



QUARTERLY REPORT

Quarter Ended 30 June 2012

Highlights

- Entered into of a Term Sheet with ODNI Holdings Pte. Ltd. (“ODNI”)
- Announced the Company’s intention to become a significant mid-tier Indonesian coal producer
- Appointed Barry Tudor as CEO/Managing Director
- Successful Capital Raising
- Signed Sale and Purchase Agreement with ODNI
- Distributed Notice of Meeting and Explanatory Memorandum

ODNI Transaction

During the quarter Exalt announced to the market that it had entered into an agreement with ODNI, a Singaporean based Company that has secured the rights to acquire an interest in a number of prospective coal mining projects in the Kalimantan, Sumatra and West Papua regions of Indonesia. ODNI’s aim is to build a substantial diverse portfolio of Indonesian coal assets encompassing the following key parameters:

Through the acquisition of ODNI, Exalts objective is to build a substantial and diverse portfolio of Indonesian coal assets encompassing a variety of projects from early stage exploration to producing coal assets, with a range of coal types, spread across multiple Indonesian geographies, close to potential transportation routes and existing or planned infrastructure and supported by strong local partners.

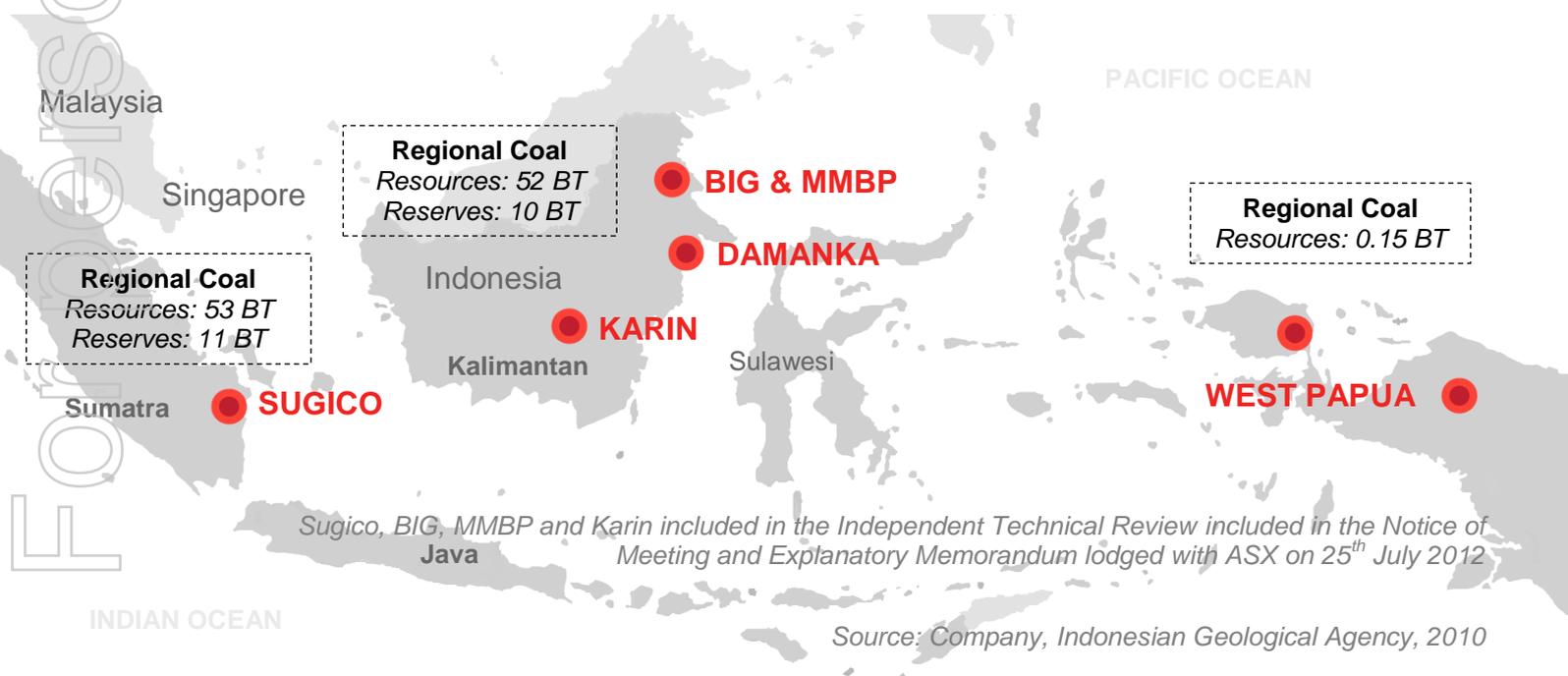
The acquisition of Odni will provide Exalt with the ability to investigate and, if initial exploratory results are satisfactory, to acquire all of, or an equity interest in, a number of prospective coal mining projects in the Kalimantan, Sumatra and West Papua regions of Indonesia. The Odni acquisition is consistent with Exalt's strategy to become a significant mid-tier coal producer.

The initial projects include a very large exploration area in South Sumatra spread over 11 concessions and covering approximately 250,000 hectares, with the potential for a large resource. Exalt will also acquire the rights to acquire two concession areas in East Kalimantan and one in Central Kalimantan over known coal formations. In addition, Exalt is underway with Due Diligence on a producing asset proximal to an existing coal mining operation including existing infrastructure.

In addition to the initial projects, the proposed acquisition of Odni will also provide Exalt with a compelling pipeline of greenfield, brownfield and producing projects in Indonesia, with the aim of building a substantial diverse portfolio of Indonesian coal assets.

Exalt has engaged Corpac Partners to assist with the development of in-country relationships, the identification and development of an asset pipeline, strategic advice and various Indonesian based support services.

Exalt Opportunities at a Glance



SUGICO

- Huge exploration area South Sumatra
- 11 concessions ~ 250,000ha
- Near transportation routes
- Potential for very large resource/production
- 50% ownership*

KARIN

- Covering ~ 2,586ha
- 50% of area over Warukin Formation known for thick sub-bituminous coal seams
- Near transportation routes
- 100% ownership*

DAMANKA***

- ~ 5,000ha East Kalimantan
- Small scale mining operation
- Only 20km to from mine to mother vessel
- Adjacent to existing KPC mining operation & associated infrastructure
- 70% ownership

BIG

- 5,000ha East Kalimantan
- 40km from jetty
- 100% of concession overlies Sembakung formation
- JORC exploration target 20Mt-30Mt
- 100% ownership*

MMBP

- 5,312 ha East Kalimantan
- Sembakung formation
- Near potential transportation routes
- Offers synergies with BIG
- 100% ownership**

WEST PAPUA***

- 2 concessions
- ~ 39,000 ha
- Region known for high grade coal
- 50% ownership
- Region has recently attracted interest from established players

* Rights to acquire ownership under SPAs (Sugico not yet signed) ** Pursuant to option agreement

*** Pipeline project being assessed, commercial terms being negotiated (proposed equity %)

Shareholder Meeting and Explanatory Memorandum

The Company will hold a shareholder meeting on 24 August 2012 to approve, among other things, a change in the nature and scale of activities and the issue of consideration securities in connection with the proposed acquisition.

A Notice of Meeting and Explanatory Memorandum was distributed to shareholders on the 24 July 2012 which contained full detail on the acquisition of ODNI, including an Independent Technical Report on some of the projects contained within the ODNI opportunity.

Appointment of CEO/Managing Director

During the quarter the Company announced the appointment of Mr Barry Tudor to the role of CEO/Managing Director. At the time of appointing Mr Tudor the Board noted that he is a well-credentialed executive in the coal industry and has an exceptionally strong track record of commercial development and value creation and considered his experience and skills will be critical as he leads Exalt through its next phase of growth.

Barry Tudor was CEO and Managing Director of Gloucester Coal from 2009 to 2011. Prior to his role as MD and CEO of Gloucester Coal Mr Tudor was Director - Australian Assets for Noble Energy, leading the Noble Group's coal asset strategy in Australia with responsibility for Noble's coal assets in Australia and the Group's strategic expansion into ASX listed coal asset ownership.

Capital Raising Activity

During the quarter, the Company raised \$675,000 through the issue of 3,750,000 shares at \$0.18 to contribute towards the costs of acquisition of the ODNI Project and general working capital.

As part of the ODNI transaction, the Company expects to lodge a Prospectus to raise up to \$20M which will be applied to acquiring the ODNI Projects, exploration expenditure and general working capital.

Exploration Activity - NSW Based Projects

Exalt owns 100% of the Mineral Hill South Project covering 112.6km² of land located 3km to the south of the Mineral Hill Mine in NSW and 100% of the Nyngan Project which covers 160km² of land in central west NSW targeting porphyry copper and epithermal gold mineralisation.

No field work was completed on the NSW projects in the June Quarter whilst rehabilitation was completed from the previous drilling campaign and the Company focused its efforts on completing the negotiations and documentation associated with the ODNI acquisition.

Mineral Hill South –EL7945 (ERD – 100%) – Previously EL7663

ELA4297 was granted as EL7945 on 7 June 2012 for two years. EL7945 has replaced Mineral Hill South EL7663, representing an increase the tenement by 2.95km² to 112.6km².

ELA4297 was lodged with the NSW Department of Trade and Investment on 16 June 2011. ELA4297 was applied for to cover EL7663 and include an extra 2.95km² adjacent to the Mineral Hill exploration leases that became open subsequent to EL7663 being granted on 10 December 2011.

The granting of EL7945 effectively doubles as a renewal of EL7663, securing the EL for an additional two years from the 7 June 2012.

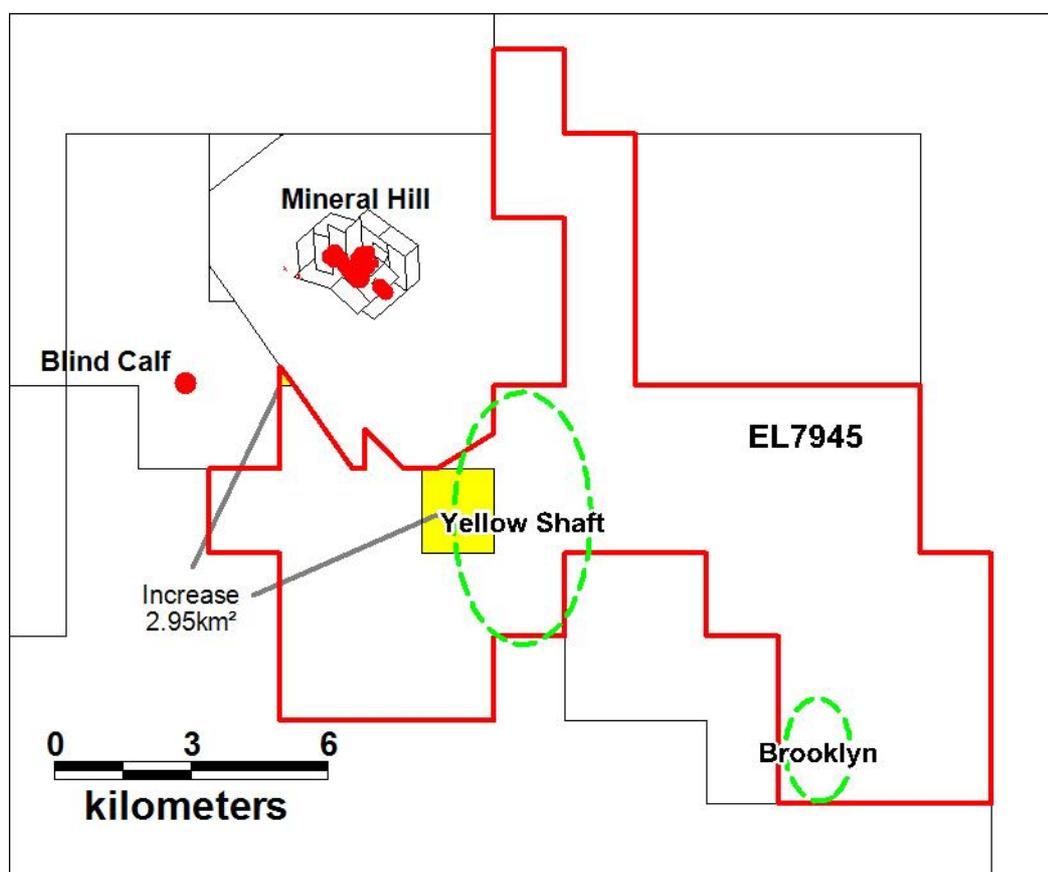


Figure 1 – EL7945 replacing EL7663 showing additional area acquired in yellow

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Competent Person's Statement

New South Wales Projects - The information in this report that relates to Exploration Results on Exalt Resources Limited's New South Wales assets is based on information provided by Mr D Ward, Member of Australasian Institute of Mining and Metallurgy and a Consultant to Exalt Resources Limited. Mr Ward has sufficient experience that is relevant to the style of mineralisation and type of deposit 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. Mr Ward, consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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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

EXALT RESOURCES LTD

ABN

17 145 327 617

Quarter ended ("current quarter")

30 JUNE 2012

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 product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation and option fees	(391)	(752)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(295)	(578)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	25	120
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(661)	(1,210)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(3)	(3)
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)	-	-
	Net investing cash flows	(3)	(3)
1.13	Total operating and investing cash flows (carried forward)	(664)	(1,213)

1.13	Total operating and investing cash flows (brought forward)	(664)	(1,213)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	675	675
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 (provide details if material)	(41)	(145)
	Net financing cash flows	634	(530)
	Net increase (decrease) in cash held	(30)	(683)
1.20	Cash at beginning of quarter/year to date	2,586	3,239
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,556	2,556

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	131
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

These payments include Non-Executive Director Fees and Salary to the Managing Director.

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

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

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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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
4.3 Production	-
4.4 Administration	260
Total	510

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	2,556	2,586
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.2.2)	2,556	2,586

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			
6.2	Interests in mining tenements acquired or increased	ELA4297 was granted as EL7945 on the 7th June 2012 for two years. EL7945 has replaced Mineral Hill South EL7663, representing an increase the tenement by 2.95km ² to 112.6km ² .		

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)	Nil	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	28,875,003	22,876,664	\$0.20	\$0.20
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,750,000	3,750,000	\$0.18	\$0.18
7.5	+Convertible debt securities (description)	Nil			

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	16,008,333	7,975,787	Exercise price \$0.20	Expiry date 31 December 2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Performance Shares (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 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 \(see note 5\)](#).
- This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31st July 2012.....
(Director/Company secretary)

Print name: SHANE HARTWIG

Notes

- 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.

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- 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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About Exalt Resources Ltd

Exalt (ASX:ERD) is listed on the Australian Securities Exchange with the objective of becoming a significant Indonesian coal producer with a pipeline of compelling exploration, development and producing projects in strategic locations throughout Indonesia.