

Gujarat NRE Resources NL

EL 11 / 2006 ADAMSFIELD

Year 1 Annual Report

For the period 15 May 2006 to 15 May 2007

W M Harder

7th May 2007

Gujarat NRE Resources NL

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ABSTRACT

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The Adamsfield Exploration Area was attractive to Gujarat NRE Resources NL when the company was first incorporated because of the variety of mineral targets there. The area was an old Platinum Group Metals (PGM) mining area where Osmium and Iridium were mined from alluvial and hard rock sources in the 1920's and 1930,s. Literature was searched and revealed that the last time modern exploration techniques were applied to the area was in the 1980,s (by Metals Exploration Ltd). It was therefore thought that the area should be re looked using modern techniques.

The company holds a 100% interest in the Exploration Licence.
This First Year Annual Report covers the period from 15 June 2006 until 15 June 2007 which is the annual renewal date.

The geology of the Adamsfield area is made up of a thick sequence of Cambro-Ordovician siliciclastics sediments, facing east which are part of the Adamsfield-Jubilee Stratotectonic Element. Towards the top of this unit is the Adamsfield Ultramafic Complex (AUC).

The company commissioned a consultant firm Hellman and Schofield Pty Ltd to do a literature study of the area and prepare a geological synthesis of the area and to define possible drill targets and progress the exploration of the area further.

The region has been visited in the field three times.

Mineral Resources Tasmania was sent a work application to conduct a shallow drilling program using an excavator mounted drill to sample the track leading into the Halls Open Cut every 5 metres. The MRT gave nominal approval to this program subject to approvals from the various other agencies that are involved such as National Parks and Wildlife on behalf of the World Heritage Area. The delay in submission of applications for approvals has been owing to the substantial detail required to be filled in, the volume of the documentation and that the company's consultant who was handling the paperwork was not able to carry it out owing to other work commitments, until now.

The company will proceed with the drilling application to test the main PMG target zone and in parallel conduct field work on the other targets. The company plans to start on this in the coming spring/summer season approvals permitting.

The Adamsfield EL 11/2006 remains attractive as an exploration area because of the targets that are noted and therefore the EL should be renewed.

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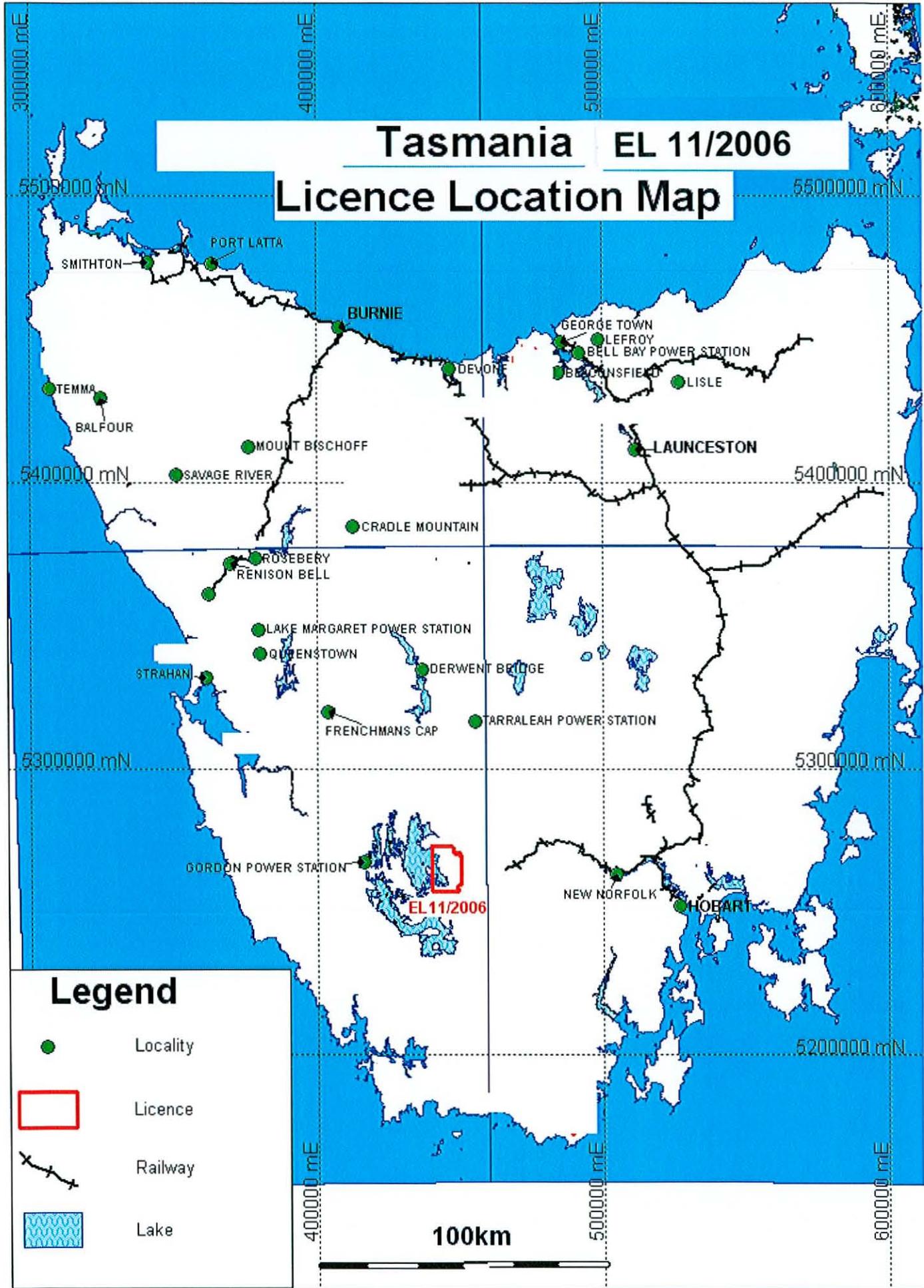
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1 Introduction

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1.1 Exploration Rational

The Adamsfield Exploration Area was attractive to Zinico Resources NL when the company was first incorporated because of the variety of mineral targets there. The area was an old Platinum Group Metals (PGM) mining area where Osmium and Iridium were mined from alluvial and hard rock sources in the 1920's and 1930,s. Literature was searched and revealed that the last time modern exploration techniques were applied to the area was in the 1980,s (by Metals Exploration Ltd). It was therefore thought that the area should be re looked using modern techniques.

In the literature there was also mention of gold, nickel, chromite, and copper therefore the presence of these other metals added further interest to exploration of the area.

Gujarat NRE Resources NL was interested to investigate the mineral field further and it turned out that the company's consulting geologist, who wrote the technical and mineralogical potential of the company's tenements for the Zinico Resources NL prospectus in August 2005, had spent some time in PGM exploration in Scotland and Norway. It was considered fortuitous to have an expert write notes about the area and who would be willing to do consulting work on it in due course.

1.2 Tenement Information

The exploration licence EL 11/2006 was formerly ELA 40 / 2004. The application for the EL was submitted together with the other ones in the company's portfolio. The application was subjected to an objection from a resident of the nearest town of Maydena who holds a water licence within the EL. Mediation hearings were held and a negotiated settlement was reached in February 2006. However the original lease application had expired and was reapplied with the resulting change in number to EL 11/2006.

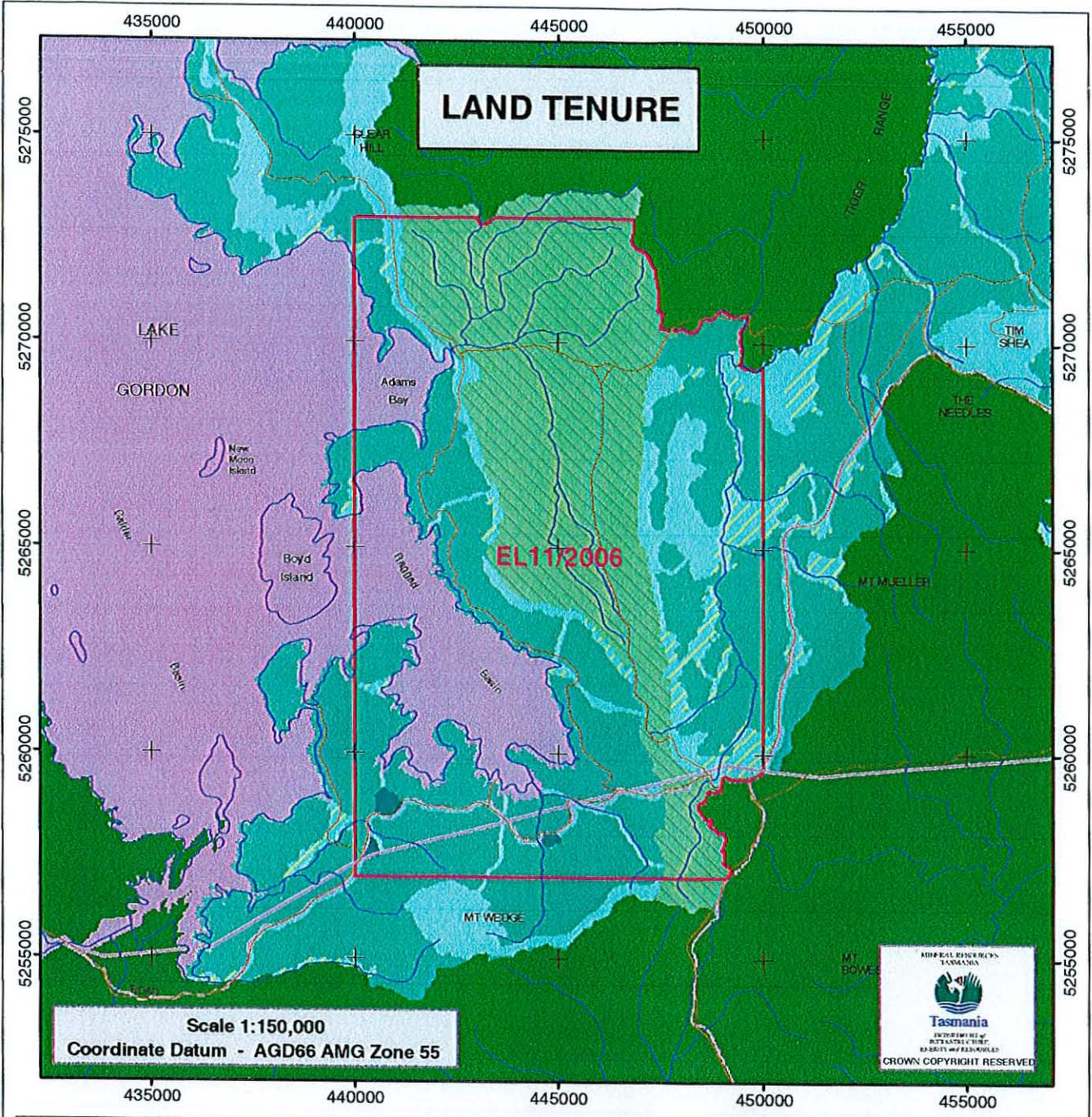
The licence was granted for 5 years from 15 June 2006 until 15 June 2011.

The EL measures 150 square kilometres and is located 80 km west-north-west of Hobart and is within the World Heritage Area. The EL contains lakes, state forest, conservation area, informal reserves and borders national parks, see land tenure map p 7.

The licence was granted to Zelos Resources NL which was listed on the Australian Stock Exchange on the 25th August 2005 as Zinico Resources NL. At the 1st AGM on 22nd November 2005 the company changed its name to Zelos Resources NL and at the 2nd AGM on the 23rd of November the company changed its name again to Gujarat NRE Resources NL to acknowledge the major shareholder.

The company holds a 100% interest in the Exploration Licence.

This First Year Annual Report covers the period from 15 June 2006 until 15 June 2007 which is the annual renewal date.



Land Tenure / Special Management Areas (Guide Only)

- | | | |
|--|----------------------------------|---------------------------------------|
| Exploration Licence | Nationally Significant Wetlands | Proposed Regional Reserve - RFA |
| Mining Lease | RAMSAR Site | Nature Recreation Area |
| Fossilising Area | Gas Pipeline Corridor | Proposed Nature Recreation Area - RFA |
| Fossil Site | Administratively Excluded Areas | National Park |
| Crown Land | Public Reserve | State Reserve |
| Authority Land | Commonwealth Land | Proposed State Reserve - RFA |
| Aurora / Hydro / Transend Lands | Aboriginal Administered Land | Game Reserve |
| State Forest | PFRP Covenants etc | Historic Site |
| Forest Reserve | PFRP Private Nature Reserve | Nature Reserve |
| Proposed Forest Reserve - RFA | PFRP Private Sanctuary | Proposed Nature Reserve |
| MDC Informal Reserve | Conservation Area | Wellington Park |
| Proposed Informal Reserve - RFA | Protected Area | |
| Forest Communities Managed by Prescription | Proposed Conservation Area - RFA | |
| | Regional Reserve | |

Relevant tenement land tenure / land management area indicated *
 Note: Land Tenure is derived from the LIST and other sources and may be incomplete. Not all Land Tenure depicted in legend may appear on the map.



2 Review of Previous Work

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The Adamsfield area was prospected early in the 20th century and platinum group metals osmiridium (an amalgam of osmium and iridium) was discovered and mined by alluvial means on the plains just west of what became the Adamsfield township (now gone).

Hard rock mining of the ultramafic outcrops which were mineralized were also mined and a company called Osmiridium (Tasmania) NL was formed in 1937 to continue the hard rock mining at Halls Open Cut. Activity stopped at the out break of World War II.

The Mt Lyell-EZ Joint Venture looked at the area in the early 1960's searching for Nickel and used newly flown airborne magnetics and EM in conjunction with ground EM and IP. This work noted: banded ultrabasics containing visible chromite, the Picton Fault as a strike fault parallel with in the Adamsfield Ultramafic Complex., the Ragged Fault is a barren "gossan" at surface, and an anomaly labeled 5/1 which has a narrow bed of pyrite at the Ordovician/Cambrian contact.

BHP held the area in the late 1960's and early 1970's and concentrated on the ultramafic complex looking for massive sulphide nickel deposits. They carried out substantial ground work including geophysics, geochemistry and mapping.

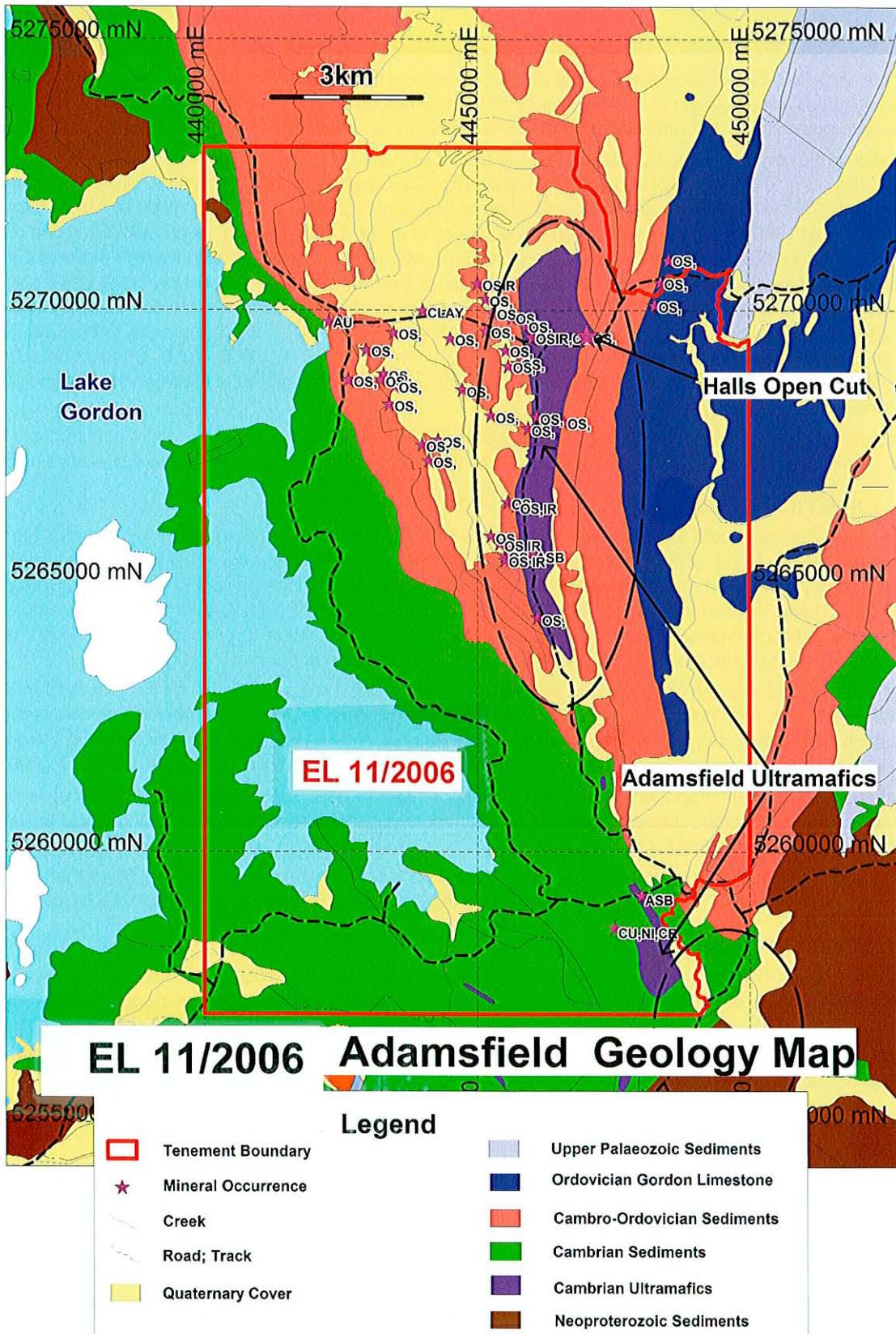
In 1985 Metals Exploration Ltd aimed at a hard rock source of the PGM mineralization. They particularly focused on Halls Open Cut. Much interpretation of past surveys, their own Bushveld Complex look alike modeling and substantial sampling and drilling was carried out.

Three diamond holes were drilled, many percussion holes and three costean trenches of 1m depth for 208m were cut and sampled. Only Osmium and Iridium were assayed the other PMG metals were ignored and the company noted the then existing problems with the reliability of the assays.

A lode was intersected with weak Os-Ir mineralisation, nickel sulphides were encountered in serpentinitised dunite in Halls Open Cut, weak gold mineralisation was recorded. The company then looked at the placer potential of the Adams River for gold and PGMs and the Lanham Creek plains for Chromite and Os-Ir. Other work included ten pits, excavator and sluicing prospecting, pan concentrates of stream sediment samples and rock chips.

In the early 1990's Jervois Mining held the licence for a short period. Initial work was held up by discussions regarding the World Heritage Area and potential conflict with mining in such an area. Jervois targeted the alluvial chromite with hand held auger sampling. This resulted in some low level of anomalism recorded.

Regional Geology Map of the Adamsfield EL



2.1 Regional Geology

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The geology of the Adamsfield area is made up of a thick sequence of Cambro-Ordovician siliciclastics sediments, facing east which are a part of the Adamsfield-Jubilee Stratotectonic Element.

Towards the top of this unit is the Adamsfield Ultramafic Complex (AUC).

The AUC is composed of the three major 'stratigraphic' rock types:

Massive pyroxenites

Interlayered serpentinite (and variably serpentinised dunite) and pyroxenite

Serpentinite (and serpentinised dunite)

These lithologies appear to represent the basal layered part of an ultramafic magma chamber. The AUC is overlain by a series of Cambro-Ordovician siliciclastics including conglomerates. The Gordon Limestone of the Florentine Valley conformably overlies the Cambro-Ordovician siliciclastics.

It appears in part that the ultramafic unit is a fault bounded thrust slice within the siliciclastics units with a possible fault thrust, dipping east, marking the western boundary whilst the a normal fault represents the eastern margin. The Ordovician sediments in the east of the licence occur within a north-northeast striking syncline, cored by the Gordon Limestone and subsequent Silurian-Devonian sediments.

An additional outcrop of ultramafics is mapped in the extreme south east of the tenement hosted with Cambrian units. Copper and nickel mineralisation is recorded in this area. There are numerous mineral occurrences of osmiridium (an amalgam of osmium and iridium both PGMs) and a lot of these are hosted by Quaternary cover and the underlying Cambro-Ordovician conglomerate. It is uncertain if these occurrences are placer or palaeo-placer deposits. Gold has been recorded at the Adams River Falls.

At the north end of the AUC the Halls Open Cut occurs and has been subject in the past to hard rock mining and exploration, detailed below.



The Saw Back Range
Looking north west and
composed of Cambro-
Ordovician siliciclastic
sediments, just east of
The Adamsfield Ultra
Complex



**Halls Open Cut
(looking south)**

2.2 Previous Exploration and Mining

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Previous Exploration has been noted above in the Review of Previous Work section.

Small scale mining occurred over 70 years ago at a location known as Halls Open Cut (not a real open pit) at the north end of the Adamsfield Ultramafic Complex.

The mining was for osmiridium. Grades reported were up to 42g/t (Os-Ir) within a narrow (1-2m wide), sheared, serpentinised ultramafic unit. This work also included the identification of “visible non-payable gold”.

Exploration by Metals Exploration Ltd in the mid 1980's, around the Halls Open cut, consisted of geochemical sampling, percussion and diamond drilling (3 holes for 190.7m). This work highlighted the problems with PGE assaying techniques to the extent that “all geochemical samples are suspect”. Diamond drilling down dip of the excavated lode showed low grade visible gold, base metal sulphides and weakly anomalous PGE values. The last item appeared to confirm some continuity at depth to the lode /horizon. Subsequent percussion drilling at the same locality (12 holes for 461m), with better assay techniques, reported significant narrow intercepts of osmium and iridium.

Other previous drilling appears to be confined to auger sampling of alluvial material to a maximum depth of 3m, west of the main hard rock PGE occurrences.

Halls Open Cut (looking north)



3 Current Exploration

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3.1 Literature Review

The literature of the area is very extensive covering the history of the area, past mining and exploration in the distant and recent past.

Gujarat has accessed the more recent documents such as Metals Exploration Ltd. work of the 1980's.

The company also commissioned a consultant firm Hellman and Schofield Pty Ltd to do a literature study of the area and prepare a geological synthesis of the area and to define possible drill targets and progress the exploration of the area further.

This study has been carried out in the current reporting year and is appended to this report.

A full list of references is quoted below.

3.2 Regional Exploration Activities

The region has been visited in the field three times.

The first trip was an overall orientation of the region to ascertain the access and infrastructure of the region and where local contractors could be commissioned to do and support work in the region.

In particular the nearest town of Maydena was closely scrutinized for accommodation and living supplies etc.

In conjunction with this, and before the site visit, MRT reports and maps were purchased in Hobart as were topographic maps of the region.

3.3 Prospect-based Exploration Activities.

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A second field visit to the EL was with the company's consulting geologists for a detailed look at the water resources (there is a natural water well/spring near Morley's Shack that was the reason for an objection to the granting of the Exploration Licence for over two years).

In addition to this the Halls Open Cut was examined in detail.

The third visit was in company of a drilling contractor, for the purpose of field checking the feasibility, method and cost estimation of a drilling programme suggested by the company's consulting geologist.

Mineral Resources Tasmania was sent a work application to conduct a drilling programme. This application/report is appended.

This application was to conduct a shallow drilling programme using an auger to sample the track leading into the Halls Open Cut every 5 metres. It is aimed to drill only to bedrock; being at surface to an estimated 2 metres below surface along this approximately 2km long track.

The MRT gave nominal approval to this programme subject to approvals from the various other agencies that are involved such as National Parks and Wildlife on behalf of the World Heritage Area. An application/impact assessment process trail is appended. All these detailed applications have not yet been submitted.

Adams River Spring (near Morley's Shacks : welling 80 litres/minute)



4 Discussion of Results

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The main exploration target of the Adamsfield area continues to be a PGM horizon in the Adamsfield Ultramafic Complex.

The delay in submission of approvals has been owing to the substantial detail required to be filled in, the volume of the documentation and that the company's consultant who was handling the paperwork was not able to carry it out owing to other work commitments.

This documentation is being returned to Sydney for the company to proceed with the application. This will now be carried out as soon as possible.

The company's consulting PGM expert in his report recommended a systematic approach to the sampling process of the region based on the Merensky Reef in the Bushveld Complex in South Africa. Here the mineralised horizon is less than 1 metre thick but runs for 10's of kilometres. A similar situation occurs in Norway at the Leka Ophiolite Os-Ir area. Hence the suggestion of a 5m interval sampling of the outcrop across strike of the Adamsfield Ultramafic Complex (see map of the track proposed for drilling p 15), with the view to determine by geochemical assay results and detailed mapping for an anomalous target zone. It is hoped that this will 1) directly sample a prospective lode horizon or 2) be close enough (ie within 5m) to pick up a mineralized dispersion trail. See the consultants report (appended) for detail.

Other exploration potential of the Adamsfield licence suggested is:

Statiform PGE mineralization associated with chromite and disseminated sulphide layering

Paleo-placer PGE (and gold) mineralization associated with the Cambro-Ordovician siliciclastics and conglomerates

Massive sulphide nickel and PGE's in previously untested ultramafic outcrops.

Zinc mineralization in the Gordon Limestone of the Florentine Valley

Seven specific targets and suggested methods of exploration are presented in the consultants report (appended) and should be followed up when permission is granted for field work on them. It is planned for the coming spring summer field season.

5 Conclusions

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The Adamsfield EL remains attractive as an exploration area because of the following targets that are noted below and therefore the EL should be renewed.

Statiform PGEs across the Adamsfield Ultramafic Complex

Pollards New Shaft anomalous PGEs

Alluvial gold anomaly at Adams Falls

Magnetic feature at Marriott Hill

Magnetic anomalies along Clear Hill Road

Positive magnetic feature associated with the Gordon Limestone in the Forentine Valley

Other pan concentrate anomaly which may have come from sediment shed from the AUC at its southern end.

Other positive magnetic features at the south end of the licence possibly from little known ultramafic outcrops in Cambrian sediments at Boyd River & Boyd Outlook.

Only some of these anomalous areas have had any detailed exploration work carried out on them. The company plans to start on this in the coming spring/summer season.

The company should proceed with the drilling application to test the main PMG target zone and in parallel conduct field work on the other targets.

6 Environment

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The EL 11/2006 known as Adamsfield is within the World Heritage Area, but has special status as being in an excised section that is designated for mineral exploration and exploitation. This was negotiated in 1992 at the time of the creation of the WHA.

In the past there has been mining and prospecting in the area and there was a town established at Adamsfield to support the mining activities of the 1920's. Very little remains in evidence of the existence of the town, however there are still some shacks along the track that are sporadically occupied for a short time and are possibly available for occupation during a field work program. There is also the Halls Open Cut.

There are locked gates to the entrance of the area, however a key is easily obtained from the office of National Parks and Wildlife at the Mt Field National Park settlement. It is noted that weekend visitors with 4x4 vehicles visit the area from time to time and do not always leave it in a condition similar to that when they entered.

The company has completed minimal work to date and is highly aware of its responsibility in terms of the environment.

There has been NO spoilage or damage done to the environment anywhere within the EL and no rehabilitation is necessary anywhere.

The company will comply with what ever environmental conditions are thrust upon it in addition to those outlined in the MRT conditions of exploration work.

A local resident



7 Expenditure

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Within the year under discussion there has been a total expenditure of \$ 32 127.87

This is made up of the following major items.

Geology – Consulting	\$ 24 000.00
Geophysics	\$ 1 309.00
Lease renewal rental fee	\$ 2 896.50
Various other (travel, accommodation etc)	\$ 3 922.37

MRT Open File Reports

- 1986 Adamsfield EL 4/85 Annual Report No.941 for the period ended 25/7/1986 Metals Exploration Ltd
- 95_3736 Adamsfield Proposed Exploration 1988 to 1989. Metals Exploration Ltd

Gujarat Commissioned Reports

- HUNGERFORD N A Geophysical Reinterpretation of Adamsfield July 2006
- TEAR S Report on Exploration Licence 11/2006 Adamsfield Project South West Tasmania Hellman & Schofield Pty Ltd August 2006
- VANZINO L Outline of Proposed Drilling Programme Coast and Mountain Exploration October 2006

Other

- Tasmanian Wilderness WHA Management Plan Chapter 4 Mgt Strategies Figure 4 p 67 1999

**A Geophysical Re Interpretation of the Aeromagnetics of
Adamsfield**

N Hungerford July 2006

From: nigel hungerford [mailto:hnh@netspace.net.au]
Sent: Thursday, 13 July 2006 3:40 PM
To: simonn tear
Subject: adamsfield

hello Simon

I do have the BHP data over Adamsfield so I'll create some images (tmi,rtp,1st VD,etc) and send them to you. What are the targets?

best regards
Nigel

----- Original Message -----

From: Simon Tear
To: 'nigel hungerford'
Sent: Thursday, July 13, 2006 4:08 PM
Subject: RE: adamsfield

Nigel,

Good to here from you again.

The first thing is if the data is of any use, ie can be processed to give detail on the geology of the area.

Some contrast stretching may be required, a bit like the Mt Bertha work (which was really good). I am not too worried about targets as yet I'd rather get some detailed geology, although the main target is stratiform/stratabound platinum group elements (PGE's) associated with layered ultramafics. I would anticipate the target horizon to be associated with a very modest amount of disseminated sulphides. However I wouldn't rule out nickel rich massive sulphides. Magnetite layering in the ultramafics would be interesting.

There was some SP and EM work in the 1960's. I don't have the digital data but am downloading the O/F reports at the moment, so I may get back to you.

Cheers

Simon

From: "nigel hungerford" <hnh@netspace.net.au>
To: "Simon Tear" <simon.tear@hellscho.com.au>
Cc: "Wes Harder" <wharder@zelos.com.au>
Sent: Saturday, 15 July 2006 2:00 PM
Attach: adamsfield_rtp_Image.tab; adamsfield_1vdrtp_Image.ecw; adamsfield_1vdrtp_Image.tab; adamsfield_rtp_Image.ecw
Subject: Re: adamsfield

Hello Simon

attached are some MapInfo images (ecw format) for Adamsfield. TMI reduced to pole and 1st vertical derivative reduced to pole.

This survey was flown in 1965-66 by BHP with 425m line spacing and 160m flying height. The contours have been digitised subsequently and put into a digital database by MRT.

As a result the data cannot be expected to have detailed reliability. Nonetheless there is some interesting info in the images. In particular the strong elongated mag anomalies in the middle of the survey area. I can model these if you wish but the sources must come very close to surface. They appear to have a steep east dip and thicken with depth (or are tightly folded). I presume ultramafics?

There are some odd patterns in the low mag areas (see 1st VD) which I rather doubt reflect lithological layering. They may be artefacts from the digitising process.

I don't have a digital geology map of the area so you may be able to help me with that. I downloaded the ArcView files from MRT website but can't get them to load into MapInfo with colour. I must be doing something wrong. (MapInfo is not my forte!)

Clearly it's an area of interest so if the ground checks warrant it, consideration should be given to reflaying next summer with a decent aeromag system.

regards
Nigel

From: "nigel hungerford" <hnh@netspace.net.au>
To: "simonn tear" <simon.tear@hellscho.com.au>
Cc: "Wes Harder" <wharder@zelos.com.au>
Sent: Saturday, 15 July 2006 3:11 PM
Subject: adamsfield aeromag

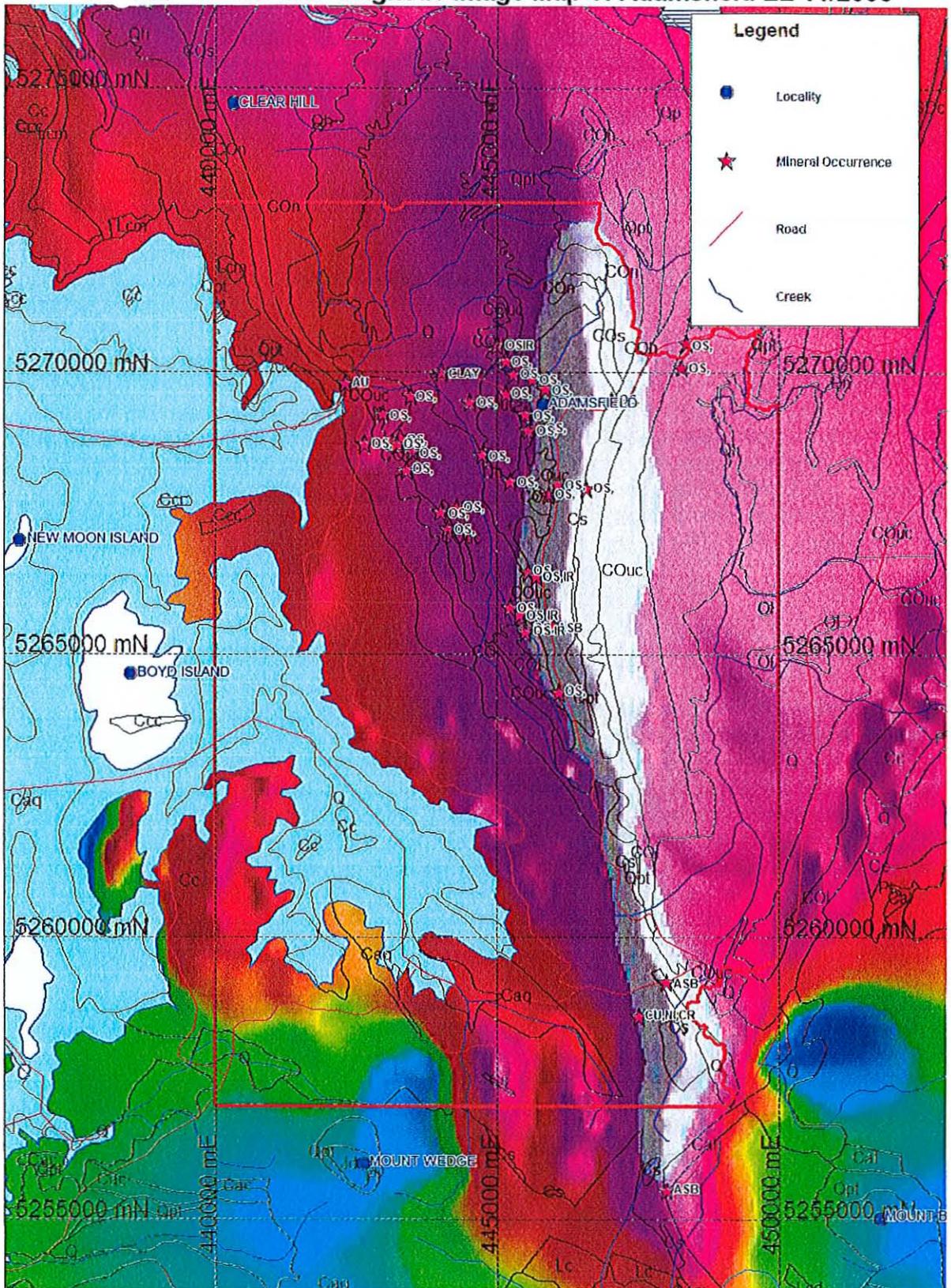
hello Simon

further to my last email, I've scanned and geo-referenced the geology map from the Zinico prospectus. Clearly the ultramafic extends the whole length of the EL. The peak of the mag anomaly is at 446470mE, 5268647mN (AGD66, zone 55). About 2000nT which is strong.

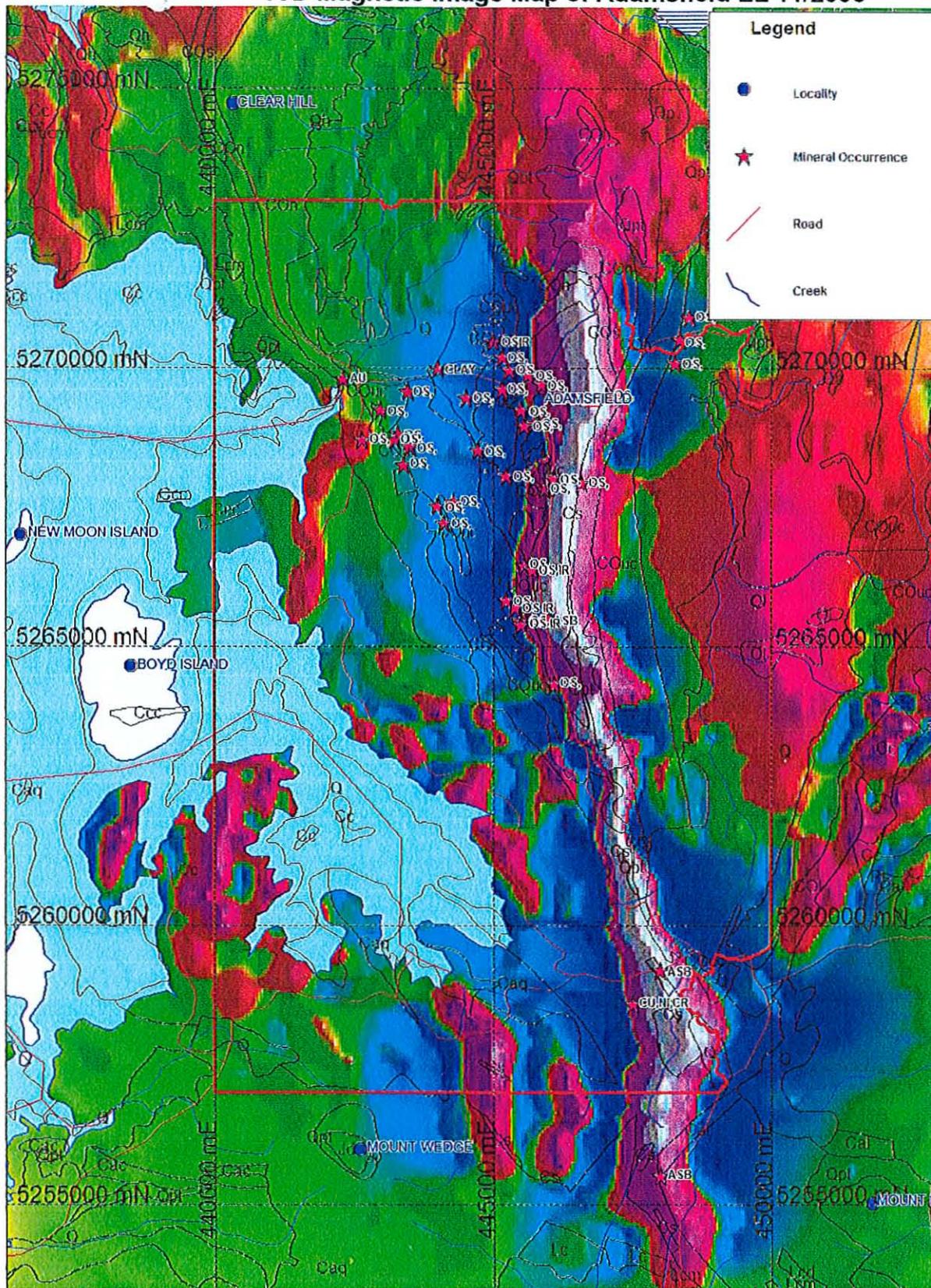
This ultramafic extends to the north faulted off outside the EL. I presume someone else has an EL over this area?

regard
Nigel

TMI-RTP Magnetic Image Map of Adamsfield EL 11/2006



1VD Magnetic Image Map of Adamsfield EL 11/2006



E.L.11/2006 –ADAMSFIELD

OUTLINE OF PROPOSED DRILLING PROGRAMME

INTRODUCTION

In the short term, the work programme in EL 40/2004 will focus exclusively on percussion drilling on the existing road network. The short term objective is to delineate areas within the Ultra Mafic host that are anomalous in Chromite Sulphides and Platinum Group Minerals (PGM's). Favourable results from this initial drilling will warrant further investigation and a commensurate new application to MRT.

The Merensky Reef, part of the Bushveld Complex in South Africa is the genetic model. Specifically, the target is stratabound platinum group minerals within layered intrusives of the Adamsfield ophiolite fault slice.

The Adamsfield area was a past producer of Osmiridium. This area was initially worked in the 1920's by both alluvial and hard rock means. Sporadic work, including the Halls open cut operation continued up until the 1960's. The most recent attempt of the modern era was undertaken by Metals Exploration in the mid to late 1980's. This programme, utilising both percussion and auger holes, was designed to test the Osmiridium alluvial potential in the fluvio –glacial gravels WEST of the Ultra Mafic complex. Zelos Resources will attempt to delineate the primary, *in situ* source of Platinum, Palladium, Rhodium, Ruthenium as well as Osmium and Iridium.

PROPOSED DRILLING PROGRAMME

Technical Details

The proposed programme would entail percussion drilling at 5 metre centres along selected parts of the Morely Track. This track commences on the forestry main line known as the Clear Hill road and gives access to the Halls open cut. (See attached plan). The drilling traverse would commence at UTM 45750 East and continue to UTM 47000 East, a distance of approximately 1250m.

This sampling density is necessary due to the spatially restricted nature of PGM mineralisation. This density would provide a coherent and definitive data set across the widest part of the various Ultra Mafic assemblages within the ophiolite. A quantitative estimate of the tenor of any anomalism is necessary as PGM's have an average abundance within Ultra Mafics that is measured in the low parts per billions.

The author has previously accompanied Kerry and Darren Richardson of KMR Drilling Services to the Adamsfield tenement. The purpose of this trip was to assess the various logistical and technical aspects of conducting the proposed programme. The principals of this company have over 35 years drilling experience in Tasmania and are cognisant of the MRT Code of Conduct with respect to drilling operations.

Percussion drilling is the recommended drilling style. KMR will provide an excavator mounted rig that is supported by a small compressor unit which is mounted separately on a 4WD truck. It is envisaged that 10 samples per day will be collected, assuming a maximum 2 m depth. 1250metres of road @5m sample spacing equates to 250 samples. Therefore 25 working days or 5 to 6 working weeks will be needed to complete the programme. The drillers work schedule is to arrive on Monday morning, spend 4 nights in Maydena and depart after work on Friday afternoon. (See Logistical Details below)

The original intention was to sample the interface between the bedrock and any overlying surficial gravels in an attempt to delineate a PGM/Chromite dispersal train. This will not be feasible. As noted above, West of UTM 45750E, polymictic surficial gravels, fluvio-glacial in origin, hosts the artesianal Osmiridium alluvial workings. There are **NO** surficial gravels present on the drilling traverse thru the Ultra Mafic unit. This should present straightforward drilling conditions. Along this entire section it appears that the road is predominantly on bedrock, with some sections of Serpentinised Ultra Mafic gravel, less than 0.5m thick, used as base course and laid down for maintenance purposes. All sample sites will be taken from the initial 2m of bedrock and will represent a primary, *in situ* sample. Chip logging and sample collection will be carried out on site. The placement of the drill hole collars will **NOT** necessitate the construction of any additional tracks. All drilling will be done on the existing track surface and the holes will be backfilled at the completion of each sample.

Logistical Details

The main area of logistical concern is driving time each day.

From Maydena to Clear Hill Road	44kms	50mins
From Clear Hill Road to Morley Track	17kms	20mins
Morley Track gate to Halls Open Cut	5kms	20mins
Total	66kms	1.5hrs

Each day will involve 3hrs of driving. With a 10 hour working day there will be approximately 6-7 hours of available working time, hence the indicative figure of 10

samples per day noted above. The Clear Hill Road is gated access with keys obtained from the Mount Field Visitors Centre at National Park.

Accommodation and meals will be provided for the drilling crew in Maydena. An alternative possibility is to either rent the existing Huts from Rusty Morely or to bring in a caravan. These options will be costed at a latter date.

Environmental Details

Zelos Resources will not be required to undertake community consultation as the area of interest is not under private tenure. Prior to commencement, a site visit will be made by Luke Vanzino as managing geologist in conjunction with an Environmental Field Officer from MRT. This will be to discuss specific aspects of the programme, to seek explicit advice in relation to any issues highlighted and to ensure that the Mineral Exploration Code of Conduct is implemented- given the land tenure of the tenement.

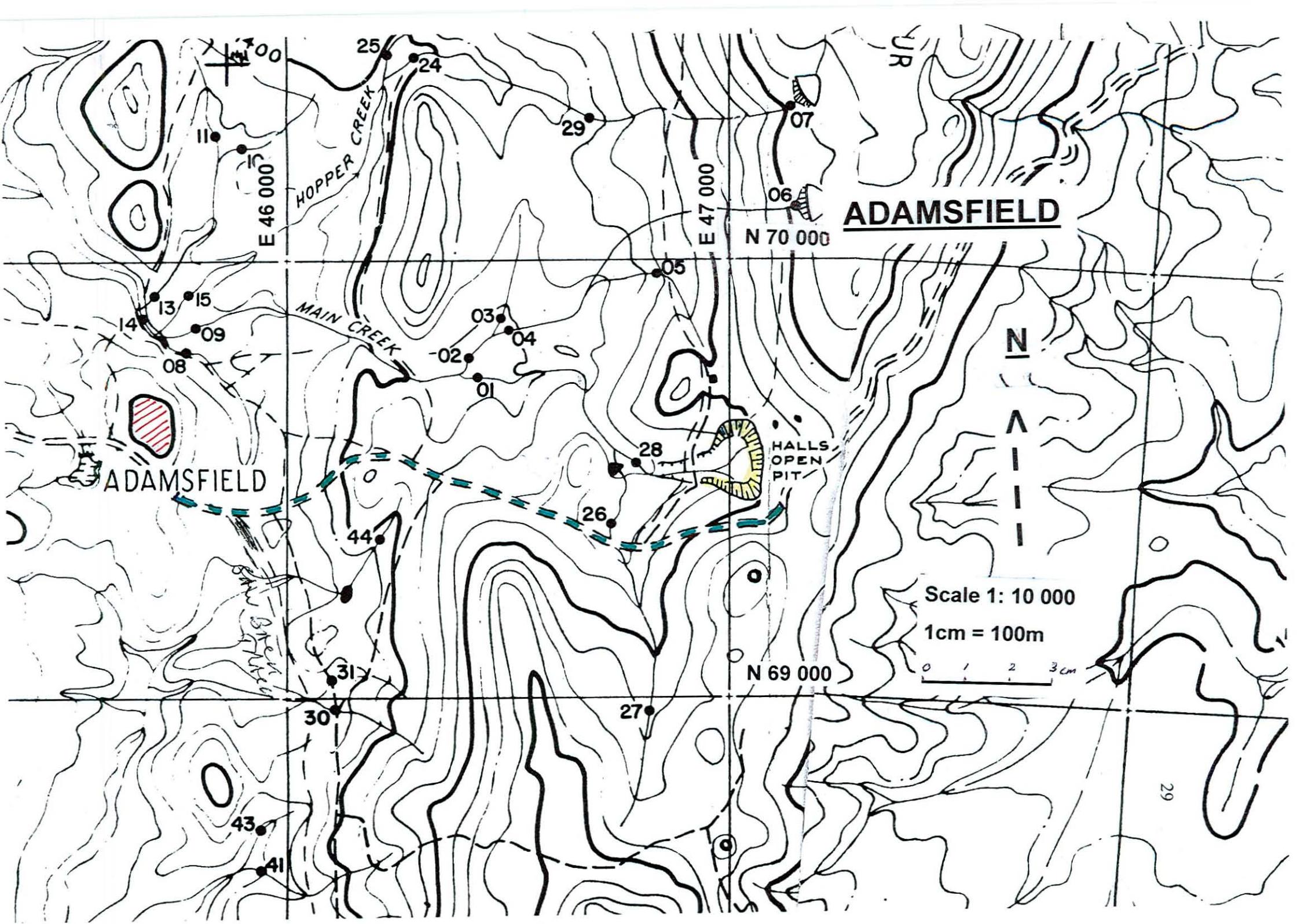
Zelos Resources is cognisant that exploration in the tenement is subject to the Tasmanian Wilderness World Heritage Management Plan.

Additional Details

- The project supervisor is Luke Vanzino. 'Coast and Mountain Exploration' P.O.Box 197 Woodbridge 7162. Tel. 62674035. Email.solu@netspace.net.au The supervisor will be on site for the initial set up period and then on a weekly basis until completion.
- Land Status is MDC informal reserve, state forest, forest reserve, conservation area, hydro/transcend/aurora land and World Heritage.
- The soils in the area of interest are not well developed. The Ultra Mafic parent rocks – Dunites, Harzburgites etc. have been intensively and extensively serpentinitised. The outcropping rock observed is very soft .The soils are not considered to be prone to erosion as there appears to be little soil depth developed and the road traverses gentle gradients. As the drilling technique is percussion no deleterious impacts from drilling water is expected. The climatic nature of the south west and the daily use of a 4WD vehicle will necessitate careful and judicious driving. The author has made two winter trips into the area to date and the road surface, at this stage, is good.
- Rare or threatened fauna or flora species are unknown at this stage.
- No sites of archaeological significance are known.
- The only hazardous material to be used will be diesel as fuel for the drilling rig. These will be stored as per the MRT Code of practice.
- All drill sites are in forest and the drilling infrastructure will not be visible nor audible as there is no habitation nearby.

- There will be a need to clear overhanging vegetation on parts of the track to allow the mast to be positioned. This can be achieved with a chainsaw.

Luke Vanzino
Principal of Coast and Mountain Exploration
Supervising Geologist for Zelos Resources.



ADAMSFIELD

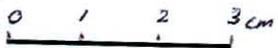
ADAMSFIELD

HALLS
OPEN
PIT

N

Scale 1: 10 000

1cm = 100m



HOPPER CREEK

MAIN CREEK

E 46 000

E 47 000

N 70 000

N 69 000

29

UR

00

25

24

29

07

06

11

13

15

14

09

08

03

04

02

01

05

28

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44

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43

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Figure 4 New Proposals and Impact Assessment Process

