



## **QUARTERLY REPORT**

**for the three months ending 30 September 2011**

### **HIGHLIGHTS**

#### **SIHAYO PUNGKUT GOLD PROJECT, INDONESIA (75%)**

- **Definitive Feasibility Study (“DFS”) nears completion**
- **Final phase of Infill Drilling commences at Sihayo-Sambung Resources**
- **Exploration drilling re-commences at the highly prospective Hutabargot Julu Epithermal Gold Prospect**
- **First phase of exploration drilling at Tambang Tinggi Gold/Copper Prospect completed**
- **Encouraging exploration results continue at the Huta Pungkut Copper/Gold Skarn Prospect**
- **Community based agriculture programs are established in two villages and two further programs are commenced**
- **Community group visits a newly commissioned gold mine in North Sulawesi, Indonesia as part of our ongoing mining education program**

#### **CORPORATE**

- **Company ended the September Quarter with A\$10.2 million in cash and is debt free.**

# REVIEW OF OPERATIONS

## 1. Definitive Feasibility Study (“DFS”)

### Metallurgical Testwork

The final phase of the DFS work related to the overall metallurgical gold recoveries is progressing well. Over 4,500 additional cyanide leach tests are being completed (2,750 completed to date) across the multiple mineralisation types that make up the Sihayo and Sambung Resources and the initial results suggest that some improvement in overall process gold recoveries is achievable.

### Optimal Plant Capacity

Ongoing assessment of the “optimal plant capacity” has confirmed that the project will be a 1.5Mtpa operation.

### Key DFS Parameters at the 1.5Mtpa level

The Capex and Opex components of an expansion to 1.5 Mtpa have been completed to DFS standard and the key summary results are detailed in the table below. An additional scenario of improved recoveries over the initial mine life has also been included in the table below, however, it needs to be emphasised that this is merely for indicative purposes at this stage and any improvement in overall recoveries will be confirmed at the conclusion of the current metallurgical testwork program.

The Sambung Resource has been included in the mining schedule of the expanded 1.5 Mtpa throughput case, however, it must be noted that the Sambung Resource is currently in the Inferred Category and current infill drilling program is aiming to bring the resource up to the required Indicated Category for its ultimate inclusion in the DFS mining schedule.

Sihayo Pungkut Gold Project		1.25 Mtpa	1.5 Mtpa	1.5 Mtpa *
<b>Capital Cost</b> (pre contingency allowance)	USD mill	80.4	87.1	87.1
<b>Pre-Production Mining</b>	USD mill	Nil	11.2	11.2
<b>Initial Mine Life</b>	years	7	7	7
<b>LOM Total Ore Processed**</b>	Mt	8.6	10.2	10.2
<b>LOM Average Annual Gold Production</b>	Oz	72,000	88,000	93,000
<b>LOM Site Cash Costs</b> (including royalties)	US\$/oz	752	678	639
<b>LOM Average Gold Recoveries</b>	%	71.5	71.5	75*
<b>LOM Average Strip Ratio</b>	Waste: Ore	5.4:1	4:1	4:1
<p>Note: 1.5 Mtpa* scenario assume a lift in LOM average gold recoveries to 75% from the base case 71.5%</p> <p>Note: LOM Total ore processed for the 1.5 Mtpa case includes 1.6 Mt currently classified as Inferred Resource</p> <p>Note: Inferred Resource material comprises 16% of the forecast total ore processed in the 1.5 Mtpa case</p>				

---

As part of the ongoing DFS work, two major Cost Optimisation Programs are underway, the first focused on project power supply and the second on a more efficient waste material movement process.

### **Cost Optimisation – Biomass Power**

Currently in the DFS, power production is based on diesel generators and at a basis of US\$100/bbl oil, the unit cost of power is approximately US\$0.25 kw/hr.

Our study of hydro power potential was unsuccessful due to the high Capex associated with the required infrastructure.

However, we have entered detailed discussions with a number of industry leading biomass power companies, including DP Cleantech, to determine the viability of an 8MW biomass power plant being the primary source of power.

DP Cleantech have designed, constructed and successfully commissioned over 40 biomass power plants across Asia and Europe with a combined installed capacity of 1,000MW.

The primary fuel source for the proposed power plant is Palm Kernel Shells (“PKS”) a waste product of the palm oil production process.

The PKS market is well established in Sumatra, Indonesia and export volumes of PKS to North Asia and Europe as a primary fuel for biomass power plants has been steadily increasing over the past five years.

Potential supply of PKS within trucking distance of the proposed power plant site exceeds 3 times the annual required supply and is available across multiple independent suppliers. Additionally, new palm oil plantations are being established within the area and will provide additional future supply of PKS.

From both an environmental and operating cost perspective, the potential to utilise proven biomass power supply is very material.

**Biomass power would provide an approximate 70% operating cash cost saving compared to diesel generated power, excluding any carbon emission credits that maybe available.**

DP Cleantech will provide DFS Capex and Opex estimates for the biomass power plant by the end of December 2011.

### **Cost Optimisation – Overland Conveyor for Waste Material**

The current waste material movement process is via haul trucks. Given the topography surrounding the proposed pits and waste dump areas, the required haulage distance from pits to waste dumps is up to 8km in the early years of operation.

We have entered detailed discussions with some of Europe’s leading manufacturers of conveyors for the mining industry, including Famur Group of Poland, for the installation of an overland conveyor to transport up to 8Mtpa of waste material from nearby the mining pits to the waste dump site.

The proposed conveyor will be between 1.2km and 2.0km in length and because the entire length of the conveyor will be downhill, the conveyor will generate excess power equivalent to approximately 10% of the total power requirement of the entire project.

Famur Group will provide DFS Capex and Opex estimates for the overland conveyor by the end of December 2011.

## **2. Sihayo Pungkut Gold Project (“SPGP”)**

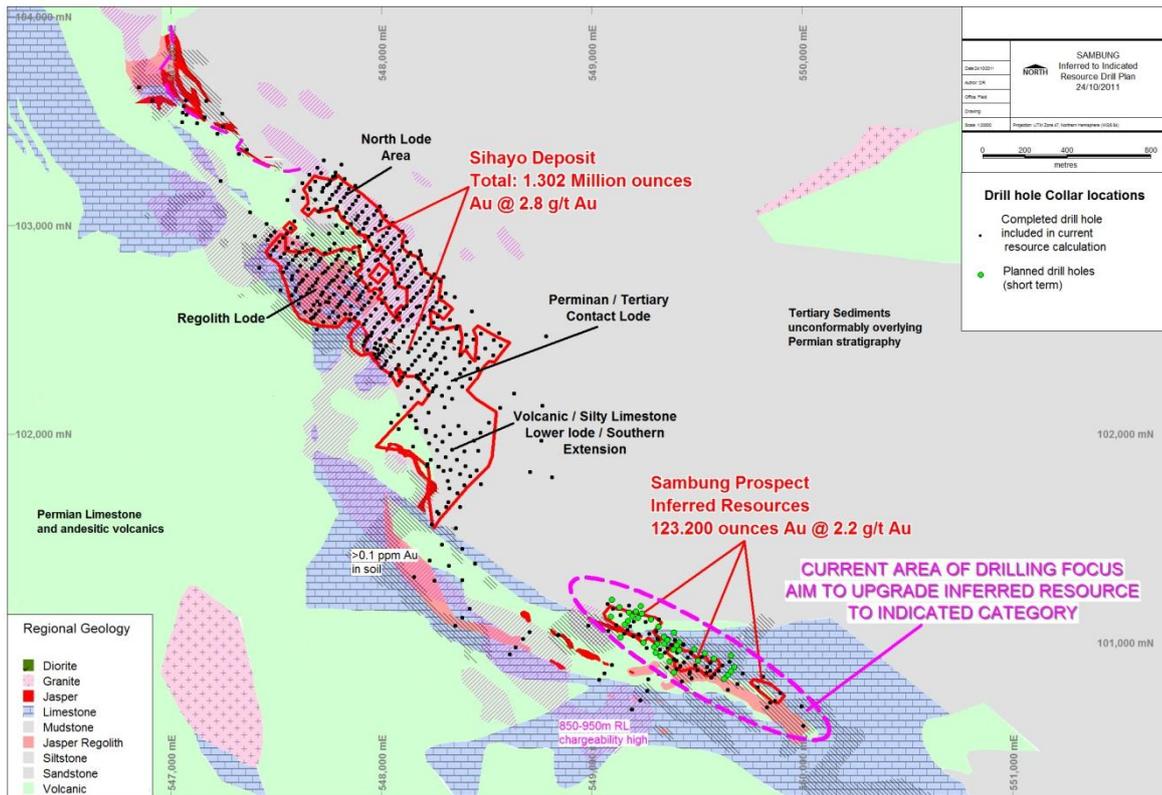
Drilling activities at SPGP resumed in October with a focus on the final phase of infill drilling. An infill program of approximately 3,000 meters is required to likely convert the limited amount of Inferred Resource contained within the overall JORC Compliant Resource of **16.3Mt at 2.7 g/t Au for 1.425 Moz** into the higher Indicated Category. The program has begun with a single rig and a second rig shall arrive on site within 4 weeks. With

two diamond drill rigs and the relatively shallow depth of the planned holes it is anticipated that the drilling will be completed within two or three months.

Once the infill program is complete, ongoing exploration drilling shall target potential near-surface mineralisation along strike from the existing JORC Resources, which could potentially be included in the early years of the current proposed mine schedule as described within the DFS.

Figure 1 below shows the Sihayo and Sambung Resources and highlights the potential resource extensions to the northwest and southeast of the Sihayo deposit and the infill drilling program.

**Figure 1: SPGP mineralisation plan showing surface projection of Sihayo and Sambung JORC Resources and the current Infill Drilling Program**



### 3. Regional Exploration

#### Hutabargot Julu Epithermal Gold Prospect

Exploration drilling re-commenced in September at the highly prospective Hutabargot Julu Epithermal Gold Prospect located 7km southeast, along strike, of the SPGP. Figure 2 below shows the location of the Hutabargot Julu Prospect within the wider Contract of Work ("COW") area.

Ongoing exploration at Hutabargot Julu has defined an intermediate sulphidation epithermal gold complex that has a footprint of approximately **6km \* 2km**. Historic drilling yielded a best intercept of **5m @ 36.7 g/t Au and 198 g/t Ag from 47m within** Quartz-Sulphide veining. The current drilling program will test multiple **Epithermal Veins** (high grade gold/moderate tonnage potential) and **Hydrothermal Breccias** (lower grade gold/high tonnage potential) and will consist of an initial 10,000m of drilling. Figure 3 is a surface plan of Hutabargot Julu summarising exploration work to date, current drilling status and planned ongoing drilling.

In addition to the drilling program, additional soil and IP surveys have been commenced and both programs extend the boundaries of the previous work area by moving to the north and the west. Refer Figure 3.

**Figure 2: Sihayo Pungket Contract of Work ("COW") Area**

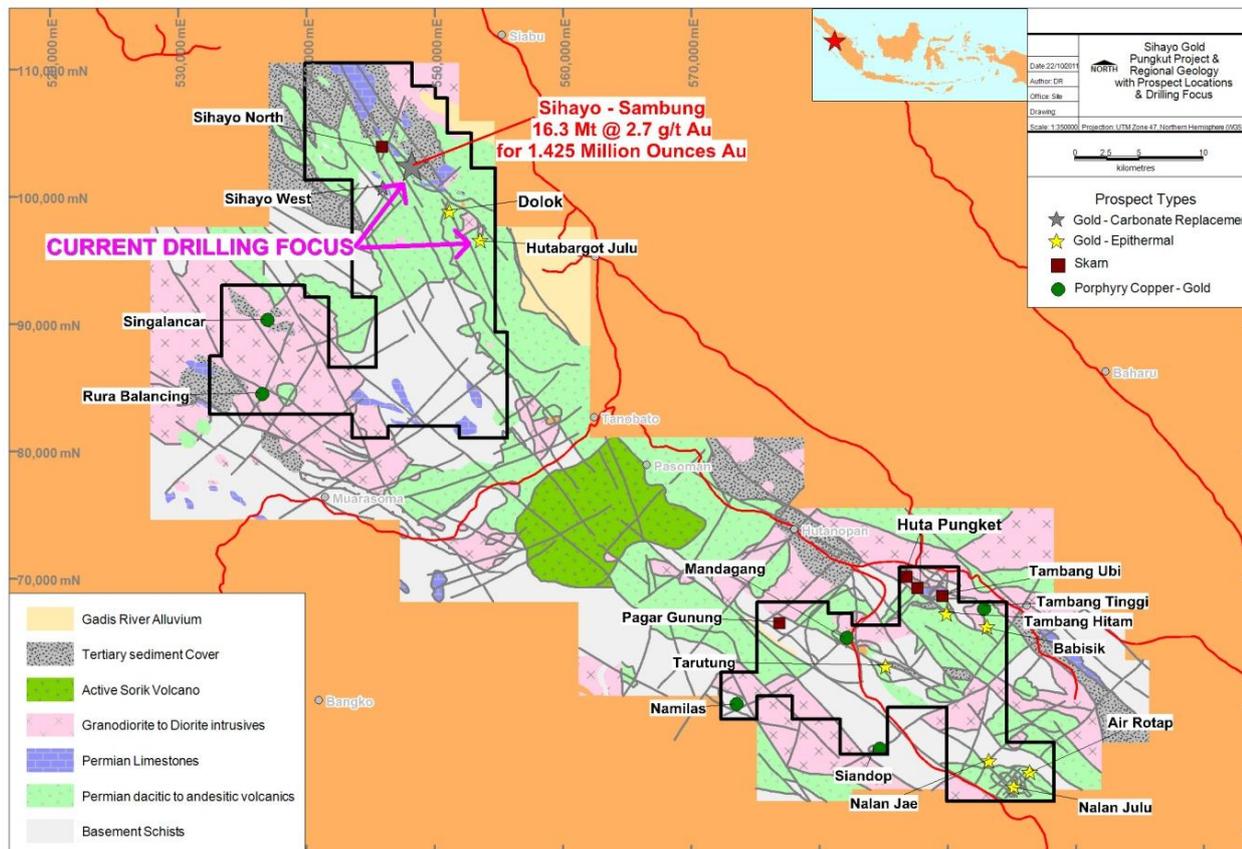
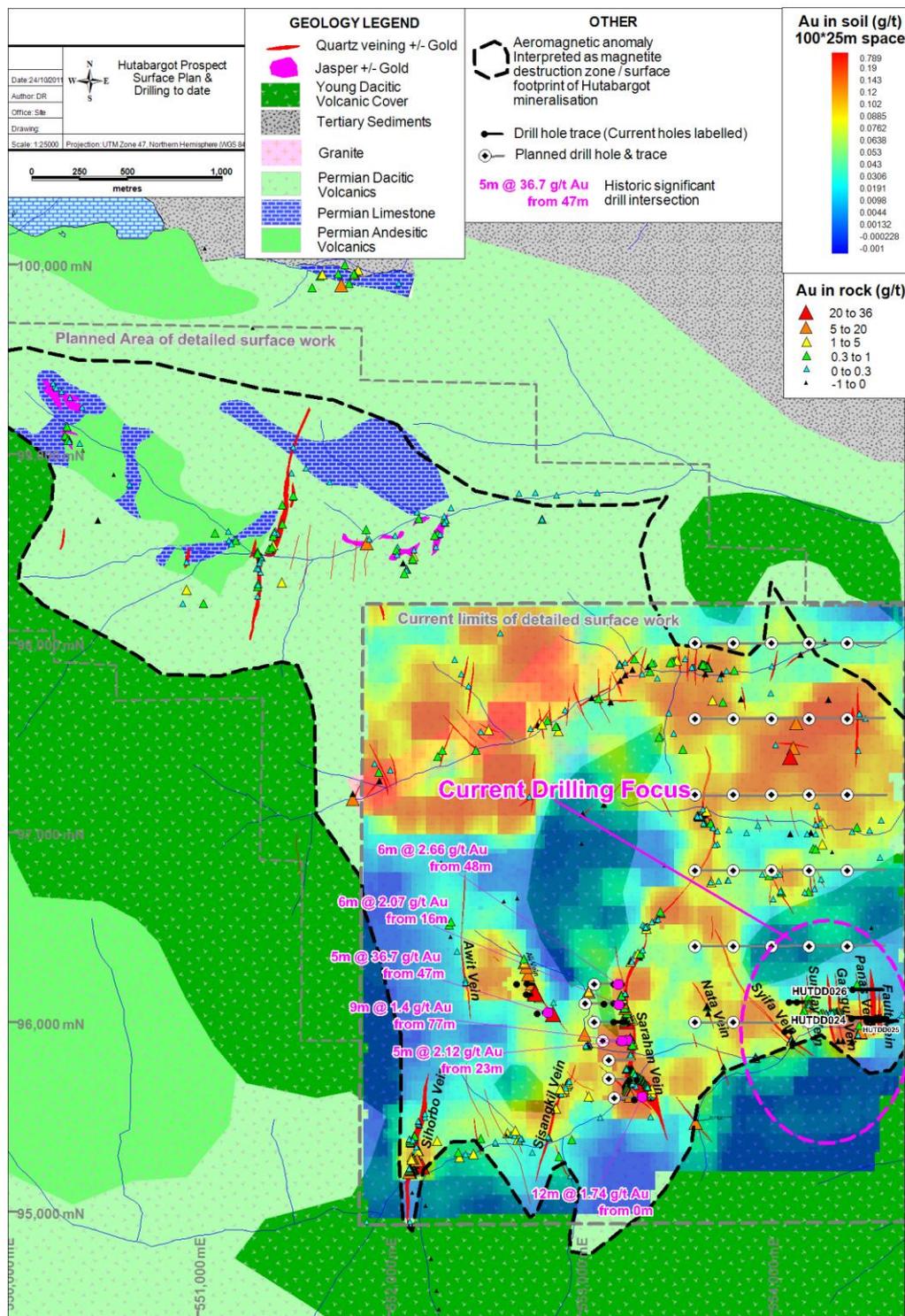


Figure 3: Hutabargot Julu Surface Plan and Diamond Drilling Program



## Tambang Tinggi Gold Copper Prospect

The final holes of the first phase of drilling at Tambang Tinggi were completed during the quarter. Table 1 below contains the limited intercepts of greater than 1 g/t Au.

**Table 1: Drilling intercepts of 1 g/t Au and above at Tambang Tinggi**

Hole ID	East UTM	North UTM	RL (m ASL)	Azi	Dip	Max Depth	From	To	Intercept (m)	Au g/t
TTDD016	67841	591816	890	5	-50	350.0	136	138	2	1.73
TTDD017	67744	591900	938	155	-50	350.2	306	309	3	1.76
TTDD017							312	315	3	1.16
TTDD020	67400	591499	852	220	-50	174.2	30	33	3	1.23
TTDD020							45	48	3	2.02

### Notes

1. All assays determined by 50gm fire assay with AAS finish by Intertek- Caleb Brett Laboratories of Jakarta
2. Lower cut of 1.0ppm Au used
3. A maximum of 2m of consecutive internal waste (material less than 1.0ppm Au) per reported intersection
4. All interval grades were calculated as a weighted average
5. All intervals reported as down hole lengths
6. Sampling regime as quarter core for PQ and half core for NQ and HQ diameter core
7. Quality Assurance and Quality Control (QAQC):
8. Coordinates in UTM grid system

The next phase of drilling will require a larger capacity rig to test the porphyry copper gold potential at depth. Highly anomalous Cu was intersected in drill holes TTDD008 and TTDD011:

**TTDD008: 63m @ 0.55 g/t Au and 0.09% Cu from 196m**

**TTDD011: 46m @ 0.35 g/t Au and 0.13 % Cu from 116m**

TTDD014 also intersected a potassium feldspar (Potassic alteration) zone. The combination of Potassic alteration and highly anomalous copper results at relatively shallow depth are potential vectors to a significant underlying Porphyry Copper Gold system.

Current surface exploration work at the Tambang Tinggi area is focused on the Babisik Epithermal Gold Prospect. Refer Figure 5.

The Tambang Tinggi drill plan and surface plan are detailed below in Figures 4 and 5.

Figure 4: Tambang Tinggi Drill Plan

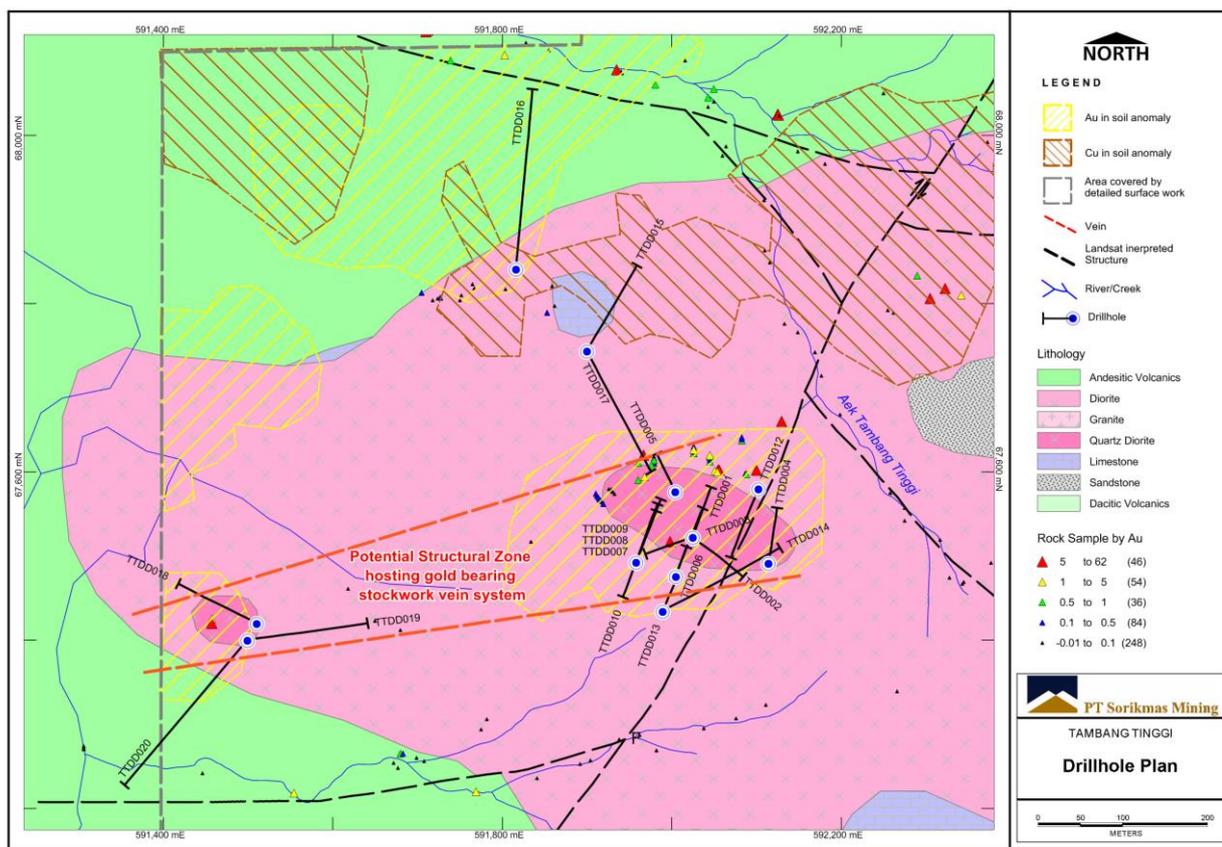
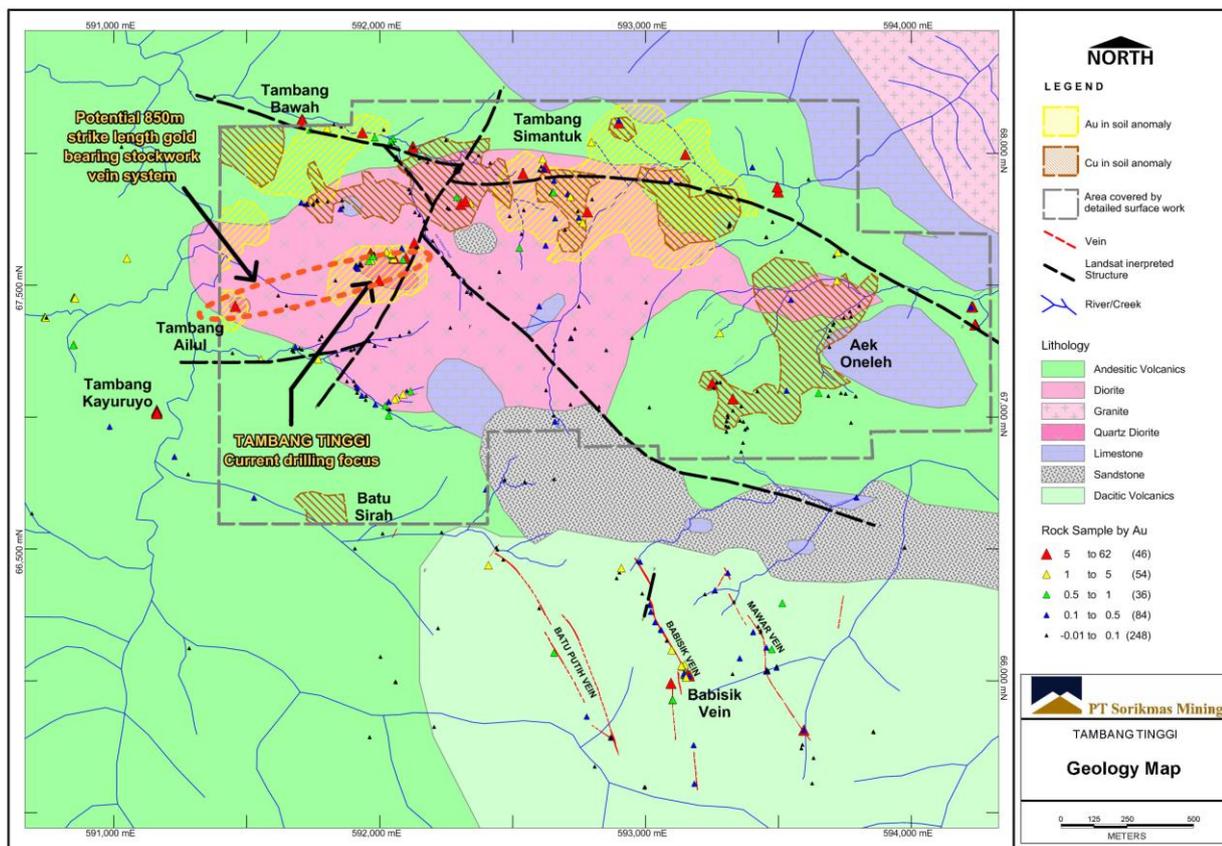


Figure 5: Tambang Tinggi Surface Plan



## Huta Pungkut Gold and Copper Skarn

The prospect is located 5km northwest and along trend of Tambang Tinggi. Refer Figure 2.

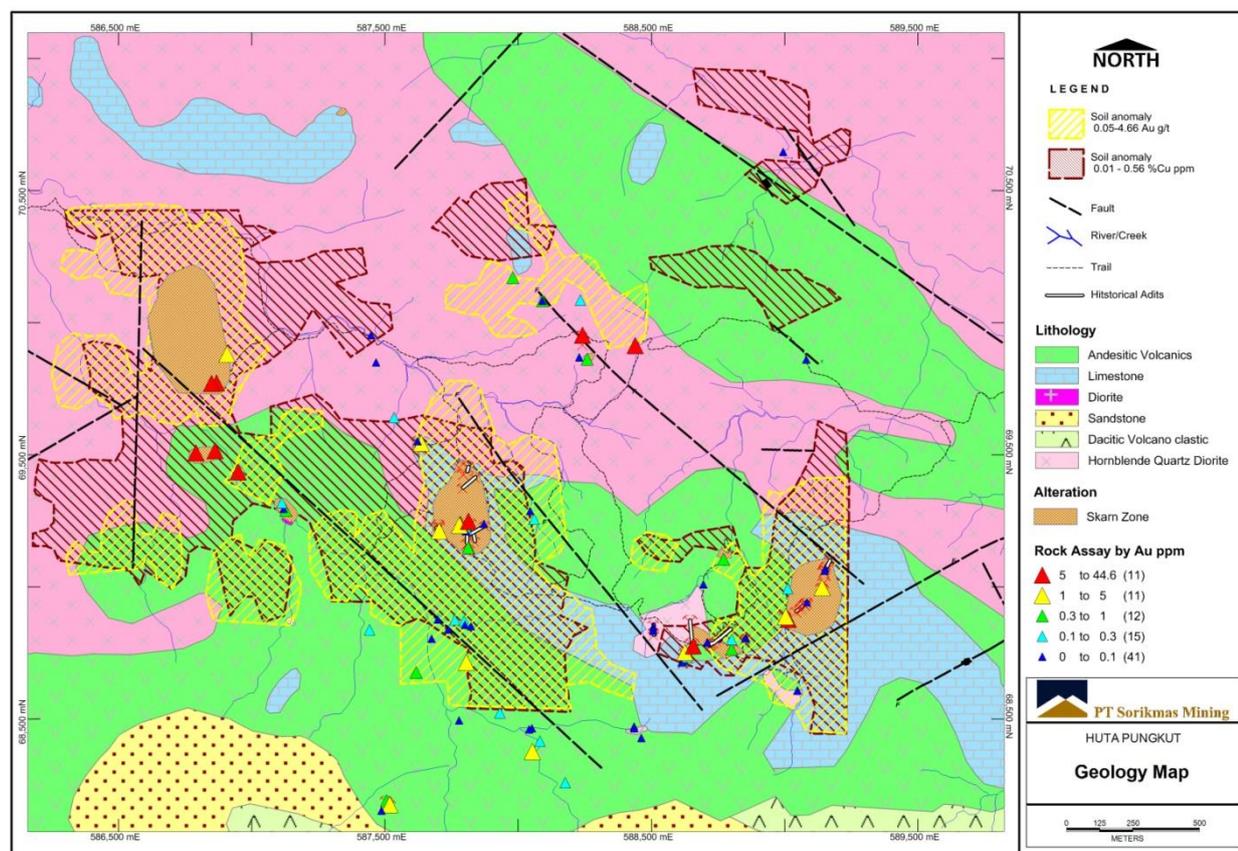
The area was identified from the regional stream geochemistry survey and confirmed by the recent aeromagnetic survey. The area comprises a broad zone (5.1 km strike length) of strong stream sediment gold anomalism (>10 ppb Au in 30 mesh BLEG). The prospect area is the most geochemically anomalous region within the COW with all drainages sampled along the trend returning anomalous values. The anomalous stream sediments appear to have a close relationship to magnetic anomalies suggestive of skarn type mineralisation.

The area presently has been divided into 3 prospects (Red Hill, Crown Hill and Blue Ridge) identified in reconnaissance exploration associated with small scale mining activity and possible vegetation anomalies similar to that at Tambang Tinggi.

Gold and copper skarn style mineralisation is hosted in limestones intruded by porphyry and the Mauri Sipongi granite.

Current exploration work includes geological mapping and soil sampling. Rock chips collected from skarn zones have yielded up to **44.6 g/t Au** and up to **18% Cu**. Soil sampling has delineated large areas (approximately 3km \* 1km) of Cu-Au anomalism adjacent to mapped skarn zones. Scheduled ongoing work is an IP survey, further soil sampling, geological mapping and rock chip sampling. This work will be compiled and analysed to generate drill targets that are expected to be tested in 2012. Figure 6 below summarises the geology of the Huta Pungkut Prospect and Table 2 contains the best rock chip assay results received to date.

**Figure 6: Huta Pungkut Prospect Surface Plan**



**Table 2: Rock chip assay results from Huta Pungkut Prospect**

Sample No	East UTM	North UTM	RL (m ASL)	Sample Type	Au g/t	% Cu
973257	586869	69771	747	Rockchip	5.61	0.49
973258	586850	69770	748	Rockchip	<b>12.20</b>	0.50
973260	589014	68877	885	Rockchip	6.03	<b>3.61</b>
973261	588242	69953	786	Rockchip	<b>14.50</b>	0.09
973278	587786	69236	835	Rockchip	1.09	0.15
973281	587782	69234	830	Rockchip	5.41	0.89
973282	587780	69233	830	Rockchip	1.32	0.23
973283	587814	69248	831	Rockchip	<b>13.90</b>	1.66
973298	588627	68752	950	Rockchip	1.38	<b>5.58</b>
973299	588658	68776	937	Rockchip	<b>31.80</b>	1.20
993024	588054	68377	847	Rockchip	1.44	0.14
993028	587806	68714	816	Rockchip	1.27	0.05
993030	589005	68888	896	Rockchip	2.01	1.74
993034	589141	68997	966	Rockchip	4.87	1.94
993036	587518	68176	900	Rockchip	4.73	0.05
993041	586907	69880	695	Rockchip	4.87	0.33
993046	588439	69913	715	Rockchip	<b>44.60</b>	0.68
997253	586949	69435	676	Rockchip	5.32	0.74
997254	586863	69515	667	Rockchip	<b>13.90</b>	0.84
997255	586791	69507	691	Rockchip	<b>24.30</b>	<b>18.50</b>
997257	587704	69212	819	Rockchip	4.31	0.25
997258	587636	69543	773	Rockchip	2.28	<b>3.34</b>

**Notes**

1. All assays determined by 50gm fire assay with AAS finish by Intertek- Caleb Brett Laboratories of Jakarta.

**Community, Government and other Stakeholder Meetings**

As previously reported, on Sunday 29th May, a group of demonstrators, believed to be supported by the representatives of illegal artisanal miners from the region, arrived and caused significant damage to Sihayo's exploration camp.

Over the past five months, our community relations team has conducted over sixty meetings with the key SPGP stakeholders including; local community members, village heads, religious groups, NGO's, local and provincial Government representatives, local and provincial Police and Army commanders, the newly elected Bupati of Mandailing Natal, North Sumatra and the Governor of North Sumatra.

The meetings have been focused on ensuring that the future activities of the Company are conducted in a safe and secure environment without the risk of any further unlawful acts.

As with any mining project, our relationship with the local community is critical to our long term operational success. As part of our ongoing community program we took 15 local representatives on a site visit to a newly commissioned gold mine in North Sulawesi, Indonesia in mid-September, to show them first-hand the operational, environmental and community aspects of a mine of similar size to our planned SPGP.

In addition, community agriculture based programs have been initiated in four of the villages surrounding the SPGP and the aim is to establish similar programs in each of the 15 villages that are located in the project's primary area of influence.

The agriculture programs work very well in these communities where over 90% of the local population are engaged in agriculture production as their primary source of income. The programs are built on the core philosophy of "sustainability" and seek to improve the overall productivity of the local producers, add value to their existing products and ultimately facilitate better marketing of their products.

---

The response from within the initial four villages has been extremely encouraging and bodes well for the continued establishment of similar programs in the remaining 11 villages.

Figures 7 to 10 below show the agriculture programs in the establishment phase.

**Figure 7: Community Agriculture Programs**



**Figure 8: Community Agriculture Programs**



**Figure 9: Community Agriculture Programs**



**Figure 10: Community Agriculture Programs**



---

### **2.0 Malawi (Uranium) 100%**

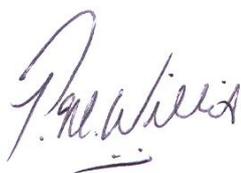
No exploration activities were carried out during the Quarter. We have entered negotiations to sell the tenements and retain a royalty over any future production.

### **3.0 India (Diamonds) 9%**

Some progress was made during the Quarter in resolving the legal status of the diamond tenements in India, however the matter is yet to be finalised. We are hopeful that a final resolution as to the status of the tenements will be reached in the December Quarter.

Yours faithfully,

**SIHAYO GOLD LIMITED**

A handwritten signature in cursive script, appearing to read 'Paul Willis', with a horizontal line underneath.

**Paul Willis**

Chief Executive Officer

31st October 2011

---

**Competent Persons Statements**

**Sihayo Gold Limited:** The information in this report that relates to exploration, mineral resources or ore reserves is based on information compiled by Mr Darin Rowley (BSc.Geol Hons 1<sup>st</sup> class) who is a full time employee of PT Sorikmas Mining, and is a Member of the AusIMM. Mr Rowley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as described by the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Rowley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

**Runge Limited:** The information in this report that relates to Mineral Resources at Sihayo and Sambung is based on information compiled by Mr Robert Williams BSc, a Member of the Australian Institute of Mining and Metallurgy, who is a full time employee of Runge Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit 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 of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**Modelling:** Both the Sihayo and Sambung deposits were estimated by Runge Limited using Ordinary Kriging grade interpolation, constrained by mineralisation envelopes prepared using a nominal 0.5g/t gold cut-off grade. In all cases a minimum downhole intercept length of 2m was adopted. The block dimensions used in the Sihayo model were 25m EW by 10m NS by 5m vertical with sub-cells of 6.25m by 2.5m by 1.25m, while a block dimension of 20m EW by 20m NS by 5m vertical with sub-cells of 5m by 5m by 1.25m was adopted for the Sambung model. Statistical analysis of the deposit determined that no high grade cuts were required in the Sihayo estimate, although a 25g/t Au has been used in the Sambung estimate. Bulk density was assigned in the model based upon the results of 4,629 bulk density determinations.

**Note**

All statements in this report, other than statements of historical facts that address future timings, activities, events and developments that the Company expects, are forward looking statements. Although Sihayo Gold Limited, its subsidiaries, officers and consultants believe the expectations expressed in such forward looking statements are based on reasonable expectations, investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward looking statements. Factors that could cause actual results to differ materially from forward looking statements include, amongst other things commodity prices, continued availability of capital and financing, timing and receipt of environmental and other regulatory approvals, and general economic, market or business conditions.

## 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

Sihayo Gold Limited

ABN

77 009 241 374

Quarter ended ("current quarter")

30 September 2011

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(4,184)	(4,184)
1.3 Dividends received	(224)	(224)
1.4 Interest and other items of a similar nature received	146	146
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(4,262)</b>	<b>(4,262)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(51)	(51)
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)		
<b>Net investing cash flows</b>	<b>(51)</b>	<b>(51)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(4,313)</b>	<b>(4,313)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(4,313)	(4,313)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	486	486
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 (cost of share issue)	(40)	(40)
	<b>Net financing cash flows</b>	446	446
	<b>Net increase (decrease) in cash held</b>	(3,867)	(3,867)
1.20	Cash at beginning of quarter/year to date	13,468	13,468
1.21	Exchange rate adjustments to item 1.20	609	609
1.22	<b>Cash at end of quarter</b>	10,210	10,210

**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	110
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

**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

NOT APPLICABLE

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

NOT APPLICABLE

**Financing facilities available**

+ See chapter 19 for defined terms.

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	3,600
4.2 Development	
4.3 Production	
4.4 Administration	300
<b>Total</b>	<b>3,900</b>

### 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	10,166	10,166
5.2 Deposits at call	44	44
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>10,210</b>	<b>10,210</b>

### 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		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

---

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				
<b>Preference securities</b> <i>(description)</i>				
7.2				
Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3				
<b>+Ordinary securities</b>	703,711,146	703,711,146		
7.4				
Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	300,000 9,424,500		\$0.05 \$0.05	\$0.05 \$0.05
7.5				
<b>+Convertible debt securities</b> <i>(description)</i>				
7.6				
Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

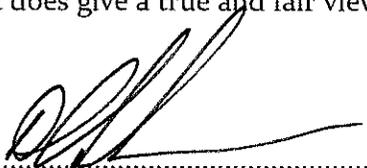
**Appendix 5B**  
**Mining exploration entity quarterly report**

			<i>Exercise price</i>	<i>Expiry date</i>
7.7	<b>Options</b> <i>(description and conversion factor)</i>	6,800,000	\$0.15	31/05/2013
		2,000,000	\$0.075	30/06/2012
		2,000,000	\$0.1	30/06/2013
		2,000,000	\$0.1	30/06/2012
		2,000,000	\$0.125	30/06/2013
		1,500,000	\$0.1	31/05/2012
		1,500,000	\$0.1	31/05/2012
		2,000,000	\$0.25	31/12/2012
		1,000,000	\$0.25	31/12/2012
7.8	Issued during quarter	Nil		
7.9	Exercised during quarter	300,000 9,424,500	\$0.05 \$0.05	26/08/2011 31/08/2011
7.10	Expired during quarter	1,346,154	\$0.05	31/08/2011
7.11	<b>Debentures</b> <i>(totals only)</i>			
7.12	<b>Unsecured notes</b> <i>(totals only)</i>			

**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 give a true and fair view of the matters disclosed.

Sign here:

  
 .....  
 (~~Director~~/Company secretary)

Date: 31/10/11  
 .....

Print name: DANIEL NOLAN .....

**Notes**

+ See chapter 19 for defined terms.

- 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.

== == == == ==