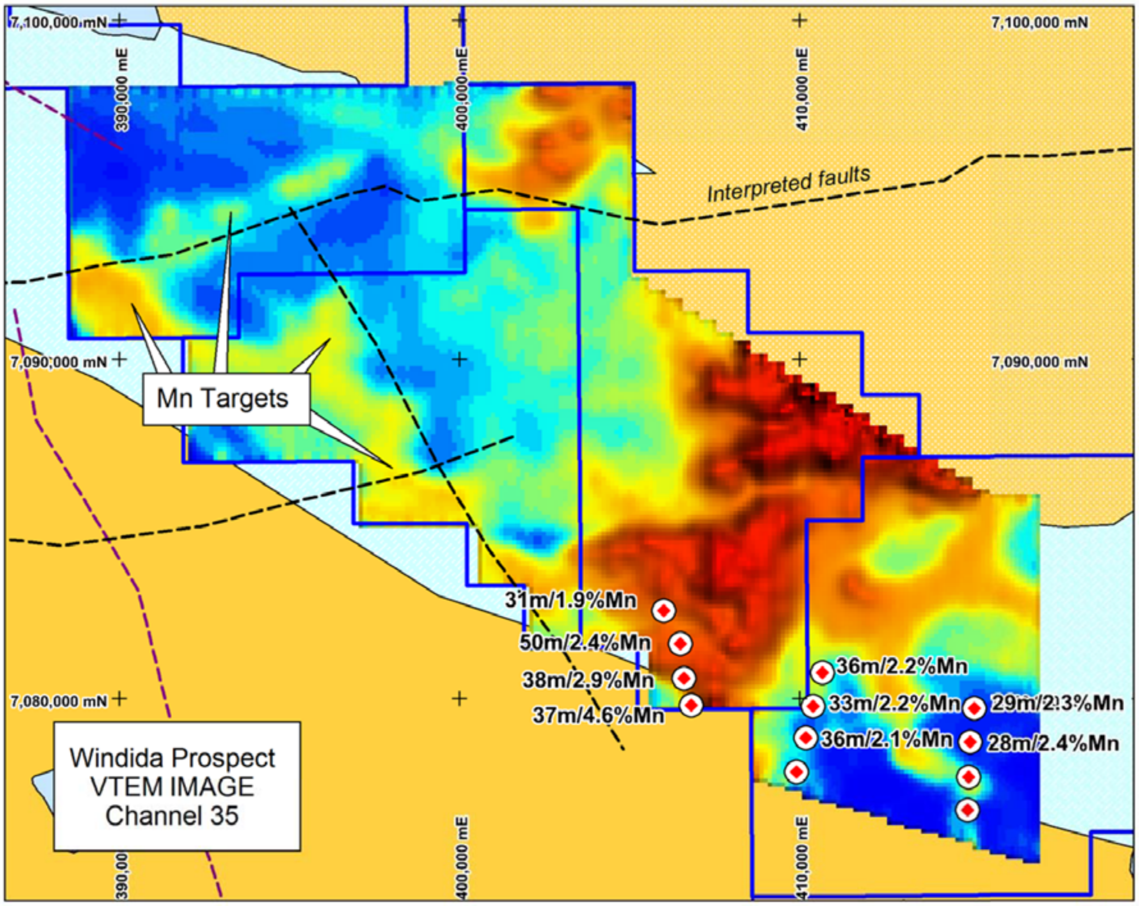
The VTEM surveys covered areas of interpreted structural complexity where hydrothermal activity is believed most likely to have occurred and areas where previous drilling had identified high background manganese values (up to 100 metres of 3% Mn) within the sediments.

Preliminary data indicate strong linear EM responses in each area, reflecting possible accumulations of manganese and/or clay along interpreted structures within the sedimentary sequence. Field reconnaissance of the targets failed to find an obvious cause for the anomalies and shallow RC drilling is now being planned to test these targets, subject to obtaining site access clearances and drill rig availability.

Final inversion of the VTEM data is currently being undertaken and a more complete assessment of the data will be made once this processing is complete.



Dome VTEM Survey



Windida VTEM Survey showing manganese targets

Table Hill Project *(100% AQD)*

The Table Hill Project, which covers an area of approximately 6,000km², is located 200km east of Newman in Western Australia within the western Officer Basin sediments. The area is dominantly sand covered, with the potential to host high-grade manganese mineralisation highlighted by the Company's exploration drilling results in 2007.

Shallow bedrock drilling to test an extensive manganese soil anomaly is scheduled to commence in mid-August 2011. This anomaly coincides with the interpreted position of the dolomitic siltstone unit that hosts the manganese mineralisation at the MN1 prospect. The program is expected to take two weeks to complete.

BASE METALS

Plenty River Base Metal Project *(100% AQD)*

The Plenty River Project is located 250km east of Alice Springs in the Northern Territory. The copper and nickel prospectivity of this region has been highlighted by the discovery of copper and nickel sulphide mineralisation to the north-west of the Company's tenements.

Drilling at the Caroline prospect is now scheduled to commence in September 2011. Heritage clearances have now been obtained and the drilling contract awarded to Winmax Drilling.

Caroline represents a discrete late time EM anomaly and associated gravity response, indicative of a relatively large conductive body (sulphide mineralisation) located at depths of 400 to 500 metres.

The Company was advised during the Quarter that its application for funding assistance under the NT Government's 'Geophysics and Drilling Collaborations Program' had been successful and that funding of up to $100,000 would be available to cover 50% of the direct drilling costs.

Mt Ramsay Nickel Project *(AQD 100%)*

The Mount Ramsay Project is located between 60 and 120 kilometres south west of Halls Creek in the Kimberley Region of WA. The Project straddles the Halls Creek Mobile Zone and contains mafic intrusive rocks that are believed to have potential to host nickel sulphide mineralisation similar to that found at Voiseys Bay in Canada. The Company has approximately 930km² under granted tenement.

During the Quarter, VTEM surveys were completed over priority target areas identified from available geological mapping as being prospective for nickel sulphide mineralisation.

Preliminary data have highlighted several strong discrete VTEM responses, which may reflect massive sulphide mineralisation.

The anomalies occur within mapped ultramafic rocks around the margin of a large gabbroic body making them high priority targets for nickel sulphide mineralisation.

The Company is currently negotiating access to the area to allow field work to commence.

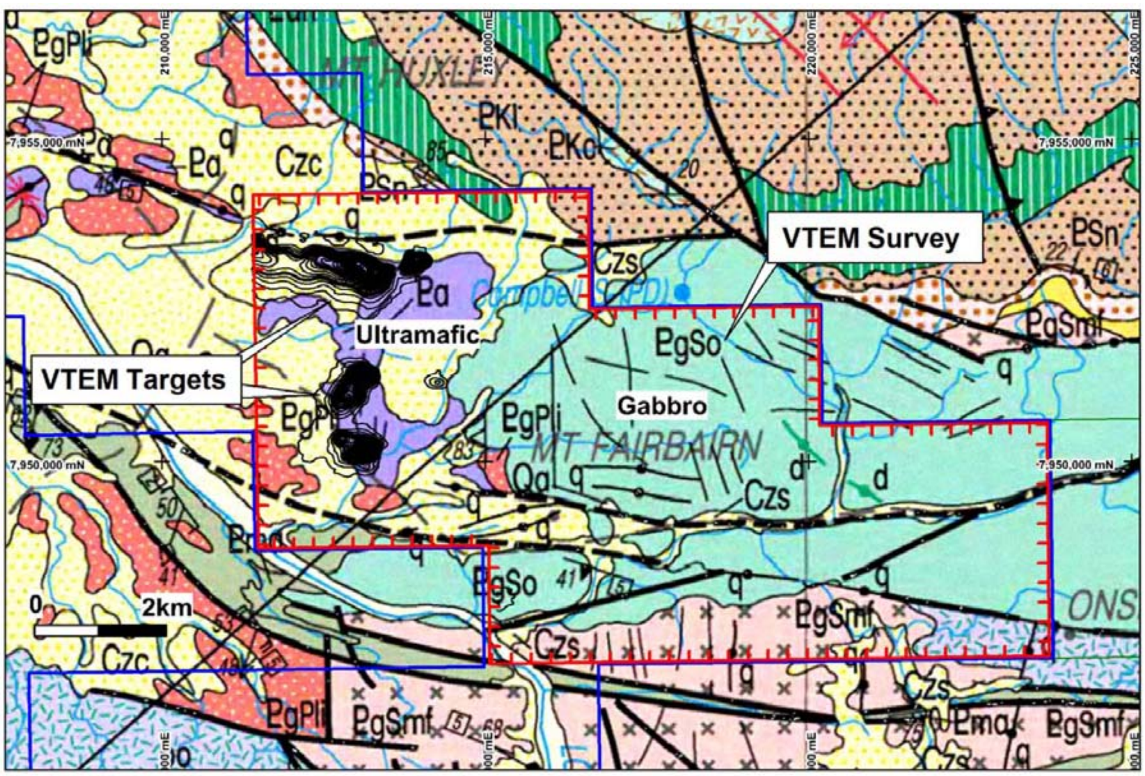


Figure 6 – Mt Ramsay Nickel Sulphide Targets

Earoo Nickel Project *(AQD 100%)*

The Earoo Project is located approximately 130km northwest of Southern Cross in the Yilgarn region of WA. Interpretation of regional aeromagnetic data identified a large mafic intrusion which is believed to form part of the Warakurna Large Igneous Province (WLIP), which has recently been suggested may include intrusive rocks in the Musgrave area some of which are known to host nickel sulphide occurrences. The tenement covering the prospect (~600km²) was granted in January 2011.

Interpretation of the final processed VTEM data has identified five priority targets for ground follow-up. Each target reflects a discrete late time EM response and may reflect massive sulphide mineralisation. Ground EM surveys are planned to optimise sites ahead of drilling.

Access to the area for ground surveys is currently being sought from the representative Native Title Body.

Teriwa Copper-Gold Project *(100% AQD)*

The Teriwa project is located approximately 350km southwest of Mt Isa and 100km northwest of the Diamantina Project in western Queensland. It represents an Olympic Dam-style geophysical target at depths of approximately 500 metres below the surface.

Tenement grant is still awaited to enable field work to commence. A detailed gravity survey has been planned and will be used to identify targets for drilling in 2012.

Cairn Hill Nickel Project *(AQD 100%)*

The Cairn Hill Project is located 50km west of Paraburdoo in the Pilbara region of WA. It contains extensive outcrops of ultramafic rocks which are considered to be prospective for nickel sulphide mineralisation. Approximately 30km of basal ultramafic contact is exposed within the tenement area and this will be the initial focus of exploration activity in the area.

The grant of the Cairn Hill tenement still awaits signing of a State Deed to finalise the Heritage Agreement signed by the Company and the Traditional Owners.

Prospecting of the basal contact of the ultramafic to locate nickel sulphide gossans has been postponed until the State Deed is finalised.

Finke Copper-Gold Project *(100% AQD)*

The Finke project is located approximately 40km southwest of Tarcoola and 20km south of the Trans-Australian Railway within the Yellabinna Regional Reserve in South Australia. The Company's tenement covers a linear trend of magnetic targets thought to reflect ironstone bodies with the potential for copper and gold mineralisation.

Assessment of available data highlighted a major NNE trending structural zone containing up to seven discrete magnetic targets which have never been drill tested.

Meetings are currently being sought with Native Title and Government bodies to determine access issues ahead of commencing ground work to identify drill sites to test these anomalies.

Savory Nickel Project (*100% AQD*)

The Savory Nickel Project is located 150km south-east of Newman in WA and covers an interpreted feeder zone to the Table Hill Volcanics, which is believed to be prospective for Noril'sk-style nickel sulphide deposits.

Diamond drilling of the Sav08 EM/magnetic target was completed during the Quarter, intersecting a thick mafic intrusive between 18 and 271 metres down hole, but with no sign of significant mineralisation. No further work is planned in this area.

PERU

During the Quarter, the Company announced that a non-binding agreement had been reached with Cliffs Natural Resources Exploration Inc to identify, explore and evaluate potential Iron Oxide Copper Gold (IOCG) and other mineral deposits in south-western Peru, South America. Details of the agreement were reported to the ASX on the 3rd June 2011.

Drafting of a final Joint Venture agreement is in progress and it is expected that the documents will be ready for signing before the end of August 2011.

A regional aeromagnetic survey was commissioned during the Quarter to identify priority targets for acquisition. To date 92 Prospecting Licence applications have been submitted to secure 13 areas considered prospective for IOCG and other mineral deposits.

Initial field reconnaissance within these areas will commence when the tenements are granted.

BUSINESS DEVELOPMENT

The Company's Business Development Team continues to evaluate a wide range of opportunities both within Australia and offshore with the aim of adding significant value to the Company.

Project generation work is continuing in Australia, South America and Africa, where a number of opportunities have been identified which the Company is currently evaluating.

CORPORATE

AusQuest's cash reserves at the end of March 2011 were approximately **A$12 million**, with **$1.875 million** still to be paid to AusQuest for the sale of the Rocklea Project, putting the Company in a strong financial position.

KEY ACTIVITIES – SEPTEMBER 2011 QUARTER

The following field activities are planned for the September Quarter 2011:

- Comoe JV (gold) – Complete analysis of all drill and surface samples;
- Table Hill (manganese) – Aircore drilling of manganese soil anomaly;
- Stanley (manganese) – Site clearances for RC drilling;
- Plenty River (Cu-Ni) – Diamond drilling at the Caroline Prospect;
- Earoo (Ni) – Ground EM surveys over VTEM Ni targets;
- Mt Ramsay (Ni) – Site clearances to gain access to VTEM targets;
- Peru (IOCG) – Field reconnaissance of IOCG targets

Graeme Drew
Managing Director

COMPETENT PERSON'S STATEMENT

The details contained in this report that pertain to exploration results are based upon information compiled by Mr Graeme Drew, a full-time employee of AusQuest Limited. Mr Drew is a Fellow of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience in the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Drew consents to the inclusion in the report of the matters based upon his information 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.

Name of entity

AUSQUEST LIMITED

ABN	Quarter ended ("current quarter")
35 091 542 451	30 June 2011

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A '000	Year to date (12 months) $A '000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(3,971)	(9,217)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(727)	(2,934)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	196	1,130
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(4,502)	(11,021)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(12)	(40)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	3,875
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(12)	3,835
1.13	Total operating and investing cash flows (carried forward)	(4,514)	(7,186)

1.13	Total operating and investing cash flows (brought forward)	(4,514)	(7,186)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from unissued shares, options etc	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(4,514)	(7,186)
1.20	Cash at beginning of quarter/year to date	16,380	19,052
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter / year to date**	**11,866**	**11,866**

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	158
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Executive directors' salaries and non-executive directors' fees and superannuation, consulting fees and rental of office space.

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

None.

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

None.

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	1,750
4.2	Development	-
4.3	Production	-
4.4	Administration	250
	Total	2,000

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	2,687	2,201
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (Money market/Term Deposit)	9,179	14,179
	Total: cash at end of quarter (item 1.22)	**11,866**	**16,380**

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	E69/1780 E69/1782 E69/1783 E69/1784 E69/1952		100% 100% 100% 100% 100%	Nil Nil Nil Nil Nil
6.2	Interests in mining tenements acquired or increased	E38/2407 E38/2430		Nil Nil	100% 100%

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**	228,312,235	228,312,235		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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)*			*Exercise price*	*Expiry date*
		500,000	-	30 cents	31 Jan 2012
		1,250,000	-	35 cents	31 Dec 2012
		1,350,000	-	20 cents	1 Dec 2013
		1,150,000	-	40 cents	1 Dec 2013
		500,000	-	30 cents	30 Nov 2013
		500,000	-	40 cents	30 Nov 2013
		1,750,000	-	40 cents	30 Nov 2013
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	3,700,000	-	54 cents	30 June 2011
		48,060,857	-	40 cents	21 May 2011
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: (Company secretary) Date: 25 July 2011

Print name: Darren Crawte

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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