ASX Announcement
Quarterly Report for period ended 31 December 2011

CAULDRON ENERGY LTD

30 January 2012

QUARTERLY REPORT - 31 DECEMBER 2011

Please find attached the Quarterly Activities Report and Appendix 5B for the period ended 31 December 2011.

Yours faithfully
Cauldron Energy Limited

Brett Smith
Executive Director

Cauldron Energy Ltd.

ABN 22 102 912 783

18 Oxford Close
LEEDERVILLE WA 6007

PO BOX 144
West Perth WA 6872

ASX Code CXU

96.2 M ordinary shares

12.8 M listed options

600,000 unlisted options

Board of Directors

Tony Sage
Executive Chairman

Brett Smith
Executive Director

Qiu Derong
Non-executive Director

Claire Tolcon
Company Secretary

ASX Announcement

Quarterly Report for period ended
31 December 2011

CAULDRON ENERGY LTD

HIGHLIGHTS

Corporate

- Cash on hand at 31 December 2011 was approximately $4.1million. In addition, the Company held liquid assets valued at approximately $1.0million at 31 December 2011.
- Realisation of Wallbrook Royalty for 5,000,000 shares in Saracen Minerals Holdings Limited which were subsequently sold on market, generating $3.8million for the Company (before costs).
- Annual General Meeting held and all resolutions passed on a show of hands.

Projects

Australia

- Exploration in Australia has focussed on preparations for the 2012 field season.
- In South Australia at the Marree JV, heritage surveys and work program clearances were obtained for a 125 hole, 6,500m drilling campaign. This drilling commenced in January 2012.
- A Program of Works approval was obtained for the Yanrey Project in Western Australia. This application was originally submitted in July 2009 and was delayed due to heritage issues. The Company is in the process of sourcing a drill rig for the exploration, which will focus on the Bennett Well uranium resource and extension areas.

Argentina

- In December 2011, a newly elected provincial government took office in Catamarca, where Cauldron's Rio Colorado Project is located. The new Provincial Government is aligned with the Federal Government and has committed to progressing exploration and mining projects that will benefit the province. This is a very encouraging development and the Company looks forward to working with the Government in Catamarca.
- Assay results have been returned from drilling reported last quarter at Los Colorados in the province of La Rioja. Consistent anomalous zones of between 5 and 7 metres were intersected, with the mineralised trend extending from the old opencut mine to the south and remaining open. The tenor of uranium mineralisation in drill chips is significantly lower than results from surface and in-pit channel sampling. This is thought to be a result of the drilling method. The Company is currently sourcing down-hole geophysical equipment to test the uranium mineralisation within the holes. Better results from the analysis of drill chips include:-

LCR11-018	1.0m at 739 ppm U_3O_8 from 31.5m
	2.5m at 250 ppm U_3O_8 from 36.5m
LCR11-017	1.5m at 904 ppm U_3O_8 from 31.5m
	1.0m at 198 ppm U_3O_8 from 34.0m
	1.5m at 431 ppm U_3O_8 from 37.0m

CORPORATE

Strategy

Cauldron Energy Limited (ASX: **CXU**) (**Cauldron** or the **Company**) is an Australian based exploration company focussed on uranium exploration in Australia and Argentina.

The Company's strategy is to acquire early stage uranium projects prospective for uranium and to add value to these assets by hands-on management and exploration and position them for development.

Finance and Activities

At 31 December 2011, the Company had approximately $4.1million in cash and held liquid assets valued at approximately $1.0million.

In November 2011, the Company realised the deferred consideration and royalty that it held in respect of the Wallbrook Project located in the Eastern Goldfields of Western Australia. The Company sold the Wallbrook Project to Saracen Minerals Holdings Limited (ASX: **SAR**) (**Saracen**) in March 2007 which included a deferred consideration comprising the issue of Saracen shares upon the commencement of mining operations and a $1/tonne royalty on the first two million tonnes mined from the Wallbrook Project.

The Company negotiated the realisation of the deferred consideration and received 5,000,000 Saracen shares as final settlement for the deferred consideration and royalty. The Saracen shares were subsequently sold on-market generating $3.8million (before costs) for the Company. The funds will be used for exploration activities and working capital in Australia and Argentina.

The Company held its Annual General Meeting in November 2011 and all resolutions were passed on a show of hands.

During the quarter a total of 7,900,000 unlisted options lapsed.

PROJECTS

Cauldron owns or has interests in several uranium and base metals projects in Australia and Argentina. The maturity of these projects varies from grass-roots exploration to resource definition in regions fertile for uranium mineralisation and resources.

Exploration during the quarter focussed on preparation for the 2012 field season at Marree in South Australia and Yanrey in Western Australia.

Australia

In Australia Cauldron holds or has interests in 6 uranium exploration project areas (Figure 1) covering more than 9,500km^2. The projects are:

- Marree Joint Venture in South Australia comprising 5 granted exploration licences (2,794km^2) prospective for sedimentary hosted uranium deposits;

- Yanrey Project (**Yanrey**) and Uaroo Joint Venture in Western Australia. Yanrey comprises 12 granted exploration licences (1,657km^2) and 8 applications for exploration licences (1,636km^2). Uaroo Joint Venture comprises 2 granted exploration licences (114km^2). Yanrey is prospective for large sedimentary hosted uranium deposits;

- West Lake Frome Project in South Australia comprises 3 granted exploration licences (1,444km^2) prospective for sedimentary hosted uranium deposits;

- Amadeus Project in Northern Territory comprises 3 granted exploration licences (1,339km^2) prospective for sedimentary hosted uranium deposits;

- Glencoe Project in South Australia comprises 1 granted exploration licence (922km^2) prospective for sedimentary hosted uranium deposits; and

- Mawson Project in South Australia comprises 1 granted exploration licence (88km^2) prospective for sedimentary hosted uranium deposits.

Marree Project, South Australia (CXU 60% and Manager)

The Marree uranium project is located 550km north of Adelaide in the Eromanga Basin adjacent to the uranium-rich Mount Babbage Inlier (Figure 2). The project is fully funded by a joint venture agreement between the Company and a Korean consortium involving the Korean Government (KORES), Daewoo International Corporation and LG International Corporation. The Korean participants can earn up to an aggregate 50 percent interest in the Marree Project by funding AUD$6.2M of exploration activities over three years.

Exploration activities commenced in mid-2009 and the joint venture is in its final year of term, with a total of A$3.34M having being expended to date.

- Cauldron has completed preparation work for a 6,500m of mud rotary drilling, proposed to be completed in the March 2012 Quarter. Drilling will include 5,000m at the MacDonnell Creek Prospect within the Blanchewater Paleochannel (Figure 3) and 1,500m at the Red Banks Well Prospect (approximately 20km northwest of MacDonnell Creek).

- Drilling has commenced at the Marree Project (refer to Announcement dated 23 January 2012).

- At **MacDonnell Creek** (Figure 3) drilling in 2011 confirmed a large zone of anomalous uranium mineralisation in reduced sedimentary rocks up to 20m thick. Moreover, a new, more confined and prospective paleochannel was delineated, which is interpreted to be the source of the high uranium values in the flanking reduced sedimentary rock package. Seven drill holes intercepted the new paleochannel, which contains significant uranium intercepts and represents a new target at Marree with excellent potential for a large downstream uranium accumulation at a redox front.

- At the **Red Banks Well Prospect** broad-spaced reconnaissance drilling will be conducted to better delineate the extents and tenor of mineralisation defined to date. Drilling in 2010 identified a six kilometre long redox front within the Eyre Formation associated with anomalous uranium mineralisation, up to 10 x background. This anomaly is unconstrained to the north and east.

Existing drilling is broadly spaced (five east-west orientated lines on 3.2km by 1.6km spacing's) and has targeted uranium mineralisation in Eyre and Namba Formations sands. Exploration to date has tested approximately 13km strike length of an interpreted palaeochannel system.

Yanrey Uranium Project, Western Australia (100%) including the Uaroo Joint Venture (earning 70% and Manager)

The Yanrey Project is located 70km south of Onslow in Western Australia (Figure 4). The project covers Mesozoic sediments, which are highly prospective for sandstone hosted roll front uranium mineralisation amenable to In-situ Recovery (ISR) mining. Other uranium projects in the district include Paladin Energy Ltd's (ASX: **PDN**) adjoining 24 million lbs Manyingee uranium deposit in the north and Energia Minerals Limited's (ASX: **EMX**) 9.2 million lbs Carley Bore uranium deposit to the south.

The Yanrey Project includes:

- the Bennet Well deposit with a total Inferred Mineral Resource of 7.3 Mt at 300ppm eU_3O_8 (4.8 million lbs eU_3O_8) (refer ASX announcement dated 9 July 2008 for full details) estimated at a 150 ppm cut-off; and

- an Exploration Target estimate of 25 to 35 million pounds U_3O_8 (11,000 to 16,000t) at a grade of 300 to 900 ppm[1] in 11 paleochannel systems (refer ASX announcement dated 15 September 2009 for full details).

Mineralisation at Bennet Well remains open in all directions including the area known as Bennet Well North East where drilling in 2008 by Cauldron intersected a widespread zone of elevated uranium including 3.28m at 583 ppm eU_3O_8 in hole YNAC222 (Figure 5) (refer ASX announcement dated 20 August 2008 for full details). There are also several other untested areas that are prospective for uranium mineralisation, that have been excluded from the exploration target estimate until further regional exploration is conducted.

A Program of Works approval was obtained for exploration drilling at the Yanrey Project. This application was originally submitted in July 2009 and was delayed due to heritage issues. The Company is in the process of sourcing a drill rig for the exploration, which will focus on the Bennett Well uranium resource and extension areas. The initial aim of the drilling is to substantially increase the size of the current resource at Bennet Well.

West Lake Frome Project, South Australia (100% diluting)(UEQ Manager and earning 80%)

The West Lake Frome Project is located 450km north of Adelaide (Figure 2) between the eastern escarpment of the Flinders Ranges and the western edge of Lake Frome, with the uranium–rich source rocks of the Mount Painter Inlier to the north and the uraniferous Willyama Complex to the south. The project lies along the Arrowie-Paralana Fault system which defines the western boundary of the Frome Embayment. This regional fault system is thought to be associated with the significant uranium mineralisation at the Beverley Four Mile deposit, 40km to the north.

[1] The estimates of exploration target sizes mentioned in this release should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimates of exploration target sizes are conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a Mineral Resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.

The project is subject to a Farm-in and Joint Venture agreement with Uranium Equities Limited (ASX: **UEQ**) whereby UEQ will manage and fund A$5 million of exploration expenditure over 5 years to earn an 80% interest.

Early exploration by UEQ has been successful, with reconnaissance rotary mud drilling program completed in the September 2011 Quarter on the Frome Embayment tenements which includes the West Lake Frome Project Joint Venture tenements.

Drilling identified anomalous downhole gamma values with the highest grades encountered in hole WC004 located in EL4612, which is part of the West Lake Frome Joint Venture being:

- 0.37m at 143ppm eU_3O_8 from 194.5m (peak of 186.7ppm eU_3O_8); and
- 1.09m at 152ppm eU_3O_8 from 197.2m (peak of 291.2ppm eU_3O_8).

Amadeus Uranium Project, Northern Territory (100%)

The Amadeus Project is located in the Amadeus Basin 50km south of Alice Springs (Figure 1). Exploration to date has focused on uranium mineralisation associated with a regionally extensive redox boundary similar to the nearby Pamela and Angela Uranium Deposits, which is a joint venture between Paladin Energy (50%), and Cameco Australia (50%).

Cauldron is currently evaluating the possibility of joining a CSIRO study of the Amadeus and Ngalia Basins to further assist in identifying exploration drill targets.

Glencoe Project (100%)

The Glencoe Uranium Project is located in the Lake Frome region 450km northeast of Adelaide (Figure 2). The Project is prospective for roll front type uranium mineralisation within sediments of the Tertiary Lake Eyre Basin, contained within the Carnanto and Yalkapo Paleochannels which traverse the Project.

No work was completed on this project during this reporting period.

Mawson Project (100%)

The Mawson Uranium Project is located in the prospective Mount Painter Complex, 500km north of Adelaide (Figure 2). The licence is 5km to the southwest of Marathon Resources Limited's 66 million lbs Mt Gee uranium deposit.

The project covers the southern extension of the Mount Painter Complex and the continuation of the Paralana Fault zone. Reactivation of this fault is believed to be an important factor in the localisation of the uranium mineralisation at the Mount Gee and Mount Painter breccia hosted uranium deposits.

No work was completed on this project during this reporting period.

Exploration - Argentina

In Argentina, Cauldron controls, through its wholly-owned subsidiary Jackson Global Limited (**Jackson Global**), and an agreement with Caudillo Resources S.A. (**Caudillo**) more than 3,400km^2 of ground in 6 project areas (Figure 6).

The main focus of project work during the quarter has been the review of reconnaissance drilling at Los Colorados Project completed last quarter, as well as the compilation and assessment of available geological and exploration information at Rio Colorado and Las Marias.

Jackson Global

- The Rio Colorado project in Catamarca Province covers an area of 454km^2 and comprises 4 granted mining leases (minas), 6 granted exploration licences (cateos) and 4 mining lease applications. The deposit intermittently outcrops over a strike of 17km with numerous small scale historical workings focussed on the sandstone hosted uranium-copper-silver mineralisation; and

- Las Marias in San Juan Province comprising 2 granted exploration licences and 9 applications covering an area of 793km^2. The project displays outcropping sandstone hosted uranium deposits, but is also prospective for copper, silver and gold.

Caudillo Resources

- Los Colorados Project in La Rioja Province comprising 1 granted mining lease and 1 granted exploration licence. The project includes the old Los Colorados Uranium Mine, which has a quoted production of approximately 55 tonnes of uranium concentrate (1992 and 1996), from roll-front sandstone hosted uranium mineralisation; and

- Esperanza Project in La Rioja Province comprising 8 licences (756km^2) prospective for sandstone hosted uranium deposits.

The Company also has several applications pending for exploration licences in the Catamarca, San Juan, La Rioja and Santa Cruz provinces.

Los Colorados Project, Argentina (CXU earning 80% of 77.5%)

Cauldron, through its wholly owned subsidiary Jakaranda Minerals Limited (**Jakaranda**), entered into an agreement with Argentinean company Caudillo early in 2011 to fund exploration at the historic Los Colorados Uranium Mine in the province of La Rioja in Argentina. Caudillo hold an exclusive option with Energia Y Minerales Sociedad Del Estado (**EMSE**), a provincial state mining company, to acquire a minimum of 77.5% of the Los Colorados tenements.

The uranium mineralisation mined from 1992-1996 is of the sandstone hosted roll-front style and is hosted within Carboniferous age clastic sediments and is observed in the walls of the open pit (Figure 6). This, along with historical drill records, indicates the mineralisation extends beyond the boundary of the mined area. Old mine records indicate grades from 0.26 to 1.22% U_3O_8 in dark shale units within and on the margins of the open pit that host the uranium mineralisation. Additionally, this style of deposit supports the likelihood of further roll-front horizons existing elsewhere within the project. The Los Colorados deposit was discovered by an airborne radiometric survey as it outcropped at the surface.

In August 2011, Caudillo completed a 20 hole reverse circulation drilling program for a total of 1,027 metres of drilling (Figure 7) aimed at testing for extensions to the Los Colorados mine. Assay results returned during the December 2011 quarter identified uranium mineralisation associated with what is interpreted to be roll-front style uranium environment adjacent to the old mine.

Consistent broad zones of anomalous uranium mineralisation were intersected, with the mineralised trend extending from the old opencut mine to the south and remaining open. However, the difference between the tenor of surface or in-pit channel sampling (commonly plus 1,000ppmU) and the drilling results were significant. The reverse circulation drill samples (chips), while appropriate for reconnaissance exploration, are not an effective test of grade for this style of mineralisation. The Company is currently sourcing down-hole survey equipment as a further test of the uranium mineralisation within the holes.

In summary, assay results (+1m and +100ppm U_3O_8) included:-

LCR11-018	1.0m at 739 ppm U_3O_8 from 31.5m
	2.5m at 250 ppm U_3O_8 from 36.5m
LCR11-017	1.5m at 904 ppm U_3O_8 from 31.5m
	1.0m at 198 ppm U_3O_8 from 34.0m
	1.5m at 431 ppm U_3O_8 from 37.0m
LCR11-019	1m at 256 ppm U_3O_8 from 28.0m
LCR11-020	1m at 336 ppm U_3O_8 from 28.5m

In general the main anomalous horizon is 5m to 7m in thickness.

Work at Los Colorados is continuing with the information acquired from drilling to be used for regional target generation and near-mine exploration.

Rio Colorado Uranium Project, Argentina (CXU earning 92.5%)

Cauldron, through its wholly owned subsidiary Jackson Global has the right to earn 92.5% of the Rio Colorado uranium-copper-silver project in Catamarca, one of the principal mining provinces in Argentina.

The Rio Colorado Project comprises a 17km long zone of outcropping mineralised (uranium, copper and silver) continental red bed sandstones. Extensive surface sampling of uranium mineralised outcrop indicates ore zones 10-20m wide, including zones between 300 to 3,000 ppm U_3O_8 over widths up to 10.7m. Mapping and sampling at the northern end of the mineralised sandstones indicates continuity over at least 5km, which remains open to the south.

The exploration of Rio Colorado has been stalled due to political and social issues. In December 2011, a newly elected provincial government took office in Catamarca. The new Provincial Government is aligned with the Federal Government and has committed to progressing exploration and mining projects that will benefit the province. This is a very encouraging development and the Company looks forward to working with the Government of Catamarca on the Rio Colorado Project.

Las Marias Uranium Project, Argentina (100%)

Cauldron, through its wholly owned subsidiary Jackson Global has granted leases and applications over ground prospective for uranium mineralisation in San Juan, one of the principal mining provinces in Argentina. The Las Marias Project includes areas of historical uranium exploration, dating from the 1970s. Jackson Global is the first company to receive environmental clearance for the exploration and bulk testing for uranium in this province.

Within the Las Marias Project, outcropping uranium mineralisation is defined within strata bound sandstones, with over 7km of strike, conformable with the local stratigraphy. Radiometric anomalism suggests that the mineralised units extend under cover, throughout the project area. Initial investigations by the Company, indicates an average outcropping uranium anomalism of between 100 to 550 ppm U_3O_8 up to three metres in width, with samples peaking at 1,305 ppm U_3O_8.

Work has commenced to procure regional airborne geophysical and remote sensing data sets for Rio Colorado and Las Marias prepatory to defining and prioritising the next stages of exploration.

ENDS

For further information visit www.cauldronenergy.com.au or contact

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Competent Person Statement

The information in this report that relates to Cauldron Energy Limited's Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brett Smith, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Smith is an employee of Cauldron Energy Limited. Mr Smith has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration, and 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 Smith consents to the inclusion in the report of the matters based on his information, in the form and context in which it appears.

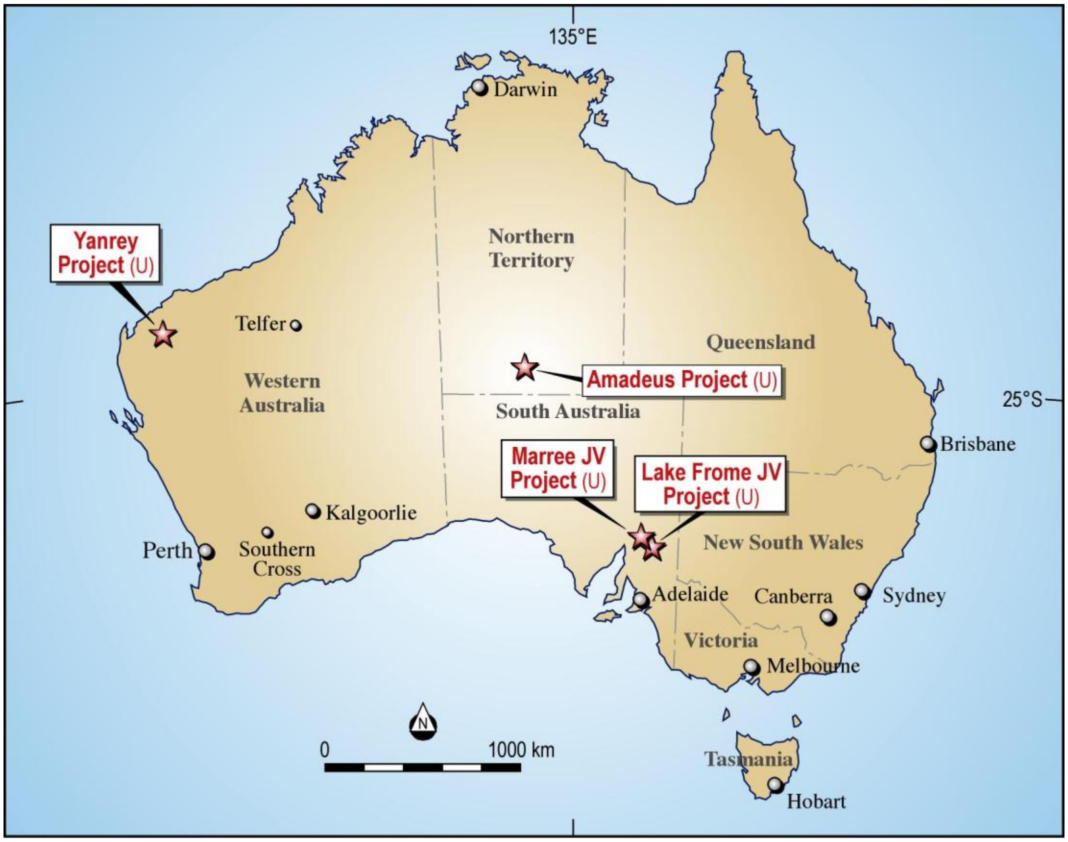

Figure 1: Major Project Locations in Australia

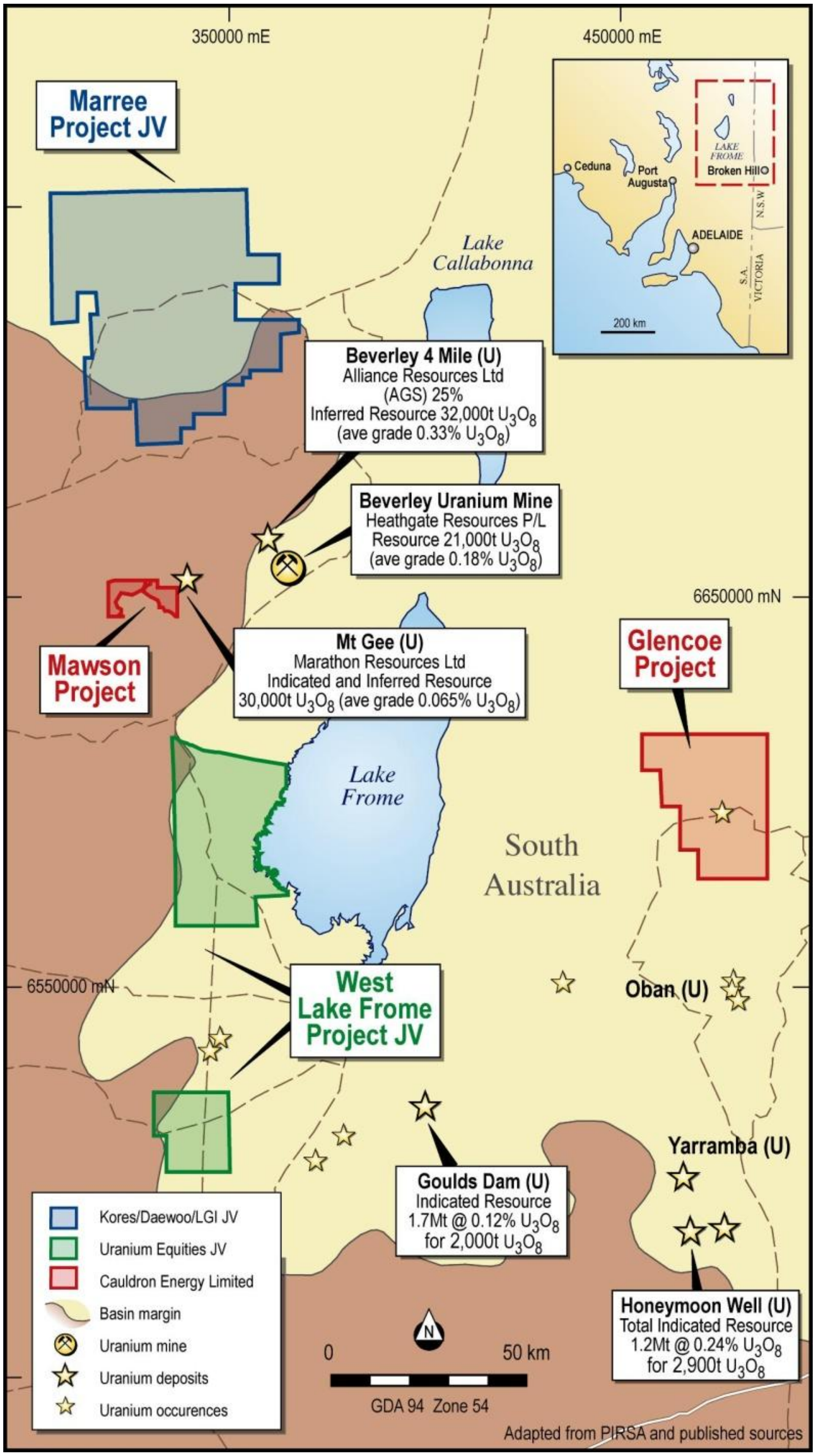

Figure 2: Project Locations – South Australia

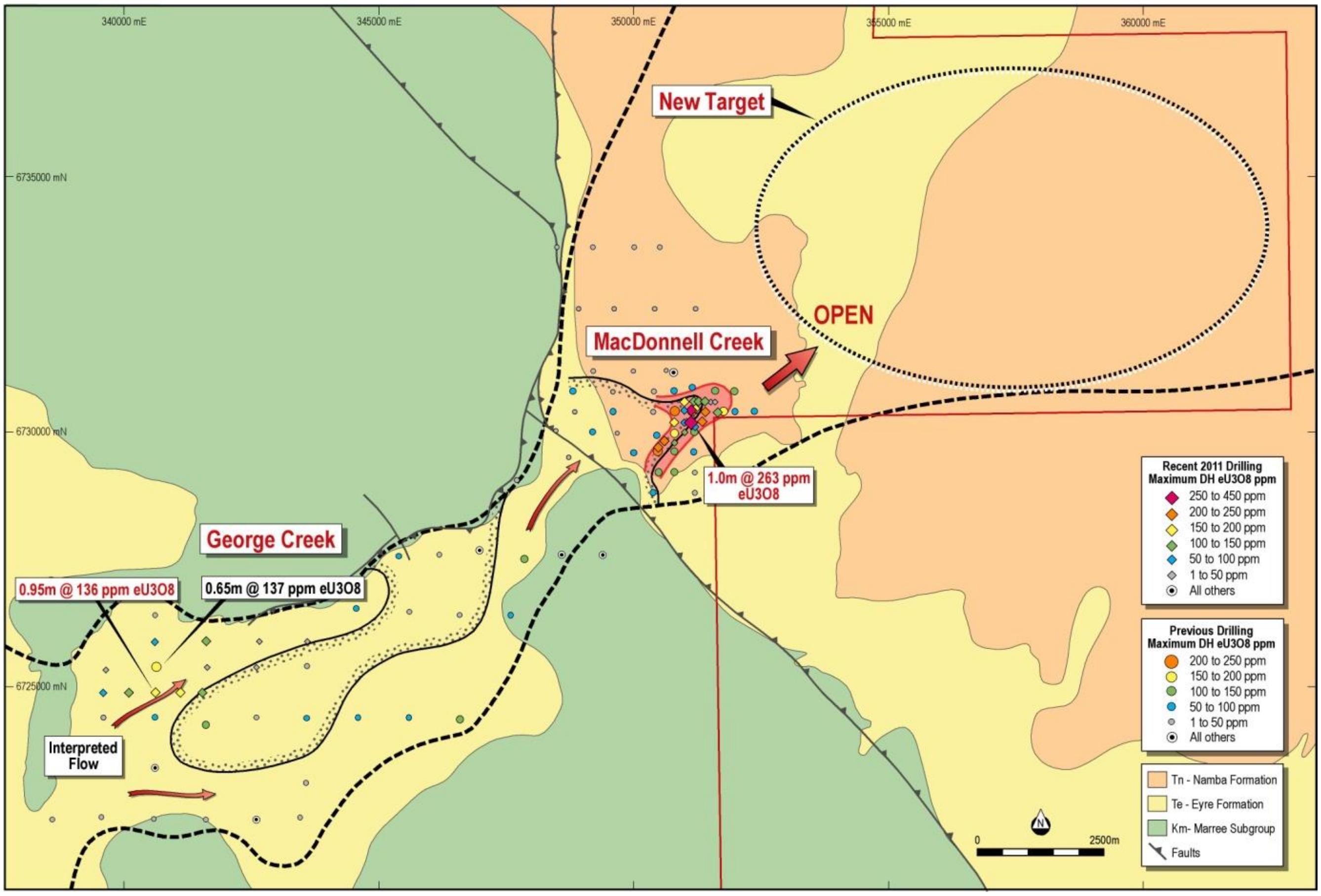

Figure 3: Marree Project – Blanchewater Palaeovalley Prospects and Targets

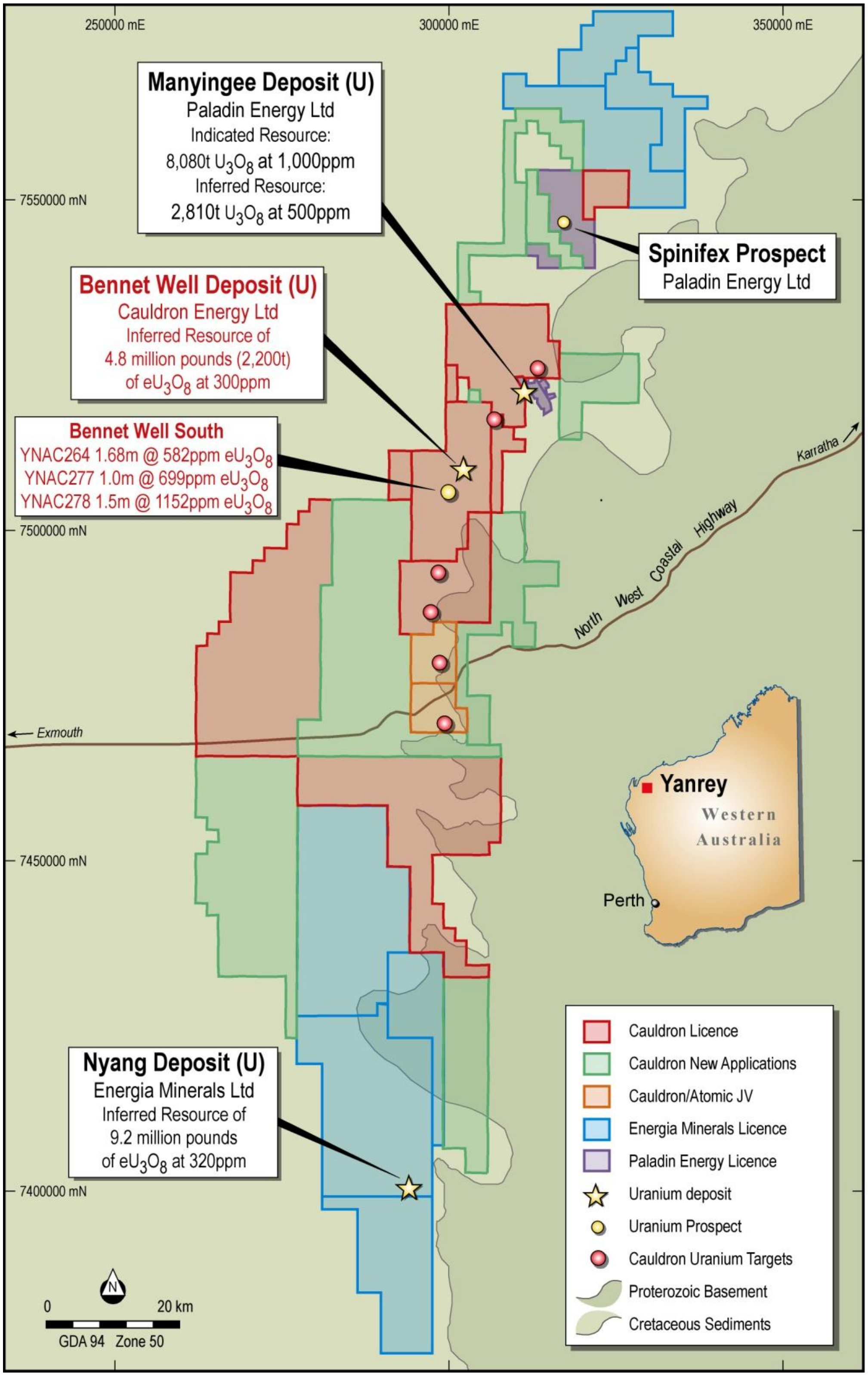

Figure 4: Yanrey Project – Deposit, Prospect and Target Locations

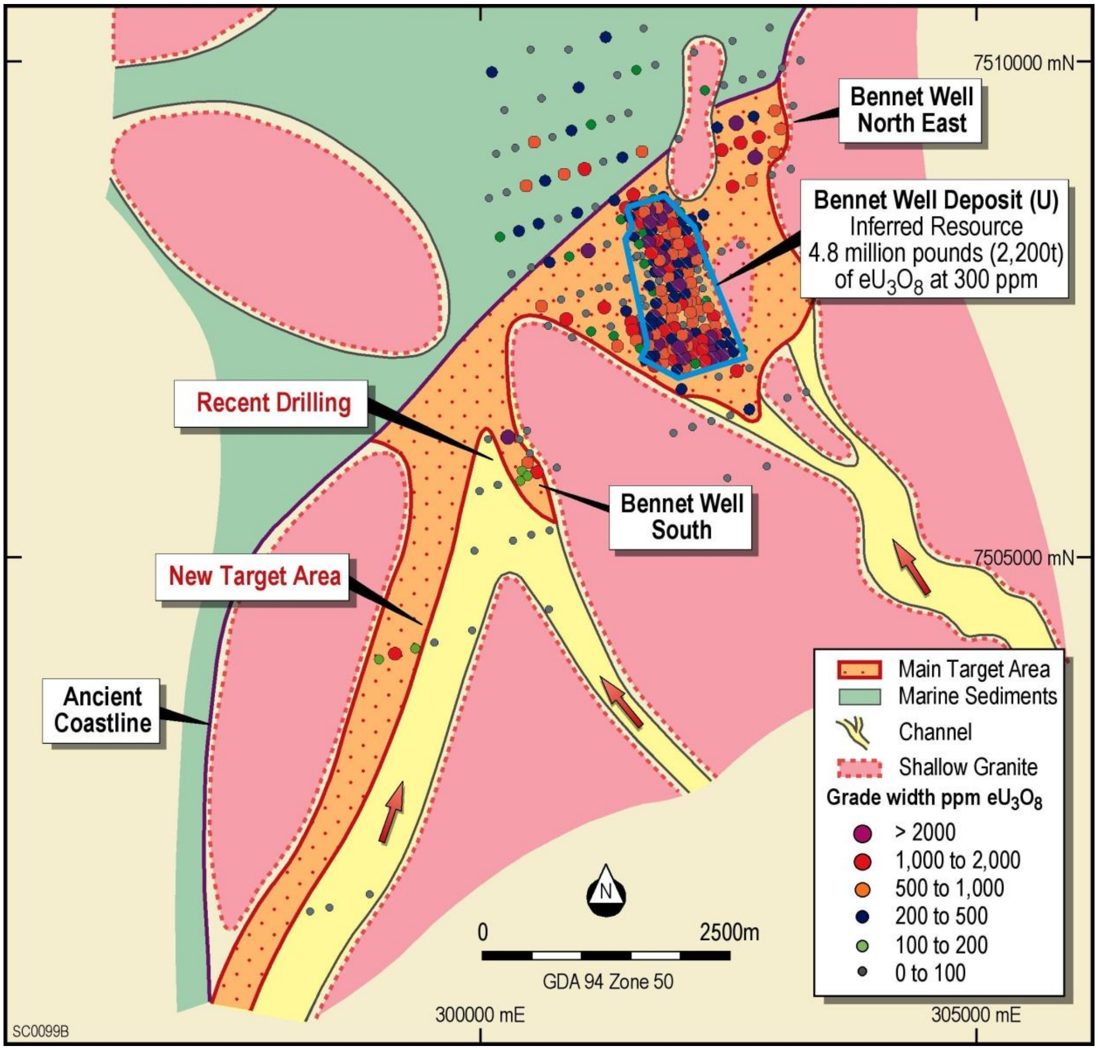

Figure 5: Yanrey Project – Bennet Well area extension and exploration targets

Figure 6: Project Locations Argentina

Figure 7: Los Colorados - reverse circulation drilling, August 2011

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

CAULDRON ENERGY LIMITED

ABN	Quarter ended ("current quarter")
22 102 912 783	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	14	41
1.2	Payments for		
	(a) exploration and evaluation	(343)	(1,246)
	(b) development	-	-
	(c) production & care & maintenance costs	-	-
	(d) administration	(403)	(589)
1.3	Dividends received	-	-
1.4	Interest and similar items received	14	31
1.5	Interest and other costs of finance paid	(196)	(391)
1.6	Income taxes paid	-	-
1.7	Other: taxes and duties paid	(389)	(389)
	Other: reimbursements from JV partner	41	308
	Other: reimbursements from related party	-	205
	Net Operating Cash Flows	**(1,262)**	**(2,030)**
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1)	(1)
1.9	Proceeds from sale of:		
	(a) prospects	-	300
	(b) equity investments	3,950	4,144
	(c) other fixed assets	-	-
1.10	Loans to other entities	(85)	(490)
1.11	Loans repaid by other entities	339	574
1.12	Other: brokerage fees on sale of equity investments	(141)	(141)
	Other: performance bonds returned	-	82
	Net investing cash flows	**4,062**	**4,468**
1.13	**Total operating and investing cash flows**	**2,800**	**2,438**

+ See chapter 19 for defined terms.

1.13	**Total operating and investing cash flows carried forward**	**2,800**	**2,438**
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares (net of costs)	-	694
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	-	-
	Net financing cash flows	**-**	**694**
	Net (decrease) in cash held	2,800	3,132
1.20	Cash at beginning of quarter/year to date	1,304	968
1.21	Exchange rate adjustments to item 1.20	(5)	(1)
1.22	**Cash at end of quarter**	**4,099**	**4,099**

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	66
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment of executive director fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available
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	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	400
4.2	Development	-
4.3	Production	**-**
4.4	Administration	300
	Total	**700**

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	4,099	1,304
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	4,099	1,304

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	-	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-	-

+ 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**	96,280,029	96,280,029		
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)*	100,000 12,866,462 500,000	- 12,866,462 -	***Exercise price*** $0.85 $0.45 $0.45	***Expiry date*** 26 Mar 2012 31 Oct 2012 20 Oct 2015
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Lapsed during quarter	900,000 2,900,000 2,000,000 2,000,000 100,000	- - - - -	$0.61 $0.60 $0.80 $0.50 $0.45	31 Oct 2011 30 Nov 2011 30 Nov 2011 30 Nov 2011 20 Oct 2015
7.11	**Debentures** *(totals only)*	-	-	-	-
7.12	**Unsecured notes** *(totals only)*	-	-	-	-

+ See chapter 19 for defined terms.

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: Claire Tolcon Date: 30 January 2012
Company Secretary

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.