Quarterly Report

Buru Energy

Quarter Ended 31 December 2011

Introduction

The directors of Buru are pleased to present this report for the quarter ended 31 December 2011. The highlight of this quarter, and of 2011, was the discovery of the Ungani oilfield with a flow to surface from the discovery well, Ungani-1ST1, of in excess of 1,600 barrels per day. This is the first significant onshore oil discovery in Western Australia in a decade and, in conjunction with the Company's success in identifying a potential regional unconventional wet gas accumulation with the Valhalla-2 well earlier in 2011, continues to redefine the prospectivity of the Canning Superbasin and confirms its position as the most exciting exploration province onshore in Australia.

In addition to its success with the drill bit, the Company was also the successful bidder for two additional new exploration permits in the Canning Superbasin, providing additional exposure to the already identified and highly prospective Laurel Formation unconventional wet gas play and the Paradise oil trend.

Additional funding for the planned extensive 2012 exploration program was also secured during the quarter, with Mitsubishi Corporation confirming its commitment to fund $40 million of the first $50 million spent by the joint venture on exploration for unconventional resources in 2012.

Overview

The key operational activities for the quarter were:

- the completion of drilling operations at the Ungani-1 (Ungani-1ST1) oil discovery well by Ensign Rig #32, the third well in the 2011 Exploration Program, followed by a successful cleanup flow of the well;
- the completion of drilling operations at the Ungani-2 well by Rig #32, the fifth and final well drilled in 2011, and a subsequent successful clean-up flow;
- the commencement of preparations for an extended production test ("**EPT**") of the Ungani Field;
- the completion of an airborne gravity and magnetic survey over the Ungani Field and adjacent prospects; and
- the completion of drilling operations at the Lawford-1 well by Century Rig #7.

Subsequent to the end of the quarter, the 2012 Appraisal and Exploration Program drilling operations commenced with the spud of the Valhalla North-1 well. Valhalla North-1 is expected to provide as definitive a test as possible of the potential for a multi TCF basin centered wet gas accumulation in the Valhalla area.

The key corporate activities for the quarter were:

- the acquisition of two additional petroleum exploration permits in the Canning Superbasin;
- Mitsubishi's confirmation that it will fund $40 million of the first $50 million to be spent by the joint venture on exploration for unconventional resources in 2012; and
- the extension of the Alcoa Gas Supply Agreement.

Financial

The ASX Appendix 5B attached to this report contains the Company's cash flow statement for the quarter. The material elements of the cash flow in the period were:

- exploration expenditure of $14,821,701 for the quarter (September 2011: $6,116,012), the majority of which are costs associated with drilling operations at the Pictor East-1, Lawford-1, Ungani-1/1ST1 and Ungani-2 wells and preparations for the EPT of the Ungani Field;

- interest income of $693,106 was received in the quarter on the maturation of a number of the Company's long term cash deposits;

- oil production from the Blina and Sundown oilfields produced a lower operating surplus of $176,824 for the quarter after a period of flush production following the completion of the workover program in the previous quarter (September 2011: net cash inflow of $226,667);

- administration and other operating costs of $1,557,745 were incurred, in line with previous quarters (September 2011: $1,646,214; June 2011: $1,209,356); and

- the share purchase plan and exercise of unlisted options by directors and senior management raised $8,492,300 (net of issue costs).

The Company recorded a net cash outflow of $6.9 million (before exchange rate adjustments) for the quarter (September 2011: net cash inflow $10.3 million). The net cash outflow does not reflect Buru's actual costs of exploration in the quarter, but is a function of the timing of payments by Buru for the joint venture's exploration costs paid and the receipt of reimbursement payments from Mitsubishi in accordance with its obligation to fund 80% of the costs of the 2011 Exploration Program.

At the end of the quarter the Company had net cash reserves of $28.3 million available for exploration and development of the Canning Superbasin (September 2011: $35.5 million). These cash reserves, in conjunction with Mitsubishi's commitment to fund $40 million of the first $50 million spent on unconventional exploration in 2012, provide the Company with sufficient financial resources to fund its current committed exploration activities.

The Company is forecasting the following cash flows in the March 2012 quarter:

- **Exploration** – $10 million of exploration costs are expected to be payable in the March 2012 quarter being the ongoing costs of the Company's exploration program.

- **Development** - $1 million of development costs are expected to be payable in the March 2012 quarter being costs associated with the commencement of the Ungani EPT.

- **Production** – In relation to the Blina and Sundown oilfields, $0.5 million cost of production is expected in the March 2012 quarter. Cash inflows in the March 2012 quarter are expected to be $0.4 million, leading to a forecast net cash outflow of $0.1m for Buru's production activities from the Blina and Sundown oilfields during the quarter. Over the 2011/2012 financial year the Company expects the Blina and Sundown oilfields to be net cash flow positive. In addition, cash outflows during the Ungani EPT are forecast to be approximately $0.5 million per month with one month of cash outflows anticipated during the March 2012 quarter. Cash inflows for the EPT have not been forecast for the March 2012 quarter given the planned variable production rates during the data gathering first phase of the test.

- **Administration** – $2.5 million in administration costs are expected to be payable in the March 2012 quarter, being an increase on previous quarters. Staff costs are expected to increase in 2012 as the Company puts in place the necessary resources required for the development of the Ungani Field in addition to the continuing high level of exploration and appraisal activity. Staff costs for the March 2012 quarter will also include payments to staff under the Company's 2011 staff incentive plans.

Production and Development

Blina and Sundown Oil Fields

Sales from the Company's Blina and Sundown oilfields, in the L6 and L8 production licences, averaged approximately 57 bopd for the quarter (September 2011: approximately 71 bopd). Oil production generated cash receipts during the quarter of $640,189 (September 2011: $772,424; June 2011: $319,937). Consequently, the fields produced a lower net cash inflow of $176,824 for the quarter (September 2011: net cash inflow $226,667; June 2011: net cash outflow $233,564). The Company continues to assess possible options to improve production levels from the fields.

Ungani Extended Production Test

Preparations for an EPT at the Ungani Field commenced during the quarter. The EPT will assist in determining the reservoir parameters, performance characteristics and potential reserves of the Ungani Field. The EPT is currently proposed to be carried out over an initial three to six month period with an initial production rate of up to 500 bopd. During the first data gathering phase of the test, production rates will be variable in accordance with the planned extensive test program. An increase in production up to a maximum rate of 1,000 bopd is planned as experience is gained in the production characteristics of the Field and in the management of the oil transportation system. The produced oil will be trucked to Perth during the EPT while opportunities for export from a northwest port or other value adding opportunities are investigated ahead of the full field development program.

At the end of the quarter, planning for the EPT and sourcing of the required equipment were well advanced and access roads have also been substantially "wet proofed" to allow the transport of the oil from the Field during the majority of the wet season. It is expected that the EPT will commence in the first quarter of 2012.

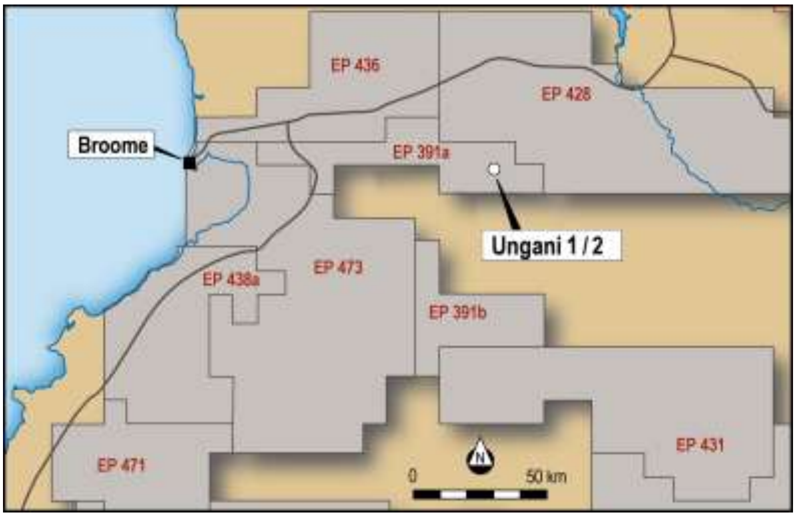
Drilling

During the quarter the Company completed drilling operations at the Ungani-1 (including Ungani-1ST1), Ungani-2 and Lawford-1 wells.

Subsequent to the end of the quarter the Company commenced drilling operations at the Valhalla North-1 well.

Ungani-1 / Ungani-1ST1

Ungani-1 was the third well in the 2011 Exploration Program and was drilled by Rig #32. The Ungani-1 well was sidetracked (Ungani-1ST1) after drilling problems were encountered to allow a full evaluation of the hydrocarbon indications observed in the Ungani-1 well. The wells are located in exploration permit EP 391, as shown on the map below. Buru and Mitsubishi each have a 50% interest in the wells and in EP 391, with Mitsubishi contributing 80% of the cost of the well under the terms of its farm-in agreement with Buru.



The Ungani-1ST1 well was drilled to a measured depth of 2,324m. A cleanup flow was then undertaken to determine the flow potential of the reservoir and the composition of the reservoir fluids.

The well was swabbed initially with natural flow being quickly established. The well was then flowed at varying choke sizes with a peak rate of 1,647 bpd on a ½ inch choke with a flowing well head pressure of 18 psi. Prior to shutting in, the well was continuing to clean up, with up to 15% filtrate, formation fluid and lost circulation material noted in the well stream and no significant gas observed. The well had a shut-in well head pressure of some 430 psi.

Further analysis of the oil recovered from the Ungani-1ST1 well test was conducted during the quarter which confirmed that the Ungani crude is a light sweet crude with an API gravity of 37 degrees and a pour point of -7 degrees Celsius. Crudes of this composition are highly sought after and it is expected that the Ungani crude will command a premium price in world markets.

Buru field engineer with Ungani oil sample

Ungani-2

Ungani-2 was the fourth well in the 2011 Exploration Program and was also drilled by Rig #32. The well was drilled as a deviated well from the Ungani-1ST1 well pad to a target bottom hole location some 500 metres from Ungani-1ST1. Buru and Mitsubishi each have a 50% interest in this well and in EP 391, with Mitsubishi contributing 50% of the cost of the well.

The Ungani-2 well was drilled as an appraisal of the Ungani discovery and intersected the top of the reservoir some 425 metres to the northeast of the Ungani-1ST1 reservoir intersection and some 32 metres high to prognosis.

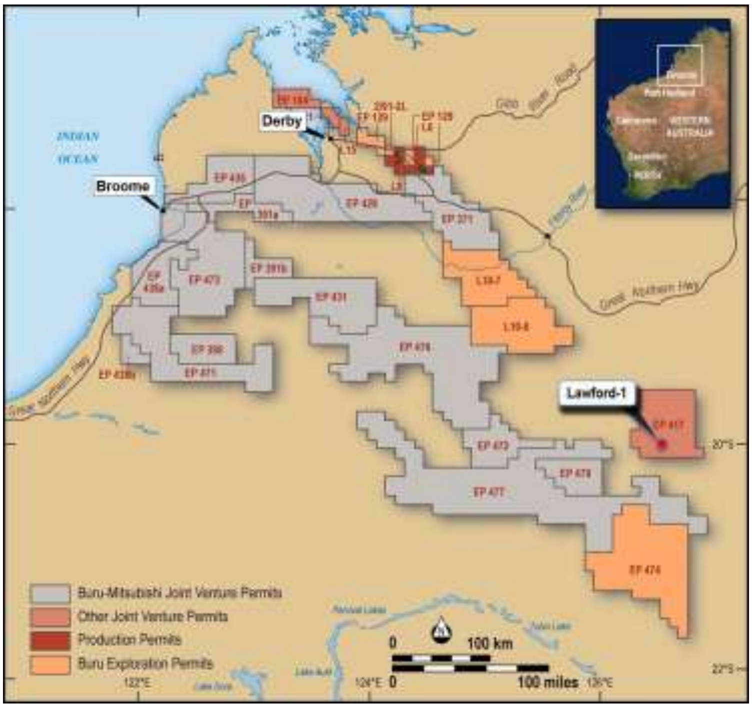
An extensive evaluation program was undertaken including a comprehensive wireline logging and pressure testing program. This established a definitive oil/free water contact which gives an oil column in the Ungani-1ST1 well of 56 metres and in the Ungani-2 well of 53 metres, both in an extremely well developed vugular dolomite reservoir. In both wells the dolomite reservoir with oil shows is considerably thicker than the oil column, with some 137 metres of dolomite reservoir developed in Ungani-2. This thickness of high quality reservoir is very encouraging for the potential for increasing the amount of oil that may be present at higher elevations on the structure.

An initial cleanup flow of the Ungani-2 well was undertaken prior to the rig being released, with flow rates of up to 1,026 barrels of fluid per day with up to 55% oil cut, on a 48/64 inch choke being achieved. The shut-in surface pressure at the end of the test was approximately 190 psi. Although the well was still continuing to clean up at the end of the flow period, a strong natural flow had been established and sufficient data had been generated for forward planning purposes.

Analysis of the data acquired from the Ungani wells, including data acquired from the EPT, are required to determine the reserves potential of the Ungani Field. However, the results of the Ungani-1ST1 and Ungani-2 wells to date have confirmed the presence of a very significant oil column with high flow potential from an excellent reservoir. These factors all point to significant reserves potential in the Ungani Field. Quantification of this potential requires significant further technical work based on additional data to be collected from the EPT, additional appraisal drilling and the acquisition of 3D seismic which will form the basis of an independent reserves determination of the Field. At this time, under reasonable interpretations of the existing data, and the results of the two wells to date, an overall upside potential from the Ungani structure in the order of 20 million barrels of recoverable oil is considered to be reasonable.

Lawford-1 Deepening

The Lawford-1 well is located in exploration permit EP 417, as shown on the map below. Buru has a 35% non-operating interest in EP 417. New Standard Onshore Pty Ltd (a wholly owned subsidiary of New Standard Energy Ltd) is operator of EP 417 and has the remaining 65% interest. Buru acted as operator for the deepening of the well for the EP 417 joint venture under a delegation agreement with New Standard. Green Rock Energy Limited has a right to earn up to a 20% interest from New Standard's interest.



Lawford-1 was originally drilled by New Standard in 2008 but the well was suspended at 1,323m, above the Laurel Formation objective, due to weather issues. The well was deepened to a depth of 2,690 metres by Century Rig #7 to test the regional Laurel Formation unconventional potential, however no distinct geological or geophysical markers were encountered and the depth to the top of the Laurel Formation could not be estimated with any certainty. The well was logged and, as no indications of hydrocarbons were observed, it was plugged and abandoned.

Exploration

The Company's other exploration activities during the quarter focused on:

- the completion of an airborne gravity and magnetic survey over the Ungani Field and adjacent structures;
- planning, in conjunction with Mitsubishi, for the 2012 Appraisal and Exploration Program; and
- progressing the regulatory, Traditional Owner and joint venture approvals process for the 2012 Appraisal and Exploration Program.

Airborne Gravity and Magnetic Aerial Survey

As the Ungani feature is geologically distinct from the previous oil discoveries in the Canning Superbasin and is a new play type in the Fitzroy Graben province of the Superbasin, the Company acquired a large airborne gravity and magnetic survey over the Ungani Field and surrounding areas in December 2011 to assist in the determination of the size of the Ungani structure and to help define other prospects in the area. Interpretation of this survey will assist in placement of both the planned 3D seismic survey over the Ungani structure, and also in locating 2D seismic surveys over the adjacent prospects. There are several of these prospects mapped that are drillable on the current sparse data, including Ungani North and Yakka Munga.

Interpretation of the data from this survey, together with a technical review of the prospectivity of the area in light of the Ungani results should be finalised by the end of the first quarter of 2012.

Planning for the 2012 Appraisal and Exploration Program

During the quarter the joint venture commenced planning for the 2012 Appraisal and Exploration Program. This program will include the systematic appraisal of the Yulleroo Field, the Valhalla accumulation and the Ungani Field. The details of the appraisal program are currently being finalised, however, it is expected to include the following:

- **Valhalla Accumulation** - two appraisal wells designed to identify the extent of the Valhalla wet gas accumulation and to provide further details of the nature and characteristics of the reservoir. The Paradise-1 well will also be deepened through the Laurel Formation and this will provide significant additional data on the potential extent of the Valhalla accumulation. Drilling of the first well in this program, Valhalla North-1, commenced subsequent to the end of the quarter and is a continuation of the Company's drilling program through the wet season to ensure the Company is able to achieve its drilling objectives. Drilling operations have been successfully continued in the wet season by previous operators in the Canning Superbasin, and Buru's current wet season operations are confined to areas that are not subject to flooding. The Company has also put in place a comprehensive cyclone response procedure in the event that a cyclone affects operations;
- **Yulleroo Field** - two appraisal wells drilled on locations identified by the Yulleroo 3D seismic acquired in 2011 to further delineate the size of the Yulleroo structure and form the basis of an independent reserves determination for the Yulleroo Field; and
- **Ungani Field** - a 3D seismic survey to delineate the size and shape of the structure to be followed by further appraisal and production wells that will form the basis for an independent reserves determination and the full development of the Ungani Field.

Depending on the results of the Yulleroo and Valhalla appraisal wells, a program of hydraulic fracture stimulation ("fraccing") may be undertaken at some or all of the Yulleroo and Valhalla appraisal wells to further evaluate the reservoir properties of those accumulations. Any fraccing activities will be undertaken in accordance with industry best practice, the Western Australian Onshore Gas Code of Practice for Hydraulic Fracturing and all appropriate operational and environmental regulations.

Exploration in 2012 will be focussed on identifying new conventional and unconventional hydrocarbon resources to form the basis of further appraisal in 2013 and deliver additional reserves for commercialisation in 2014 and beyond. The conventional exploration program will include significant conventional oil prospects in the Acacia province.

The unconventional program will seek to test and develop at least one of the three additional major unconventional play types on Buru's permits, together with further delineating the extent of the Laurel Formation unconventional wet gas play.

An extensive ongoing program of seismic acquisition and desktop technical analysis designed to continue to identify new play types, prospects and leads will complement these drilling programs.

The Company is well advanced in its formal tender process for contractors and equipment required for the 2012 Appraisal and Exploration Program. In particular, both Rig #32 and Rig #7 have been secured for the 2012 drilling program.

As part of its planning process the Company has been cognisant of the increased community concern in regard to drilling and fraccing operations, and although the Company is confident that its drilling and potential fraccing operations have no material environmental consequences, the Company has embarked on a process of moving to "zero discharge" for its operations. This will be an incremental process of continuous improvement but will result in an even smaller impact from the Company's operations than is currently the case. As part of this process, the Company has also committed to increased transparency in regard to its environmental performance, and together with the other onshore operators in Western Australia, will now place its Environmental Management Plans for its future drilling and fraccing operations on its website, once they have been approved by the DMP.

Approvals Process

During the quarter the Company continued the regulatory approval processes required for the 2012 Appraisal and Exploration Program. Detailed operational, environmental and health and safety management plans are under assessment by the DMP as they are prepared.

Discussions also continued with Traditional Owners whose lands the 2012 Appraisal and Exploration Program is being conducted on.

Corporate

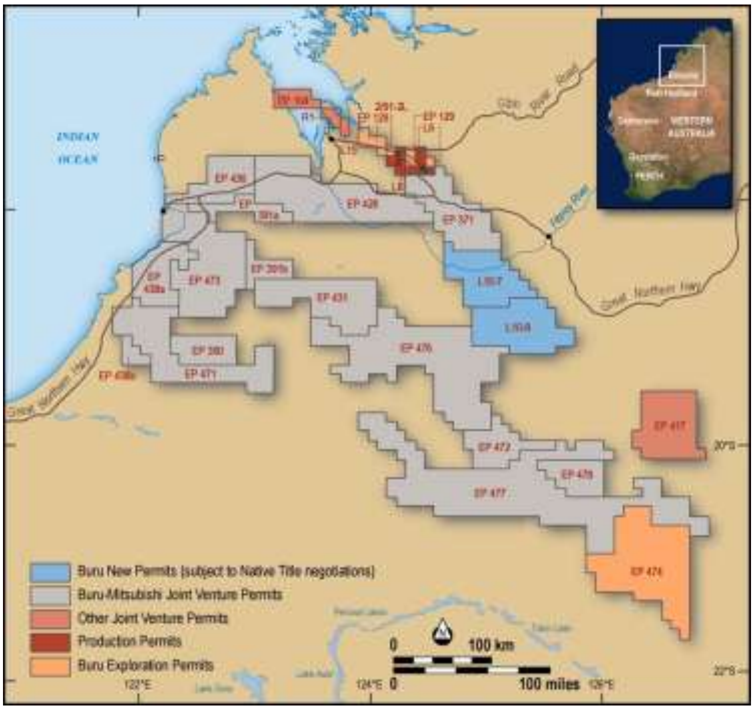
The key corporate activities for the quarter were:

- the acquisition of two additional petroleum exploration permits in the Canning Superbasin;
- Mitsubishi's confirmation that it will fund $40 million of the first $50 million to be spent by the joint venture on exploration for unconventional resources in 2012; and
- the extension of the Alcoa Gas Supply Agreement.

New Exploration Permits

During the quarter the Company was notified by the DMP that it was the preferred applicant for two additional petroleum exploration permits in the Canning Superbasin, L10-7 and L10-8. The permits will provide a very important addition to Buru's portfolio, bringing its net equity acreage position in the Canning Superbasin to a total of some 48,000 sq km (~11.9 million acres).

The permits provide additional exposure to the exploration trends identified in the Paradise-Valhalla area to the north in EP 371, including the shallow oil plays seen in the Paradise and Valhalla wells, and the Laurel Formation unconventional wet gas play, together with a number of other exploration plays that have been developed by Buru. Although little systematic exploration has previously been carried out in the area of these new permits, Buru's review of the existing data has identified a number of focus areas which will be the subject of early exploration once the permits are formally granted.



The offer of the two new permits by the DMP was the result of a competitive bid process. Final award of the permits is subject to completion of negotiations with Traditional Owners under the *Native Title Act 1993* (Cth). These negotiations are expected to commence in early 2012.

Exercise of Mitsubishi Corporation's Unconventional Option

During the quarter Mitsubishi confirmed its participation in Buru's 2012 unconventional exploration program in the Canning Superbasin. As a result of this commitment, Mitsubishi is required to fund $40 million of the first $50 million to be spent by the joint venture on exploration for unconventional resources in 2012.

Extension of Alcoa Gas Supply Agreement

During the quarter Alcoa extended the Gas Supply Agreement (**"GSA"**) between Buru and Alcoa by one year. The GSA provides for Buru to deliver up to 500 PJ of gas to Alcoa from discoveries made in the Canning Superbasin. Pursuant to the GSA, Alcoa made a $40 million prepayment to Buru's predecessor, ARC Energy Ltd, for gas to be delivered under the GSA **("Alcoa Prepayment"**). As a result of the extension, Buru now has until 1 January 2013 to identify sufficient gas to commence delivery under the GSA.

If, prior to 1 January 2013, Buru has not made a final investment decision to proceed with a gas development that would supply sufficient gas to meet its delivery obligations under the GSA, Buru will then be obliged to repay the Alcoa Prepayment in three equal annual instalments commencing on 31 December 2013. The third instalment may be satisfied with cash or Buru shares, at Buru's election. Buru currently holds $23.55 million in escrow in partial satisfaction of Buru's potential obligation to repay the Alcoa Prepayment.

Importantly, this extension will ensure Buru is able to appraise both the Yulleroo Field and the Valhalla accumulation during the contract term, and will also allow consideration of any other gas resources discovered during Buru's continuing drilling program as additional sources of supply for the GSA.

The extension of the GSA is an important part of the Company's gas commercialisation strategy. Alcoa is one of the few customers in Western Australia able to take as a single off-take the volumes of gas needed to provide the financial security to develop the Great Northern Pipeline.

Executive Director's Comments

"The discovery of oil at Ungani-1 and the successful appraisal well at Ungani-2 has been the perfect way to wind up the Company's historic 2011 Exploration Program and underlines the Company's transition from a company with a primary focus on exploration to one with a significant appraisal and development portfolio, backed up by a deep and expanding portfolio of high value exploration targets. The Company's success is a clear validation of our exploration and corporate strategy.

There was also significant corporate activity during the quarter with the award of two new exploration permits to Buru by the DMP, ensuring our acreage remains current and providing us with additional exposure to the exciting Laurel Formation unconventional wet gas play. The competitive nature of the bid process is yet another indication of the increased interest being shown in the Superbasin, including by major international companies. The extension by Alcoa of the gas supply agreement and the exercise by Mitsubishi of their option to participate in the 2012 unconventional program are other strong indications of our two major partners' belief in both Buru and the Canning Superbasin, and we look forward to continuing to work with them in 2012.

The next quarter will again be extremely busy for the Company as we seek to build on the success of 2011 with the commencement of the 2012 Appraisal and Exploration Program at the Valhalla North-1 well. During the first quarter of 2012 we will be appraising the Valhalla and Yulleroo discoveries with the program for the rest of the year including appraisal work on the Ungani discovery and aggressive exploration on a range of high value targets. This is an extremely exciting time for Buru and we will continue to keep the market updated on a regular basis as we progress these activities."

Eric Streitberg
Executive Director

Glossary

2D	Two dimensional seismic survey
3D	Three dimensional seismic survey
bopd	Barrels of oil per day
Buru or the Company	Buru Energy Limited (ASX code: BRU)
DMP	Western Australian Department of Mines and Petroleum
Ensign	Ensign Australia Pty Ltd
EPT	Extended production test
Mitsubishi	Mitsubishi Corporation
New Standard	New Standard Energy Limited (ASX code: NSE)
PJ	Petajoule of sales gas
Rig #32	Ensign Rig #32
Rig #7	Century Rig #7
TCF	Trillion cubic feet of gas
TJ	Terajoule of sales gas

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, 01/06/10.

Name of entity

BURU ENERGY LIMITED

ABN	Quarter ended ("current quarter")
71 130 651 437	31 December 2011

Consolidated statement of cash flows

			Current quarter $A	Year to date (6 months) $A
Cash flows related to operating activities				
1.1	Receipts from product sales and related debtors		1,109,986	2,193,022
1.2	Payments for	(a) exploration & evaluation	(14,821,701)	(20,937,713)
		(b) development	(14,697)	(109,604)
		(c) production	(463,365)	(1,009,122)
		(d) administration	(1,557,745)	(3,203,959)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		693,106	1,931,639
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Payments for restoration to existing producing assets			
1.8	Joint venture partner's share of technical and administrative expenditure		-	-
	Net operating cash flows		**(15,054,416)**	**(21,135,737)**
Cash flows related to investing activities				
1.8	Payment for purchases of:			
		(a) fixed assets	(450,588)	(1,344,795)
1.9	Proceeds from sale of:			
		(a) fixed assets	-	-
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		-	-
1.12	Other (Investments)		-	-
	Net investing cash flows		**(450,588)**	**(1,344,795)**
1.13	Total operating and investing cash flows (carried forward)		(15,505,004)	(22,480,532)

1.13	Total operating and investing cash flows (brought forward)	(15,505,004)	(22,480,532)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	8,492,300	25,767,367
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Loan pursuant to the employee share acquisition scheme	126,000	98,000
	Net financing cash flows	**8,618,300**	**25,865,367**
	Net increase (decrease) in cash held	**(6,886,704)**	**3,384,835**
1.20	Cash at beginning of quarter/year to date	58,695,184	48,390,600
1.21	Exchange rate adjustments to item 1.20	(1,839)	31,206
	Cash at end of quarter including cash held in escrow	**51,806,641**	**51,806,641**
	Less cash held in escrow	(23,552,067)	(23,552,067)
1.22	**Cash at end of quarter**	**28,254,574**	**28,254,574**

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
1.23	Aggregate amount of payments to the parties included in item 1.2	158,000
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25	Explanation necessary for an understanding of the transactions
	N/A

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
	Buru Energy Ltd ("Buru") and Alcoa of Australia Ltd ("Alcoa") have agreed to escrow $20,000,000 and interest thereon in partial satisfaction of Buru's obligations to repay a $40,000,000 gas prepayment made by Alcoa to ARC Energy Limited prior to the demerger of Buru. These financial obligations crystallise if Buru does not deliver gas under the gas sales agreement between Alcoa and Buru from gas supplied from the Canning Basin or elsewhere, with repayment obligations being in three equal annual instalments commencing 31 December 2013. This cash balance in escrow has received interest totalling $3,552,067 taking the total escrowed cash balance to $23,552,067.

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

Estimated cash outflows for next quarter

		$A
4.1	Exploration and evaluation	10,000,000
4.2	Development	1,000,000
4.3	Production	1,000,000
4.4	Administration	2,500,000
	Total	**14,500,000**

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	Previous quarter $A
5.1	Cash on hand and at bank	9,254,574	11,466,160
5.2	Deposits at call	19,000,000	24,000,000
5.3	Bank overdraft	-	-
	Total: cash at end of quarter (item 1.22)	**28,254,574**	**35,466,160**
	Cash held in escrow	23,552,067	23,229,024
	Total: cash at end of quarter including cash held in escrow	**51,806,641**	**58,695,184**

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	N/A			
6.2	Interests in mining tenements acquired or increased	N/A			

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)*	N/A	N/A	N/A	N/A
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	 - -	 - -	 - -	 - -
7.3	**+Ordinary securities**	234,204,477	234,204,477	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	 3,722,928 662,000 5,000,000 9,579,000 5,000,000 23,963,928 -	 3,722,928 662,000 5,000,000 9,579,000 5,000,000 23,963,928 -	 $0.65 $0.30 $0.25 $0.30 $0.35	 $0.65 $0.30 $0.25 $0.30 $0.35
7.5	**+Convertible debt securities** *(description)*	N/A	N/A	N/A	N/A
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	 - -	 - -	 - -	 - -
7.7	**Options** *(description and conversion factor)*	 3,720,000 290,000 1,986,000 2,500,000 2,500,000 2,500,000 50,000 13,546,000	 - - - - - - -	***Exercise price*** $0.48 $0.75 $1.24 $1.03 $1.12 $1.20 $1.58	***Expiry date*** 31 Dec 2012 31 Dec 2012 31 Dec 2013 30 Apr 2013 31 Oct 2013 30 Apr 2014 31 Dec 2013
7.8	Issued during quarter	9,536,000	9,536,000	-	-
7.9	Exercised during quarter	20,241,000	20,241,000	-	-
7.10	Expired during quarter	-	-	-	-
7.11	**Debentures** *(totals only)*	N/A	N/A		
7.12	**Unsecured notes** *(totals only)*	N/A	N/A		

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 gives a true and fair view of the matters disclosed.

Sign here: .... Date: 30 January 2012
Eric Streitberg
Executive Director

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.