



## QUARTERLY ACTIVITIES REPORT DECEMBER QUARTER 2011

### KEY POINTS

- Cowarra drill program confirms high grade mineralisation beneath old BHP Gold Mine
- Excellent assays, with significant intersections including:
  - 1 m at 6.54 g/t Au from 97.22 m – Ambassador Lode
  - 1 m at 11.95 g/t Au from 209.4 m – Independent Lode
  - 3 m at 4.38 g/t Au from 279.5 m – Victoria Lode
  - 1.76 m at 8.70 g/t Au from 128.68 m – Ambassador Lode
- Step out drilling program to determine limits of resource
- Rig confirmed for 11 hole Dalton RC drill program
- Exploration drive to find new gold deposits in eastern Lachlan Fold Belt

### SUMMARY

Australian gold company Commissioners Gold Limited (ASX: **CGU**) had an exciting quarter at its Cowarra Project in the eastern Lachlan Fold Belt of NSW. The Company reported excellent intercepts across all four diamond drill holes, with assays up to 11.95 g/t gold. Ongoing exploration expenditure on this old BHP Gold Mine is clearly warranted.

The March quarter looks like being another significant one for Commissioners, with an 11 hole RC drill program about to commence at its 100% owned Dalton Project near Gunning in NSW.

Rigs will continue drilling both the Cowarra and Dalton targets during 2012.

## RC Drill Program Dalton

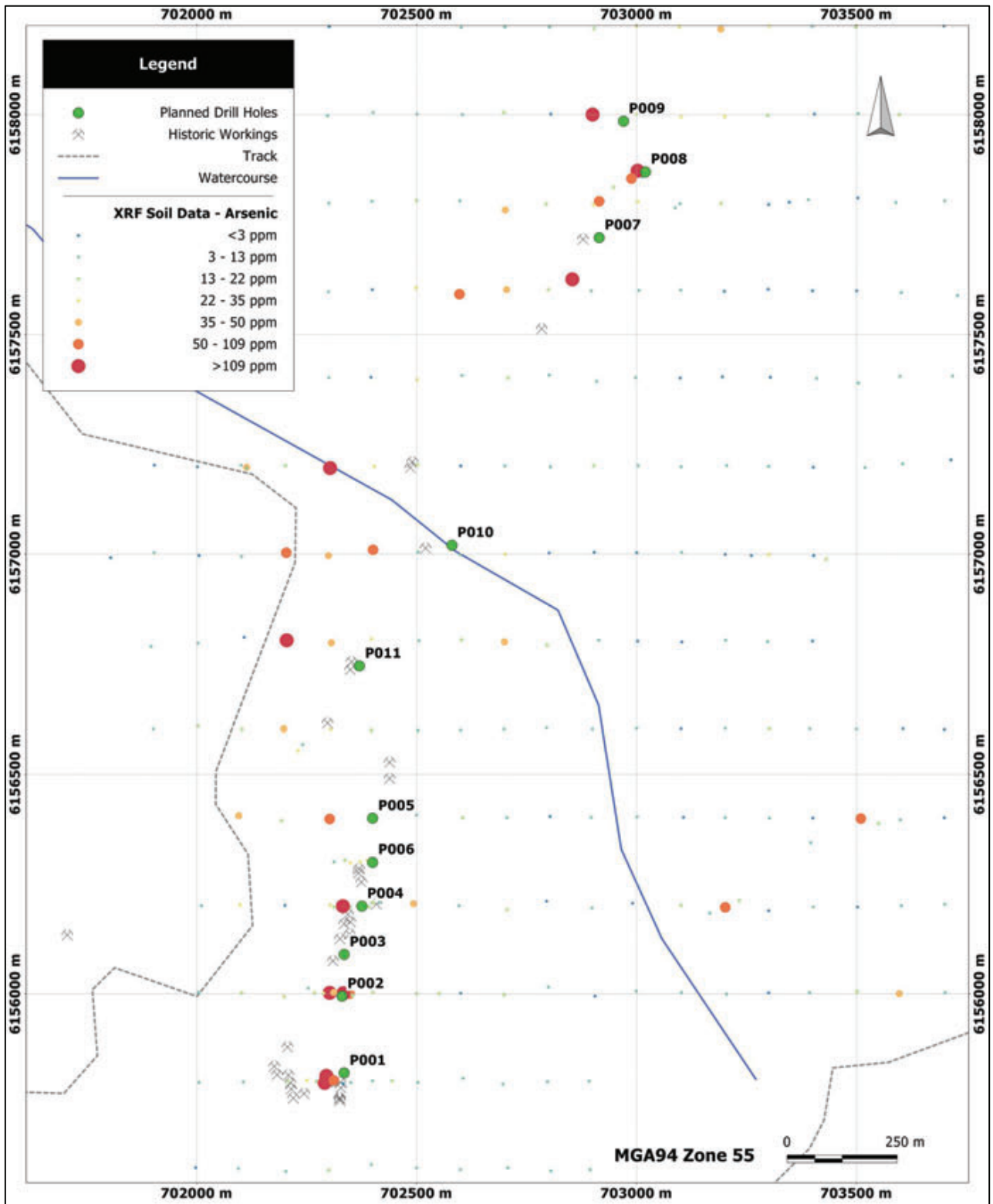
An eleven hole reverse circulation drill program is proposed for Dalton, EL6922 in Jan 2012. The program is designed to test the arsenic anomalies outlined by previous XRF soil testing in November 2010 and historic workings in the area. The aim is to intersect narrow shear hosted gold lens and test the continuity of the shear planes within the region.

Currently the drill sites have been located and prepared for drilling with the existing tracks rehabilitated and new tracks cut to allow better access.

Below (Table 1) are the proposed coordinates for the drill holes in the program, these coordinates may change based on conditions at the time of drilling and findings from previous holes drilled. Figure 1 shows the proposed holes in relation to the arsenic anomalies and the historic workings.

Hole ID	Datum	Zone	Easting	Northing	Inclination°	Azimuth°	Est EOH (m)
P001	GDA94	55H	702335	6155820	70	270	120
P002	GDA94	55H	702330	6155995	70	270	150
P003	GDA94	55H	702335	6156090	75	270	100
P004	GDA94	55H	702375	6156200	70	270	100
P005	GDA94	55H	702400	6156400	70	270	100
P006	GDA94	55H	702400	6156300	70	270	150
P007	GDA94	55H	702915	6157720	70	300	150
P008	GDA94	55H	703020	6157870	70	270	120
P009	GDA94	55H	702970	6157985	70	270	120
P010	GDA94	55H	702580	6157020	70	270	120
P011	GDA94	55H	702370	6156745	70	290	150
<b>TOTAL</b>							<b>1380m</b>

**Table 1 - Proposed drill hole coordinates**



**Figure 1 - Location of proposed drill holes**

Landholder negotiations have been undertaken with all three of the affected landholders and each have signed written agreements with Commissioners Gold to allow the drill program to go ahead.

A review of environmental factors has been completed and approved by the department of trade and investment on the 14th Nov 2011.

# COWARRA - GOLD

EL5939 – 28 km<sup>2</sup> - Bredbo, NSW

(Capital Mining Limited (CMY) 100%; Commissioners Gold earning 50%)

## ASSAY RESULTS FOR RECENT DIAMOND DRILLING PROGRAM RECEIVED

- Significant gold mineralisation intersected in all four drillholes indicate continuation of high-grade structures at depth below historic mine workings.
- Assays included 1 metre at 11.95 g/t gold from 209.4 m
- Potential exists for extensions of the high grade mineralised zones and further work is warranted.

EL5939 is held by Capital Mining Limited (CMY). Commissioners Gold (CGU) is farming in to the project, under an agreement in which CGU has the right to earn a 50% interest in the project for expenditure of \$0.5 million in Stage 1. CGU took over project management during September 2011, upon signing by both parties of a Deed of Variation of Heads of Agreement.

Exploration is for gold sulphide deposits located along persistent shear zones in highly deformed metasedimentary rocks. Activities are being directed towards the delineation of high grade gold resources that are potentially amenable to extraction by underground mining. Work is focussed around the historic **Cowarra gold mine** where a shallow, oxide Inferred Resource of **500,000 tonnes at an average grade of 2.3 g/t gold (containing 37,000 ounces of gold)** has previously been announced (see CMY:ASX announcement 20 August 2009 for details).

Commissioners Gold completed a four hole diamond drilling program during September-October. The drilling was designed to target depth extensions of high grade gold mineralisation known from historic mine development and earlier drillholes.

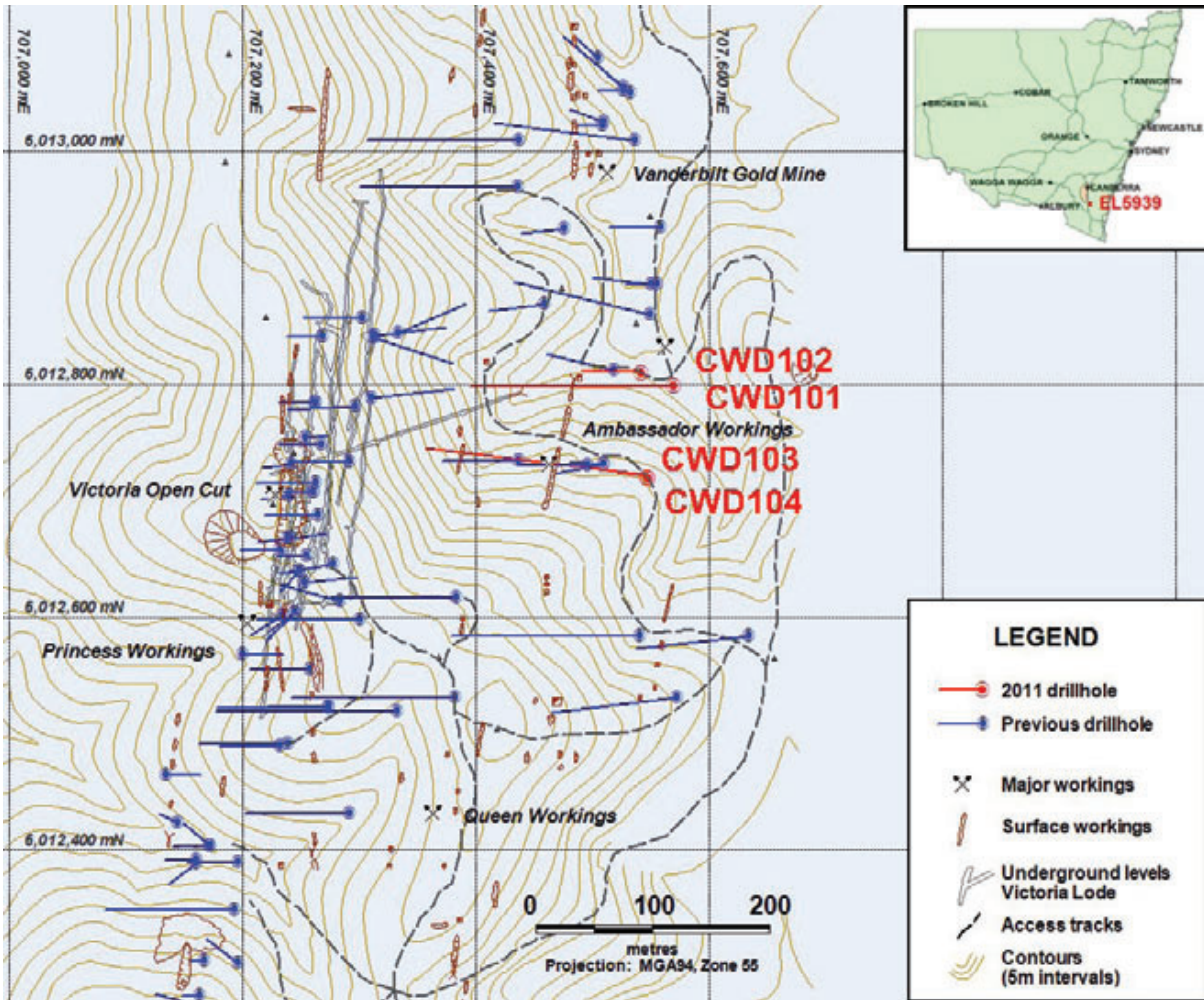
Details of the drilling program are presented in Table 1 and shown in Figure 1.

Hole	East (MGA94)	North (MGA94)	RL (AHD)	Dip	Azimuth magnetic	Azimuth MGA	Length (m)	Start	End
CWD101	707569.6	6012798.9	878.3	-60	258	270	351.4	16/09/2011	28/09/2011
CWD102	707541.3	6012810.1	878.5	-60	259	271	102.7	29/09/2011	3/10/2011
CWD103	707546.1	6012720.2	907.8	-60	265	277	381.3	4/10/2011	12/10/2011
CWD104	707547.9	6012719.5	907.9	-80	265	277	146.6	13/10/2011	16/10/2011
<b>TOTAL</b>							<b>982.0</b>		

**Table 1: Drillholes completed at Cowarra, 2011**

Note: Drillhole collars surveyed by a licensed surveyor in AMG84 co-ordinates and converted to MGA94, Zone 55 co-ordinates using GIS software.





**Figure 1: Location of drillholes and old workings at Cowarra, EL5939**

All four drillholes intersected zones of alteration, shearing and quartz-sulphides veining that are interpreted to represent down-dip extensions of the Ambassador Lode. Holes CWD101 and CWD103 also intersected the Victoria Lode as well as several narrower mineralised zones between the two main lodes.

Mineralised intersections of drill core were sampled by cutting with a diamond core saw. Half core samples were sent to ALS Laboratories in Orange, NSW, where they were assayed using analytical methods listed in Table 2. The remaining half core was returned to the core trays for future reference.

Element	ALS Code	Method
Au	Au-AA26	50g Fire Assay / AAS finish
Ag, As, Cu, Pb, Zn, Fe, K, S	ME-ICP41	Aqua regia digest / ICP-AES analysis
S	ME-OG46	Aqua regia digest / ICP-AES analysis (for samples > 10% S)

**Table 2: Analytical methods for drill core samples from Cowarra, 2011**

Significant assay results are listed in Table 3 and shown in Figures 2 & 3.

Hole	From (m)	To (m)	Width (m)	Au (g/t)	S (%)	Comment
CWD101	97.22	98.22	1.00	<b>6.54</b>	4.71	<b>Ambassador Lode</b>
CWD101	122.00	122.55	0.55	2.48	3.03	Quartz-pyrite-arsenopyrite vein
CWD101	159.70	160.70	1.00	2.34	1.39	Quartz-pyrite vein
CWD101	201.50	202.50	1.00	3.04	2.01	Fault zone with quartz-pyrite vein
CWD101	209.40	210.40	1.00	<b>11.95</b>	4.70	<b>Independent Lode</b>
CWD101	279.50	282.50	3.00	4.38	2.80	<b>Victoria Lode</b> + low-grade halo
<i>includes:</i>	<b>280.50</b>	<b>281.50</b>	<b>1.00</b>	<b>9.85</b>	<b>5.76</b>	<b>Victoria Lode</b>
CWD102	67.90	70.00	2.10	1.49	2.04	<b>Ambassador Lode</b>
CWD103	102.13	103.00	0.87	<b>7.37</b>	6.05	<b>Ambassador Lode</b>
CWD103	125.76	126.42	0.66	<b>7.20</b>	6.85	Quartz-pyrite vein
CWD103	258.00	259.00	1.00	1.19	0.84	Quartz-pyrite vein
CWD103	266.23	267.23	1.00	3.16	1.46	Quartz-pyrite vein
CWD103	269.00	270.00	1.00	1.70	1.66	Quartz-pyrite vein
CWD103	300.00	301.00	1.00	1.56	0.46	<b>Victoria Lode?</b> Quartz-pyrite vein
CWD104	128.68	130.44	1.76	<b>8.70</b>	16.78	<b>Ambassador Lode</b>

**Table 3: Significant mineralised intersections, Cowarra drillholes 2011**

Note: Widths are downhole widths, not true widths. Assay results for Ag, Cu, Pb and Zn are not considered significant.

Results indicate continuation of high grade lodes beneath the historical mining and previous drilling. Additional narrow quartz-pyrite veins were encountered between the Ambassador and Victoria Lodes. Potential also exists along strike of the zones previously drilled and further exploration programs are warranted.

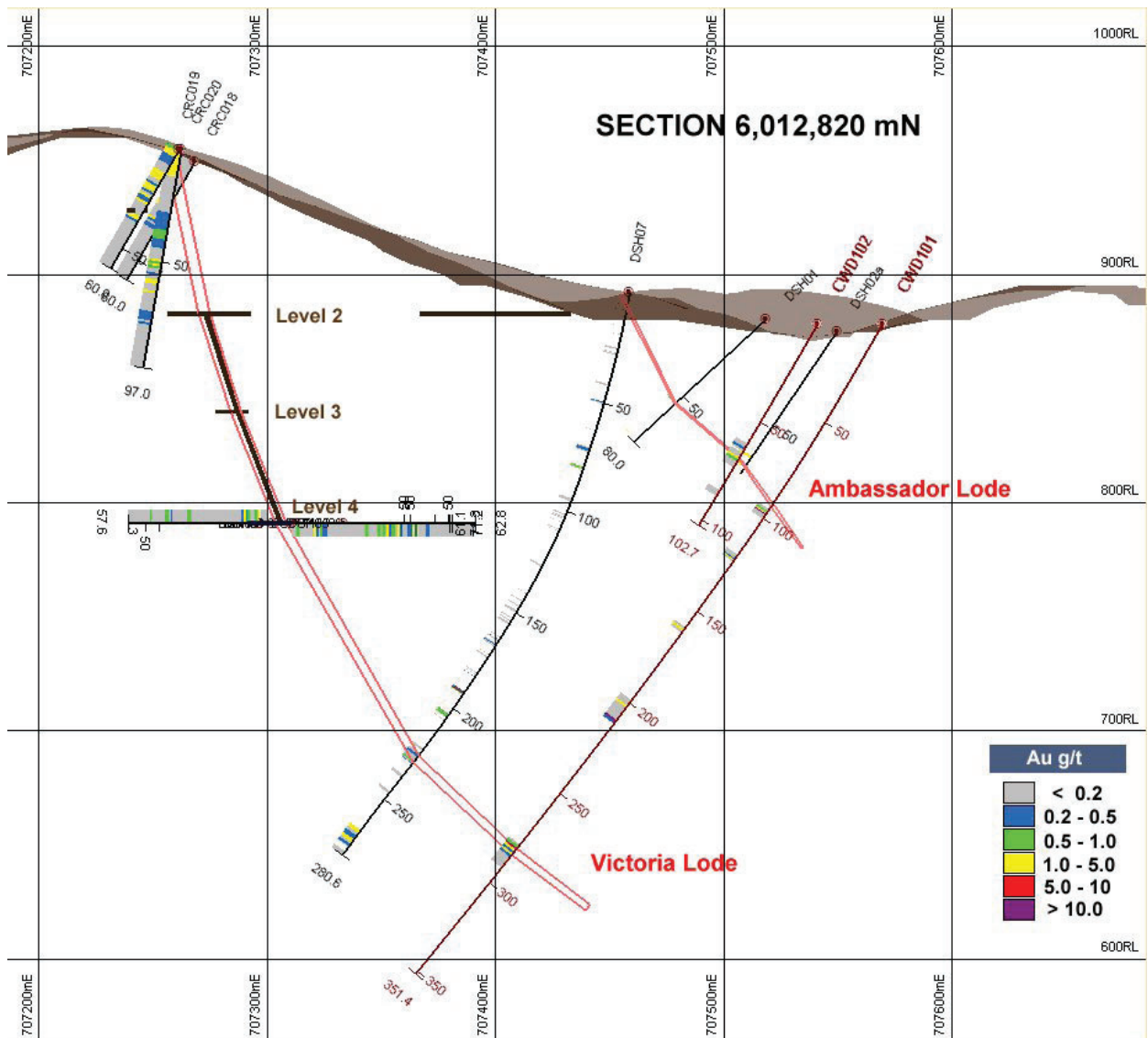


Figure 2: Drill section 6,012,820 mN, drillholes CWD101 & CWD102





Photo 1: Ambassador Lode, CWD101: 97.22-98.22m, 1m @ 6.54 g/t Au



Photo 2: Massive pyrite-pyrrhotite vein, Independent Lode, CWD101: 209.7m



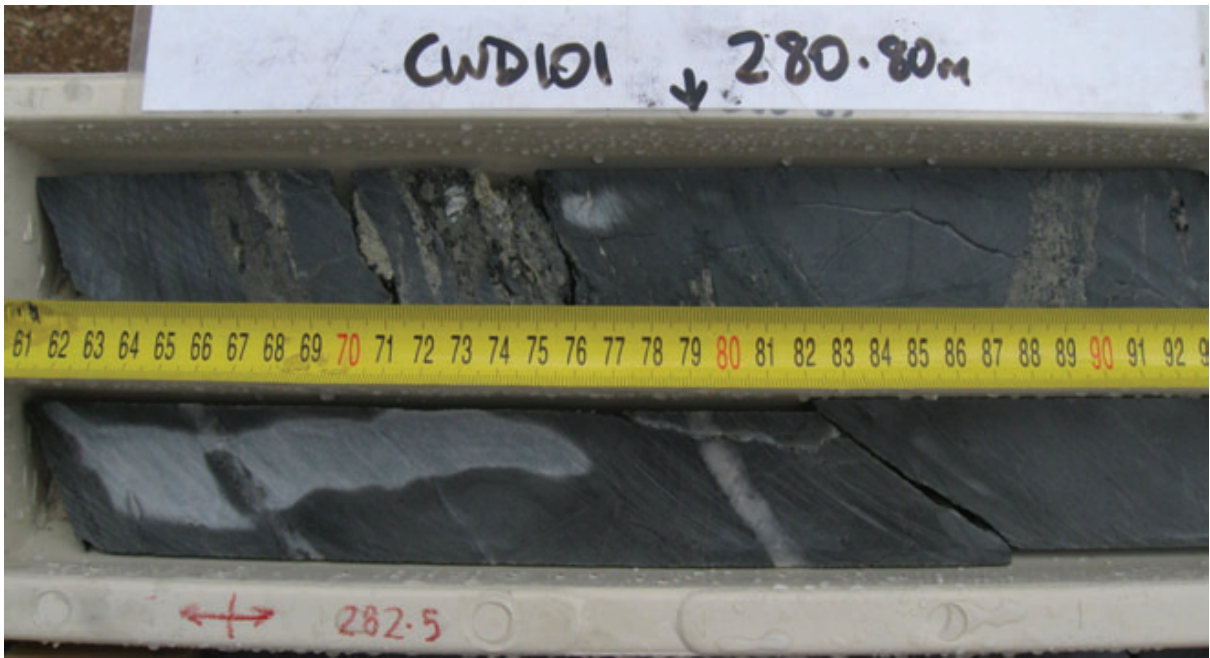


Photo 3: Pyrite-pyrrhotite-quartz veins, Victoria Lode, CWD101: 280.8m



Photo 4: Ambassador Lode, CWD102: 67.9-70.0m, 2.1m @ 1.49 g/t Au



Photo 5: Ambassador Lode, CWD103: 102.13-103.0m, 0.87m @ 7.37 g/t Au



Photo 6: Victoria Lode?, CWD103: 300.0-301.0m, 1m @ 1.56 g/t Au





**Photo 7: Ambassador Lode, CWD104: 128.68-130.44mm, 1.76m @ 8.70 g/t Au**

*Statements contained in this report relating to exploration results and potential is based on information compiled by Murray Hutton, who is a Member of the Australian Institute of Geoscientists and is a consultant geologist employed by Geos Mining. He has sufficient relevant experience in relation to the mineralisation styles being reported on, to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC Code). Murray Hutton consents to the use of this information in this report in the form and context in which it appears.*





1.13	Total operating and investing cash flows (brought forward)	(672)	(1,085)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	1,215
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(5)
1.18	Dividends paid	-	-
1.19	Other – Share Issue Costs	-	(507)
<b>Net financing cash flows</b>		-	703
<b>Net increase (decrease) in cash held</b>		(672)	(382)
1.20	Cash at beginning of quarter/year to date	1,634	1,344
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	962	962

### 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	40
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	
Not applicable		

### 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

None

- 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

None

### 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

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	
4.3 Production	
4.4 Administration	50
<b>Total</b>	<b>200</b>

## 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	155	39
5.2 Deposits at call	7	595
5.3 Bank overdraft		
5.4 Other – Bills and Bank Term Deposits	800	1,000
<b>Total: cash at end of quarter</b> (item 1.22)	<b>962</b>	<b>1,634</b>

## 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	None			
6.2 Interests in mining tenements acquired or increased	None			

## 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 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	34,649,692	24,743,550	Fully Paid	Fully Paid
7.4 Changes during quarter				
(a) Increases through issues				
(b) Release from escrow	2,500,000	2,500,000	Fully Paid	Fully Paid
(c) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	750,000	-	25 cents	31-Dec-13
	750,000	-	30 cents	31-Dec-15
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				



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

Sign here:



Date: 19 January 2012

Executive Chairman

Print name: Chris Battye

## 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.