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morningstar
mining a golden future

Rule 5.3

29th July 2011

QUARTERLY ACTIVITIES REPORT TO 30TH JUNE 2011

- **New Chief Executive Officer appointed effective July 2011**
- **Jeff Williams resigns as non-executive director effective 30th June**
- **Noel Laidlaw joins MCO Board in non-executive role effective 30th June**
- **New executive group positions MCO for gold production phase**
- **Extensive infrastructure upgrades continue at Morning Star Goldmine**
- **Rose of Denmark mine access re-development nearing completion**
- **Visible gold encountered in Reliance drilling core**
- **Promising surface drilling into Morning Star dyke into new ore zone**
- **No reportable injuries or accidents recorded for the quarter**



Morning Star Goldmine site under show during the June Quarter

Appointment of New CEO

Morning Star Gold NL (MCO) is delighted to announce Mike Botting's appointment as its new Chief Executive Officer. Mike is a mining engineer with over 25 years' experience but more importantly has significant experience relevant to the role required at Morning Star. Mike is extremely talented and well respected and has already become acquainted with MCO's projects in a varied consulting capacity over the past months. His appointment is squarely aimed at enhancing the company's growth as it transitions to become a respected gold production house and furthers the scope and scale of its projects for the benefit of long term stakeholders.

Mike has held senior in-house positions and consulted in senior roles on gold projects in Australia with considerable parallels to the challenges at Morning Star. His work has been for the likes of WMC Resources, Bendigo Mining, Central Norseman, Beaconsfield, BHP Billiton, Newmont and Barrick. Mike brings a mix of big company knowledge, protocols, systems and best practices with significant narrow vein, underground mine planning skills which will be essential in order for our current suite of projects to succeed.

Mike is Melbourne based and will be spending much of his time this year at and around MCO's Woods Point based projects.

MCO Board Changes

Jeff Williams tendered his resignation as a non-executive director effective 30th June 2011. Regarding the Board changes, MCO would like to say that Jeff Williams has been a good friend and sounding board to the company since 2004 and it wishes him well in all future endeavours. It is certain our paths will cross again and we sincerely thank him for 7 years non-executive involvement.

MCO has announced that Noel Laidlaw will be joining the board as a non-executive director effective 1st July 2011. Noel is enormously well respected and well known in the Victorian mining industry. He held the important and prestigious post of State Mining Warden for 9 years until recently and his knowledge of government, regulatory, DPIV and the mining industry in general will be invaluable for Morning Star. In addition Noel is a mining engineer with particular expertise in gold milling operations, which is a bonus for MCO as we build our gold production footprint in eastern Victoria.

The Board and senior executive appointments are designed to position Morning Star for the first time to professionally engage this vital phase of its growth. The new team has been retained with a clear view to deliver the company to a level commensurate with where it aspires to be amongst its gold production peer group. The team will be responsible for delivering on the company's considerable promise over the next few years in a methodical and transparent fashion with a clear road map obvious to all stakeholders.

Other senior appointments at operational management level have been made and new roles assigned.

Safety Performance

MCO are pleased to report that safety performance for the quarter was excellent with no lost time or medically treated injuries being reported. Following on from the OH&S audit completed in the last quarter action plans have been implemented to further develop and improve MCO's safety management systems in order to achieve our goals of industry best practice and no accidents on any sites.

Winder (Main shaft haulage)

MCO commissioned the construction of a brand new purpose built single drum high-speed winder, which initially was received at site in the past quarter. The commissioning was delayed due to statutory safety compliance and the unit is due back on site for re-commissioning in August 2011, following completion of various modifications by the manufacturer. As reported, delays in the winder installation were experienced due to a recent serious incident in China involving the specific disc brake callipers specified for MCO's new winder. The incident has caused the global recall of this disc brake model from the Italian manufacturer. The callipers subject to recall were already fitted to MCO's winder and ready for delivery. In addition to the recall, the mechanical and hydraulic engineering consultants who are responsible for the safe calliper installation and delivery of the unit to MCO have refused to certify for use any device using the recalled callipers. MCO has urgently arranged design modifications to the new winder to cater for the use of a different model of calliper and supply has been arranged by air freight, however delays ensued. MCO is confident the program is on track now.

As reported earlier, the new winder significantly upscales MCO's haulage capacity. The new high-speed winder has a lifting rate of 4-5 metres per second and has a gross lifting capacity of 3 Tonnes, compared to the previous capacity of ~1T @ 0.7m/s. Once commissioned, MCO is confident the new winder can meet haulage requirements in order to have the new gravity mill operating at its designed throughput capacity (~10TPH). The new winder design has taken into account industry best practice standards in safety and occupational health and includes state of the art slack rope detection, limit switches & drum-slip detectors.

In addition a brand new 'leaky-feeder' in-mine communication system has been established. MCO is cognizant that the new winder and its ancillary safety and communications system is the key piece of equipment at site that much of the mining program is reliant upon and as such has completely rebuilt from the ground up this system in addition to the new winder and man/ore cage.

Auxiliary Winder

To overcome the impact of delays from the new single drum high-speed winder delivery, MCO installed over the period, a smaller capacity (auxiliary) winder to continue mine rehabilitation and waste development work until the new winder is operational. This auxiliary winder is enabling access to the mine shaft and various levels within the mine, where infrastructure works are occurring. This winder is being rented and will be de-commissioned once the company's new winder is returned and commissioned.

Shaft Rehabilitation (Morning Star)

Vertical Edge Mining has been awarded a tender to undertake shaft rehabilitation work that will upgrade the structural integrity of the Morning Star mine shaft and is specifically designed to safely allow for the increased speed and haulage capacity available to MCO from the new winder installation.

The shaft rehabilitation work commenced in June and will continue until September quarter. Importantly, the key shaft works will happen concurrently with the re-commissioning of the new high-speed winder.

MCO is confident that the implementation of key shaft works, overseen and designed by technical experts, will allow in the future for a much faster and safer ore haulage and man haulage operation at the Morning Star Goldmine.

Mining / Development

Mining (stopping) of Maxwell's reef (~268m depth) in the delineated high-grade zone will commence immediately the new winder is commissioned. Maxwell has been prepared for stopping but no high-grade ore has been mined or processed in order to take advantage of increased haulage rates available with the new winder arrival.

Development at the north end of the 9 Level of the Morning Star Goldmine in preparation for access to the new Kenny reef zone (~275m depth) is continuing utilising access via the auxiliary winder. A further 80 metres of development is required to have mining (stopping) ready at Kenny reef.

MCO's recent infrastructure work will ensure more efficient ore handling on 9L and other levels. Kenny zone ore will be transported along 9L (north) in multiple trucks via new locos and upgraded rail infrastructure in the mine. This significantly upgrades transportable tonnages from the smaller man-driven single truck system it has replaced.

Milling Update

Successful commissioning of the onsite Gekko designed and built gravity processing plant (GPP) with low-grade ore has been completed. MCO is confident that the GPP can now operate at the expected mechanical continuity to cater for capacity of throughput by design. The gravity treatment of high-grade ore is scheduled to commence upon re-commissioning of the new high-speed winder and the completion of pre-requisite mine rehabilitation and development works.

Metallurgical Testing

During the period MCO commissioned Gekko to undertake a 'bottle roll' cyanide leaching trial at Ballarat. This trial was designed to test the viability of cyanide treatment of low-grade concentrates from the gravity circuit. The trial was considered a success. This result gives MCO a viable option to recover gold from a range of concentrates taken from the GPP.

The test work carried out by Gekko treated 18kg of low grade concentrate in a number of different scenarios and the result of the test work was that it was possible

to produce a pregnant cyanide solution including 80.1% of the contained gold, and this in turn could be turned into DORE gold bars that containing 77.8% of the original gold.

The result of this trial means MCO can now schedule to treat lower grade ores where necessary, as there is now an economic pathway for the retrieval of the contained gold. A further ~180kgs of low-grade concentrates have been dispatched to Gekko for processing. Gekko and MCO are implementing a small circuit to deal with this. Two batches of high-grade concentrates recovered from Rose of Denmark and Morning Star mines were dispatched late in the period for smelting to DORE. Importantly the characteristics of the concentrates during roast / smelt will give more information especially as the two separate ore sources vary in composition.

Capital / Infrastructure Works

Power Upgrade

The in-mine upgrade from 415V to 1,000V was completed and the installation of the 1,000 volts power source allows for the use of electrical mining equipment underground, which will assist in increasing the productivity of the mine and lowering operating cost. This has been a significant project undertaken by Compliance Electrical who are very experienced in mine electrical contractors having worked at Ballarat.

Paste - Backfill Plant

Work on the paste-backfill plant is continuing with design work completed by Coffey, concrete works underway and contracts let for the steel fabrication, supply of cement and the cement storage facility. The plant is expected to be completed in Q3 2011.

The completed paste-backfill system will lower operating cost in tailings storage quite significantly and again tie in with increased utilisation of the on-site gravity mill. The underground placement of de-watered and cement mixed tailings is a useful passive means of ground support in disused stopes of the mine.

Man-Cage (main shaft)

Construction of a new man-cage to operate in concert with the new high-speed winder and increased haulage operations was due for completion just after the close of the June quarter. The man-cage design has been carefully managed in line with current best industry practices and Australian safety standards.

Water Treatment Plant

The Ovivo supplied water treatment plant is operating and final commissioning is scheduled to be completed in July 2011. The plant is designed to treat the low levels of arsenic contained in water from the mine. It will be removing the majority of the arsenic to ensure the water meets Victorian EPA standards before it is discharged into the Morning Star Creek.

Other Infrastructure Works

During the period MCO commenced or completed a number of key infrastructure projects aimed at production commencement and expansion which included:

- Commissioning of the water treatment plant.
- Completion of the new main administration office (HQ) in Woods Point giving the company a large presence on the main street of the town.
- Additional accommodation was also completed as part of the new HQ with the top floor being turned into senior staff accommodation.
- Completion of the upgrading of the underground operations power supply to 1,000 volts from 415v. This is significant for ventilation and streamlining of other expanding underground mining and development operations.
- A new vent fan run off the new 1,000V power supply upgrade has been set-up in the upper area of the mine and in concert with the new vent doors, will significantly increase the fresh air quality available in underground mining zones aiding safety and expanded ore movement.
- Vent doors have been established on all 10 Levels of the mine.
- A 6 man accommodation area is being built on freehold land owned by the company. It will allow for the expansion of mining staff.
- A purpose built geologists camp was set-up with core shedding and offices

Exploration (Morning Star Goldmine)

- NEW SURFACE DIAMOND DRILLING PROGRAM UNDERWAY AT MORNING STAR HILL
- FOUR HOLES COMPLETED INTERSECTING MINERALISED REEF PLANE AT ~80 METRES DEPTH
- THREE HOLES TO DATE CONFIRM EXTENSION OF INTERCEPT IN MS357 (2.65M @ 28.17 G/T AU)
- RESULTS SIGNIFICANTLY INCREASE PROBABILITY OF NEW SHALLOW MINEABLE RESOURCE

Over the June quarter, MCO was conducting a program of up to eight diamond drillholes from the surface on Morning Star hill targeting areas above the 3 Level of the Morning Star goldmine. The holes have been planned to test a reef zone found in drillhole MS357 where an intersection of 2.65m @ 28.17 g/t Au was returned.

It was reported that four drillholes have been completed and the fifth is underway (MSD 1101-MSD 1105). The program is designed to test the lateral extension of the wide mineralised intersection found in drill hole MS357 from 138.5 metres (including 0.3m @ 214 g/t Au) (see Figure 1 below).

Preliminary modelling of the intersection in MS357 suggests that it could align with two historic stopes in the Morning Star mine (one down strike and one up strike of the intercept). MCO geologists have planned the drillholes to test the down strike extension closer to the stoping and development done by WMC between 3 and 4 Level and to assist in determining the strike and dip of the mineralisation in MS357.

Of the four holes drilled so far, three have intersected targets as planned.

Hole ID	Easting (MGA94)	Northing (MGA94)	Elevation (RL)	Dip	Azimuth (True)	Depth (metres)	Status
MSD1101	433575	5841755	798	-57°	176°	199.4	Completed

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MSD1102	433575	5841755	798	-73°	180°	196.5	Completed
MSD1103	433575	5841755	798	-63.5°	178°	199.4	Completed
MSD1104	433575	5841755	798	-83°	178°	147.3	Completed
MSD1105	433575	5841755	798	-83°	178°	147.3	Completed

Table 1: Drill Hole Locations

Results Reported over June Quarter

MSD1101

A number of small mineralised stringers of quartz in sediments were logged in MSD1101 with the best intersection being 0.4m @ 1.69g/t Au (from 104 metres).

MSD1102

The best result returned for MSD1102 is an intersection of 2.7m @ 4.37 g/t Au (from 90.5 metres) which included a zone of 0.7m @ 16.5 g/t Au. This mineralisation is considered very encouraging.

MSD1103

The best intersection for MSD1103 is 2m @ 1.01 g/t Au (from 172.3 metres) but the assays show that gold mineralisation is present in the hole and the mineralised zones are continuous between the other holes.

MSD1104

MSD1104 has been completed and the assays have highlighted the three major zones of mineralisation found in the earlier drilling including MS357.

Assays for the three zones include 3.6m @ 1.25 g/t Au (from 93.6 metres), 2.2m @ 1.97 g/t Au (from 105.9 metres) and 5.1m @ 2.51 g/t Au (from 129.2 metres) which included 1.1m @ 5.19 g/t Au.

Figure 1 below depicts a sectional view of the current drilling at the Morning Star Hill sites and the new reef zone which will be the subject of further drilling and interpretation. The aim of the program is to further delineate shallow economic mining reserves for processing onsite at Woods Point.

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Conclusions from Morning Star Hill program to date

Logging and assaying of holes MSD1102 to MSD1104 has highlighted the presence of three intersections of altered mineralised diorite dyke containing quartz veining or stockwork, which is one of the main sources of gold mineralisation in the Morning Star mine.

Due to the nuggetty nature of the gold within the reefs at Morning Star, identifying altered mineralised dyke is often considered more important than the grades of intersections. This is because grades can vary substantially in narrow vein coarse gold ore bodies of which this mine is an example.

MCO expects that the modelling of these zones will highlight three separate continuous reef structures that can be mapped from Level 3 up to areas above the existing mine workings and with further work MCO will be able to define a mineable resource in this area.

Regional Exploration (including Shandong JV)

Reliance Drilling - EL 5079 (100% MCO)

MCO completed an initial program of seven diamond drill holes at its Reliance dyke prospect during the period. Results of the assaying of the seven holes at Reliance have been returned. To date none of the results support the alteration and anomalous mineralisation found in the logging and earlier high grade samples.

MCO is planning further drilling at Reliance as knows it to be one of the largest dyke bulges in the region and has encountered visible gold in drilling and promising assays in prior sampling to support further work once the weather turns warmer. MCO recognises that good geology is not always reflected by good assays. Our expanded geology department is presently computer modelling the geology and results of the first seven drillholes to further understand the Reliance dyke's prospects and to assist in planning the next phase of exploration there.

A summary of the drilling results are listed on the following page.



Visible Gold and Strong Alteration in Reliance drillhole RLD1006

Hole ID	from	to	interval	Au (ppm)	Comment
RLD1001	63.00	69.70	6.70	0.17	Includes 68.2-68.5m, 0.3m at 0.59g/t
RLD1002	69.40	69.60	0.20	0.67	
	72.00	73.00	1.00	0.35	
	131.80	132.50	0.70	4.40	Steep vein with pug. A
	133.00	134.10	1.10	1.14	131.8-134.1m, 2.3 at 1.90g/t
	138.00	139.00	1.00	0.48	
	144.00	146.00	2.00	1.80	Alteration above the sediment-dyke contact.
	162.70	163.00	0.30	1.03	
RLD1003	35.60	36.60	1.00	1.17	1.5m core loss directly above intercept
	36.80	37.00	0.20	0.13	0.20m core loss, at 36.6-36.8m.
RLD1004	105.90	106.70	0.80	0.15	
RLD1005	36.00	36.60	0.60	0.68	
	81.30	82.00	0.70	0.17	
	106.10	107.00	0.90	0.28	
	109.40	110.00	0.60	1.40	
RLD1006	59.65	61.50	1.85	0.11	
	84.60	84.90	0.30	0.72	
RLD1007	50	51	1	0.77	
	67.2	68	0.8	0.65	
	69.9	71	1.1	0.61	
	74	76	2	0.24	
	78	83	5	0.25	
	88	89	1	0.33	
	92	93	1	0.34	
	101	102	1	0.5	
	103	104	1	1.8	

Reliance Drill Results over June Quarter

Rose of Denmark -MIN 5299 (Shandong JV)

Work is continuing on preparing the Rose of Denmark adit for diamond drilling during the second half of 2011. During the June quarter underground mining and development was occurring including the preparation of three drill cuddies for the upcoming underground diamond drilling. At the close of the period, adit redevelopment had advanced to within ~60 metres of the target area (winder chamber). A magazine cuddy was also under development. Some development ore has been transported to the Morning Star mill site in order to conduct trial milling of RoD ores.

A more comprehensive update of the Rose of Denmark project was being prepared for release in August 2011.

Loch Fyne -MIN 5241 (Shandong JV)

A work plan, outlining underground mining and a 2,000 metre drilling program for Loch Fyne (MIN 5241) has been submitted to the DPI Vic. The drilling outlined in the new work plan will include both up and down holes from the 3 Level adit and will test the eastern contact of the Loch Fyne dyke.

A mining parcel will be extracted from the same level and transported to Woods Point for gravity milling. The Loch Fyne was a prodigious mine with historic production of over 100,000 ounces of gold.

Little Comet -MIN 5009 (100% MCO)

DPI Vic has approved a work plan for the Little Comet prospect which incorporates a reconnaissance drilling program of 4 to 6 diamond holes. MCO expects to carry out this work in the coming summer period.

EL 4320 (100% MCO)

Presently a work plan has been submitted to DPI Vic and MCO is awaiting approval before commencing the work which includes diamond drilling at the Garibaldi prospect.

EL 5079 (100% MCO)

Preparation of an updated work plan covering expanded and new diamond drilling at a number of sites on EL 5079 is currently underway and once completed it will be lodged with the DPI Vic.

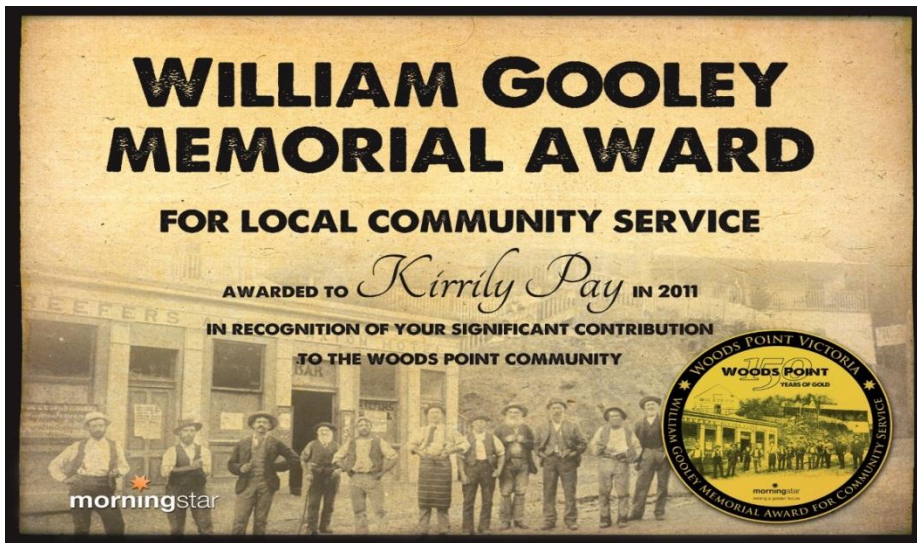
The plan will cover further work (including a maiden drill program) at the Wallaby dyke near Gaffneys Creek, a second stage drilling program at Reliance and sampling and drilling at the Transit of Venus prospects in the northern area of the licence.

Community

Morning Star Gold remains extremely active in the local community. The company lent its labour, expertise and donated funds to local Woods Point and Gaffneys Creek community projects in line with its sustainability goals.

As part of the "150 Years of Gold" celebrations for Woods Point, MCO inaugurated an award for the outstanding community member of the year based on charitable works and providing help to others. The "William Gooley Memorial Award" – named after the lucky chap who discovered gold near Woods Point in 1861 was presented to Kirrily Pay who until recently was mine host at the Commercial Hotel in Woods Point.

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Award Certificate (above) & Presentation Ceremony (below)



CEO's Comment

Initially I would like to say that I am delighted to accept the role of CEO as Morning Star has a bright future with a number of potential projects that represent opportunities for expansion and growth.

The development of "state of the art" infrastructure and exploration success has put MCO in a strong position to achieve our goal of safe, sustainable and profitable gold production, with minimal impact on the environment. Achieving this goal through "getting the mining operations into production" will be the immediate focus for MCO.

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I am eagerly looking forward to working with the existing strong technical group in place and also with Nick and the Board to grow MCO's production footprint and reputation.

Yours Sincerely,



Mike Botting, Chief Executive Officer

About Morning Star Gold Morning Star Gold <ASX: MCO> is 100% owner and manager of the Woods Point Gold Project in Victoria's historic eastern goldfields. The company's Five Granted Mining & Exploration tenements (3 MINs and 2 ELs) are adjoining over 200km² and yielded ~2 million ounces of gold historically from various high-grade mines. Nearly half of this production was sourced from the Morning Star mine (circa 1MT mined at average grades approaching 1oz/tonne) for a recorded production of 883,000ozs of gold. Only three mines in the goldfield were mined to any significant depth and 100's of surface targets (mostly mafic/gabbro dykes) are recognised either from past production or mapping and sampling by MCO. At one point in the early 1940s, the Morning Star mine was Australia's biggest gold mine. Gold Mines of Australia (WMC Ltd) operated it for 25 years (1934-1959). The Morning Star mine also carries an in situ gold resource, estimated in 2008 at 910,000ozs. Production has recommenced at the Morning Star Goldmine in 2011 for the first time in nearly 50 years. The rate of production is expected to increase over 2011-12 and MCO is targeting 80KTPA throughput at its onsite gravity processing plant (GPP) with grades expected to range around 10-15g/t. Other gold production mines on MCO's tenements were generally constrained in relatively shallow workings in the near surface or 'weathered zone' and above the water table. Key current targets for new exploration and development include the Wallaby, Loch Fyne, Rose of Denmark, Hunts, Waverly, Little Comet, Reliance & All Nations mines. These mines historically produced ~500,000 ounces of gold at grades between 10 - 30 grams per tonne. MCO's Chinese partner Shandong Tianye are a well-capitalised publicly listed Chinese conglomerate who agreed to spend \$4.5M over 2011-12 to farm-in to 51% of two of MCO's regional licences. The Morning Star Goldmine and various other priority production targets are 100% owned by MCO, separate to the Shandong JV. For further information please subscribe to E-Alerts of all Morning Star's news & ASX Releases at the company's website. Progress reports are generally released monthly and summarised in the following quarterly report.

Forward Looking Statements

This report may include statements and information pertaining to Morning Star Gold's expectations and beliefs concerning future events. Forward risks, uncertainties and other factors, many of which are outside the control of Morning Star Gold can cause actual results to differ materially from such statements. All envisaged mining & exploration works herein are subject to appropriate regulatory approvals. Morning Star Gold makes no undertaking to subsequently update or revise such statements but has made every endeavour to ensure that they are wholly accurate at the time of publication.

Competent Persons Statement

The information contained in this report was compiled Mr Greg Curnow BSc MAUSIMM who has over twenty years of relevant experience in relation to the mineralisation being reported on, to qualify as a Competent Person as defined in the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Curnow works on a full-time basis as a consultant to Morning Star Gold NL and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

Morning Star Gold NL

ABN

34 003 312 721

Quarter ended ("current quarter")

30 June 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date
		\$A'000	(12 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(436)	(3,081)
	(b) development	(773)	(4,821)
	(c) production	(283)	(283)
	(d) administration	(797)	(2,862)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	78	230
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	(a) GST refund	256	765
	(b) JV costs recouped	420	1,750
Net Operating Cash Flows		(1,535)	(8,303)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments	(36)	(36)
	(c) other fixed assets	(792)	(2,913)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	25	25
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		(803)	(2,924)
1.13	Total operating and investing cash flows (carried forward)	(2,338)	(11,227)

1.13	Total operating and investing cash flows (brought forward)	(2,338)	(11,227)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		15,000
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 (provide details if material)		
	Share issue costs	(110)	(340)
	Net financing cash flows	(110)	14,660
	Net increase (decrease) in cash held	(2,448)	3,433
1.20	Cash at beginning of quarter/year to date	12,673	6,792
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	10,225	10,225

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	20
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Geological and consulting 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

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.

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	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	531
4.2 Development	1,247
4.3 Production	124
4.4 Administration	500
Total	2,402

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	-	443
5.2 Deposits at call	10,230	12,230
5.3 Bank overdraft		
5.4 Other (credit card)	(5)	
Total: cash at end of quarter (item 1.22)	10,225	12,673

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	284,318,462	284,318,462		
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)			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				

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7.11	Debentures <i>(totals only)</i>		
7.12	Unsecured notes <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)

Date: 29 July 2011

Print name: Nicholas Mark Garling

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.