Quarterly Report

Buru Energy

Quarter Ended 30 June 2012

Introduction

The directors of Buru are pleased to present this report for the quarter ended 30 June 2012. This quarter saw a number of significant achievements for Buru, culminating with the Company being recognised as having the best share price performance of any company in the S&P/ASX 200 index for the 2011/12 financial year.

The success of Buru's exploration and appraisal activity also continued during the quarter with the independent assessment by McDaniel & Associates that the Valhalla area contains a regionally significant multi TCF wet gas accumulation. McDaniel identified a mean unrisked gross recoverable volume of 15 TCF of gas and 432 million barrels of liquids (condensate and LPG) in the Valhalla area. The significance and scale of the Valhalla accumulation was further confirmed subsequent to the McDaniel Report with the Paradise-1 well deepening operation confirming a 21 kilometre extension of the accumulation.

The quarter also saw the first sale of oil from the Ungani Field following the successful commencement of an extended production test. The well performance to date during the extended production test is extremely encouraging, with combined flow rates of in excess of 3,000 bopd being recorded from the wells on test.

During the quarter the Company also strengthened its financial position by successfully completing an institutional share placement, raising $50 million before costs. The Company is now fully funded for its planned 2012 program and for part of its 2013 program.

Overview

The key operational activities for the quarter were:

- the completion of the deepening of the Paradise-1 well by Century Rig #7, the second well in the 2012 Appraisal and Exploration Program;
- commencement of drilling operations at the Yulleroo-3 well by Ensign Rig #32, the third well in the 2012 Appraisal and Exploration Program;
- commencement of the extended production test ("**EPT**") of the Ungani Field;
- planning, in conjunction with Mitsubishi, for the 2012 Appraisal and Exploration Program; and
- progressing the regulatory, Traditional Owner and joint venture approvals process for the 2012 Appraisal and Exploration Program.

The key corporate activities for the quarter were:

- the completion of an independent resource assessment of the Valhalla accumulation by McDaniel & Associates;
- successfully raising a total of $50 million by way of a placement to institutional investors;
- the issue by the Department of Mines and Petroleum of a "Declaration of Location" over the Ungani Field and the lodgement of a Production Licence application over the Field; and
- the Company's admission into the S&P/ASX 200 index.

Subsequent to the end of the quarter initial results from the intersection of the Laurel Formation gas sand targets in the Yulleroo-3 well included significant gas peaks and high levels of background gas. These gas shows and the observed gas wetness ratio are similar to the Valhalla wet gas accumulation and may be indicative of a large basin centred gas accumulation in the Yulleroo area. Subsequent logging operations confirmed the presence of an extensive gas charged section of Laurel Formation including a sand package with conventional porosity and permeability.

Drilling operations at the Ungani North-1 well were also commenced subsequent to the end of the quarter. Ungani North-1 is an exploration well testing a conventional oil prospect in the Ungani Trend. A probabilistic calculation of the potential recoverable hydrocarbon volumes at the primary objective of this well, gives a mean recoverable volume of 30 million barrels of oil, if hydrocarbons are present.

Financial

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

- exploration expenditure of $5,116,723 for the quarter (March 2012: $6,419,873), the majority of which are costs associated with the deepening of the Paradise-1 well and drilling operations at the Yulleroo-3 well;

- cash payments of $17,977,075 were received from Mitsubishi during the quarter in contribution towards MC's share of the 2012 Appraisal and Exploration Program;

- oil production from the Blina and Sundown oilfields was lower in the quarter as a result of shut-ins of key wells due to mechanical issues, resulting in a net operating cash outflow for the quarter of $145,857 (March 2012: net cash outflow of $126,677). The oil produced from the Ungani Field and delivered to the BP Refinery on 7 June 2012 is not included in the cash flow for this quarter due to timing of the oil sales; and

- administration and other operating costs of $2,184,692 were incurred in line with the previous quarter (March 2012: $2,819,395) reflecting the growth in staff and organisational structure required for the development of the Ungani Field and the conduct of the 2012 Appraisal and Exploration Program.

The Company recorded a net cash inflow of $40.6 million (before exchange rate adjustments) for the quarter (March 2012: net cash outflow $10.6 million).

At the end of the quarter the Company had net cash reserves of $57.9 million available for exploration and development (March 2012: $17.3 million). These cash reserves, in conjunction with Mitsubishi's commitment to fund $40 million of the first $50 million spent on unconventional exploration in 2012, provide the Company with sufficient financial resources to fund its current committed exploration activities.

The following cash flows are forecast for the September 2012 quarter:

- **Exploration** – $11 million of exploration costs are expected to be payable in the September 2012 quarter being the ongoing costs of the 2012 Appraisal and Exploration Program.

- **Development** – $4 million of development costs are expected to be payable in the September 2012 quarter being the ongoing costs of the Ungani EPT and commitments to the full field development of the Ungani Field and commercialisation of the Yulleroo and Valhalla wet gas accumulations.

- **Production** – In relation to the Blina and Sundown oilfields, a $0.6 million cost of production is expected in the June 2012 quarter. Cash inflows in the September 2012 quarter are expected to be $0.4 million, leading to a forecast net cash outflow of $0.2m for Buru's production activities from the Blina and Sundown oilfields during the quarter. Cash inflows for the EPT have not been forecast for the September 2012 quarter given the planned variable production rates during the data gathering phase of the test.

- **Administration** – $2 million in administration costs are expected to be payable in the September 2012 quarter, consistent with this quarter.

Production and Development

Blina and Sundown Oil Fields

Oil sales from the Company's Blina and Sundown oilfields, in the L6 and L8 production licences, averaged approximately 24 bopd for the quarter (March 2012: approximately 30 bopd). Oil production generated cash receipts during the quarter of $287,540 (December: $330,787). The fields produced a net cash outflow of $145,857 for the quarter (March 2012: net cash outflow $176,824) due to mechanical problems with key wells. Two of the off line wells were brought back into production late in the June quarter and the Company continues to assess possible options to improve production levels from the fields.

Ungani Field Extended Production Test

Production at the Ungani Field commenced during the quarter with the start of the EPT. The EPT is being carried out over an initial period of up to six months and will produce oil from the existing Ungani-1/ST1 and Ungani-2 wells to help determine the reservoir parameters, performance characteristics and potential reserves of the Field. Data obtained from the EPT will be a key determinant in appraisal and production well placement and configuration, and it will also provide valuable production operations information that will assist in optimizing the design of the full field development.

Both wells have been performing at or above expectations, with no evidence of pressure depletion or formation water production. Data recovered from the extended production test to date is extremely encouraging with combined flow rates of in excess of 3,000 bopd being recorded from the Field on test. The operating system is working effectively, with very few operational issues or production interruptions.

Sampling oil from Ungani-1

The EPT facility has been designed with the capacity for a maximum sustained production rate of 1,000 bopd. The technical requirements of the data gathering and testing program (including a number of shut-in periods for pressure buildups), and initial limitations on the transport system, means that production will initially be constrained to an overall average of some 400 bopd. At the end of the quarter both the Ungani-1 and Ungani-2 wells were being produced and shut-in alternately to gather pressure data and assist with well clean-up.

The produced oil, which is of very high quality, is being trucked to the BP refinery at Kwinana where it will be refined for domestic consumption in Western Australia. The first delivery of oil from the Ungani Field arrived at the BP Refinery on 7 June 2012.

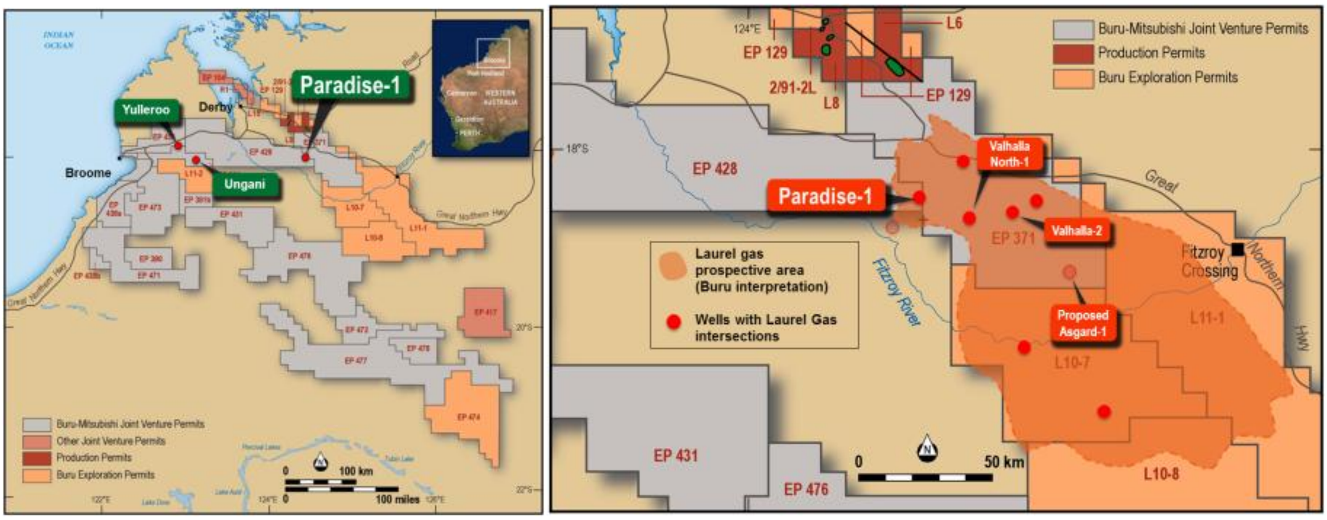
Further appraisal/development drilling is planned on the Ungani Field this year after the completion of the planned 3D seismic survey. The 3D seismic data and subsequent drilling program, together with the results of the EPT, will allow a more definitive estimate of the reserves of the field to be made, indicatively by the end of 2012 or early 2013.

Drilling

During the quarter the Company completed the deepening of the Paradise-1 well and commenced drilling operations at the Yulleroo-3 well. Subsequent to the end of the quarter, drilling operations commenced at the Ungani North-1 well and operations at the Yulleroo-3 well were close to completion.

Paradise-1 Deepening

The deepening of the Paradise-1 well was the second drilling operation in the 2012 Appraisal and Exploration Program. The Paradise-1 well is located in exploration permit EP 428 on the boundary with EP 371, some 200 kms southeast of Derby. Buru and Mitsubishi each have a 50% interest in this well and in EP 428, with Mitsubishi contributing 80% of the cost of the well under the terms of its farm-in agreement with Buru.



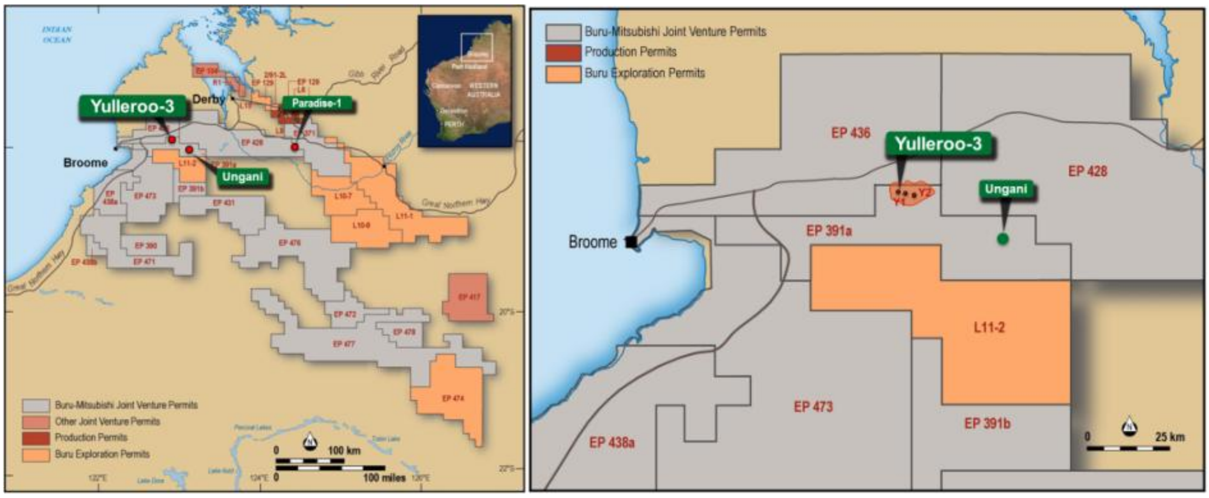
The existing Paradise-1 well was drilled by the Buru and Mitsubishi joint venture in late 2010 to a depth of 1,700 metres. The well was completed with 7" casing to that depth and then suspended due to operational issues and the onset of the wet season.

During the deepening operations gas shows were encountered throughout the drilling of the target Laurel Formation. At a depth of 2,786 metres, the interpreted top of the regional overpressured section was encountered with an immediate increase in drilled gas to in excess of 600 units and circulation gas in excess of 3,000 units. These gas shows are consistent with the intersections in the Valhalla wells which, together with the depth to the overpressured section and the gas wetness ratios, indicate that the Paradise well intersected the same basin centred gas accumulation that was identified by the Valhalla wells. The potential of this accumulation is highlighted in the recent McDaniel independent assessment (discussed below).

During the original drilling of the Paradise-1 well, an interpreted 9 metre oil zone was encountered in the sands of the Anderson Formation at approximately 900 metres measured depth, however, testing of this zone in 2010 was inconclusive. The Paradise-1 deepening operation was designed to plug and abandon the well following the successful results from the Laurel Formation, as it was interpreted that the configuration of the well was such that a definitive test of the oil zone would not be able to be obtained. However, during preparations for abandonment, live oil was recovered to surface, and a subsequent remedial cement job on the 7" casing over the oil zone was successfully carried out. The well has now therefore been suspended in a way that will allow further testing and evaluation of this oil zone. An evaluation of the potential for the zone and a suitable test program is now under consideration.

Yulleroo-3

Yulleroo-3 is the third well to be drilled in the 2012 Appraisal and Exploration Program. The well is located in exploration permit EP 391 some 80 kilometres to the east of Broome. Buru and Mitsubishi each have a 50% interest in this well and in EP 391, with Mitsubishi contributing 80% of the cost of the well under the terms of its farm-in agreement with Buru.



The Yulleroo wet gas accumulation was identified by the Yulleroo-1 well drilled in 1967 and tested gas at low rates from a very substantial gas column in a thick sequence of shales and sands in the Laurel Formation. The Yulleroo-2 well was drilled in 2008 by ARC Energy to appraise the Yulleroo-1 discovery, and recorded strong gas shows at the same stratigraphic level as Yulleroo-1, but was suspended without testing due to rig problems. Buru undertook a reservoir stimulation operation at Yulleroo-2 in 2010 which successfully demonstrated that the reservoir was capable of flowing gas of good quality and with significant hydrocarbon liquid content. Based on the data obtained from these operations, RISC has independently defined a large gas and condensate accumulation estimated to contain a mean recoverable resource of 352 PJ of gas and 13.4 million barrels of hydrocarbon liquids. Buru subsequently acquired a 3D seismic survey over the accumulation to confirm its structural configuration and this survey was used to identify the Yulleroo-3 well location.

Yulleroo-3 is designed to test the lateral extent, reservoir development, and hydrocarbon column of the accumulation. The well is also located in a position to help define the vertical extent of the accumulation as the two previous wells on the structure were still in gas in the Laurel Formation at total depth. Significant gas shows were noted in the well from approximately 2,130 metres measured depth, with the top of the Upper Laurel Clastics interpreted to have been intersected at 2,341 metres measured depth. These gas shows and the observed gas wetness ratio are similar to the Valhalla wet gas accumulation and may be indicative of a large basin centred gas accumulation similar to Valhalla in the Yulleroo area.

Subsequent logging operations confirmed the presence of an extensive gas charged section of Laurel Formation including a sand package with conventional porosity and permeability.

Exploration

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

- planning, in conjunction with Mitsubishi, for the 2012 Appraisal and Exploration Program; and
- progressing the regulatory, Traditional Owner and joint venture approvals process for the 2012 Appraisal and Exploration Program.

Planning for the 2012 Appraisal and Exploration Program

During the quarter the joint venture continued planning for the remainder of the 2012 Appraisal and Exploration Program. The balance of the forward program remains under review and consideration by the joint venture, and will depend on the results of the Ungani North-1 well, the Yulleroo-3 well and receipt of all necessary approvals.

After operations at Yulleroo-3 have been completed, Ensign Rig #32 will be mobilised to the Asgard-1 well site to test Buru's current interpretation that the Valhalla accumulation is present some 35 kilometres to the east and south of the Valhalla wells. The Company is also planning to drill the Cyrene-1 well to test a conventional shallow oil play and the Goldwyer Shale in the oil window. It is expected that the remainder of the program for 2012 will include additional appraisal wells on the Ungani Field and further tests of the Company's conventional and unconventional prospects.

Approvals Process

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

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

Corporate

The key corporate activities for the quarter were:

- the completion of an independent assessment of the Valhalla wet gas accumulation by McDaniel & Associates;
- successfully raising a total of $50 million by way of a placement to institutional investors;
- the issue by the Department of Mines and Petroleum of a "Declaration of Location" over the Ungani Field and the lodgement of a Production Licence application over the Field; and
- the Company's admission into the S&P/ASX 200 index.

Independent Assessment of Valhalla Wet Gas Accumulation

McDaniel & Associates Consultants Ltd (**"McDaniel"**), a specialist North American tight gas and unconventional resource assessment consulting group, completed an independent assessment of the prospective resources of the Laurel Formation in the Valhalla area during the quarter. This independent assessment has confirmed Buru's view that the Valhalla area contains a regionally significant multi TCF wet gas accumulation.

McDaniel are of the opinion that the Valhalla accumulation, within Buru's permits in the Valhalla area, contains a mean[1] unrisked gross recoverable volume of 15 TCF of gas and 432 million barrels of liquids (condensate and LPG). On a risked basis the mean gross recoverable volumes are 6.5 TCF of gas and 187 million barrels of hydrocarbon liquids, within the assessment area of the Buru permits.

[1] The mean is the average of the probabilistic resource distribution.

McDaniel have also confirmed that the Laurel Formation in the Valhalla area has the characteristics of a Basin Centred Gas Accumulation (**"BCGA"**). This type of accumulation is a different, and potentially more productive and commercially attractive style of accumulation than traditional "shale" plays.

McDaniel's unrisked high estimates, for the gross recoverable volumes for the accumulation on Buru's permits in the Valhalla area, are in excess of 33 TCF of gas, and one billion barrels of hydrocarbon liquids. The resources estimated by McDaniel are consistent with Buru's previously announced estimates of the potential recoverable volumes from the Valhalla area. Full details of the range of resources estimated by McDaniel are set out in the tables below.

The gross estimated recoverable volumes of prospective resources[2] for the Valhalla accumulation on Buru's permits, as determined by McDaniel, are summarised in the following table:

	Unrisked				Risked
Product	**Low Case** (MMbbl/BCF)	**Median** (MMbbl/BCF)	**Mean** (MMbbl/BCF)	**High** (MMbbl/BCF)	**Mean** (MMbbl/BCF)
Condensate	36	224	432	1,025	187
Natural Gas	2,326	9,858	15,051	33,409	6,502
Total BOE[3]	**423**	**1,867**	**2,941**	**6,594**	**1,270**

On the basis of the current equities in the permits and applications held by Buru, McDaniel have estimated, using probabilistic methods, the prospective resources for the Valhalla accumulation net to Buru. These are as follows:

	Unrisked				Risked
Product	**Low Case** (MMbbl/BCF)	**Median** (MMbbl/BCF)	**Mean** (MMbbl/BCF)	**High** (MMbbl/BCF)	**Mean** (MMbbl/BCF)
Condensate	18	135	259	718	112
Natural Gas	1,163	5,915	9,031	23,386	3,901
Total BOE	**212**	**1,120**	**1,765**	**4,615**	**762**

The deepening of the Paradise-1 well, confirmed the extension of the accumulation 21 kms to the west of the Valhalla wells and the extent of the accumulation will be further tested by the planned drilling of the Asgard-1 well some 35 kilometres to the southeast of the current Valhalla wells.

Capital Raising

In June 2012 the Company successfully raised a total of $50 million (before fees) through the placement of new shares to institutional investors (**"Placement"**). Under the Placement, 16,666,667 million new shares were issued to existing and new substantial institutional investors at a price of $3.00, representing 7.1% of the Company's issued capital. The Placement was fully underwritten by J.P. Morgan Australia Limited who was also the Sole Lead Manager.

Proceeds raised under the Institutional Placement will be used to continue and to expand Buru's exploration, appraisal and development program in the Canning Superbasin, with the funds being applied to the ongoing appraisal of the Ungani Field and the drilling of further exploration wells in both the Ungani oil trend and on new play types. The proceeds will also be used to fund the initial phase of the gas commercialisation planning process for Valhalla and Yulleroo. The funds will also provide flexibility to immediately follow up discoveries made during 2012, and provide Buru with the ability to participate in any further consolidation of the Canning Superbasin acreage. Following the Placement, Buru expects to be fully funded for its 2012 program, and for part of its 2013 program.

[2] The Society of Petroleum Engineers – Petroleum Resource Management System defines Prospective Resources as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity. This definition is used in this report.
[3] Barrels of oil equivalent, gas converted at 6 mcf per barrel of oil on an energy basis.

Declaration of Location

During the quarter the Western Australian Minister for Mines and Petroleum confirmed the potential production status of the Ungani Field through the issue of a "Declaration of Location" over the Field. The Declaration of Location is a critical first step in the regulatory approval process leading to the full development of the Ungani Field. The issue of the Declaration involved a technical and geological examination of the oilfield by the Western Australian DMP, to verify Buru's interpreted extent of the Field and the proposed process for the commercial development of the Field. Based on this review, and as requested by Buru, each of the four graticular blocks around the Field has been included in the Declaration of Location made by the Minister.

The next step in the regulatory process leading to full development of the Field is the grant of a Production Licence. Buru has now lodged its application for a Production Licence over the Field. This application contains details of the proposed full scale development process for review and assessment by the DMP. The application for the Production Licence also formally commences the Native Title negotiation process with affected Native Title parties in the Ungani area. Reaching an agreement with these Native Title parties is a necessary pre-condition to the grant of the Production Licence by the DMP.

The Ungani Field is currently interpreted, on the basis of the existing geophysical data, to extend onto both the Yawuru and Nyikina-Mangala peoples' country. The negotiation of an appropriate access and compensation agreement with each of these groups is being progressed. Buru has longstanding good relations with both the Yawuru and Nyikina-Mangala peoples, and is actively engaged with them on an ongoing basis in its current operations.

Admission to the S&P/ASX 200 Index

Effective from close of trading on 27 June 2012 Buru was admitted to the S&P/ASX 200 index. Admission to the index is further recognition of the Company's significant recent success and its transition from a small exploration company to a mid-cap exploration and production company. Buru's success during the past financial year was reflected in its share price performance, with the Company having the best share price performance of any company in the S&P/ASX 200 index for the 2011/12 financial year.

Executive Director's Comments

"This quarter has been the most active quarter in the Company's history, and the end of an extraordinary financial year for Buru. We have made the first significant onshore oil discovery in Western Australia in 10 years at Ungani, and have independent confirmation of a multi TCF wet gas accumulation at Valhalla. We have also seen a potential new oil accumulation at Paradise, and look to be on the verge of confirming a potentially significant basin centred gas accumulation at Yulleroo.

The success we have had has transformed Buru from a $130 million exploration company 12 months ago, to an oil producer with an $800 million market cap and which was the top performing stock in the S&P/ASX 200 index for the 2011/2012 financial year.

The successful commencement of the Ungani EPT and the submission of the production licence application means that we are a step closer to full scale commercialisation at Ungani and we are looking forward to booking reserves either later this year or early next as we move towards full field development.

This next quarter is also shaping up to be equally as active. We will be drilling a number of high impact wells on both the Ungani Trend and the Valhalla accumulation as well as the first modern test of the Goldwyer Shale unconventional potential in the oil window. The appraisal of the Ungani Field will also continue with the acquisition of 3D seismic over the Field planned to commence in the next quarter."

Eric Streitberg
Executive Director

Glossary

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

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Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

BURU ENERGY LIMITED

ABN	Quarter ended ("current quarter")
71 130 651 437	30 June 2012

Consolidated statement of cash flows

			Current quarter $A	Year to date (12 months) $A
Cash flows related to operating activities				
1.1	Receipts from product sales and related debtors		573,590	3,365,543
1.2	Payments for	(a) exploration & evaluation	(5,116,723)	(32,474,309)
		(b) development	(563,885)	(1,729,563)
		(c) production	(433,397)	(1,926,886)
		(d) administration	(2,184,692)	(8,208,046)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		144,607	2,925,953
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Payments for restoration to existing producing assets			
1.8	Joint venture partner's share of technical and administrative expenditure		-	-
	Net operating cash flows		**(7,580,500)**	**(38,047,308)**
Cash flows related to investing activities				
1.8	Payment for purchases of:			
		(a) fixed assets	(462,148)	(3,130,177)
1.9	Proceeds from sale of:			
		(a) fixed assets	-	-
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		-	-
1.12	Other (Investments)		-	-
	Net investing cash flows		**(462,148)**	**(3,130,177)**
1.13	Total operating and investing cash flows (carried forward)		(8,042,648)	(41,177,485)

1.13	Total operating and investing cash flows (brought forward)	(8,042,648)	(41,177,485)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	48,740,892	74,526,859
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Loan pursuant to the employee share acquisition scheme	-	98,000
	Net financing cash flows	**48,740,892**	**74,624,859**
	Net increase (decrease) in cash held	**40,698,244**	**33,447,374**
1.20	Cash at beginning of quarter/year to date	41,148,775	48,390,600
1.21	Exchange rate adjustments to item 1.20	(471)	8,574
	Cash at end of quarter including cash held in escrow	**81,846,548**	**81,846,548**
	Less cash held in escrow	(23,875,020)	(23,875,020)
1.22	**Cash at end of quarter**	**57,971,528**	**57,971,528**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A
1.23	Aggregate amount of payments to the parties included in item 1.2	176,000
1.24	Aggregate amount of loans to the parties included in item 1.10	-

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

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
	Buru Energy Ltd ("Buru") and Alcoa of Australia Ltd ("Alcoa") have agreed to escrow $20,000,000 and interest thereon in partial satisfaction of Buru's obligations to repay a $40,000,000 gas prepayment made by Alcoa to ARC Energy Limited prior to the demerger of Buru. These financial obligations crystallise if Buru does not deliver gas under the gas sales agreement between Alcoa and Buru from gas supplied from the Canning Basin or elsewhere, with repayment obligations being in three equal annual instalments commencing 31 December 2013. This cash balance in escrow has received interest totalling $3,875,020 taking the total escrowed cash balance to $23,875,020.

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

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

		$A
4.1	Exploration and evaluation	11,000,000
4.2	Development	4,000,000
4.3	Production	600,000
4.4	Administration	2,000,000
	Total	**17,600,000**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A	Previous quarter $A
5.1	Cash on hand and at bank	57,763,927	10,068,227
5.2	Deposits at call	207,601	7,205,529
5.3	Bank overdraft	-	-
	Total: cash at end of quarter (item 1.22)	**57,971,528**	**17,273,756**
	Cash held in escrow	23,875,020	23,875,020
	Total: cash at end of quarter including cash held in escrow	**81,846,548**	**41,148,776**

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A			
6.2	Interests in mining tenements acquired or increased	N/A			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	N/A	N/A	N/A	N/A
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	 - -	 - -	 - -	 - -
7.3	**+Ordinary securities**	251,007,144	251,007,144	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	 121,000 16,666,667	 121,000 16,666,667	 $1.24 $3.00	 $1.24 $3.00
7.5	**+Convertible debt securities** *(description)*	N/A	N/A	N/A	N/A
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	 - -	 - -	 - -	 - -
7.7	**Options** *(description and conversion factor)*	 3,720,000 290,000 1,850,000 2,500,000 2,500,000 2,500,000 50,000 320,000 13,730,000	 - - - - - - - -	***Exercise price*** $0.48 $0.75 $1.24 $1.03 $1.12 $1.20 $1.58 $1.86	***Expiry date*** 31 Dec 2012 31 Dec 2012 31 Dec 2013 30 Apr 2013 31 Oct 2013 30 Apr 2014 31 Dec 2013 31 Dec 2013
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	121,000	121,000	$1.24	$1.24
7.10	Expired during quarter	-	-	-	-
7.11	**Debentures** *(totals only)*	N/A	N/A		
7.12	**Unsecured notes** *(totals only)*	N/A	N/A		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement gives a true and fair view of the matters disclosed.

Sign here: .... Date: 31 July 2012
Eric Streitberg
Executive Director

Notes:

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 Issued and quoted securities; the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of ***AASB 6**: Exploration for and Evaluation of Mineral Resources* and ***AASB 107**: Statement of Cash Flows apply to this report*.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.