

BAUXITE RESOURCES LIMITED

ACN 119 699 982

DECEMBER 2011 QUARTERLY REPORT

HIGHLIGHTS:

- 53% INCREASE IN JORC COMPLIANT BAUXITE RESOURCES
- COMMENCEMENT OF PHASE 2 OF BAUXITE ALUMINA JV PROGRAM
- REVIEW OF PROSPECTIVITY FOR OTHER MINERALS ON DARLING RANGE TENEMENTS COMPLETED
- CASH \$50.6M (consolidated)



Woylie Rescue is sponsored by Bauxite Resources in partnership with the Woylie Recovery Team.
www.woylierescue.com.au



WOYLIE *Bettongia penicillata*



**BAUXITE
RESOURCES
LIMITED**

COMPANY DETAILS

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ASX Code: BAU

BAU: 235m shares

Market Cap \$28.2m (31 December 2011)

Cash: \$50.6m (31 December 2011)

Directors:

Barry Carbon (AM)	Chairman
Scott Donaldson	Chief Executive Officer & Executive Director
Luke Atkins	Director
Ding Feng	Director
Neil Lithgow	Director
Robert Nash	Director
John Sibly	Director
Yan Jitai	Director
Paul Fromson	Chief Financial Officer & Company Secretary

CORPORATE SUMMARY

Issued Capital

- 235,000,000 Ordinary shares and 25,000,000 share options on issue

Cash Balance & Assets

- \$50.6 million cash (consolidated) in the bank and no debt at 31 December 2011
- \$8 million in assets related to property, plant and equipment

Cash Flow

- BRL received cash inflows of \$617,000 from interest on fixed term deposits plus \$323,000 from rental of plant and a cash call refund from Bauxite Alumina Joint Ventures.

Valuation

- BRL has a market capitalisation of \$28.2 million based on a market price of \$0.12 per share on 31 December 2011, a 42% discount to BRL's cash asset value.

JOINT VENTURE PROJECTS ACTIVITY SUMMARY

Bauxite Projects and Resources—Darling Range, Western Australia

In November 2011, Bauxite Resources Ltd ("BRL" or "the Company") announced a 53% increase in the total JORC classified bauxite resources which it holds an interest in to 51.2 M tonnes @ 41.1% total alumina, 30.1 % available alumina @ ~145°C, 3.9% reactive silica. This increase was a result of the release of a maiden resource at the Cardea 3 deposit.

Located approximately 20km North West of Toodyay, Western Australia, the Cardea 3 deposit is within BRL's granted tenement area. The deposit extends across two tenements, resulting in it being within both the Bauxite Alumina Joint Ventures ("BAJV") project area with Yankuang Resources Ltd ("Yankuang") (where BRL holds a 30% beneficial interest in bauxite rights) and the Bauxite Farm-In and Joint Venture with Shandong #1 Bureau of Geology & Minerals Exploration ("Shandong") (where Shandong subsidiary HD Mining & Investment Ltd ("HD Mining") can earn up to 60% of bauxite rights upon completion of certain milestones).

The BAJV has now completed early bauxite exploration & initial drilling in the northern Darling Range tenements and has shifted its focus to the southern tenements. This program is designed to provide base geological data to be used in the Alumina Refinery Joint Venture (see below). Shandong JV activity will continue in the northern and eastern Darling Range tenements for the remainder of the 2012 year when work programs will be reviewed and reassessed.

BRL anticipates that both joint ventures will provide further bauxite resource updates during the year as samples from completed drilling programs are assayed and modelled.

Alumina Refinery Project—Darling Range Western Australia

The alumina refinery feasibility study is managed within the BAJV with Yankuang Resources Ltd, a wholly owned subsidiary of Yankuang Group.

In October 2011 Phase 1 of the BAJV study into the development of an alumina refinery in the south west of Western Australia was completed. Phase 1 targets included setting up the joint venture, early exploration for bauxite in the northern project tenements and the completion of a preliminary internal scoping study.

JOINT VENTURE PROJECTS ACTIVITY SUMMARY Cont

Phase 2 has now commenced and includes investigation of the geological potential for bauxite in the southern tenements. Once complete, this data will be used with the internal scoping study results to provide a comparison between the merits of a refinery in the north or the south taking into account the following factors;

- The relative quality of bauxite in the north Darling Range versus the south Darling Range
- Metallurgical variability between northern & southern bauxite
- The preferred bauxite/alumina process path
- Relative environmental & social issues
- Infrastructure requirements
- Relative economics

The BAJV has determined that it is appropriate to defer the refinery process design until sufficient information is available from the southern drilling program to properly address the factors above. The parties have therefore agreed a stop of timelines from early December 2011 to 1 July 2012, a period of 6 months and 22 days. This is intended to ensure that the above information is available for the refinery design and that the economic, social and environmental modelling associated with it are also optimised.

NON JOINT VENTURE PROJECTS ACTIVITY SUMMARY

Review of Darling Range tenement “other minerals” prospectivity:

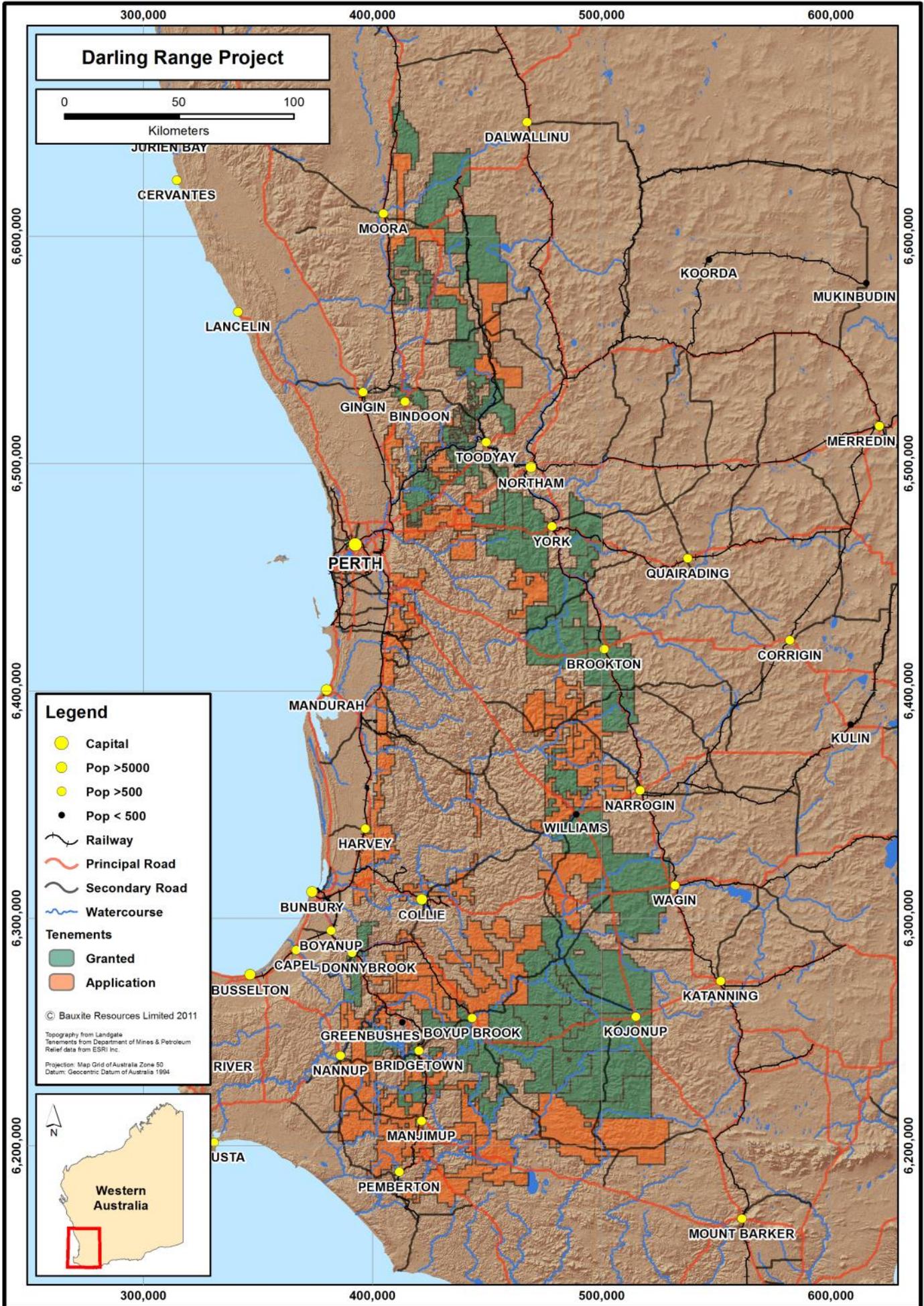
The Darling Range tenement package in Western Australia is subject to two existing joint ventures for bauxite. BRL retains 100% ownership of all minerals outside the bauxite resources identified.

The Company has previously announced its intention to carry out a review of all tenements (granted & under application) for prospectivity for minerals other than bauxite. The initial review over the Darling Range tenements was completed by an external consultant early in the quarter. This has subsequently been followed up by a more detailed internal review focussed on specific strategic minerals. The Company is now examining the results of the latest review as the basis for further exploration activity.

Kimberley & Northern Territory, Australia

An internal review of the Company’s tenements (both granted and under application) in the Kimberley area of Western Australia and the Northern Territory of Australia is currently also underway.

BRL DARLING RANGE TENEMENT MAP AS AT 31 DECEMBER 2011



EXPLORATION ACTIVITY - Bauxite Exploration

Darling Range, Western Australia

A Mineral Resource estimate for the Cardea 3 Bauxite Deposit was completed during October 2011 by BAJV personnel. The deposit is located approximately 100km northeast of Perth, Western Australia in the North Darling Ranges region approximately 20km north west of Toodyay. The Cardea 3 resource is a maiden resource and as such is in addition to previous announced resources.

The North Darling Range Project is located on the western edge of the Yilgarn Craton. The Project area is dominated by Achaean granite and granite gneiss (commonly laterised) with minor units of metasediment, meta-volcanics and Proterozoic dolerite dykes. The Cardea 3 mineralisation is present at shallow depths within gently undulating laterite profiles that consist of un-mineralised gravel overlying hardcap and bauxite zones. These are underlain by transitional and clay zones. The bauxite zone is characterised by gibbsite and varies from 1m to 8m in thickness.

The Cardea 3 resource extends over two granted exploration tenements E70/3160 and E70/3432. Tenement E70/3160 is subject to a joint venture between BRL and Shandong whilst tenement E70/3432 is within a joint venture between BRL and Yankuang. The resource lies on private farmland and has been defined by completion of 738 vacuum drill holes. The total resource has a lateral extent of approximately 3.8km N-S and 3.6km E-W with mineralisation extending from surface to a maximum depth of 10m. Drill hole spacing is on a regular 80m by 80m spacing.

The area covering the Cardea 3 resource was originally known as Cardea 3 and Pomona. Recent exploration drilling has confirmed that the bauxite mineralisation is contiguous as a single geological resource. The Company has therefore renamed the two resource areas as Cardea 3 and the results are summarized in Table 1. which also contains details of the relative resources ownership.

Further examination of all known bauxite resources using various cut off grades and beneficiation options is planned as part of a larger program aimed at determining the potential economic value of each deposit as either refinery feed or direct export product.

EXPLORATION ACTIVITY - Other Minerals Exploration (100% BRL)

Darling Range, Western Australia

BRL regards its tenements within the southwest region of WA to be underexplored considering the modern exploration techniques now available and an improved understanding of the regional geology. The region hosts numerous small historic gold occurrences and the world class Boddington Gold Mine that was reopened by Newmont in 2010. Other sizeable mining operations in the region include Western Australia's only operating coalfield, at Collie approximately 200km south of Perth, with additional undeveloped coal resources located nearby within the Wilga and Boyup basins, the Greenbushes tin-tantalum mine and various mineral sand operations. Western Australia's first commercial iron ore production was from deposits within the southwest region prior to establishment of large-scale operations in the Pilbara.

BRL has compiled a tenement package in this region of approximately 26,000 km² of which approximately 55% has now been granted. It is now one of the largest tenement holders in the region and retains 100% ownership of all non bauxite minerals.

During the quarter the Company engaged external consultants to undertake a preliminary high level review of BRL's Darling Range Project tenure in the south west of Western Australia and it's prospectivity for mineral commodities other than bauxite. The reported outcome was positive, and BRL has subsequently completed a further in-house desktop review of the potential for several commodities. The Company considers that further staged work programs are warranted and will commence preparation for this work.

Table 1: Details of the Cardea3 Mineral Resource (November 2011)

JORC Classification	Dry tonnes (million)	Total Al ₂ O ₃ (%)	Available Al ₂ O ₃ (%) <i>Note 3</i>	Reactive SiO ₂ (%)	BAU Mineral Rights
Bauxite Resources JV with Yankuang E70/3432					
Indicated	3.5	42.5	31.1	3.2	
Inferred	7.0	41.0	30.1	3.5	
Sub Total	10.5	41.5	30.5	3.4	<i>Note 1, Table 1</i>
Bauxite Resources JV with Shandong E70/3160					
Indicated	1.1	42.8	30.0	4.0	
Inferred	6.2	40.3	28.9	4.4	
Sub Total	7.3	40.7	29.1	4.3	<i>Note 2, Table 1</i>
Total Bauxite Resources – Cardea 3					
Indicated	4.6	42.6	30.8	3.4	
Inferred	13.2	41.6	29.5	3.9	
Total Bauxite	17.8	41.2	29.9	3.8	

*25% Cut off grade and dry density of 1.6 used

1: BRL retain 30% of bauxite rights and 100% of all other minerals

2: Shandong can earn up to 60% of bauxite rights upon completion of a BFS leading to a decision to mine.

3. Based on ~145°C (low temp) caustic digest using Bayer process

BAU retain 100% of all other minerals. *Differences due to rounding

Kimberley Project (100% BRL)

The Kimberley Project comprises 5 granted exploration licences and 8 exploration licence applications in the northern part of the Kimberley Basin. Further to the aeromagnetic survey and prospectivity assessment completed on this project in the September quarter, BRL are considering their options with respect to work programs for commencement in 2012. The prospectivity assessment identified potential for gold, diamonds and base metals as well as bauxite within BRL tenure.

Northern Territory (BRL 100%)

The Northern Territory project comprises two tenement applications, and requisite negotiations with the Northern Land Council are expected to resume during the 2012 dry season.

TENEMENT HOLDING as at 31 December 2011

Location	Granted Tenement		Tenement Applications	
	QTR	TOTAL	QTR	TOTAL
Bauxite Resources JV with Yankuang				
North Darling Range	2	24	0	11
East Darling Range	0	5	0	6
South Darling Range	1	21	1	34
Total	3	50	1	51
Bauxite Resources JV with Shandong				
North Darling Range	0	2	0	1
East Darling Range	0	1	0	2
Total	0	3	0	3
BAUXITE RESOURCES LTD (non JV)				
North Darling Range	0	1	0	0
East Darling Range	0	0	0	0
South Darling Range	0	0	0	4
Kimberley	1	6	0	7
NT	0	0	0	2
Total	1	7	0	13
TOTAL	4	60	1	67

OPERATIONS AND APPROVALS**Land Access Agreements for Exploration**

Agreements continue to be made with private land owners for permission to carry out exploration activity. BRL has successfully negotiated exploration agreements with approximately 250 land owners over granted tenements and negotiation of additional access agreements is ongoing.

Aurora Bauxite Project - Bindoon

This project forms part of the Bauxite Alumina Joint Venture (BAJV) with Yankuang Resources Pty Ltd.

The Bindoon Bauxite Mining Proposal is to be formally assessed by the Western Australian Environmental Protection Authority ("EPA") at the Public Environmental Review ("PER") level under the *Environmental Protection Act 1986*. The Proposal also requires approval by the Commonwealth under the *Environmental Protection and Biodiversity Conservation Act 1999*. BRL has been advised that agreement has been reached between the Western Australian and Commonwealth agencies to use a single process to assess the Proposal, which has been defined as the State PER process.

During the quarter, BAJV consulted with regulatory agencies on the methodology of proposed technical investigations. Some of these are designed to gather seasonal baseline information on the existing environment and are underway. A number of other studies are near completion with a formal submission to the EPA expected in 2012.

OPERATIONS AND APPROVALS Cont

Alumina Refinery Joint Venture (BRL 10%)

The Alumina Refinery Joint Venture with Yankuang Resources is managed by the BAJV. Yankuang is contributing 90% of study costs (BRL 10%) investigating the feasibility of constructing and operating a modern alumina refinery in the south west of Western Australia. Pending the completion of a successful feasibility study and a decision by both Party's to proceed with construction, Yankuang will contribute 91% of the construction costs (BRL 9%) and during operation Yankuang will have the right to 70% of alumina produced (BRL 30%).

Phase 1

Phase 1 of the BAJV alumina refinery scoping study was completed during the quarter with the outcome from the work to date being used to further define future study parameters. Phase 1 of the study consisted of establishing the joint venture company, forming a team of skilled staff and obtaining sufficient geological data in the northern tenement area to provide early information for the initial refinery decision-making process. Further assaying, resource modelling and categorisation for the northern tenements utilising samples gained during the Phase 1 drilling program will be undertaken over the next three to six months as part of the phase 2 process.

Phase 2

Phase 2 of the alumina refinery study will focus primarily on exploration within the southern Darling Range tenements. With the internal draft scoping study completed, a series of financial models have been developed and will contribute towards Phase 2 assessments. A major objective of Phase 2 will be to gain sufficient data in the southern areas to assess the relative merits of a refinery located in either the northern or southern areas.

During the quarter the BAJV also commenced preliminary activities designed to determine the factors that will most influence the selection of potential locations for an alumina refinery. These factors will be used alongside the internal scoping study to prepare a list of potential refinery locations for discussions with local stakeholders. External engagement with local communities, interest groups and regulators will form a significant component to the success of the refinery proposal.

OTHER MATTERS

Proposed Litigation Funder Action

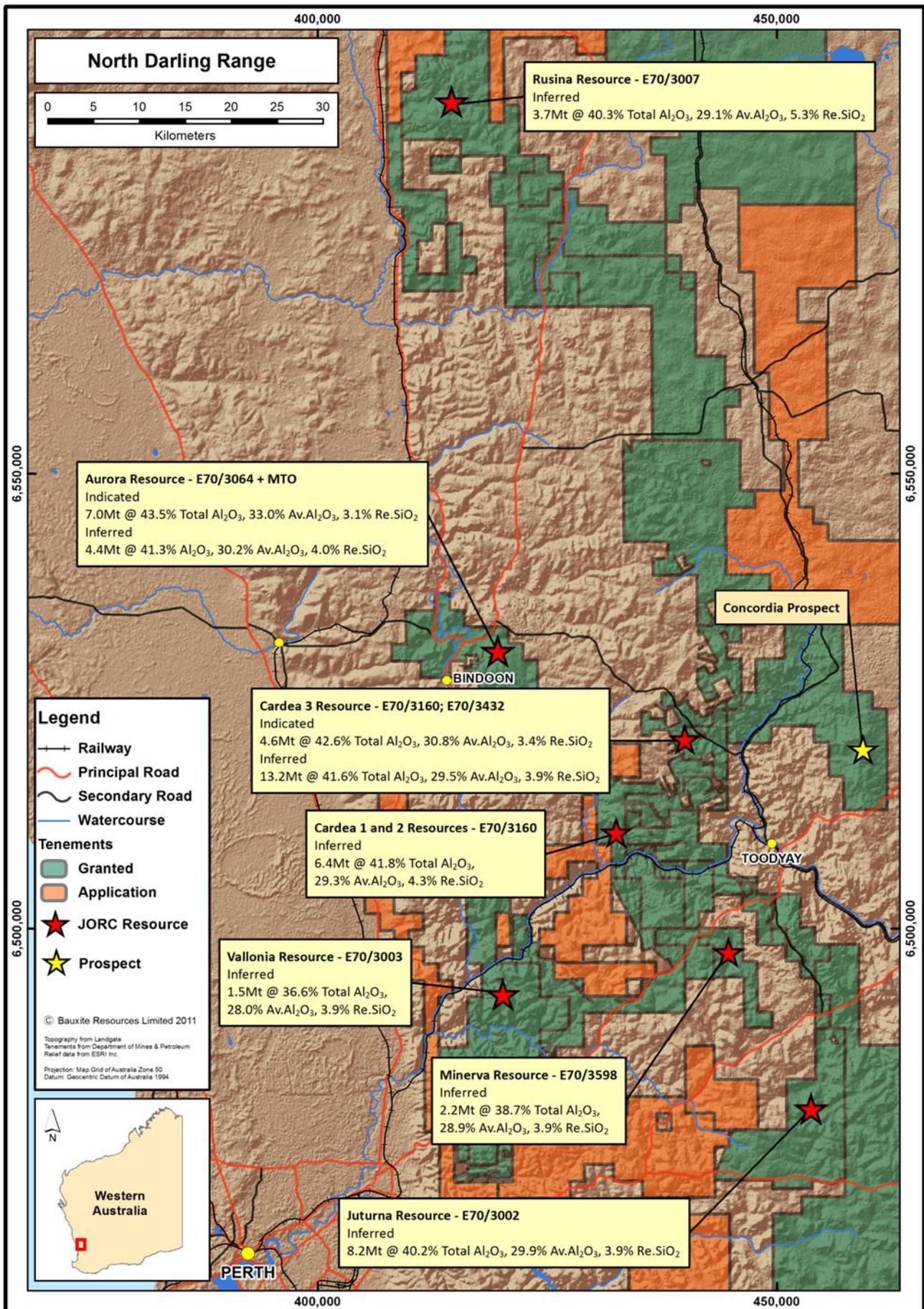
There have been no further developments on this issue.



Scott Donaldson - CEO & ED

In accordance with the Australian Stock Exchange requirements, the technical information contained in this report has been reviewed by Mr. Peter Senini, Manager Resource Development, Bauxite Alumina Joint Ventures Pty Ltd.. The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources is based on information reviewed by Mr. Senini, who is a Member of the Australasian Institute of Geoscientist. Mr. Senini 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr. Senini consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

North Darling Range Resource Location Map



BAUXITE RESOURCE AS AT 31 DECEMBER 2011

BRL's previously announced Bauxite Resources (JORC 2004)

JORC Classification	Bauxite Tonnes Dry (000,000)t	Total Al ₂ O ₃ (%)	Available Al ₂ O ₃ (%)	Reactive SiO ₂ (%)	BRL Bauxite Rights
Cardea 3 (November 2011)					<i>Note 3</i>
Indicated	4.6	42.6	30.8	3.4	
Inferred	13.2	41.6	29.5	3.9	
Cardea (August 2011)					<i>Note 2</i>
Inferred	6.4	41.8	29.3	4.3	
Minerva (August 2011)					<i>Note 1</i>
Inferred	2.2	38.7	28.9	3.9	
Aurora (April 2011)					<i>Note 1</i>
Indicated	7.0	43.5	33.0	3.1	
Inferred	4.4	41.3	30.2	4.0	
Rusina (April 2011)					<i>Note 1</i>
Inferred	3.7	40.3	29.1	5.3	
Juturna (June 2011)					<i>Note 1</i>
Inferred	8.2	40.2	29.9	3.9	
Vallonia (June 2011)					<i>Note 1</i>
Inferred	1.5	36.6	28.0	3.9	
Total Indicated	11.6				
Total Inferred	39.6				
Total*	51.2	41.1	30.1	3.9	

Note 1: Within JV with Yankuang Resources JV

Note 2: Within JV with Shandong #1 Bureau JV

Note 3: Within JVs with Yankuang Resources JV and Shandong #1 Bureau JV

Note 3: All resources utilise a cut off grade of 25% available alumina except for Aurora & Rusina that use 24%

*Differences due to rounding

Note also that available alumina is calculated using a ~145°C caustic digest that approximates a low temperature Bayer process.

JORC LIST OF ASSESSMENT AND REPORTING CRITERIA

Sampling Techniques and Data

Sampling techniques	Vacuum samples were collected as 0.5m samples using a twin riffle splitter
Drilling techniques	All drilling is vacuum using a 45mm drill bit
Drill sample recovery	Resources geologists monitor sample recovery from vacuum drilling by weighing and tracking the mass of recovered sample cuttings. Poor recovery can occur due to cavities, partial blockages of the samples hose and wet samples. Recovery is generally high for the data input into the resource estimates. For diamond-core drilling the core recovery is established by measurement of the recovered core. Triple-tube diamond drilling is used to maximise recovery and where recovery is poor through target zones of resource, the holes are abandoned and re-drilled nearby until acceptable recovery is achieved.
Logging	Resource geologists log the vacuum samples in 0.5-metre down-hole increments. Regular chip-tray samples are collected as permanent physical records for audit and validation purposes. Diamond core samples are logged and photographed in core trays. Data is captured in digital core loggers. All logging data is captured in digital logging devices to ensure consistency of coding and minimise data entry errors.
Sub-sampling techniques and sample preparation	The vacuum samples for each 0.5 metres of drilling are collected at the rig using a riffle splitter to collect approximately 1.5kg samples into a calico bag with the remaining sample dropped onto the ground. The majority of diamond core is collected whole in 0.25 metre interval into a calico bag. The whole core is broken with a brick chisel or collected by hand in unconsolidated material. Selected intervals of bauxite mineralisation are collected in longer intervals and despatched for bulk density measurements.
Quality of assay data and laboratory tests	The majority of samples were analysed at Nagrom Laboratory in Perth with some earlier samples analysed at Ultra Trace Laboratory in Perth. Bauxite Resources documentation describes the analysis of samples by a number of ISO standards methodologies (6140:1991, 9516:2003, 12677:2003, 6606:1986, ISO 6607:1985, 10213:10213, 6994:1986, 6995:1985, 6606:1986; 8557:1985). These analyses provided estimates of principal bauxite components of alumina, silica, iron, titania, and loss on ignition, and a suite of trace elements. Results reported by Bauxite Resources as available alumina and reactive silica represent partial extractions. Documentation describes the in-laboratory quality control methods which include the use of four matrix match standards, and determination of precision and accuracy according to ISO standards. The company also include a high-grade and a low-grade, in-house (uncertified), standard as blind-standards in the field sample stream at a 1:200 ratio. Bauxite Resources also collect duplicate samples in the field sample stream.
Location of data points	Drillhole collar surveys are based on WA's Department of Land and Administration survey marks for control and using differential GPS equipment to locate the drill collars within a precision of ± 0.05 metres. Topographic data used for the Mineral Resource areas is a combination of GEODATA TOPO 250K Series 3 and Landgate Medium-scale Topographic Database data. Bauxite Resources did not survey the hole paths of any of the drilling because all holes are short and any deviation errors are not significant relative to the average drill hole spacing used to defined the Mineral Resources.
Data spacing and distribution	Drilled collar spacings at 80m (along strike) by 80m (on section) and this is considered adequate to establish both geological and grade continuity. All vertical sampling is on a 0.5-metre interval, either raw or composited.
Orientation of data in relation to geological structure	The orientation of the drilling (vertical) is approximately perpendicular to the sub-horizontal mineralisation and is unlikely to have introduced any significant sampling bias.

JORC LIST OF ASSESSMENT AND REPORTING CRITERIA

Estimation and Reporting of Mineral Resources

Database integrity	The drilling data is hosted by an external provider (rOREdata Pty Ltd) in the acQUIRE database system, which is designed to capture, store and verify geological drilling data. Data collected in field loggers is transferred to the database via text files as is data from the laboratory. rOREdata provide reports to the company regarding basic integrity validation of the data such as overlapping records, missing assays and duplicate drillhole identifiers.
Geological interpretation	Geological logging of drilling has confirmed the geometry of the mineralisation with a high degree of confidence. Geochemical changes down hole have been used to determine the bauxite zone. A wireframe was constructed to represent the major zone of mineralisation within the laterite profile. The overlying gravel zone and underlying clay zone are assumed to be outside of the main mineralised envelope, which is defined by the hardcap, bauxite and transitional zones.
Dimensions	The Cardea3 resource area extends over a strike length of 3,810m (from 6,518,885mN – 6,522,695mN) and includes the 11.5m vertical interval from 344mRL to 332.5mRL and occurs as one continuous zone (pod). The Cardea3 portion within E70-3432 (BAJV) occurs as one main zone in the south and a small limb to the north which extends into E70-3160 (Shandong) and is part of the main continuous zone of mineralisation. The mineralisation is near surface, flat lying with an average overburden thickness of 0.75 metres.
Estimation and modelling techniques	The deposit mineralisation was constrained by wireframes constructed using a 16% available alumina cut-off grade in association with changes to reactive silica down hole. The wireframes were applied as hard boundaries in the estimate. The bauxite domain was constrained into one continuous zone of mineralisation and a statistical analysis was conducted on this domain. No high grade cuts were applied to the data. Using parameters derived from modelled variograms, Ordinary Kriging was used to estimate average block grades in 3 passes using Surpac. An ID ² interpolation was used to check the OK model. Parent block size of 40m NS by 40m EW by 1m vertical with sub-cells of 10m by 10m by 0.5m. The parent block size was selected on the basis of being approximately 50% of the average drill hole spacing in the deposit. Validation of the model included detailed comparison of composite grades and block grades by northing and elevation. Validation plots showed good correlation between the composite grades and the block model grades.
Moisture	Resource tonnages are reported as dry metric tonnes with an assumed dry density of 1.6 tonnes per cubic metre. Available test data indicates the dry density is in the order of 1.6 tonnes per cubic metre with wet density in the order of 1.7, which implies an in situ moisture content of 0.1 tonnes per cubic metre (6 to 7 percent moisture).
Cut-off parameters	The Mineral Resource has been reported at a 25% Av Al ₂ O ₃ cut-off and has been based on assumptions about economic cut-off grades for open pit mining.
Mining factors and assumptions	Bauxite Resources has assumed that mining of the deposit will be via truck and shovel configuration and that there will be good visual control to establish the top and base of bauxite during mining. There has been no minimum mining thickness assumed.
Metallurgical assumptions	The available alumina grades exceed the stated Bauxite Resources target grade. Reactive silica is below the four to five dry-weight percent that is implied to have a significant negative effect on Bayer-process reagent consumption. The company is carrying out studies to assess the degree to which high-silica Mineral Resources can be positively affected by application of beneficiation techniques. Low-silica sources within the deposits could also be blended with higher silica resources to produce acceptable process products.
Bulk density	A dry bulk density of 1.6 tonnes per cubic metre has been used. The in situ bulk density assignment was based on 773 previous reported measurements on diamond core samples taken from neighbouring BRL deposits.
Classification	Mineral Resources were classified in accordance with the Australasian Code for the Reporting of Identified Mineral Resources and Ore Reserves (JORC, 2004). The Indicated portion of the resource was defined where the drill spacing was at 80m by 80m, continuity of mineralisation was robust through the thickest bauxite zones where limited or no calculated assays were used, and supported by kriging efficiencies of greater than 90%. The Inferred portion of the resource was defined where the drill spacing was still predominantly 80m by 80m, continuity of mineralisation was good, but a portion of available alumina and reactive silica assays were calculated rather than assayed. The Competent Person has reviewed and agrees with this approach.
Audits and reviews	The mineral resource estimates have been peer reviewed by Snowden and by Bauxite Resources' Competent Person. No external fully independent audits or reviews have been completed.
Discussion of relative accuracy/ confidence.	No uncertainty studies have been carried out to establish the local confidence and accuracy of the Mineral Resource estimates.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Bauxite Resources Limited

ABN

72 119 699 982

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	1,019	1,790
1.2 Payments for		
(a) exploration and evaluation	(714)	(2,252)
(b) development	(31)	(123)
(c) production	-	(404)
(d) administration	(1,387)	(2,414)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	532	1,311
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - GST refund/(paid)	363	(800)
Net Operating Cash Flows	(218)	(2,892)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(26)
(b) equity investments	-	(122)
(c) other fixed assets	(51)	(122)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	66	549
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	15	401
1.13 Total operating and investing cash flows (carried forward)	(203)	(2,491)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(203)	(2,491)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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 (capital raising costs)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(203)	(2,491)
1.20	Cash at beginning of quarter/year to date	50,838	53,126
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	50,635	50,635

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	266
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, director's fees 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.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	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	(1,000)
4.2 Development	(50)
4.3 Production	-
4.4 Administration	(1,250)
Total	(2,300)

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	2,083	3,771
5.2 Deposits at call	48,552	47,067
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	50,635	50,838

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	Nil			
6.2 Interests in mining tenements acquired or increased	E70/3855 E70/4022 E70/3810	30% of bauxite rights/ and 100% of other minerals	0%	30%/100%

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.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	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 <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	235,379,896	235,379,896		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	7,750,000 3,790,000 300,000 230,000 1,125,000 3,000,000 2,000,000	- - - - - - -	<i>Exercise Price</i> 20 cents 30 cents 35 cents 50 cents \$1.00 40 cents 40 cents	<i>Expiry Date</i> 31/05/2012 30/06/2012 30/06/2012 30/06/2012 30/06/2012 31/01/2016 22/02/2016
7.8 Issued during quarter		-		
7.9 Exercised during quarter		-		
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31 January 2011
Company secretary

Print name: Paul Fromson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.