

Appendix 5B

Mining exploration entity quarterly report

Name of entity

Mount Magnet South NL

ABN

93 096 635 246

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(1,268)	(3,412)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(355)	(589)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	56	66
1.5	Interest and other costs of finance paid	(29)	(29)
1.6	Income taxes paid	-	-
1.7	Other items	-	-
	Net operating cash flows	(1,596)	(3,964)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(132)	(438)
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	GST Refund	12	190
	Net investing cash flows	(120)	(248)
1.13	Total operating and investing cash flows (carried forward)	(1,716)	(4,212)

1.13	Total operating and investing cash flows (brought forward)	(1,716)	(4,212)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	4,941
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 - share issue costs	-	(296)
	Net financing cash flows	-	4,645
	Net increase (decrease) in cash held	(1,716)	433
1.20	Cash at beginning of quarter/year to date	2,899	750
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,183	1,183

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	137
1.24	Aggregate amount of loans to the parties included in item 1.11	-
1.25	Explanation necessary for an understanding of the transactions	
	Item 1.23 – Amounts paid to related parties include remuneration, directors' fees, consulting fees and reimbursement of expenses to directors.	

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

Nil

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

Nil

Financing facilities available

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	0	0
3.2	Credit standby arrangements	0	0

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	(1,000)
4.2	Development	-
4.3	Production	-
4.4	Administration	(300)
Total		(1,300)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	1,183	2,899
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (rehabilitation bonding)	-	-
Total: cash at end of quarter (item 1.22)		1,183	2,899

At 31 December, the Company had \$1.485 million held in a bank deposit which is subject to lien and is provided as collateral for a bank guarantee issued to the Department of Mines in relation to environmental rehabilitation provisions concerning the Company's mineral permits. This deposit amount is not included in cash balances at the quarter end for the purposes of this cash flow statement.

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	P58 / 1287	Granted license	100/100	0
		E59/1105	Granted license	100/100	0
6.2	Interests in mining tenements acquired or increased	P59/1960	Granted license	0	100/100

Issued and quoted securities at end of current quarter

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

	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 (fully paid)	320,928,515	320,928,515	-	-
7.4 Changes during quarter (a) Increases through issues				
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities (description) 10m unsecured notes convertible to 10m shares, redeemable by 27/11/2012, 5% coupon rate	10,000,000	-	10	10
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options & Performance Rights (description and conversion factor)	2,000,000 'D&E' options	-	Exercise price 10c, 15c & 20c	Expiry date 19 May 2012
	250,000 'C Note' options	-	10c,15c,20c	19 May 2012
	1,500,000 'CIP' options	-	6c	31 December 2012
	6,000,000 Options	-	9c	31 October 2013
	13,499,998 Performance Rights	-	-	See table below

	18,285,714 Placement Options	-	7c	31 August 2014
7.8 Issued during the quarter	4,000,000	-	7c	31 August 2014
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures (totals only)	-	-	-	-
7.12 Unsecured notes (totals only)	-	-	-	-

Each Performance Right can convert to one ordinary share upon satisfaction of specified performance conditions.

No. Performance Rights	Expiry Date
5,999,998	30 November 2013
4,000,000	27 May 2014
1,500,000	13 June 2014
2,000,000	500,000 on 31 March 2012, 500,000 on 30 June 2012, 500,000 on 31 December 2012 and 500,000 on 31 Decem- ber 2013.

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: (Company Secretary)

Date: 31 January 2012

Print name: Susmit Shah

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.