



Saracen

Saracen Metals Pty Limited

Exploration Licence 47/2003 - Tullah

Annual Report

Period ending 11 June 2005

Guido Staltari
30 May 2005

1. Introduction

This report summarizes activities undertaken on EL 47/2003 – Tullah during the year ending 11 June 2005

2. Work Programme

Work during the year focused on defining drill targets at the Sterling Gold Prospect south of Tullah. Compilation of historical geological data in the area continued to better define prospective target zones and a drilling programme is being planned in the Sterling area. Of particular interest during the quarter was the reassessment of drill hole data from the Hudson and Hart gold zones. Several diamond drill holes have been planned to drill the known mineralisation at each of these zones, with a view to better defining the tenor and nature of the mineralisation.

Appendices 1 and 2 contain reports by the Company's consultant Mr B Pertzelt on the Hudson and Hart zones respectively.

Also, the Company has accessed and is continuing to interpret historical drill results, geochemistry, geological mapping and geophysics, both airborne and surface from the Farrell lead-zinc mine line of workings with a view to defining drill targets.

A number of Airborne EM anomalies have been identified in the area and these will also be followed up during the next summer field season. The location of these anomalies is shown in Figure 1. A detailed interpretation by the Company's geophysical consultant Dr J Silic can be found in Appendix 3.

Attempts to secure a suitable drilling contractor have been met with difficulty due to tightness in the market, particularly in Tasmania. It is presently expected that drilling in the Hudson and Hart zones, and at Mt Farrell, will commence in June 2005.

3. Environmental and rehabilitation activities

Approval in principle has been obtained, subject to relevant inspections in due course by the Department of Infrastructure, Energy and Resources ("DIER"), for drilling activities, line cutting and access track clearing within the Mount Murchison Regional Reserve, adjacent to the Murchison Highway.

4. Expenditure

Exploration expenditure for the year totalled \$85,207.09

5. Appendices

Appendix 1 – A Review of Gold Mineralisation at the Hudson Zone.

Appendix 2 – A Review of Mineralisation at the Hart Zone.

Appendix 3 - Interpretation of Mt Read 2001/2002 Tasmanian Geological Survey Helicopter EM data

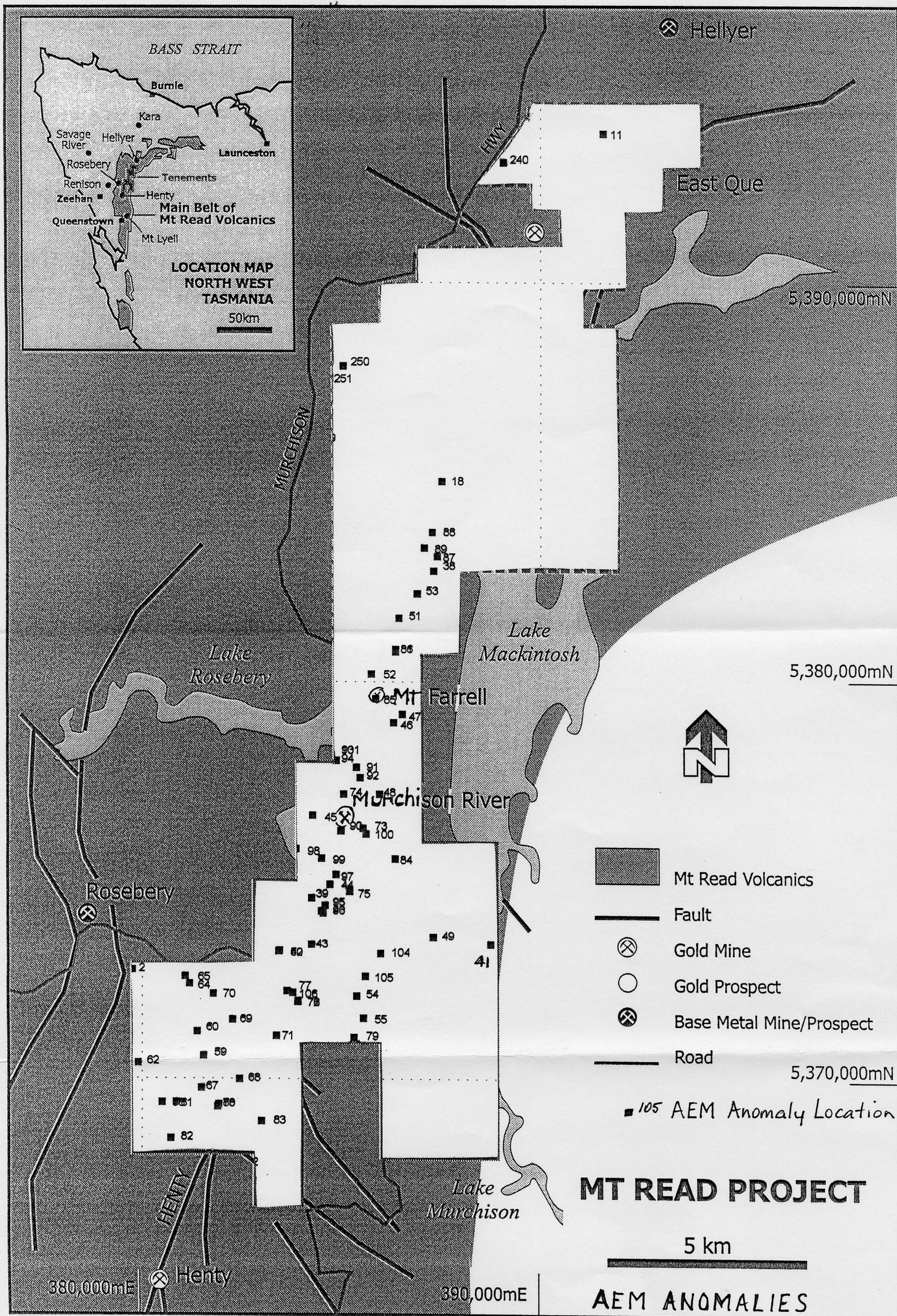


FIGURE 1

Appendix 1 – A Review of Gold Mineralisation at the Hudson Zone.

Appendix 2 – A Review of Mineralisation at the Hart Zone.