

ACTIVITIES REPORT - FOR THE PERIOD ENDING 31 DECEMBER 2011

THE COMPANY AND PROJECTS

- A new Western Australian minerals explorer searching for precious metals in overlooked and underexplored greenstone belts of the Eastern Goldfields of Western Australia
- Experienced Directors with strong and diverse backgrounds in company management, leadership and mineral exploration management
- Exploration Manager with 24 years experience including 7 years in the Leonora and Lake Wells - Yamarna areas



SUMMARY and HIGHLIGHTS

- Goldphyre Resources Limited (ASX:GPH) admitted to the list on the ASX on 20th December, 2011
- Funds from successful IPO committed to early stage exploration
- Four 100% owned gold focused exploration projects in the Eastern Goldfields of Western Australia including the 555 km² Lake Wells Project
- Key programs include drilling in the emerging Lake Wells - Yamarna- area
- Regional Rotary Air Blast (RAB)/Air-core (AC) drill program planned to commence early in June 2012 quarter on interpreted north extension of the Yamarna Shear, Lake Wells Project
- Air core (AC) drill program planned to commence end of March 2012 quarter at Iron Tank Prospect, Mailman Hill
- Further reconnaissance mapping and soil rock chip geochemistry programs planned for March 2012 quarter

EXPLORATION ACTIVITIES

LAKE WELLS PROJECT

E38/1903, E38/2113, E38/2114 and E38/2505 – 100% Goldphyre Resources Limited

During the reporting period, drill program proposals were finalised and Department of Mines and Petroleum (DMP) approvals obtained for the planned Programs of Work (PoW). In addition, reconnaissance geochemistry samples collected from 2010 soil, rock-chip and laterite RAB drilling were submitted for multi-element analysis and results are pending.

A regional RAB/AC drill program consisting of 96 holes (estimated 2,880m at nominal depth of 30m) is proposed to commence in April, 2012. The objective is to test structural trends and aeromagnetic targets on the south eastern part of the Lake Wells project within E38/2505. This licence area captures an underexplored section of the Mt Gill Greenstone Belt and the interpreted northern extension of the Yamarna Shear and associated granitoid rocks (Figure 1 and 2).

Weather reports from site have confirmed recent heavy rainfall (January 2012) in the North Eastern Goldfields extending to the Lake Wells area resulting in unseasonal flooding of lake country in proximity of the western targets and Axford Prospect. A drill rig has been secured, however the program has been rescheduled due to difficult ground access in and around the project area.

The Company will continue to monitor scope to bring forward drill access during the first month of the June 2012 quarter.

The Company shall be also be progressing negotiations with the Yilka claimant group for the purposes of meeting heritage clearance obligations ahead of accessing the western targets on E38/1903, E38/2113 and E38/2114, including the Axford Prospect, which require follow up drill testing along trend and at depth. Several, discrete “bulls-eye” magnetic high targets on the western part of the E 38/2113 have been recognised and require priority drill testing.

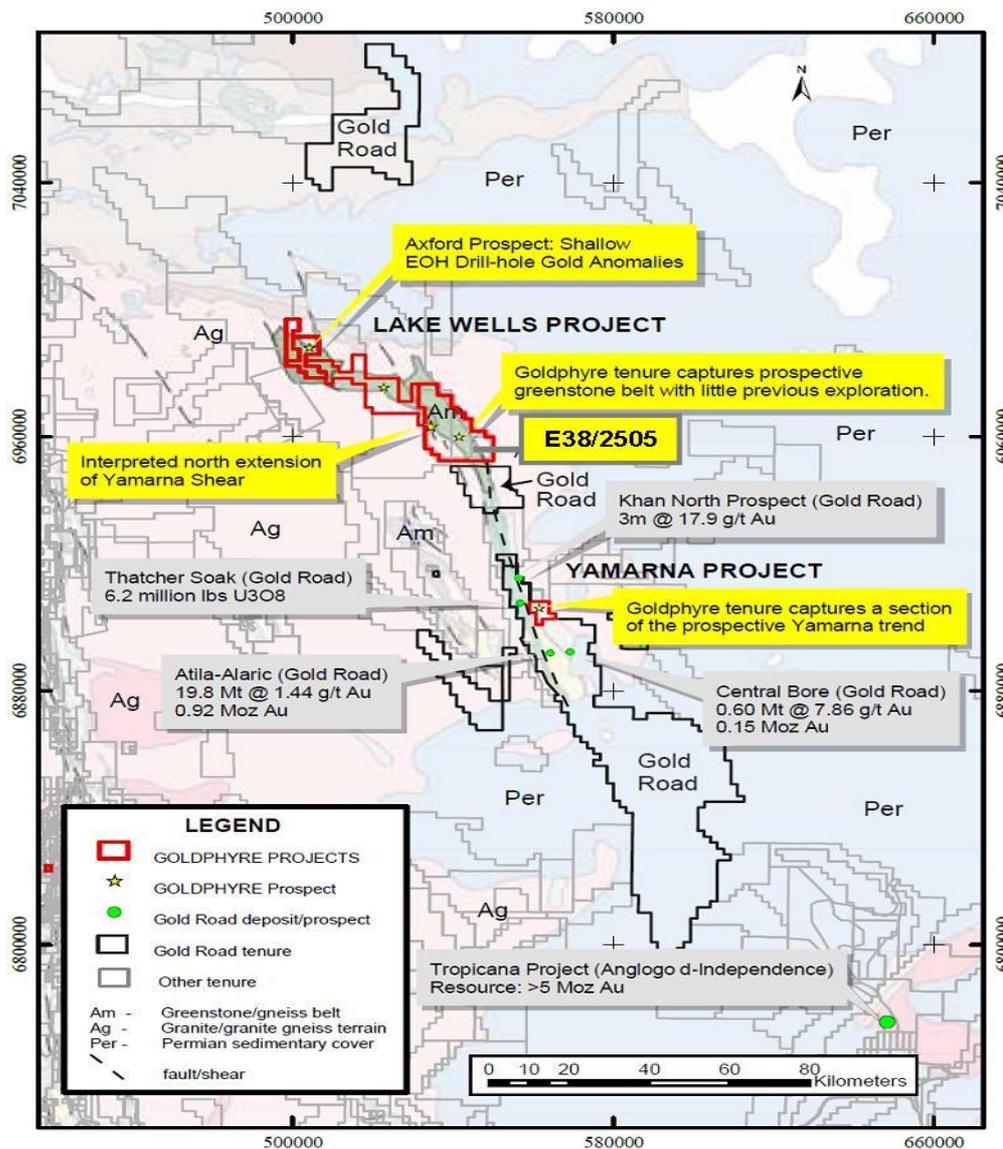


Figure 1 Lake Wells - Yamarna Region showing Goldphyre project areas and targets

(Gold Road Resources Limited previously released ASX intercepts and resources are detailed in the Independent Geologist’s Report of the Goldphyre Resources Limited Prospectus released by ASX on 20 July 2011 and the Goldphyre Resources Limited Supplementary Prospectus released by ASX on 5 October 2011)

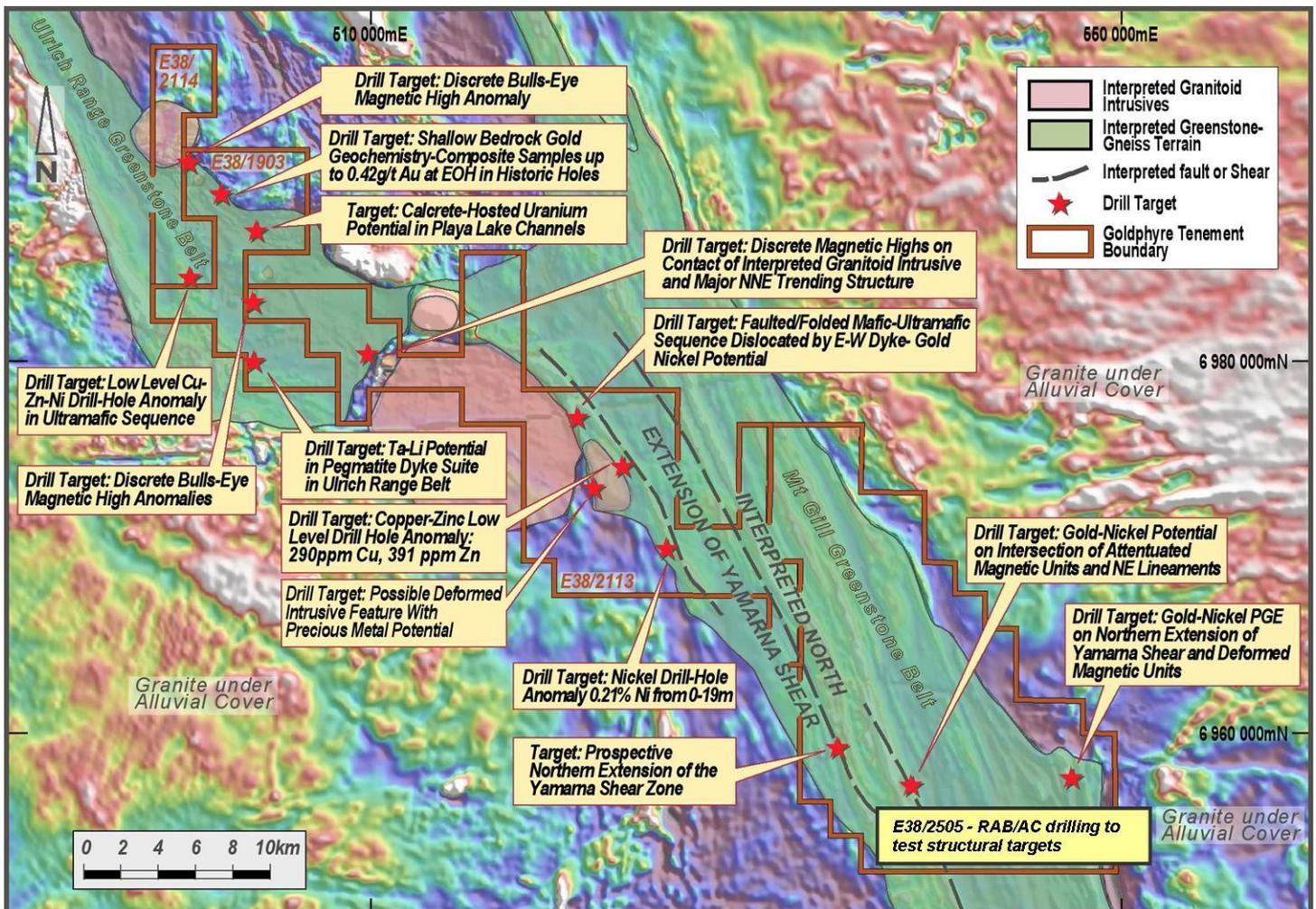


Figure 2. Lake Wells project with aeromagnetics base showing eastern drill targets on E38/2505

MAILMAN HILL

E37/990 and P37/7877 – 100% Goldphyre Resources Limited

During the reporting period, DMP approval was received for a PoW for an RC drill program (consisting of 17 holes for 680m) and is scheduled to commence towards the end of the March 2012 quarter. This program has been deferred due to the unseasonal rainfall during January 2012, previously referred to in this report.

The program has been designed to test the southern trend of a neighbouring explorers' gold prospect (Crawford's Prospect) and test along strike of the broad gold anomaly in historic RC hole ITRC001 located in the western part of E37/990 (Figure 3). This previous explorers' RC hole returned an intercept of 28m @ 0.50 g/t Au* and has not been tested further with more detailed, follow up drilling (*reference Jindalee Resources Limited ASX release dated 28 October 2004, Quarterly Report to Shareholders for 3 months ended 30 September 2004).

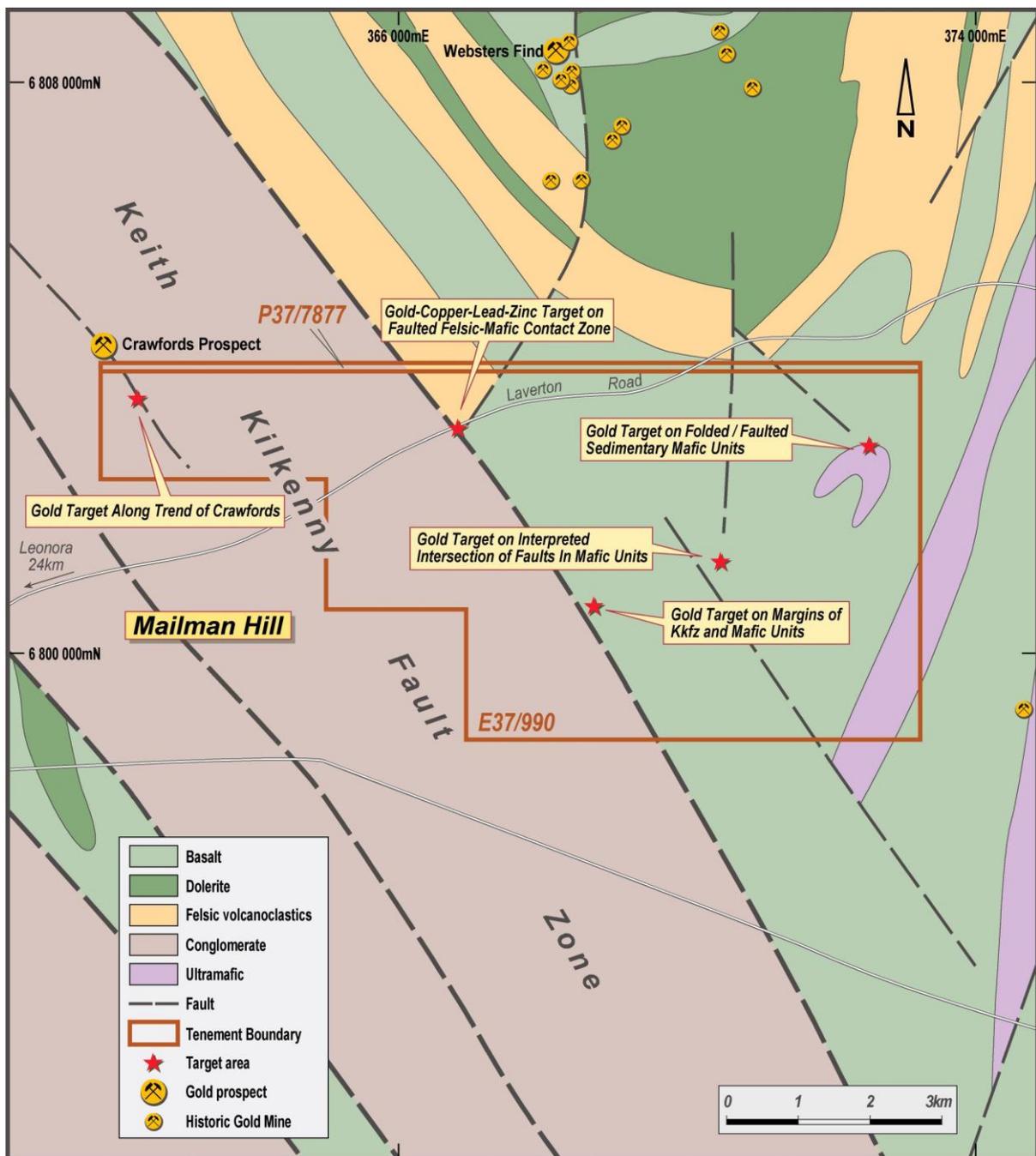


Figure 3. Mailman Hill Project showing targets including along trend of the Crawford's prospect

YAMARNA PROJECT

E38/1949 – 100% Goldphyre Resources Limited

Evaluation work is proceeding and the company will advise when specific drill targets have been identified.

The Company will also be progressing negotiations with the Yilka claimant group for the purposes of meeting heritage clearance obligations.

ISLAND VIEW PROJECT

E15/1049, E15/1050 – 100% Goldphyre Resources Limited

Evaluation work is proceeding and the Company will advise when specific drill targets have been identified.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Executive Chairman

Goldphyre Resources Limited

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COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brenton Siggs who is a member of the Australasian Institute of Geoscientists. Mr Siggs is contracted to the company through Reefus Geology Services and is a Non-Executive Director and Exploration Manager of Goldphyre Resources Limited. Mr Siggs has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Siggs consents to the inclusion in this report of this information in the form and context in which it appears.

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

Goldphyre Resources Limited

ABN

58 149 390 394

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 & evaluation	(8)	(17)
(b) development	-	-
(c) production	-	-
(d) administration	(35)	(73)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	3
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	(42)	(87)
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	-	-
(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	-	-
1.13 Total operating and investing cash flows (carried forward)	(42)	(87)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(42)	(87)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	632	2,996
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) Capital Raising Costs	(277)	(427)
Net financing cash flows		355	2,569
Net increase (decrease) in cash held		313	2,482
1.20	Cash at beginning of quarter/year to date	2,472	303
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,785	2,785

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

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

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

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- 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	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	250
4.2	Development	-
4.3	Production	-
4.4	Administration	50
Total		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	285	2,472
5.2 Deposits at call	2,500	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,785	2,472

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		

+ See chapter 19 for defined terms.

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	26,712,010	16,712,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	14,962,000	14,962,000		
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>	20,389,800	-	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 30 June 2015
7.8 Issued during quarter	6,764,800	-	20 cents	30 June 2015
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>				

+ See chapter 19 for defined terms.

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 ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: 31 January 2012

Print name: **John Ribbons**

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.

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