



**Orion Metals Limited (ASX:ORM)**  
71 Lytton Road East Brisbane Qld 4169  
GPO Box 122 Brisbane Qld 4001  
Phone: 61 7 3249 3060  
Fax: 61 7 3249 3061  
ABN 89 096 142 737

## **ORION METALS LIMITED (ASX: ORM)**

### **REPORT FOR THE QUARTER ENDED 31 MAY 2012**

#### **KEY ACTIVITIES**

##### ***EXPLORATION***

- At Killi Killi East (KKE) Prospect rock chip sampling of an 800 metre area between the two KKE prospects confirmed Rare Earth Element (REE) mineralisation in outcropping conglomerate lenses, increasing the potential for large tonnage near-surface (REE) mineralisation.
- Analyses prove that the uranium content of these samples is very low, thereby enhancing the potential for discovering similar REE occurrences elsewhere that are non-responsive to radiometric surveys.
- Regional reconnaissance at Broughton Creek has discovered high grade allanite (uranium rich mineral) veins 10kms north of the main zone of interest. Detailed surveying of the main Broughton Creek alteration zone is planned for next quarter.

##### ***CORPORATE***

- On 31 May 2012, in a joint announcement with the Conglin Group, ORM advised the market that Conglin would make a cash offer of 16 cents per share, via an off-market takeover offer, for all of the Company's issued shares with the intention of acquiring a controlling interest in ORM.
- On 26 April 2012, ORM announced that it had reached an agreement (subject to conditions) to acquire the shares held by the major shareholders of Ultimate Resources Pty Limited (Ultimate) which is acquiring two advanced REE properties in South Korea and that the Company was also extending the offer to the remaining shareholders of Ultimate on the same terms and conditions as for the major shareholders. The agreement and offer would result in ORM exchanging 3 shares in ORM for each Ultimate share held.
- The Company's AGM scheduled for 22 June 2012 was postponed until 4 July 2012 as a result of inconsistencies between the information provided in the original joint announcement of the takeover offer on 31 May 2012 and Conglin Group's Bidder's Statement of 7 June 2012. The postponement was to enable shareholders of ORM the opportunity to review additional information and the effect if any on the manner in which they vote at the AGM.

***CHAIRMAN'S COMMENT***

Chairman, Mr David Barwick paid tribute to the Company's Exploration Director Mr Adrian Day stating that "the Board of Orion acknowledges the efforts of Mr Day who first realised the high rare earth and good prospectivity potential of the Killi Killi region in 1969. We are now seeing some of the benefits of that foresight coming to fruition and wish the new Board success in exploiting the region following the takeover".

# **EXPLORATION REPORT**

## **1. AUSTRALIA**

### **KILLI KILLI HILLS**

#### **RARE EARTH ELEMENT (REE) & GOLD PROJECT**

**200kms southeast of Halls Creek, WA**

**E80/4029, E80/4197, E80/4558, E80/4559**

Preliminary analytical results from the May 2012 rock chip sampling programme at Killi Killi East Prospect were received after the end of the quarter under review.

At the **Killi Killi East Prospect** 39 rock chip samples were collected in May from silicified conglomerate-dominated outcrops interbedded with sandstones in an 800 metre area between the two known REE prospects KKE 1 & 2. Although over-range analyses for neodymium (Nd >1,000ppm) and strontium (Sr >1%) are still awaited, the average for the total 39 samples is 4,451ppm (0.45%) TREEs taking the high readings of neodymium as a nominal 1,000ppm. This programme has now confirmed that outcropping REE mineralisation at Killi Killi East has a strike length in excess of 1 kilometre. However it should be noted that previous sampling failed to detect any significant REE mineralisation in the units immediately above the unconformity connecting the 2 prospects. This recent programme concentrated on conglomerate lenses above the unconformity so are higher in the stratigraphic section, and because of the flat-dipping attitude of the sequence, results indicate a new broad zone of highly significant REE mineralisation – far more extensive than previously recorded.

These REE outcrops are non-radioactive (i.e. low uranium and thorium), as confirmed by assay (maximum uranium result recorded was only 18.2ppm), so have remained undetected by airborne and ground radiometric surveys. Additionally no anomalous gold values were detected during this programme. Strontium levels continued to be very anomalous (average >7,000ppm) and confirm the usefulness of this element as a geochemical pathfinder.

These results are not only extremely encouraging in indicating a near-surface larger tonnage target, but enhance the regional potential of having possible REE-mineralised outcrops in ORM's exploration licences that remain undetected because they lack radioactivity and the mineralisation is not visually obvious.

Since these new geochemical results are so encouraging, a 21 hole RC drilling programme is planned for July to test the sedimentary sequence outlined in the zone of surface sampling. In conjunction with this campaign will be an 8 hole programme at Killi Killi West Prospect to delineate the eastern extent of the broad highly anomalous gold zone discovered in the previous drilling programmes.

Analytical results are summarised in Table 1.

**TABLE 1 - REE analyses of rock chips from Killi Killi East**

<b>Sample</b>	<b>Ce</b>	<b>La</b>	<b>Dy</b>	<b>Er</b>	<b>Eu</b>	<b>Gd</b>	<b>Nd</b>	<b>Pr</b>	<b>Sm</b>	<b>Tb</b>	<b>Yb</b>	<b>Y</b>	<b>Sr</b>
26759	2650	802	33	24	22	123	>1000*	430	281	9	29	189	>1%*
26760	186	57	3	1	2	11	169	31	30	1	1	7	1280
26761	1610	504	11	6	12	61	>1000	249	169	4	5	42	6510
26762	597	177	7	7	7	35	481	97	86	2	2	18	3050
26763	1650	527	19	14	12	64	>1000	261	163	5	19	94	6780
26764	1580	473	29	16	15	78	>1000	247	182	7	19	110	7340
26765	1970	597	28	21	19	94	>1000	321	243	7	25	169	8440
26766	1560	428	18	7	21	99	>1000	281	272	6	6	55	8680
26767	1780	564	32	29	12	66	>1000	273	153	6	31	152	6710
26768	141	48	2	1	1	6	79	19	11	1	1	7	0
26769	1970	631	193	187	18	133	>1000	257	161	24	257	925	8770
26770	652	229	12	4	8	41	395	91	71	4	3	30	5090
26771	639	213	13	4	10	48	432	95	84	4	3	33	4580
26772	1780	548	31	23	17	97	>1000	271	191	7	21	185	8100
26773	1920	635	74	61	19	117	>1000	298	209	12	83	508	>1%
26774	1550	527	42	30	18	88	863	202	161	9	30	227	6200
26775	3310	979	302	306	30	199	>1000	434	292	37	427	1460	>1%
26776	1300	362	10	5	9	49	936	202	123	4	6	25	4970
26777	2820	867	84	69	27	153	>1000	429	292	16	80	563	>1%
26778	2200	653	30	15	18	94	>1000	309	205	9	13	118	>1%
26779	1730	577	114	115	14	89	881	223	134	14	151	665	>1%
26780	1160	351	11	5	8	41	636	156	86	3	4	38	3890
26781	1520	450	70	62	15	95	>1000	220	158	11	70	571	7110
26782	2090	562	476	390	30	256	>1000	283	240	60	400	3050	7980
26783	2310	630	394	331	25	218	>1000	295	223	50	362	2340	8470
26784	2500	700	593	541	34	307	>1000	343	280	68	626	3550	>1%
26785	2120	605	128	122	15	100	>1000	284	161	18	172	661	>1%
26786	1630	493	43	33	15	85	>1000	243	160	8	42	273	7920
26787	693	209	29	26	6	34	510	108	70	4	30	175	3860
26788	2110	577	162	154	16	111	>1000	283	204	19	226	813	>1%
26789	1140	311	15	7	11	54	862	175	143	4	7	54	5340
26790	1610	412	96	79	22	131	>1000	241	250	13	89	555	8840
26791	1420	423	48	49	15	82	>1000	216	187	8	70	247	8800
26792	1770	411	356	249	34	278	>1000	300	345	51	242	2230	8110
26793	2280	660	198	156	21	148	>1000	312	231	26	185	1060	>1%
26794	1430	432	34	25	16	79	>1000	215	188	7	29	180	7830
26795	2700	679	339	209	40	297	>1000	394	398	52	199	1650	>1%
26796	383	131	16	11	4	23	219	51	39	3	12	89	1310
26800	2020	780	21	12	12	67	>1000	270	133	1	8	102	7470
<b>Average</b>	<b>1654</b>	<b>491</b>	<b>105</b>	<b>87</b>	<b>17</b>	<b>106</b>	<b>858</b>	<b>241</b>	<b>180</b>	<b>15</b>	<b>102</b>	<b>595</b>	<b>7076</b>

\* >1,000 Nd and > 1% Sr awaiting final analysis from laboratory.

## **BROUGHTON CREEK**

### **REE – Uranium (U) PROJECT**

**30km south of Mary Kathleen, N QLD**

**EPM's 16209, 17143, 17974, 18075, 19011**

During March / April field activities recommenced and regional reconnaissance traversing was conducted into more remote sections of the exploration permits. New discoveries of highly radioactive allanite veins were made approximately 10kms north of the main anomalous zone at Broughton Creek, and follow-up work is planned along with regional checking of various anomalous features

During the next quarter detailed systematic geological mapping, XRF and spectrometer traversing of the 4 kms strike length of the known mineralised zone at Broughton Creek is planned. This work is intended to better define the extent of red-rock alteration and the distribution of the high grade allanite (a U rich mineral) veins within it, so drilling targets can be selected.

## **FULFORD & BONNOR CREEKS**

### **REE PROJECT**

**Northeast of Mt Surprise and southeast of Chillagoe**

**Fulford Creek EPM18331**

**BonnorCreek EPM18449**

**Dickson Creek EPMs 17011 & 17891 MLA 30128**

The total holding of directly owned and optioned tenements in the Fulford-Bonnor Creeks project area is now 580 kms<sup>2</sup>, and the formal granting of these titles is proceeding.

These tenements are contiguous cover creek systems draining radiogenic granites where past alluvial tin operations have encountered heavy mineral concentrations that contain monazite and possibly xenotime.

In the next quarter broad regional sampling is planned to determine the heavy mineral assemblages in the various drainages and the rare earth elements contained in the monazite/xenotime components. Initial reconnaissance samples that have already been examined by a consultant petrologist have confirmed the existence of monazite in the heavy mineral suite.

## **TOP CAMP**

### **GOLD COPPER PROJECT**

**40km south of Cloncurry**

**ML's 2764, 2765, 2786, 2792**

The project is presently being reviewed by potential joint venture partners with the view to drilling deeper holes on the new bodies of magnetite mineralisation discovered in ORM's previous drilling.

## **2. SOUTH KOREA**

Through the planned 100% acquisition of Ultimate Resources Pty Ltd, ORM would hold the South Korean Properties Eorae San and Hong Chon.

### **EORAE SAN**

#### **REE-Zr-Fe PROJECT**

Towards the end of the quarter under review, ORM announced that planning for a seven (7) hole reverse circulation and or diamond core program was well advanced. The drilling is to be conducted to enable confirmation of the REE mineralisation grade and thickness defined by previous drilling and for the estimation and reporting of a mineral resource in accordance with the requirements of the JORC Code. One of the new holes will twin one of the previous holes; a second hole will be drilled up dip of the twinned hole and 5 other holes will step along the strike of the mineralised dyke. Final negotiations with landowners regarding the precise location of the drill holes and with drillers and other contractors were in progress at the end of the quarter. Drilling was expected to commence during the August quarter. The work to date has been conducted through Ultimate and funded by ORM.

On Friday 22 June 2012 the Company's largest shareholder and Bidder pursuant to the takeover over of ORM (refer below), the Conglin Group, announced that it did not support the South Korean investment and that it would vote against the Resolution regarding the Ultimate acquisition at the ORM AGM. Accordingly the planning for the drill program was ceased and the Company has withdrawn its funding to Ultimate pending the outcome of the Ultimate acquisition at the AGM on 4 July 2012.

### **HONG CHON**

#### **REE PROJECT**

While no direct exploration work was conducted during the quarter, the third instalment of the acquisition price for the project of WON 200 million (approximately \$A170,000) was funded by ORM.

## **3. PROPOSED WORK PROGRAMS**

Priority for the August quarter will be the drilling programmes at both Killi Killi Prospects, and should these prove successful, supplementary programmes will be undertaken later in the year.

Field trips to the Company's Northern Queensland projects at Broughton and Fulford / Bonnor Creeks are being planned for the August and November quarters. These visits will be performed to conduct systematic geological mapping, XRF and spectrometer traversing and regional sampling in support of additional drilling proposed for these projects later in the year.

In addition, assessment of new REE opportunities is an ongoing strategy for Orion.

At this time, the Company's funding of the South Korean projects has been withdrawn pending the outcome of the postponed AGM on 4 July 2012 and the takeover offer by the Conglin Group.

# **CORPORATE**

## **PROPOSED TAKEOVER BY CONGLIN GROUP**

On 31 May 2012, in a joint announcement with the Conglin Group (Conglin), ORM advised the market that Conglin would make a cash offer of 16 cents per share, via an off-market takeover offer, for all of the Company's issued shares with the intention of acquiring a controlling interest in ORM. The offer is conditional upon a number of conditions, including Conglin becoming entitled to at least 50% of ORM's issued share capital, no decline in the S&P ASX 200 Index by 15% or more for three or more consecutive trading days and no prescribed occurrences arising during the offer period.

The Directors of ORM unanimously recommended that ORM shareholders accept Conglin's offer and intend to accept the offer for at least a substantial proportion of their shareholdings, in the absence of a superior proposal.

Mr Bin Cai who was appointed as an ORM Director on 30 April 2012, stood down from the Board on 31 May 2012 to ensure that no conflict of interest arose during the takeover process. Mr Cai had also absented himself from all Board deliberations regarding the Conglin offer.

In an advice to the ASX and ORM shareholders on 27 June 2012, Conglin advises that it had extended the closing date for the takeover to 7 pm Sydney time on Thursday 19 July 2012.

## **ACQUISITION OF ULTIMATE RESOURCES PTY LTD**

On 26 April 2012, ORM announced that it had reached an agreement (subject to certain conditions) to acquire the shares held by the major shareholders of Ultimate Resources Pty Limited (Ultimate) and that the Company was also extending the offer to the remaining shareholders of Ultimate on the same terms and conditions as for the major shareholders. The agreement and offer would result in ORM exchanging 3 shares in ORM for each Ultimate share held.

At the time of the announcement, ORM held a 17.1% shareholding in Ultimate which was in the process of acquiring two valuable REE projects in South Korea, Hong Chon and Eorae San. South Korea is strategically placed in the middle of the world's leading industrial, electronics and technology producing countries and the projects being acquired possessed known mineralisation which could be quickly brought to resource stage.

Both the agreement and the offer were subject to shareholder and regulatory approvals and the acceptance of the minority shareholders.

The receipt of the acceptance of all minority shareholders was announced by the Company on 28 May 2012 along with the planned drilling program at Eorae San (refer above).

The Company has also received confirmation from ASX that the acquisition of itself did not require the approval of shareholders.

ORM shareholder approval was required because at the time of entering into those contracts, the Company did not have sufficient capacity under the ASX Listing Rules (Listing Rule 7.1) to issue **all** of the shares to Ultimate shareholders. Accordingly the Notice of Meeting for the AGM included a resolution requesting shareholders to approve the issue of the shares (Resolution 7).

On Friday 22 June, Conglin issued an announcement advising that it considered the Ultimate acquisition was not in the best interests of shareholders and so would vote against Resolution 7 at the postponed AGM on 4 July 2012 (see below). Conglin had provided the Company with a proxy form to this effect.

The ORM Board maintains its position that the Ultimate acquisition is in the best interests of Orion shareholders.

## **POSTPONEMENT OF ANNUAL GENERAL MEETING**

The Company's AGM scheduled for 22 June 2012 was postponed until 4 July 2012 as a result of inconsistencies between the information provided in the original joint announcement of the takeover offer on 31 May 2012 and Conglin's Bidder's Statement of 7 June 2012 and the potential for this to impact on how shareholders voted at the AGM.

Included with the documents lodged with ASX on 31 May 2012 concerning the proposed takeover of ORM by Conglin was a copy of the Bid Implementation Agreement which set out the agreed bid terms. One of the terms of the agreement was a prohibition on ORM from issuing any shares in the Company during the takeover offer period with the exception of certain permitted issues and the issue of the shares to the shareholders of Ultimate. However when Conglin sent its Bidder's Statement to ORM shareholders, the Bidder's Statement did not include the exception of the issue of the shares to the Ultimate shareholders in the conditions. The omission of the exception could have had the effect of Conglin withdrawing its takeover offer had the Company issued the shares to Ultimate shareholders.

As discussed above, Resolution 7 of the Notice of Meeting for the AGM sought shareholder approval for the issue of ORM shares to the shareholders of Ultimate in consideration of the acquisition of Ultimate. The Board of ORM was approached by a number of interested parties prior to the AGM expressing concern that the inconsistency between the two documents may have the potential for affecting the way ORM shareholders voted at the AGM.

On 22 June 2012, Conglin issued a Supplementary Bidder's Statement confirming that it did not intend to exercise its rights to withdraw the takeover in the event that the shares were issued to Ultimate shareholders following shareholder approval of Resolution 7. Conglin also advised that it intended to vote against Resolution 7 at the meeting.

Notwithstanding the issue of the Supplementary Bidder's Statement by Conglin, the Board of ORM remained concerned that its shareholders may have voted against Resolution 7 on the basis that the subsequent issue of the shares to Ultimate shareholders may result in Conglin being able to withdraw its takeover offer.

Accordingly the Board decided to postpone the AGM to Wednesday 4 July 2012 to allow shareholders to properly consider the content of the Notice of Meeting of the AGM in light of all information and to make a fully informed assessment of the transaction when considering their vote at the AGM with respect to Resolution 7. A detailed letter explaining the reasons for the postponement was sent to shareholders on 27 June 2012.



# **CORPORATE DIRECTORY**

## **ORION METALS LIMITED**

**ASX Code: ORM**

**ABN: 89 096 142 737**

### **Issued Capital at 28 June 2012**

87,097,443 Shares issued & listed

2,500,000 Unlisted Options

753 Shareholders

Top 20 shareholders

Hold 73.91 % of Listed Shares

### **Board**

Mr. David K Barwick – Chairman

Mr. Andrew Gillies – Director

Mr. Adrian Day – Exploration Director

Mr. Tao Li – Director

Mr. Bin Cai – Director (Appointed 30 April 2012, Resigned 31 May 2012)

### **Management**

Mr Garry Gill – Chief Operating Officer

Mr. Bill Lyne – Company Secretary

### **Largest Shareholders at 28 June 2012**

Mr Conglin Yue / Conglin Group\* 19.78%

Jien Mining Pty Ltd 16.18%

Metallica Minerals Ltd 15.56%

Directors 5.19%

\* As at the date of this report (29 June 2012), Conglin Group have reported a relevant interest in 27.27% of the Company's share capital as a result of receiving acceptances to their takeover bid from shareholders.

### **Cash Balance**

As at 31 May 2012 - approx \$3.7 million.

### **Competent Person's Statement**

*The information in this report that relates to exploration results and mineral resources is based on information compiled by Mr Adrian Day, who is a Member of the Australian Institute of Geoscientists and who has sufficient experience relevant to the style of mineralisation and type of deposits 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' (the "JORC Code"). Mr Day is a non-executive Director of Orion Metals Limited and is employed by Australian Asiatic Gems Pty Ltd, a consultant to the Company. Mr Day consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

# 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

**ORION METALS LIMITED**

ABN

**89 096 142 737**

Quarter ended ("current quarter")

**31 MAY 2012**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(71)*	(71)
(b) development	-	-
(c) production	-	-
(d) administration	(203)*	(203)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	14	14
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>(260)</b>	<b>(260)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(174)	(174)
(c) other fixed assets	-	-
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>(174)</b>	<b>(174)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(434)</b>	<b>(434)</b>

\* refer comments at 1.25 below

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(434)	(434)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	795	795
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	300	300
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	<b>1,095</b>	<b>1,095</b>
	<b>Net increase (decrease) in cash held</b>	<b>659</b>	<b>659</b>
1.20	Cash at beginning of quarter/year to date	3,026	3,026
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>3,685</b>	<b>3,685</b>

**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	33
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

Receipt of refunds from exploration tenements reduced exploration expenditure by \$30k.  
Payment of trade creditors as at February increased administration expenses by \$50k.

**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

Increase in accrued interest income \$29k.

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

N/A

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	350	350
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	340
4.2 Development	-
4.3 Production	-
4.4 Administration	230
<b>Total</b>	<b>570*</b>

\*Excludes potential costs involved with South Korean exploration and administration

### 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	38	115
5.2 Deposits at call	1,147	411
5.3 Bank overdraft	-	-
5.4 Other (term deposits)	2,500	2,500
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,685</b>	<b>3,026</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	NIL		
6.2	Interests in mining tenements acquired or increased	NIL		

+ See chapter 19 for defined terms.

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

**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>	NIL	NIL		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	NIL	NIL		
7.3 <b>*Ordinary securities</b> As at 29 February 2012	79,597,443	79,597,443		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	7,500,000 -	7,500,000 -	10 cents	10 cents
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	NIL	NIL		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -		
7.7 <b>Options</b> <i>(description and conversion factor)</i>	2,000,000 500,000	NIL NIL	<i>Exercise price</i> 12c 20c	<i>Expiry date</i> 29 July 2013 1 July 2014
7.8 Issued during quarter	NIL	NIL	NIL	NIL
7.9 Exercised during quarter	NIL	NIL	NIL	NIL
7.10 Expired during quarter	NIL	NIL	NIL	NIL
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## 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 ~~not~~\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: ..... Date: ....29 June 2012.....  
(Director/Company secretary)

Print name: .....Bill Lyne.....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.