POSEIDONNICKEL

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QUARTERLY REPORT

31 DECEMBER 2012

COMPANY OVERVIEW

Poseidon Nickel is developing the first new Nickel Project in Western Australia for many years. The Windarra Project is a higher grade nickel sulphide deposit that has demonstrated high recovery levels through a standard nickel floatation concentrator.

The total current Mineral Resource is located at two positions approximately 10kms apart and includes the existing brownfields mine at Mt Windarra and a new discovery at Cerberus.

Poseidon completed its Definitive Feasibility Study (DFS) during 2012 and is targeting initial concentrate production in 2014. The concentrator plant to be constructed at Mt Windarra is expected to have a minimum capacity of 700,000 tonnes of ore per annum.

ASX CODE: POS

*see attached resource statement

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COMPANY HIGHLIGHTS

- Conditional approval received to recommence nickel mining at Mt Windarra
- DFS complete and Independent Technical Expert report nearing finalisation
- Underground drilling restarts after 20 years with the aim of extending mineralisation at Mt Windarra
- Initial reserve report for Cerberus along with mine plan detail announced
- Regional exploration drilling was completed comprising 12 holes for 3,872m
- Narrow Ni intersect and associated DHEM anomaly warrants further drilling

- The Premier, The Hon. Colin Barnett MLA, Minister for State Development, has indicated conditional approval of the Company's application to recommence nickel mining at the Mt Windarra site. The application included all of the necessary environmental and infrastructure approvals which have been assessed by the Department of State Development ("DSD") and other agencies over the last few months. The proposal for the recommencement of nickel mining and processing operations at the Mt Windarra site includes:

  - Recommencement of nickel mining at the Mt Windarra underground mine;
  - Commencement of nickel mining at the new Cerberus ore body located on the same tenement package;
  - Construction of a nickel flotation concentrator plant capable of a minimum throughput of 700,000 tonnes of ore per annum;
  - Construction of a gold tailings re-treatment facility;
  - Installation of in-pit tailings deposition via a slurry pipeline to South Windarra.

- The Windarra Nickel Project ("WNP") is located on tenements managed under the Poseidon Nickel Agreement 1971, as modified, ("Agreement"). The Agreement requires that in addition to the normal statutory approvals, Poseidon supplies reasonable evidence of its marketing (off-take) and project financing necessary for the fulfilment of the Company's proposals. The final formal approval is subject to Poseidon demonstrating that it has project financing and off-take contracts in place. The Premier, in his role as Minister for State Development, has given Poseidon until 30th June 2013 to meet these financing and off-take commitments. Under a Deed of Covenant associated with the Agreement, Poseidon was also required to submit a revised Mine Closure Plan to DSD. This has been submitted, as required, and approved in similar terms to the mining proposal.

- Poseidon has also completed its primary objective for 2012 in completing the Definitive Feasibility Study ("DFS") for the WNP. In November 2012, Poseidon submitted the DFS to the Independent Technical Expert ("ITE") who have now completed their review and issued a final draft Independent Experts Report ("IER") that is being reviewed by the Company and when finalised, Poseidon will announce the findings of the DFS to the market.

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OPERATIONS

- Mine decline refurbishment has progressed to a vertical depth of 400 metres below the surface, some 3.6 km from the mine portal. This has now enabled access to be established to the mine's underground crusher chamber and an initial inspection indicates that the walls and backs of the chambers excavation show minimal signs of deterioration with the main structural steel remaining in place.

- Power and water service have been extended to the existing underground Crusher truck tip and grizzly level enabling the exploration drilling program to commence from that position. Drilling is currently being undertaken using the Swedish designed Wassara system.

EXPLORATION

- Poseidon has completed its first underground drill hole into the Windarra Deeps mineralisation. The initial objective of the underground drilling program was to test and commission the Wassara drilling system which is new to Australia and which has, in other overseas applications, shown the potential to dramatically increase drilling rates compared to normal coring practices alone.

- During this commissioning phase, Poseidon completed diamond drill hole WUG0013, which intersected nickel sulphides approximately 20m north and beyond WMC's definition of the C Shoot mineralised body (Figure 1). Results for the core samples have now been received and the following intersections were returned from the laboratory:

Hole_ID	Dip/Azi	From (m)	To (m)	Interval (m)	True Width (m)	Ni%	Comment
WUG0013	-45/248	472.00	475.72	3.72	3.10	2.02	Eastern Zone
		480.21	483.21	3.00	2.50	1.77	Western Zone
	including	*482.17*	*483.21*	*1.04*	*0.87*	*3.47*	Basal massive sulphide in Western Zone

- The Eastern and Western zones are split by a 3.7m thick (true width) barren dolerite dyke (Figure 2), which in part defined the limit of WMC's historical interpretation of the C Shoot mineralisation. The overall intersection including the barren dyke is 11.21m (9.33m true width) at 1.20% Nickel from 472.00m depth downhole. The geological interpretation of the C Shoot intersection has the potential to increase the size of the Mt Windarra resource, an area of the deposit, which lies within the hinge of a fold zone (Figure 2), previously untested by WMC and warrants further testing as the drill program continues. Previous drilling by WMC into similar fold hinges within the mine area yielded structurally concentrated higher grade deposits such as E Shoot, which produced 235,000t @ 2.39% Ni for 5,608t of nickel metal when mined by WMC.

- In addition the hole intersected the lower grade northern limits of D Shoot returning 8.57m (7.01m true width) at 0.82% Ni from 380.00m within a broader 25m wide +0.5% nickel halo. This intersection is also cut by a 5m wide barren dolerite dyke. The next round of drill holes will move southwards towards the centre of D Shoot and through to C Shoot within the area shown on Figure 1.

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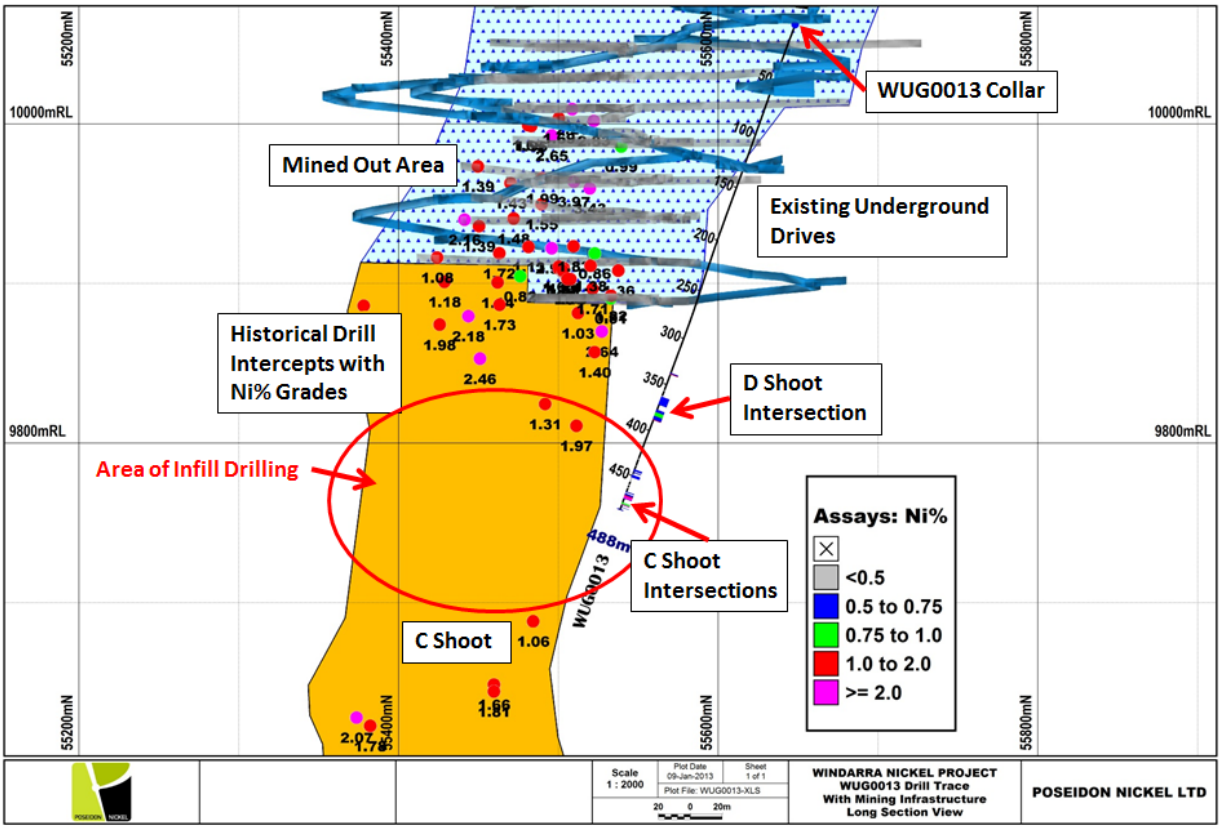

Figure 1: Long section (looking west) showing the position of the WUG0013 Intersection outside of the defined zone of mineralisation. Drilling will continue within the defined area shown.

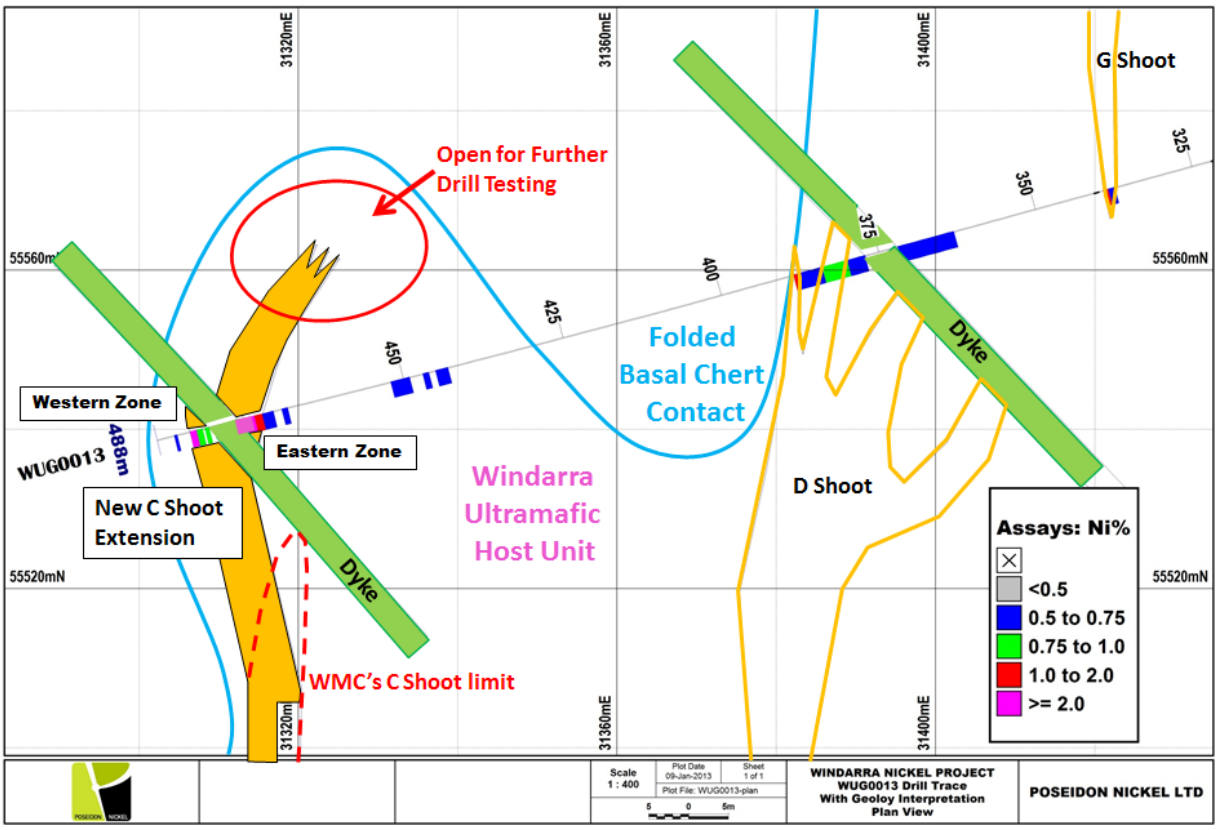

Figure 2: Plan view showing the WUG0013 intersections and geological interpretation. The hinge zone of the fold offers a new target position for higher grade resource extension of the C Shoot mineralisation.

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- The drilling programme has recommenced following the Christmas break, directed at defining the C and D Shoot mineralisation in order to develop the Company's resource and reserve base at the Windarra Nickel Project. WUG0012 as well as a number of precollars have since been completed and assays are pending for WUG0012 which intersected C Shoot mineralisation. Diamond tailing of the Wassara precollars has recently commenced and will be coring through the ore bodies over the coming weeks. This drilling is expected to continue for several months (Figure 3) as infill drilling of the Windarra Deeps mineralisation continues.

- The new drilling programme has been designed to extend the resource and reserve base at Mt Windarra prior to a final decision to commence mining in 2013. Several areas in the mine previously identified as hosting additional ore resources to those already drilled have been identified and will be more extensively tested with the potential for significant expansion of the current resource base. Whilst Mt Windarra has in the past been a highly productive mine, the use of modern exploration techniques such as down hole electromagnetics, which was critical to the Cerberus mine discovery, have never been used underground in this location and are expected to greatly assist the discovery and ore expansion process.

- Previous drilling at depth has yielded high grade nickel intersections including DE546 No1 10.00m @ 2.68%, EE554 No 4D 14.3m @ 4.02%, NMD0001 9.82m @ 6.06%, PND0010 5.00m @ 1.74% and PND0010C 1.55m @ 5.33%, which gives confidence in the quality of the ore body. Phase 1 of the drilling programme will follow up these results with sufficient intersections to increase the Reserves for the first 2 years of operation. Poseidon is planning up to 31,000 metres of drilling over the next few months. The first drill hole to target has been completed and results will be announced when reliable assay data is received. The current anticipated drill hole programme is shown in the attached diagram.

- In Phase 2 of the programme, Poseidon will be specifically targeting extension to the recently discovered H Shoot announced earlier this year. H Shoot sits to the north of the current ore zone beyond a shear zone known as "Charlie's" and previously thought to be beyond the outer range of mineralisation. H shoot is believed to extend to the surface. Running parallel to H Shoot and the other side of Charlie's is G Shoot which Poseidon believes may extend much deeper than originally thought and therefore, if proven, could increase ore tonnes per vertical metre available to the current mine plan.

- Of great interest to Poseidon are the potential extensions to A & B Shoots (Figure 3) previously believed to have been mined out by WMC. General Manager of Geology, Neil Hutchison said, "Current day geological theory, which has been demonstrated time and time again in Western Australia, indicates that A & B Shoots sit in channelised lava systems, which in Windarra's case, extend for at least 1km underground. For A & B Shoots to terminate at approximately 300m vertical depth would be highly unusual in this setting. WMC believed that A & B Shoots have further mineralisation at depth but did not exhaustively test the theory. Our access to modern underground electromagnetics and even radar imagining techniques means that if the mineralisation is there, we will find it. An extension to A & B Shoots could dramatically improve the vertical ore mining rate being positioned so close to the current decline. This is one of the most exciting times in Windarra's recent history."

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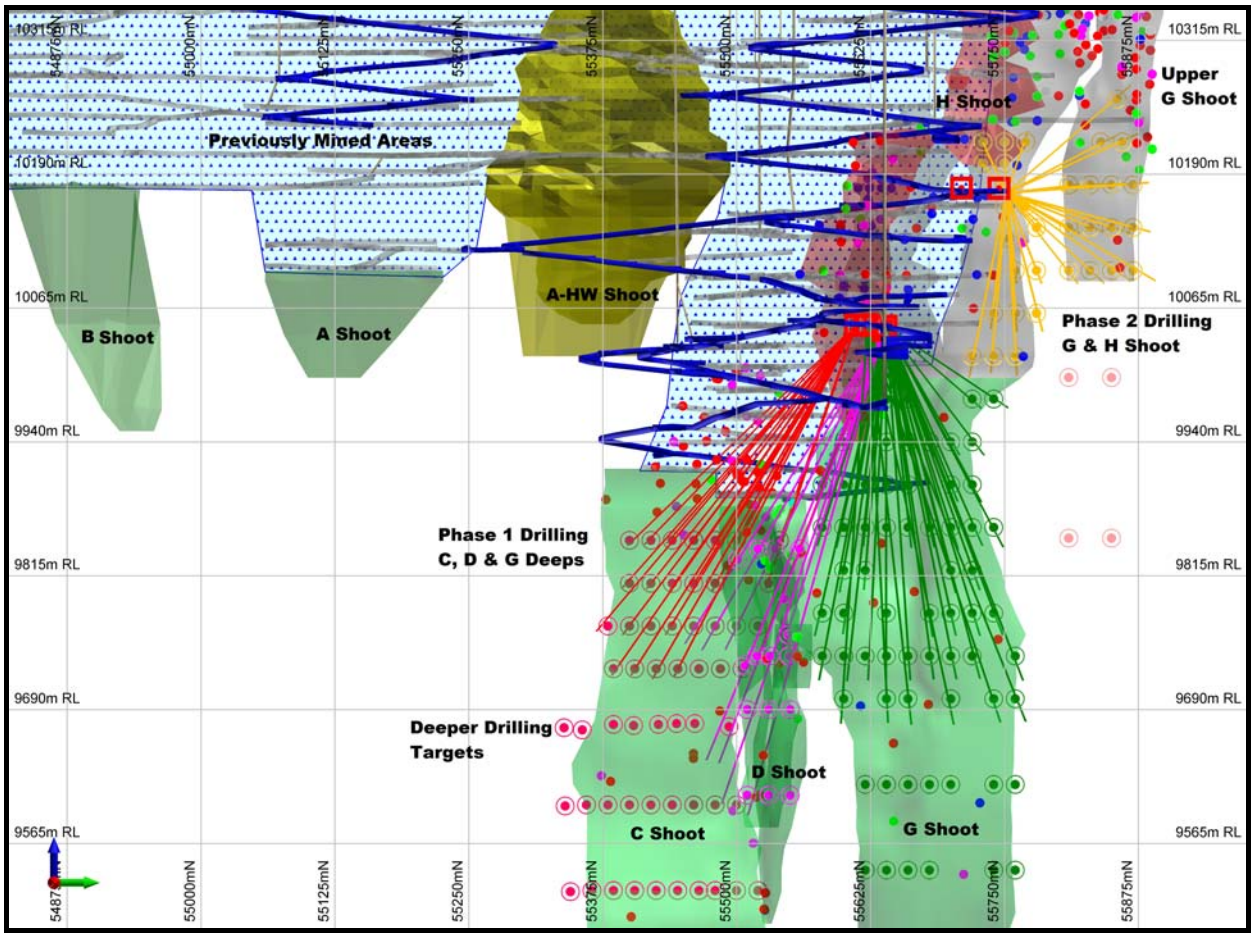

Figure 3: Long section (looking west) showing the planned underground drilling program and drill target positions required to define the known mineralisation ready for reserve estimation.

- Poseidon Nickel is developing the first new Nickel Project in Western Australia for many years. The Windarra Project is a higher grade nickel sulphide deposit that has demonstrated high recovery levels through a standard nickel floatation concentrator.

- The total current Mineral Resource is located at two positions approximately 10kms apart and includes the existing brownfields mine at Mt Windarra and a new discovery at Cerberus.

- Poseidon has completed its Definitive Feasibility Study (DFS) and is targeting initial concentrate production in 2014. The concentrator plant to be constructed at Mt Windarra is expected to have a minimum throughput capacity of 700,000 tonnes of ore per annum.

- The Company also announced that as a result of the DFS, an initial ore reserve has been assessed at the company's planned Cerberus underground mine (Figure 4). The upper portion of the Cerberus deposit, which is included in the life of mine plan, has been classified as a **Probable Ore Reserve** under the JORC code guidelines comprising:

  1,221,000 ore tonnes at an average diluted grade of 1.30% nickel for 15,880 contained nickel metal tonnes.

- The initial ore reserve extends from 60 meters below the surface to a depth of 380 metres below the surface. The conversion of the resource to ore reserve only includes the upper

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portion of the deposit that has been drilled to JORC Indicated resource level. The Cerberus deposit contains a total resource (Indicated and Inferred) of **4,551,000t at an average grade of 1.51% for 68,600t of nickel metal**. The remaining deposit that is classified as Inferred resource, lies below the ore reserve and requires additional infill drilling to convert it to an Indicated level then it will be eligible for reserve estimation.

- A total of 46% of the Indicated Resource was converted to Probable Reserves. The near surface-low grade halo at the southern end of the deposit and the thinner high-grade hanging-wall lodes were excluded from the reserve but may be included as nickel prices improve in the future. Poseidon is expecting a higher resource to reserve conversion for the remaining Inferred Resources which are situated below the defined reserves. The deeper Inferred Resources comprises higher total ore grades that are increasing with depth within the Cerberus ore body, replicating the grade distribution that is also seen at the Mt Windarra ore body. Cerberus has only been drilled to a depth of 700m below surface to date and is open at depth. Poseidon believes that the Cerberus ore body will continue to grow in width and depth with additional drilling.

- Cerberus will be mined in conjunction with Mt Windarra, with a total output from both mines, in excess of 700,000 tonnes per annum. Ore will be processed through a new build concentrator at Mt Windarra. Poseidon has previously announced that the Cerberus ore body, which was discovered in 2008, has good flotation characteristics, with a recovery of circa 83% producing a low impurity nickel concentrate with an average grade of 16% (excluding Mt Windarra ore).

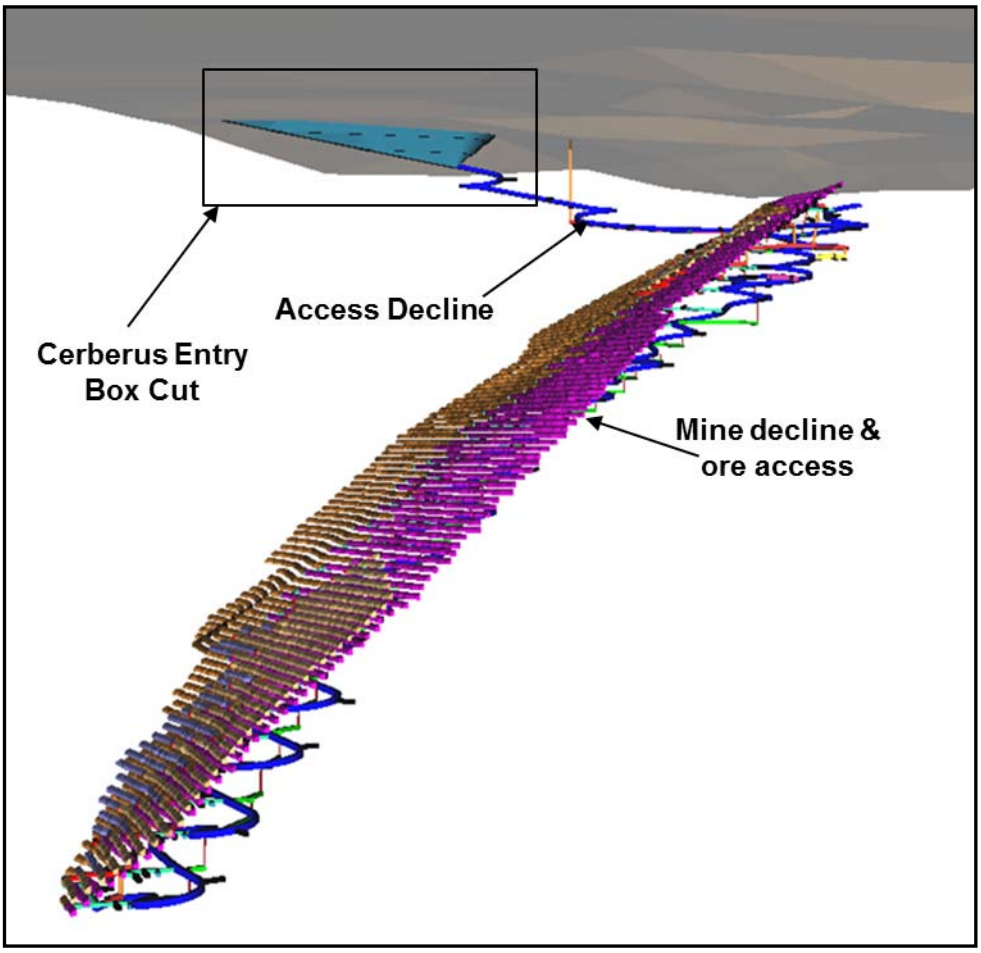

Figure 4: Graphic of mine plan for the Cerberus ore body developed by Poseidon's independent mining consultants

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- In addition, regional exploration drilling was completed during the quarter at the Denny Bore Project which hosts the 68,600t Cerberus Nickel Deposit. Topdrive Drilling complete 12 holes for 3,872m of drilling at Denny Bore North and at Ziggy Flats to the south, utilising a UDR650 multi-purpose rig (RC & DD capability).

- The program comprised drilling RC drill precollars and completing the holes with diamond core tails to test an area 1km long north of Cerberus, to a depth of 450m below surface. Mt Windarra mineralisation comprises of 8 parallel ore bodies, so drilling was testing for parallel mineralisation that may exist near Cerberus.

- Assays returned from the drilling and previously reported include:

  - 0.97m @ 1.02% Ni from 105.75m in PNRCD0192 at Denny Bore North
  - 1.75m @ 0.76% Ni from 176.00m in PNRCD0184 at Denny Bore North
  - 0.70m @ 0.55% Ni from 271.00m in PNRCD0195A at Ziggy Flats

- The rock types observed in the drill core and the anomalous intersections indicate that a lava channel system is beginning to develop to the north. The northern most drill holes of this program appear to have intersected the edge of the lava channel which is interpreted to thick to the north and results to date indicate that it hosts traces of nickel sulphides and may contain thicker accumulations towards the centre and base of the channel warranting further drill testing.

- Down Hole Electro-Magnetics (DHEM) were completed on the drill holes, testing for nickel sulphide mineralisation away from the drill holes. An off-hole conductor was detected in holes PNRCD0192 and 193 which was not effectively explained by the drilling or the mineralisation intersected in PNRCD0192. Geophysical modelling of the data is not conclusive in terms of the orientation but the anomaly was detected in both holes. Rock types observed in the drill core and the anomalous intersections indicate that a lava channel system is beginning to develop to the north and this DHEM anomaly may be the start of a mineralised lava channel. The DHEM target as well as the area highlighted to the north in Figure 5 warrant additional drill testing.

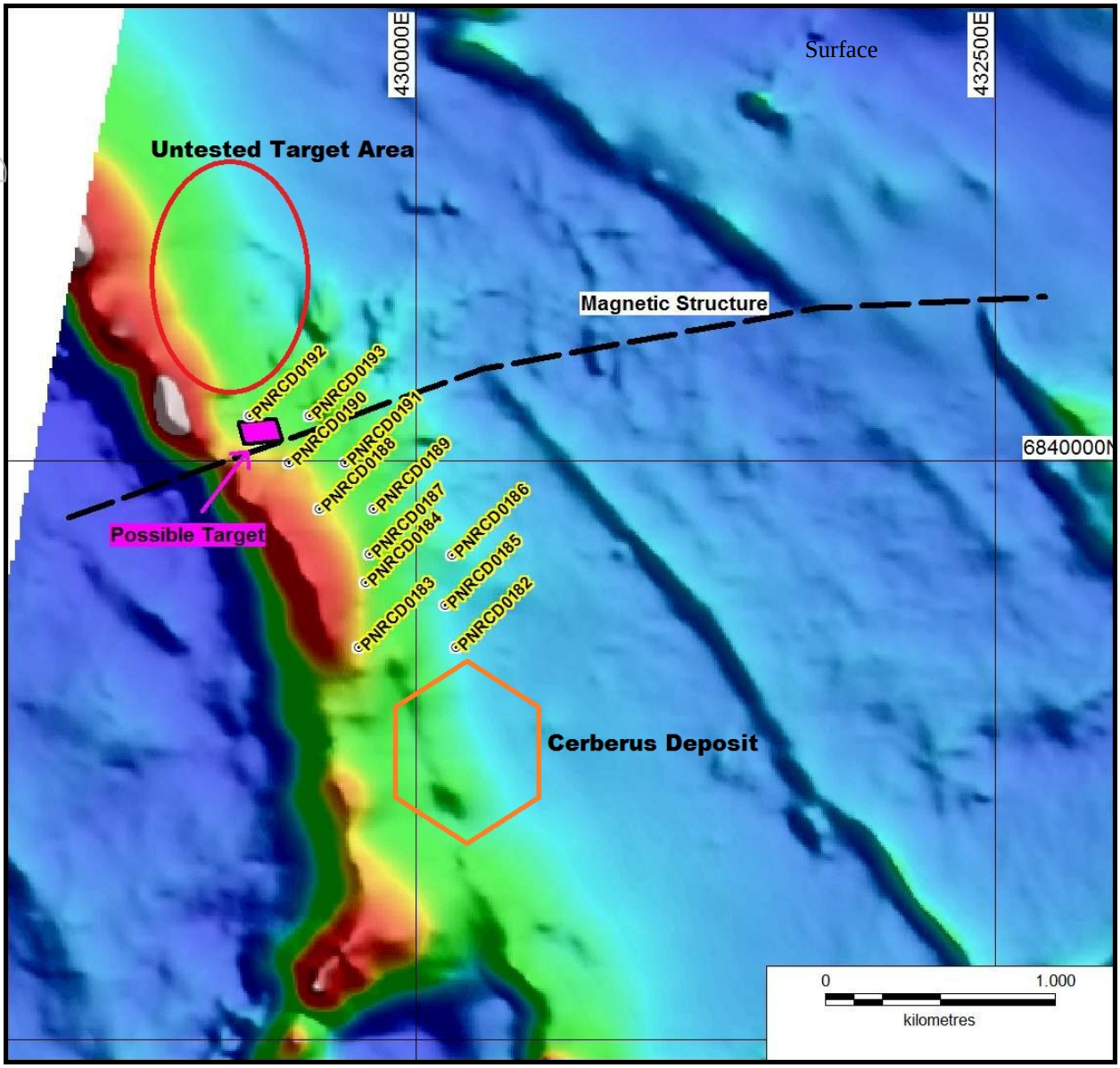

Figure 5: Aeromagnetic image showing location of recent drilling north of Cerberus. The DHEM target as well as the prospective untested area to the north is highlighted.

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RESERVE STATEMENT

Cerberus Nickel Project	Reserve Category - Nickel Sulphides		
	Probable		
	Tonnes	Ni% Grade	Ni Metal t
Total Sulphide	1,221,000	1.30	15,880

RESOURCE STATEMENT

Windarra Nickel Project Sulphides	Cut Off Grade	Resource Category - Nickel Sulphides								
		Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
Mt Windarra	0.75%	974,000	1.25	12,400	2,977,000	1.88	55,900	3,951,000	1.73	68,300
South Windarra	0.80%	772,00	0.98	7,500	-	-	-	772,00	0.98	7,500
Cerberus	0.75%	2,773,000	1.25	34,600	1,778,000	1.91	34,000	4,551,000	1.51	68,600
Total Sulphide		4,519,000	1.21	54,500	4,755,000	1.89	89,900	9,274,000	1.56	144,400

Windarra Gold Tailings Project	Resource Category - Gold Tailings		
	Indicated		
	Tonnes	Grade (g/t)	Au (oz)
Total Gold Tailings	10,993,000	0.52	182,500

Windarra Nickel Tailings & Oxide Project	Cut Off Grade	Resource Category – Nickel Oxide & Tailings								
		Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
Woodline Well	0.50%				344,000	1.25	4,300	344,000	1.25	4,300
Sth Windarra Dumps	0.00%	2,976,000	0.41	12,200				2,976,000	0.41	12,200
Central Tailings Dam	0.00%	9,602,000	0.34	32,600				9,602,000	0.34	32,600
Total Oxide		12,578,000	0.36	44,800	344,000	1.25	4,300	12,922,000	0.38	49,100

Note: The information in this report relates to Exploration Results, Mineral Resources and Ore Reserves based on information compiled by Mr N Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists, Mr I Glacken who is a Fellow of the Australasian Institute of Mining and Metallurgy as well as a full time employee of Optiro Pty Ltd and Mr D Grubic, Technical Services Manager at Rock Team Pty Ltd. Mr Hutchison and Mr Glacken have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as a

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Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.'

Mr Grubic is a full time employee of Rock Team Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australian Code for Reporting Ore Reserves."

Mr Hutchison, Mr Glacken and Mr Grubic have consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

FINANCIAL

- As at 31 December 2012, the Company had cash on hand of $12.5 million.
- The Company sold the remaining 3,308,679 shares in Triton Gold Limited during the quarter realising sales proceeds of $0.32 million. The total sales proceeds for the sale of the 9,115,384 shares originally held is $0.88 million.

MARKET INFORMATION

- Figure 4 and 5 below shows the underlying correlation between Poseidon's share price and the LME Nickel price and the correlation to the ASX 200 Resources index over the last 12 months.

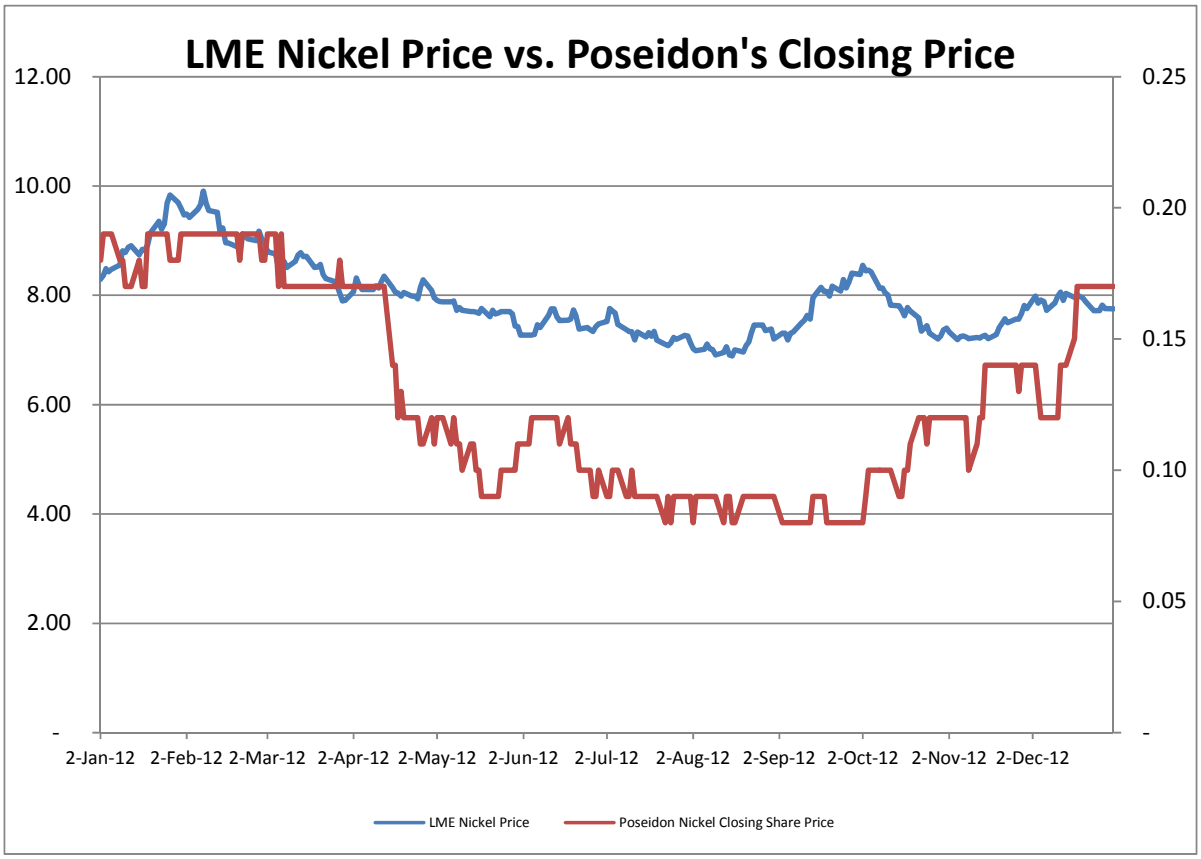

Figure 4: Poseidon share price graph compared to LME Nickel price

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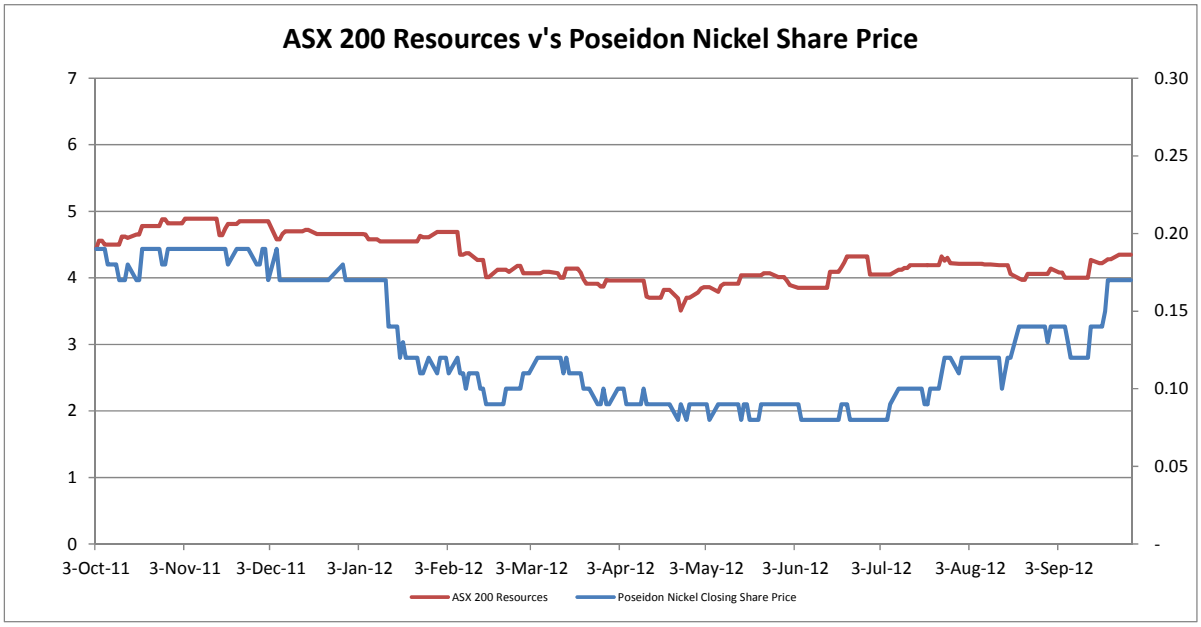

Figure 5: Poseidon share price graph compared to ASX 200 Resources index

CORPORATE

- On 13 November, Poseidon announced that Jefferies Bank, headquartered in New York, has become a significant shareholder in Poseidon Nickel. Jefferies Bank has acquired shares and the Convertible Notes from Harbinger Capital Partners, who have been a long standing shareholder and supporter of Poseidon. Some restructuring of the Harbinger Funds has been underway and this move removes any speculation about their position in Poseidon.

- In line with Poseidon's policy to only pay Directors fees in shares in order to retain the cash reserves of the Company, 784,741 Fully Paid Ordinary Shares were issued in lieu of Directors fees for the quarter to September under the terms of the Director Share Plan. The shares were issued on 11 December 2012 at a deemed issue price of $0.0874, based upon the volume weighted average sale price ("VWAP") for the 91 days prior to the expiration of the quarter. The payment of shares as opposed to cash is intended to reduce the cash cost to the Company and was approved by shareholders at the Annual General Meeting held on 21 November 2012.

- On 20 December 2012, 2,000,000 Unlisted Incentive Options issued to Mr D Singleton expired having not been exercised. The options were subject to an exercise price of $0.80.

- On 23 October 2012, 533,000 Unlisted Options issued to employees expired having not been exercised. The options were subject to an exercise price of $1.38.

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David P.A. Singleton
Managing Director & CEO

30th January 2013

Enc

CORPORATE DIRECTORY

Director / Senior Management

David Singleton	Managing Director & Chief Executive Officer
Andrew Forrest	Non-Executive Chairman
Geoff Brayshaw	Non-Executive Director
Richard Monti	Non-Executive Director
Chris Indermaur	Non-Executive Director
Ross Kestel	Company Secretary

Corporate Enquiries
Mr David Singleton – MD & CEO
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E: admin@poseidon-nickel.com.au

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Media Enquiries
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FTI Consulting
P: 61 8 9458 8888 M: 0433 886 871
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Home Exchange
The Company's shares are listed
on the Australian Securities Exchange
and the home exchange is Perth
ASX code: POS

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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, 01/06/2010.

Name of entity

Poseidon Nickel Limited

ABN

60 060 525 206

Quarter ended ("current quarter")

31 December 2012

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	-	-
1.2	Payments for		
	(a) exploration and evaluation	(4,139)	(6,979)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(1,114)	(1,894)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	122	329
1.5	Interest and other costs of finance paid	-	(444)
1.6	Income taxes paid	-	-
1.7	Other - sundry income	63	88
	Net Operating Cash Flows	(5,068)	(8,900)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(459)	(670)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	321	1,640
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – costs re sale of equity investments	(3)	(59)
	Net investing cash flows	(141)	911
1.13	Total operating and investing cash flows (carried forward)	(5,209)	(7,989)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(5,209)	(7,989)
	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 – borrowing costs paid	-	(120)
	Net financing cash flows	-	(120)
	Net increase (decrease) in cash held	(5,209)	(8,109)
1.20	Cash at beginning of quarter/year to date	17,682	20,582
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	12,473	12,473

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	139
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

On 21 November 2012, 784,741 ordinary shares were issued at a price of $0.0874 per share as approved by the Shareholders at the November 2012 Annual General Meeting. The shares were issued to the Non-Executive Directors in lieu of Directors Fees for the September 2012 quarter. This has not been included in the above cash flow.

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

N/A

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

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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	43,103	43,103
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	4,000
4.2	Development	-
4.3	Production	-
4.4	Administration	800
	Total	4,800

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	12,467	17,676
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other – Term Deposits	6	6
	Total: cash at end of quarter (item 1.22)	12,473	17,682

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	E38/1587 E38/1622 E38/2060	Owned Owned Owned	100% 100% 100%	Nil Nil Nil
6.2	Interests in mining tenements acquired or increased	E38/2705 E38/2706 E28/2707 P38/3989 P38/3990 P38/3991 L38/218 L38/220	Granted Granted Granted Granted Granted Granted Granted Granted	Nil Nil Nil Nil Nil Nil Nil Nil	100% 100% 100% 100% 100% 100% 100% 100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	408,447,458	408,447,458		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	784,741	784,741		
7.5	+Convertible debt securities *Unsecured*	36,531,904 This is an estimate only based on an average exchange rate of 1.0265. 64,945,608 This is an estimate only based on an average exchange rate of 1.0265.	- -	$0.40 $0.30	The Notes have a March 2011 six year term convertible into fully paid ordinary shares. The Notes have a March 2011 six year term convertible into fully paid ordinary shares.
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options *Unlisted* *Unlisted*	2,975,000 4,500,000	- -	*Exercise price* $0.22 $0.22	*Expiry date* 31 August 2016 23 November 2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	533,000 2,000,000	- -	$1.38 $0.80	22 October 2012 19 December 2012
7.11	Debentures *(totals only)*				

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7.12	Unsecured notes *(totals only)*				

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: (Director) Date: 30th January 2013

Print name: Geoff Brayshaw

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.

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