

Quarterly Activities Report for period ended 31 December 2011

Section 1 – Exploration Activities in New South Wales and Queensland

The Company continued its joint venture exploration activities in both New South Wales and Queensland.

New South Wales

Kiawarra EL 6269 (Silver Mines Ltd Joint Venture)

Under a Joint Venture Agreement, Silver Mines Ltd (“SVL”) are earning 50% of EL 6269 by expending \$95,000 on exploration. EL 6269 hosts a number of historic workings and prospects and SVL are targeting high grade silver and associated lead, zinc, tin and gold mineralization.

Further exploration is planned in 2012. Initially, this will consist of four additional Induced Polarisation (“IP”) lines to extend the earlier program. If results from the IP program are positive, a second RC drilling program will follow concentrating on proving extensions to the mineralised lode and to investigate extensions of the mineralised lode at depth.

There was no field work during the December quarter of 2011.

Emmaville EL 7541

There was no work on EL 7541 during the quarter.

As the Company has been unable to attract a joint venture partner for this licence, the tenement was relinquished during the quarter.

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Queensland

Connors Arch Joint Venture

This group, in which SmartTrans is in joint venture with Australia Oriental Minerals NL, covers three tenements in the South Connors Arch Province which is prospective for porphyry-style copper-gold deposits and epithermal gold deposits.

Mount Mackenzie Prospect (40% equity, 26,240 hectares)

Located at Coppermine Creek in Central Queensland, Mount Mackenzie is an advanced exploration project. Diamond drilling by SmartTrans, together with the development of a comprehensive geological and geophysical model, has demonstrated that Mt Mackenzie is one of the largest hydrothermal (high-sulphidation) systems in eastern Australia.

Drilling encountered significant gold and copper values in lead-zinc-silver mineralized breccias and extensive, intensely sulphidic, alteration under cover rocks at the “Instinct” Prospect located 500m to 1000m west of Mt Mackenzie.

Mineralisation is evident in:

- sulphide matrix polymict breccias of hydrothermal and probable intrusive origin;
- well-developed multidirectional quartz- sulphide stockworks;
- vughy silica alteration, and;
- haematized and probable supergene zones related to palaeo weathering, immediately below the unconformity with the cover sequence.

The potential for extensions to this system lies under the volcanic cover outside the limits of all previous drilling.



SmartTrans believes there is also significant potential for high grade deposits at Mount Mackenzie.

SmartTrans is seeking a suitable joint venture partner for this project.

The information in Section 1 of this report is based on information compiled by Phillip Kimber, who is a member of the Australian Institute of Mining and Metallurgy. Phillip Kimber has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Phillip Kimber consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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Section 2 - Indonesian Coal Project

The Company's formerly held interest in the coal mining concession at Muara Teweh in Central Kalimantan was held via its 30% owned associate Company, Asiatic Coal Pte Limited ("ACPL").

During the quarter the Company received the net proceeds of \$555k from the sale, representing the gross proceeds of \$947k less amounts withheld of \$392k for payments owing.

Section 3 – Palatine Energy Pty Limited

During the quarter, the Company entered into an agreement with Dr David Falvey to establish a subsidiary company, Palatine Energy Pty Ltd (Palatine), to secure tenements that are prospective for shale gas, shale oil and other tight gas and oil.

Palatine, which is owned 75% by AOM and 25% by Dr Falvey and his associates, has retained the services of Dr Falvey on an exclusive basis to secure tenements prospective for shale gas, and other unconventional gas and oil.

Dr Falvey is a geologist and geophysicist with in excess of 35 years of experience in basin analysis and petroleum exploration. Most recently, Dr Falvey provided consulting services to Tamboran Resources Pty Ltd, a private unconventional gas and oil explorer, where he acquired 10 permits prospective for shale gas over a 2 year period. Prior to this, Dr Falvey was the executive director of the British Geological Survey, a role he retired from in 2006.

During the quarter, Palatine submitted uncontested applications for two tenements (EP 253 and EPA 286) covering approximately 1,056km² in the Amadeus Basin in the Northern Territory. The tenements are considered to be highly prospective for shale oil & gas and they are in close proximity to conventional oil & gas discoveries

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of Mereenie, West Walker, Palm Valley and Mt Winter.

The two applications are still subject to finalisation of Environmental and Native Title considerations.

Palatine also submitted contested applications for four tenements considered prospective for shale gas and oil in Queensland. The results of these applications should be available in the next quarter.

Section 4 – Ongoing Funding

With the receipt of the ACPL payment, the Company confirms it now has sufficient funding in place for the next 12-18 months to fund its expansion into unconventional oil and gas and other operating activities.

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Tenements held by Australia Oriental Minerals NL

<i>Tenement Number</i>	<i>Current Area (sub-blocks / units)*</i>	<i>Remarks</i>
<i>Northern Territory</i>		
EP 253	TBC **	Palatine JV: AOM 75%
EPA 286	TBC **	Palatine JV: AOM 75%
<i>Queensland</i>		
EPM 10006	35	Mt Mackenzie JV: AOM:40%, SMA 60%
EPM 12546	8	Mt Mackenzie JV: AOM:40%, SMA 60%
EPM 17515	39	Mt Mackenzie West JV: AOM:40%, SMA:60%
<i>New South Wales</i>		
EL 6269	19	Kiawarra (Joint Venture with SVL)

* 1 unit (NSW) = 1 sub-block (Qld.) = 1' latitude x 1' longitude = approx. 3 sq. km.

SMA - SmartTrans Holdings Limited

SVL – Silver Mines Limited

** Subject to finalisation

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Australia Oriental Minerals NL

ABN

84 010 126 708

For the period ending

31 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from reimbursement and related debtors	-	5
1.2 Payments for		
(a) exploration and evaluation	(93)	(127)
(b) development	-	-
(c) production	-	-
(d) administration	(66)	(281)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(158)	(402)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	139
(b) equity investments (see 2.1)	555	651
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	555	790
1.13 Total operating and investing cash flows (carried forward)	397	388

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	397	388
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		397	388
1.20	Cash at beginning of quarter/year to date	111	120
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of the period	508	508

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	15
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Consulting fees 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

Sale of equity investment (1.9): Gross proceeds of \$947k were to be received as the balance of consideration relating to the sale of the interest in the associate entity, Asiatic Coal Pte Limited. Actual proceeds of \$555k were received net of amounts due by the company.

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

NA

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	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	40
4.2 Development	-
4.3 Production	-
4.4 Administration	50
Total	90

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	508	111
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of three months (item 1.22)	508	111

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of year	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL 7541 EPM 17515	Sub-blocks* reduced from 65 to 39 * 1 sub-block (Qld.) = 1' latitude x 1' longitude = approx. 3 sq. km.	100%	0%
6.2 Interests in mining tenements acquired or increased	EP 253 EPA 286		0% 0%	75% 75%

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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 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	2,275,974,526	2,275,974,526		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	94,895,625	94,895,625	0.16c	0.16c
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	43,000,000 150,000,000 45,000,000	Director unlisted Director unlisted Unlisted	Exer price 3c Exer price 0.3c Exer price 0.3c	Expire 31/12/2013 Expire 08/12/2013 Expire 08/12/2013
7.8 Issued during quarter	150,000,000 45,000,000	Director unlisted Unlisted	Exer price 0.3c Exer price 0.3c	Expire 08/12/2013 Expire 08/12/2013
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:Date: 27 January 2012
(Company secretary)

Print name: Andrew Bursill
Company Secretary

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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