PAYNES FIND GOLD LIMITED

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29TH July 2011

ASX RELEASE

JUNE 2011 QUARTERLY ACTIVITIES REPORT

The Board of Paynes Find Gold Limited (ASX: PNE) is pleased to provide shareholders with its Quarterly Activities Report for the period ended 30 June 2011.

PAYNES FIND GOLD LIMITED

Paul Berresford
Chairman/Company Secretary

For further information, please contact:
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Managing Director
Paynes Find Gold Limited
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June 2011 Quarterly Activities Report

The Board of Paynes Find Gold Limited (ASX: PNE) is pleased to provide shareholders with its Quarterly Activities Report for the period ended 30 June 2011.

ASX CODE: PNE

ISSUED CAPITAL: 97,752,503 Ordinary Shares

DIRECTORS

Chairman
Paul Berresford

Managing Director
Peter Salter

Executive Director
Adam Bennett

Non-Executive Directors
Paul Matich
Brian Leedman

COMPANY SECRETARY

Paul Berresford

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HIGHLIGHTS

- PFGL completed the Stage 1 drilling programme during the quarter, consisting of 3,800 metres with significant results in the 69 RC holes drilled:
  - 81% of RC drilling intersected significant gold mineralisation;
  - The gold mineralisation occurs over widths potentially amenable to bulk selective mining.
- Completed a capital raising of $1.2M by way of a placement of 6,000,000 fully paid ordinary shares, together with free attaching options on a 2 for 3 basis.
- Settlement of tenements M59/396, M59/2, G59/25, G59/26.

Completion of a 3,800m (Stage 1) RC Drilling Programme

The Company completed a 69 holes (3,800m) RC Drilling programme centred on the Carnation/Blue Heaven Line of old workings, within an area approximately 330m along strike by 110m wide on the western faulted contact. This area represents approximately 2% of the surface area of gold mineralised geology (Refer to Figure 3) within the 100% owned Paynes Find Gold Project.

Results from the Stage 1 drilling programme confirm that gold mineralisation occurs over widths potentially amenable to bulk selective mining.

Refer to Figure 1 – Stage 1 Drilling Results and Figure 2 Historic Drilling Results within Stage 1 Drilled Area.

- **Significant intersections:**

PFRC049	**2m at 50.5g/t from 22m**
PFRC012	**2m at 19.0g/t from 39m**
PFRC065	**3m at 16.0g/t from 32m**
PFRC039	**3m at 8.6g/t from 50m**
PFRC038	**3m at 7.0g/t from 38m**

Refer to Figure 1

PFRC010	**10m at 1.8g/t from 18m**
PFRC059	**6m at 2.4g/t from 39m**
PFRC018	**6m at 1.9g/t from 20m**
PFRC005	**6m at 1.5g/t from 28m**
PFRC069	**5m at 1.6g/t from 26m**

Refer to Figure 1

- **Historical drilling returned similar results:**

HPFRC019	**20m at 1.8g/t from 20m**
HPFRC021	**13m at 1.4g/t from 60m**
HPFRC025	**9m at 1.6g/t from 24m**
HPFRC027	**11m at 0.9g/t from 83m**

Refer to Figure 2

- **High grade intersections from historical drilling include:**

HPFRC019	**4m at 8.5g/t from 20m**
HPFRC017	**7m at 4.3g/t from 46m**

Refer to Figure 2

PAYNES FIND GOLD LIMITED

Tenement Settlement

The Company is pleased to confirm the settlement of Mining Leases M59/396, M59/2 and General Purpose Leases G59/25 and G59/26 (Refer Tenement Map, page 7).

The Board is of the view that the acquisition of the tenements is of significant importance in the planned project development.

Completed $1.2m Capital Raising

The Company completed a $1.2m capital raising on 13th May 2011 by way of placement of 6,000,000 fully paid ordinary shares, together with a free attaching option, exercisable at 20 cents on or before 1 November 2012 (PNEO) on a 2:3 basis. In addition, CPS Securities and/or its nominees were issued 1,000,000 PNEO at an issue price of $0.001 for corporate advice to the company since its IPO.

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Competent Person Statement

The information in this report that relates to exploration results, together with any related assessments and interpretations, is based on information approved for release by Mr Giles Rodney (Rod) Dale of G R Dale & Associates. Mr Dale is a Fellow of The Australian Institute of Mining and Metallurgy. Mr Dale has sufficient experience which is relevant to the style of mineralisation 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 Mineral Resources and Ore Reserves". Mr Dale consents to the inclusion in the report of the matters based on this information in the form and context in which is appears.

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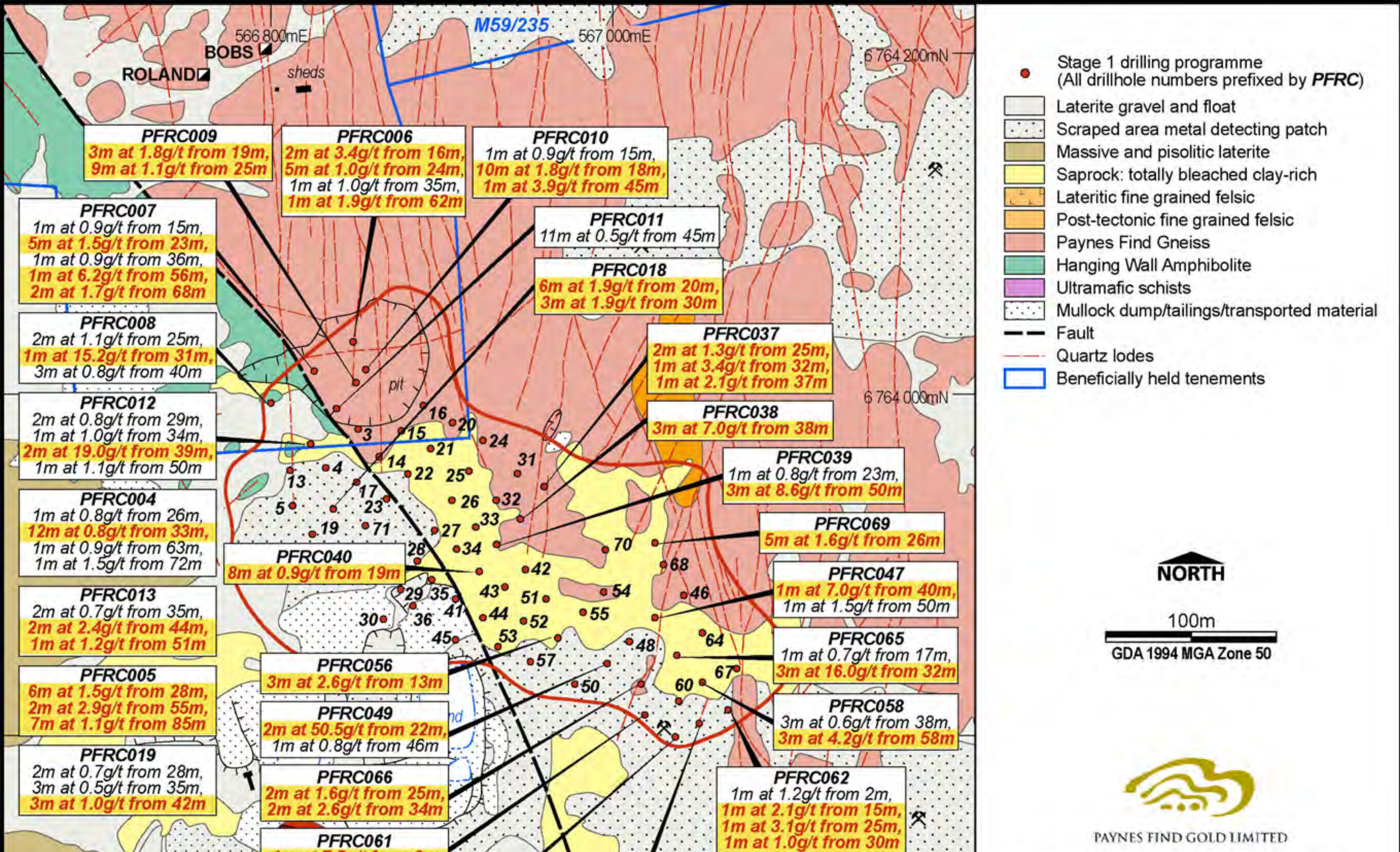
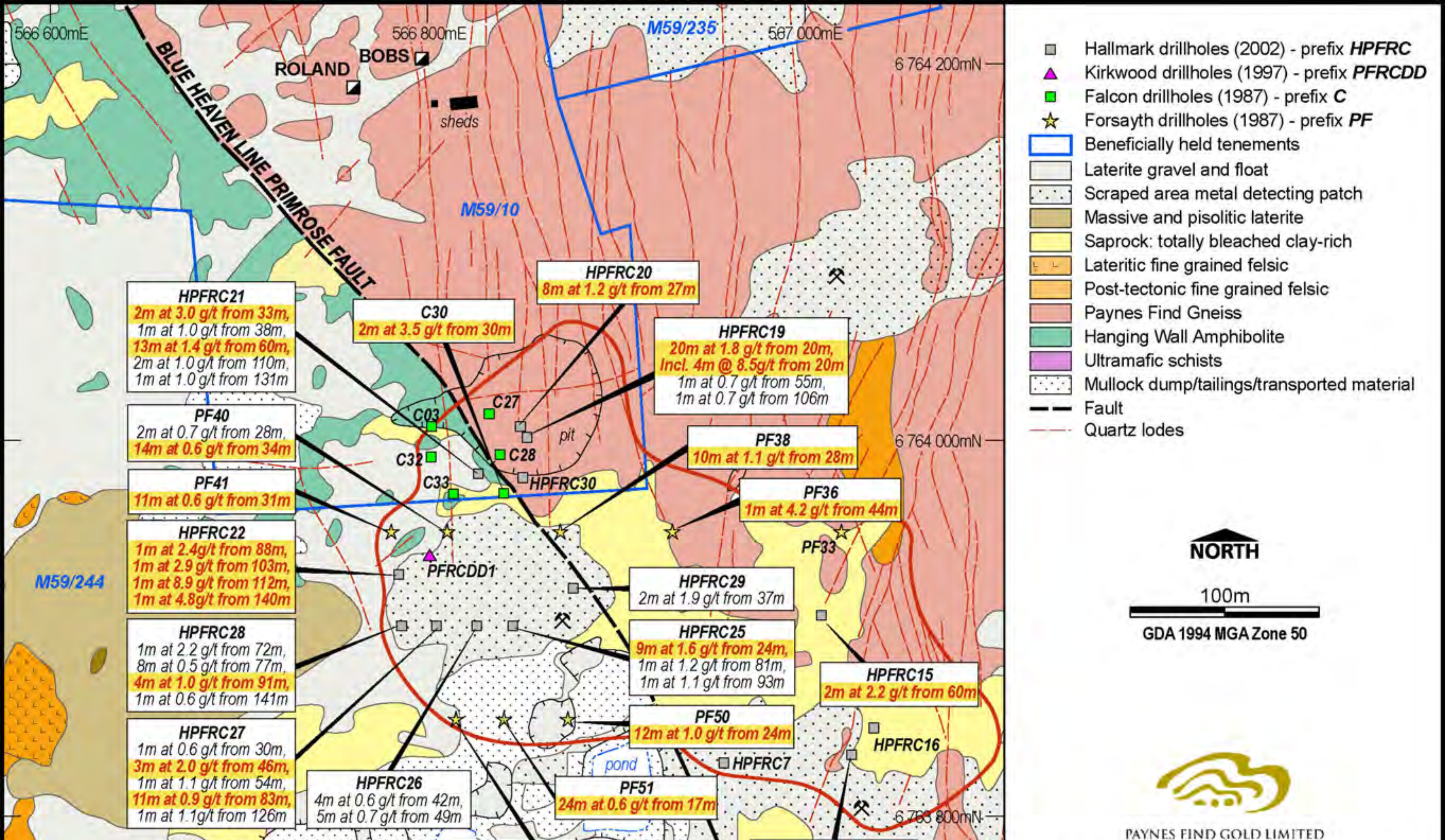


Stage 1 Drilling Results Significant Intersections

PFGL March 2011

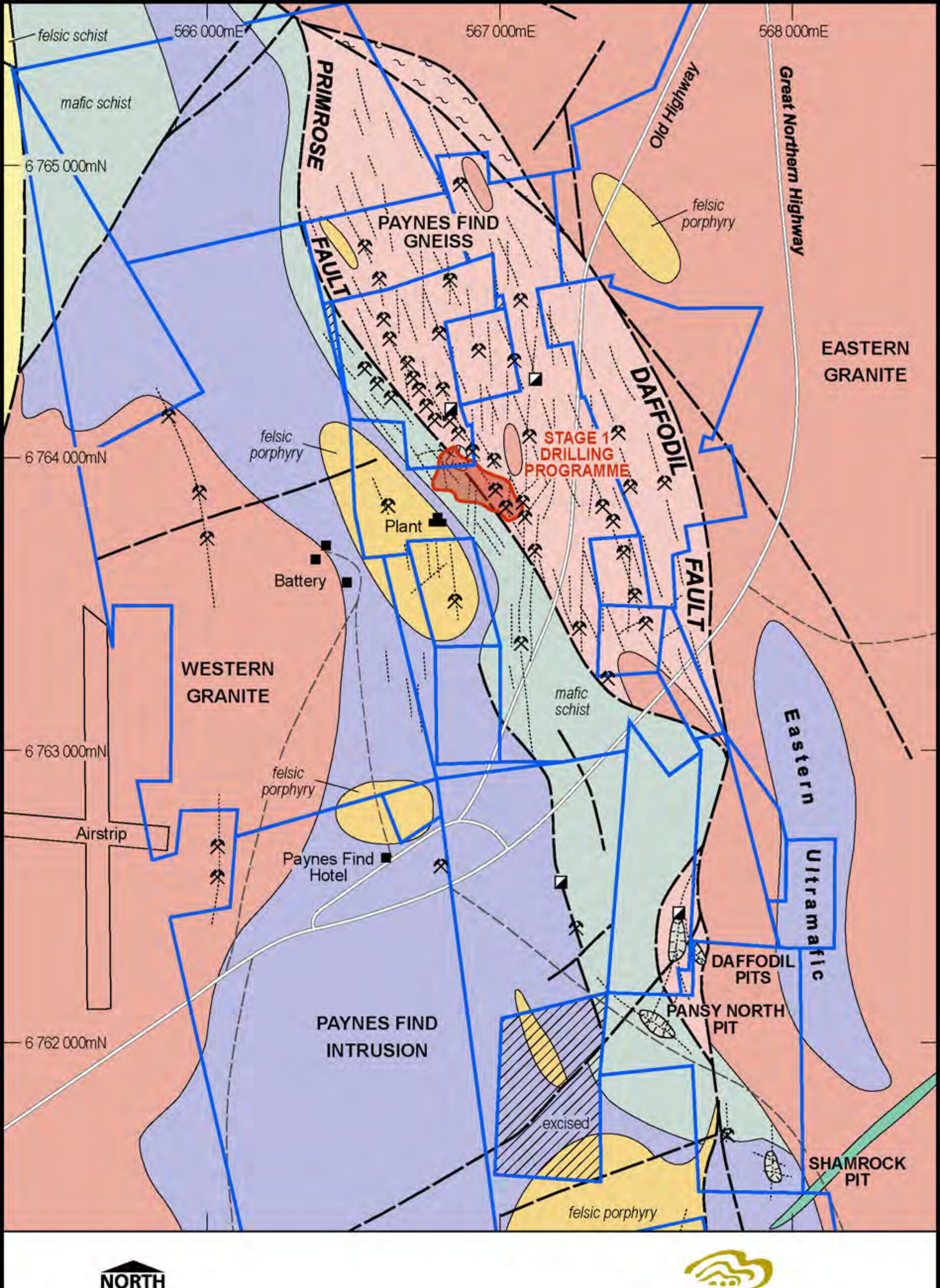
(Figure 1)



Historic Drilling Results Significant Intersections within Stage 1 Drilled Area

(1987 - 2002, refer above)

(Figure 2)

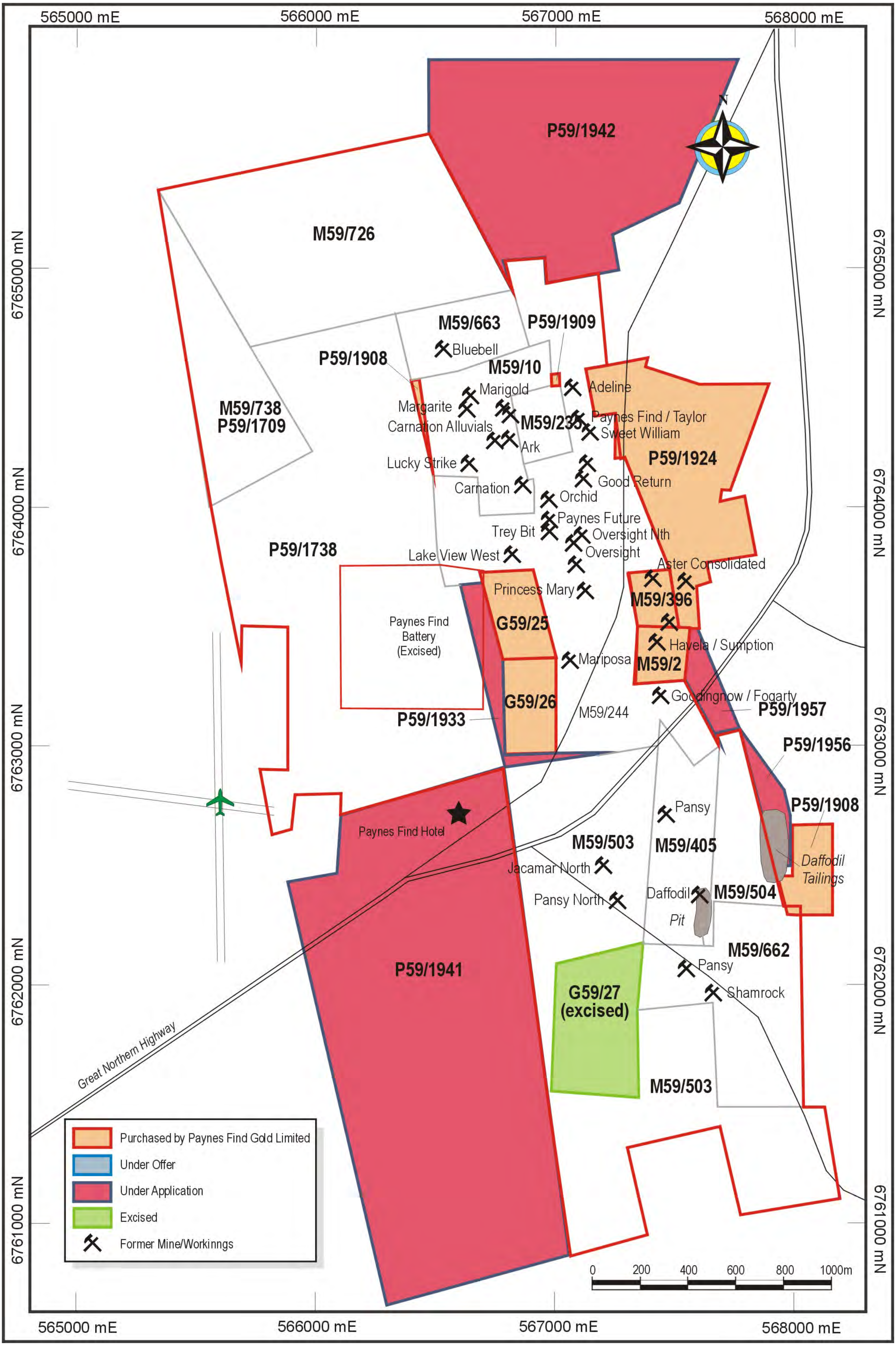


PAYNES FIND GOLD LIMITED

Stage 1 Drilled Area

April 2011

(Figure 3)



Tenement Map

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Paynes Find Gold Limited

ABN	Quarter ended ("current quarter")
45141450624	30 June 2011

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(807)	(1,406)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(346)	(1,064)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	6	54
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(1,147)	(2,416)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	(185)	(3,616)
	(b) equity investments	-	-
	(c) other fixed assets	(195)	(750)
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	(380)	(4,366)
1.13	Total operating and investing cash flows (carried forward)	(1,527)	(6,782)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,527)	(6,782)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,201	8,422
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	71	71
1.17	Repayment of borrowings	(2)	(2)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	48	(1,129)
	Net financing cash flows	1,318	7,362
	Net increase (decrease) in cash held	(209)	580
1.20	Cash at beginning of quarter/year to date	790	1
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	581	581

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	191
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

$30,910 was paid to BHK Financial Services Pty Ltd, a company 50% owned by Mr Paul Berresford, for rent of Level 2, 41-43 Ord Street West Perth at market rates.

$18,562 was paid to BHK Financial Services Pty Ltd, a company 50% owned by Mr Paul Berresford, as a rental bond for Level 2, 41-43 Ord Street West Perth.

Non-cash financing and investing activities

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

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

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	71	71
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	175
4.2	Development	
4.3	Production	
4.4	Administration	300
	Total	475

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	581	581
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	581	581

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				

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**	97,752,503	55,650,003		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	6,000,000 -	6,000,000 -	20 cents -	20 cents -
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)*	56,000,000 24,000,000 9,685,000 1,000,000	- - 8,122,500 -	*Exercise price* 25 cents 35 cents 20 cents 25 cents	*Expiry date* 01/05/2015 01/05/2016 01/11/2012 17/12/2012
7.8	Issued during quarter	5,000,000	5,000,000	20 cents	01/11/2012
7.9	Exercised during quarter				
7.10	Expired during quarter				

+ See chapter 19 for defined terms.

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

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

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

Sign here: .... (Director/Company secretary) Date: 29th July 2011

Print name: Paul Berresford

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting 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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