

D003-2

ANNUAL REPORT

EL9/2005

RED HILLS

For Period 1st July 2006 – 30th May 2007

Joel Kitto

June 2007

Distribution:

Mineral Resources Tasmania 1 copy
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DIGITAL FILES

EL9_2005_200705_01_Report.pdf
(Report Text & Figure 1)

EL9_2005_200605_02_Plans 1-5.pdf
(Plans 1 to5)

DIGITAL FILES (cont'd)

EL9_2005_200605_03_Appendix1.txt
(Diamond Drill Holes NCT009 & NCT010 – Collar Data)

EL9_2005_200705_04_Appendix2.txt
(Diamond Drill Holes NCT009 & NCT010 – Survey Data)

EL9_2005_200705_05_Appendix3a.txt
(Diamond Drill Hole NCT009 – Assay Data – Amdel)

EL9_2005_200705_06_Appendix3b.txt
(Diamond Drill Hole NCT010 – Assay Data – ALS)

EL9_2005_200705_07_Appendix4a.txt
(Diamond Drill Hole NCT009 & NCT010 – Lithology Logs - Digital)

EL9_2005_200705_08_Appendix4b.pdf
(Diamond Drill Holes NCT009 & NCT010 – Lithology Log Codes)

EL9_2005_200705_09_Appendix4c.pdf
(Diamond Drill Hole NCT009 – Lithology Logs - Scanned Paper Logs)

EL9_2005_200705_10_Appendix4d.pdf
(Diamond Drill Hole NCT010 – Lithology Logs - Scanned Paper Logs)

EL9_2005_200705_11_Appendix4e.pdf
(Diamond Drill Holes NCT009 & NCT010 – Summary Logs)

EL9_2005_200705_12_Appendix4f.pdf
(Diamond Drill Holes NCT009 & NCT0010 – Strip Logs)

EL9_2005_200705_13_Appendix5.txt
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EL9_2005_200705_14_Appendix6.txt
(Diamond Drill Holes NCT009 & NCT010 – Magnetic Susceptibility Data)

EL9_2005_200705_15_Appendix7.txt
(Rock Chip Data)

EL9_2005_200705_16_Appendix8.txt
(Soil Sample Data)

EL9_2005_200705_17_Appendix9.txt
(Core Resampling Assay Data)

EL9_2005_200705_18_File Verification.txt
(File Verification Listing)

SUMMARY

Newcrest Mining Limited commenced exploration for gold rich deposits at Red Hills, on being granted EL9/2005 on the 1st July 2005. The tenement encompasses 8 km² of prospective Mount Read Volcanics approximately 1 km to the east of the Henty gold mine from 3 km south west of Mt Murchison down to approximately 1 km to the north of Lake Westwood.

Exploration in this second year of work focused on drilling underneath known anomalous stratigraphy, which has been tested by previous exploration companies at only relatively shallow levels. A total of two diamond drill holes, (NCT009 – NCT010) were completed for 1,099.7 m. Soil and rockchip sampling was also completed.

Work planned for the third year of exploration will focus on target generation with limited geological, geochemical and/or geophysical surveys to establish anomalies and to refine targets generated from the surveys conducted during this reporting period, and from those of previous explorers.

KEY WORDS

Exploration; Gold; Copper; Diamond Drilling; Henty; Mount Read Volcanics; Selina 3836.

1 INTRODUCTION

Newcrest Mining Limited is exploring for gold rich deposits in the Mount Read Volcanics. This is the second annual report for EL5/2005 for the period 1st July 2006 to 30th May 2007.

1.1 TITLE

TENEMENT

EL9/2005 was granted on the 1st July 2005 to Newcrest Operations Limited for five years to 30th June 2010. The area was most recently held as EL29/94 by AurionGold Exploration (and predecessors) and Homestake Exploration.

LOCATION

The tenement covers an area of 8 square kilometres over parts of the West Coast Range immediately south of Mt Murchison, and down to Lake Westwood. Refer to Figure 1 for location. Most of the tenement falls within Crown Land. The northern end of the tenement lies within the Mt Murchison Regional Reserve (north of approximately 5366200N AMG).

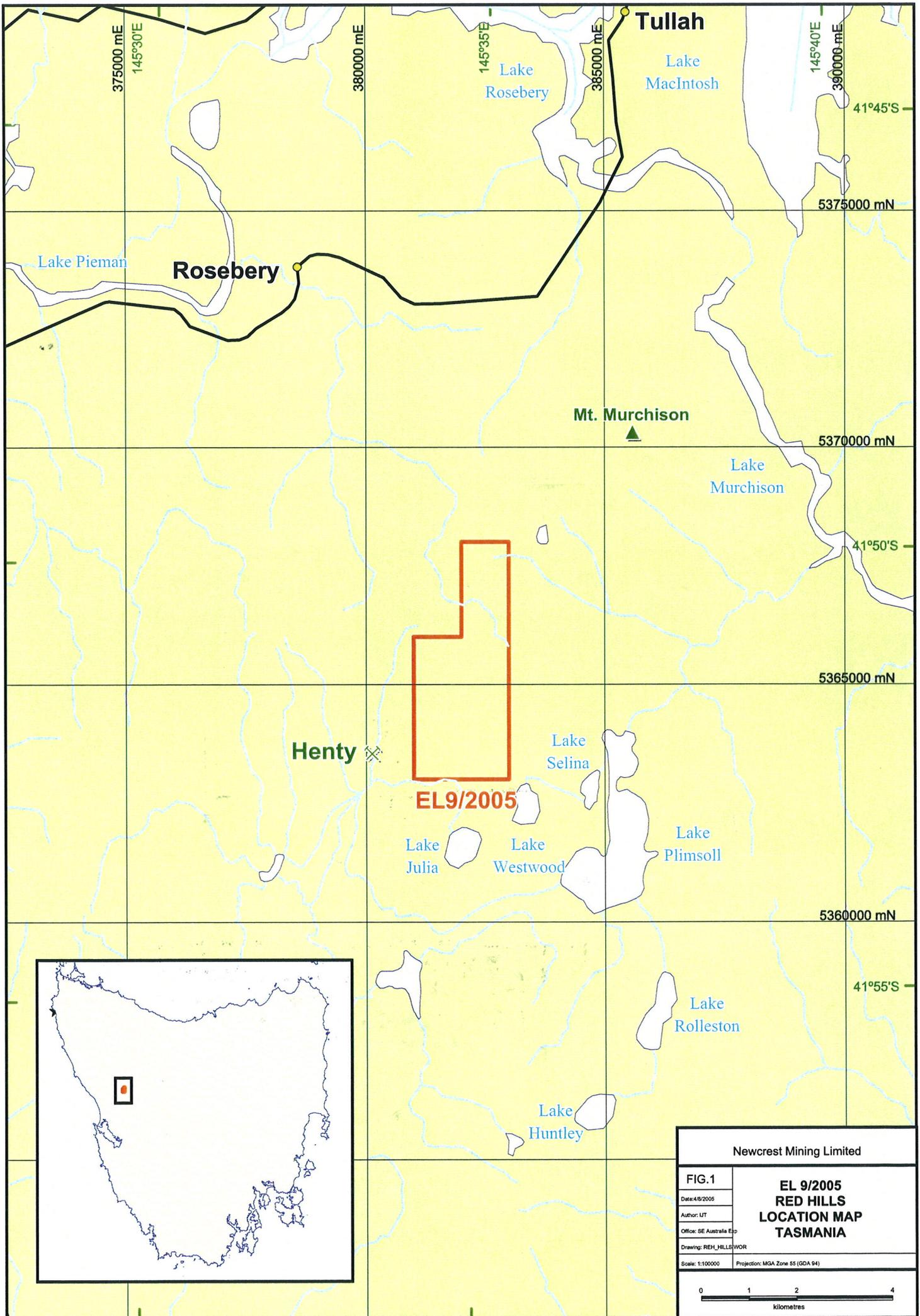
Topographic map sheets covering the area are listed below.

1:250,000 TASMANIA TOPOGRAPHIC MAPS
QUEENSTOWN SK5505

1:25,000 TASMANIA TOPOGRAPHIC MAPS
SELINA 3836

DATUM

All AMG (Australian Map Grid) references are to AGD66_Zone 55.



Newcrest Mining Limited	
FIG.1	EL 9/2005 RED HILLS LOCATION MAP TASMANIA
Date: 4/8/2005	
Author: LJT	
Office: SE Australia E/P	
Drawing: REH_HILLS_WOR	
Scale: 1:100000	Projection: MGA Zone 55 (GDA 94)

2 PREVIOUS EXPLORATION

Previous exploration was summarised in the first annual report for EL9/2005 for the period 1st July 2005 to 30th May 2006.

In summary the EL has been explored by;

- extensive phases of geological mapping;
- airborne geophysics (magnetics, radiometrics, EM);
- various phases of stream, rock, soil and old workings geochemistry;
- various phases of mostly analogue-era ground geophysics (ground magnetics, IP, old EM methods);
- large grids of blanket-coverage fixed-loop and moving loop EM, and
- drilling of twenty six percussion holes and thirty one diamond drill holes.

3 EXPLORATION STRATEGY

Target

The primary exploration target is a Henty style gold deposit. However, exploration tools used can potentially find any one of a range of gold rich polymetallic deposits of the style that occur in the Mount Read Volcanics.

An assumption is being made that the target does not outcrop and is going to be relatively deep.

Exploration targets are being defined on the basis of geological, geochemical and geophysical anomalies that may reflect the outer edges of a mineralised alteration system. Mineralised systems are often centralised within a much wider, though possibly structurally deformed alteration envelope and these can be detected by geological mapping, geochemistry or geophysics. Common features of Mount Read Volcanic style gold rich deposits that are being used to help define drill targets include:

- 1) Deposits tend to be hosted near the top of the Central Volcanic Complex (CVC) stratigraphy and/or base of the Tyndall Group.
- 2) Adjacent to major Cambrian structures that form boundaries to packages of CVC.
- 3) Alteration envelopes commonly of silica-sericite-pyrite±chlorite and/or chlorite-quartz-pyrite-sericite±carbonate, strongly deformed into schists.
- 4) Pods of polymetallic massive sulphides, cherts or silica associated with and/or adjacent to mineralisation.
- 5) Anomalous gold, copper, lead, zinc, barium, manganese elements and minerals such as magnetite.
- 6) Chargeable and resistive geophysical anomalies.

Strategy

The Red Hills area consists of CVC rhyolites and andesites, Eastern Quartz Phyrlic Sequence quartz porphyry lavas and volcanoclastics, Western Sequence volcanoclastic sediments and Tyndall Group volcanoclastics, all of the Cambrian Mt Read Volcanics. These are overlain, in part unconformably, by non-prospective early Ordovician to late Cambrian Owen Conglomerate and Quaternary glacial till.

Three kilometers of strike length of anomalous stratigraphy have been tested by previous exploration down to 300 – 400 m with maximum depths of around 700 m below the ground surface. Widely spaced significant intersections in a variety of mineralisation styles continue to give encouragement to explorers. The most recent explorers relinquished the area due to a change in exploration policy rather than due to lack of exploration success and in their final report recommended further drilling.

A review of previous exploration suggests there is good potential for the stratabound gold/polymetallic VHMS mineralisation outlined to date to continue at depth to the north and/or south of drill hole RH22.

4 GEOCHEMISTRY

Reconnaissance rock chip sampling and soil sampling was conducted over EL9/2005. Rock chip and soil sampling focussed on the Red Hills basin area and associated fine grained tuffs and shales as a host to economic Au-rich polymetallic Zn-Pb-Ag mineralisation, analogous to the Rosebery massive sulphide deposit. Rock chip and soil sampling was also used to test for anomalism across the Tyndall Group – CVC contact under cover.

4.1 Red Hills rock chip sampling

Reconnaissance rock chip sampling was completed in the vicinity of a low resistivity – chargeability high IP anomaly identified by The Mount Lyell Mining and Railway Company in 1973, with data recompiled by Goldfields Exploration Pty Ltd in 1994 (Vicary and Callaghan, 1994). A total of 12 samples (NTR0056-NTR0067) were collected. The resistivity anomaly occurs in the region west of the Red Hills Basin at a location approximately 381840mE, 5363900mN. The resistivity anomaly is located within CVC rocks close to the CVC – Tyndall Group boundary evident from 1:10000 mapping by A.W. McNeill, 1987 along the western side of EL9/2005. The area indicated by the resistivity anomaly is located in an area of sparsely visible outcrop, predominantly covered by thick peats, buttongrass and Quaternary and early Ordovician-late Cambrian cover. Where visible, rockchips were collected from outcrop across the interpreted CVC – Tyndall Group contact immediately south and west of the resistivity anomaly. CVC rocks generally consist of medium grey, weak hematite-chlorite-albite altered massive to weakly cleaved, quartz-phyric rhyolite. Tyndall Group rocks consist of medium grey/green, moderately chlorite-hematite altered fiamme-bearing and vitric volcanoclastic tuff. No sulfides were observed in the samples collected.

Samples were generally less than anomalous for elements Au, Ag, Pb, Zn and As, however 2 samples (NTR0057 and NTR0058) returned anomalous values for Cu (68ppm and 98ppm Cu respectively) in a position which correlates with the interpreted CVC - Tyndall Group contact approximately 300m south of the resistivity anomaly.

The CVC-Tyndall Group contact in the western portion of EL09/2005 near Gooseneck Mountain remains a prospective and untested target. Being the core of a syncline, and with known mineralization occurring in the Henty Fault Zone on the western limb of the syncline, conceptually, the same Henty Horizon may occur east of Gooseneck Mountain and may coincide with the IP anomaly (Callaghan and Vicary, 2000). In light of this concept Gregory (1996) identified a number of factors which lend further support:

- a) the same stratigraphy that occurs at Henty may occur on the eastern limb of the Gooseneck syncline;
- b) as at Henty the proximity of similar stratigraphy to a major fault;
- c) the presence of a large albite alteration zone close to the fault, similar alteration seen in the hangingwall of the Henty deposit;
- d) known gold mineralization at Red Hills may have been focused or remobilized into structural traps near the eastern fault;
- e) the Tyndall Group / CVC rocks at the eastern fault have not been explored for Henty style mineralization.

A total of 22 rock chip samples (NTR0034-NTR0055) were collected along strike of the fine grained tuff/shale sequence within the Red Hills Basin. Samples were collected primarily for thallium and antimony analysis, to assist with defining a halo to vector towards a polymetallic exhalative horizon. The program was designed to compliment 225 core samples taken from potential exhalative horizons in four historic Red Hills drill holes which were also analysed for thallium and antimony (section 4.2).

All samples excluding NTR0045 were below detection for gold (<0.01 ppm). Analysis of thallium and antimony generally supported previous trace, base and precious metal results from drill core for a vector towards the polymetallic exhalative horizon intersected in the vicinity of RH005. Patchy trace Tl, Sb and base metal Pb, Cu anomalism was observed in rock chip samples NTR0041-NTR0046 collected across the black shale horizon between historic drill holes RH011 and RH015 in the southern part of the tenement.

Assay results for all rock chip samples collected in the current reporting period are listed in Table 1, with full results in Appendix 7.

4.2 Red Hills core resampling

Previous work at Red Hills has focussed around a dominantly exhalative polymetallic mineralisation, intersected in historical hole RH005 (2.8m @ 0.3% Cu, 11.4% Zn, 250 g/t Ag, 6.5 g/t Au) and follow up holes RH009 and RH011. The work identified a 'host' horizon, a ~15m thick, light grey, possibly silicified, cherty appearing unit, tentatively identified as an 'ash' or 'tuffaceous argillite'. The unit appears to grade laterally to sericite or chlorite-altered volcanoclastic siltstones. Unusually for such exhalative mineralisation, no significant sericite or chlorite alteration was noted in the footwall of the horizon.

As a result of recent Newcrest holes NCT006 and NCT007, the potential to extend the mineralisation downdip, or to the north around the 'RH005 zone' is now seen as fairly limited. The silty/shale exhalative mineralised horizon in hole RH005 presents in the Newcrest holes as a juvenile clastics and lava dominated facies.

However, there still is reasonable potential for a more substantial Rosebery-style target down plunge to the south from RH005, since the shale/siltstones thicken substantially along this direction. To provide further encouragement to drill test this concept, and to finesse drillhole design, core from the potential exhalative horizons in four historic Red Hills holes was sampled for Sb and Tl analysis to vector to potential south plunging mineralisation. Several other previously unassayed sections of core, including the Red Hills Lava contact position, were sampled for a standard suite of assay elements. A total of 225 dominantly 2m composite samples were collected for assay.

The holes are located on sections at approximately 500m spaced sections. Significant and extensive halos of Sb and Tl have been previously demonstrated for mineralisation at Rosebery, Hellyer, and Thalanga (*Large et al., 2001*). Some more gold-rich systems do not show such halos (Western Tharsis, Highway-Reward, and Gossan Hill in WA).

All samples returned values below the detection limit for gold (<0.01 ppm). Base metals results were also generally poor, with the best result from sample RH11255 – 2.1m @ 0.44% Zn, 0.20% Pb and 3 g/t Ag. However, thallium and to a lesser extent antimony results did display an apparent vectoring towards the gold-rich polymetallic horizon intersected in RH005.

4.3 Soil sampling

A total of 73 soil samples were taken from five pre-established gridlines and open-space button grass moreland terrain. Samples were taken from the intervals shown below at approximately 20m spacings. Soils tend to be very thin, low fertility, acidic, skeletal duplex podsols having developed in a post glaciation environment on Cambrian aged rhyolite-dacite volcanics. All samples taken are classified as "C horizon" on the basis that they are basal soils and include some rock fragments from the underlying bedrock, but if the three layer podsol terminology is applied then the samples are a mixture of B and C horizons.

65 soil samples (NTS0195-NTS0259) were collected on five re-established grid lines across the Red Hills basin. Results were expected to provide additional vectoring information to test the southern trend potential of the exhalative horizon across the shale/tuff sequence. While results returned anomalous values for Au, Cu, Pb and Zn along the strike of the shale/tuff sequence, values were generally scattered and provide little evidence for vectoring either towards or away from known mineralization recognized in historic drilling (eg. RH5). Antimony and to a lesser extent, thallium define a weak pattern of anomalism trending north along the shale tuff horizon toward, but south of known mineralization intersected in historic drill holes RH5 and RH8.

The potentially prospective contact between the Tyndall Group and Central Volcanic Complex of the Mt Read Volcanics is evident from 1:10000 mapping by A.W. McNeill, 1987 along the western side of EL9/2005. The majority of the interpreted position of this contact within EL9/2005 lies under Quaternary and early Ordovician-late Cambrian cover. 8 samples (NTS0335-NTS0342) were collected along 2 traverses just east of this contact over CVC rocks in the vicinity of a resistivity low anomaly, which was identified by the Mt Lyell Mining and Railway Company in 1973. Results are summarized in Table 2, with full results in Appendix 8. The results show low level Zn, S anomalism (upto 24 ppm) across both lines in the vicinity of the resistivity anomaly, with erratic distribution of Pb, Cu and As. Assay results have not yet been returned for Au and will not be received by the dead line of completion for this report, and will therefore be reported in the following annual report.

TABLE 1
ROCK CHIP SAMPLES – EL9/2005
 (* AGD 1966/ 55 AMG)

			Description	Assays							S	Tl	Sb
	Eastin g	Northin g		Au	Cu	Pb	Zn	As	Ag	Ba			
			Method	FA1	IC3E	IC2M	IC2M						
			Lower Detection Limit	0.01	2	5	5	3	5	5	50	0.1	0.1
Sample ID	AMG*	AMG*	Units	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
NTR0034	382150	5364473	CVC	<0.01	41	98	100	22	<1	950	100	0.2	2.6
NTR0035	382150	5364473	CVC	<0.01	56	76	145	26	<1	900	2900	0.2	1.9
NTR0036	382168	5364261	CVC	<0.01	16	220	86	6	<1	850	150	0.3	0.6
NTR0037	382202	5364212	CVC	<0.01	28	48	45	4	<1	800	50	0.1	0.2
NTR0038	382213	5364145	CVC	<0.01	14	280	47	12	<1	850	400	0.3	2.2
NTR0039	382359	5364098	CVC	<0.01	14	330	39	14	1	600	100	0.1	2.1
NTR0040	382267	5364006	CVC	<0.01	25	90	190	18	<1	500	1500	0.1	0.5
NTR0041	382338	5363876	CVC	<0.01	52	145	74	38	2	1500	3400	0.3	6
NTR0042	382377	5363809	CVC	<0.01	54	135	190	48	<1	500	7650	0.5	4.1
NTR0043	382377	5363809	CVC	<0.01	27	58	54	18	<1	1500	100	0.2	4.1
NTR0044	382428	5363786	CVC	<0.01	3	40	42	<3	<1	1700	<50	0.1	0.4
NTR0045	382474	5363698	CVC	0.01	24	1100	76	46	2	1000	100	0.1	1.3
NTR0046	382476	5363625	CVC	<0.01	12	700	120	32	<1	1950	50	0.4	1
NTR0047	382035	5364031	CVC	<0.01	<2	10	62	6	<1	1750	<50	<0.1	0.3
NTR0048	382020	5364103	CVC	<0.01	5	34	20	<3	2	330	<50	<0.1	<0.1
NTR0049	382025	5364200	CVC	<0.01	4	10	110	24	<1	1700	50	0.1	0.5
NTR0050	382291	5365237	CVC	<0.01	32	270	52	22	<1	1500	2200	0.3	4.1
NTR0051	382308	5365200	CVC	<0.01	22	410	130	36	<1	1400	150	0.3	4.4

TABLE 1
ROCK CHIP SAMPLES – EL9/2005
 (* AGD 1966/ 55 AMG)

			Description	Assays											
				Au	Cu	Pb	Zn	As	Ag	Ba	S	Tl	Sb		
			Method	FA1	IC3E	IC2M	IC2M								
	Easting	Northing	Lower Detection Limit	0.01	2	5	5	3	5	5	50	0.1	0.1		
Sample ID	AMG*	AMG*	Units	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm		
NTR0052	382294	5365150	CVC	<0.01	12	410	40	14	<1	1500	100	0.2	4.1		
NTR0053	382307	5365235	CVC	<0.01	29	220	37	28	<1	1050	100	0.2	4.4		
NTR0054	382233	5365772	CVC	<0.01	21	300	88	92	<1	850	500	0.3	3.6		
NTR0055	382177	5365590	CVC	<0.01	<2	145	135	<3	<1	950	<50	0.1	0.1		
NTR0056	381735	5363593	CVC	<0.01	5	20	78	10	<1	1650	100	0.2	1.7		
NTR0057	381721	5363564	CVC	0.01	68	<5	30	<3	<1	135	50	<0.1	<0.1		
NTR0058	381659	5363555	TG	<0.01	98	<5	19	4	<1	900	<50	<0.1	4.2		
NTR0059	381575	5363725	TG	<0.01	18	<5	50	<3	<1	2500	100	0.2	0.4		
NTR0060	381624	5363561	TG	0.01	26	<5	14	<3	<1	1000	<50	0.3	<0.1		
NTR0061	381514	5363742	TG	0.01	5	8	39	<3	<1	2450	<50	0.3	0.1		
NTR0062	381484	5363782	TG	<0.01	<2	<5	56	<3	<1	1300	100	<0.1	<0.1		
NTR0063	381588	5363882	TG	0.01	2	<5	16	6	<1	800	100	0.2	<0.1		
NTR0064	381643	5363864	TG	<0.01	2	<5	24	<3	<1	1400	<50	<0.1	<0.1		
NTR0065	381709	5363910	TG	<0.01	<2	<5	39	<3	<1	1200	<50	<0.1	<0.1		
NTR0066	381754	5363916	CVC	<0.01	<2	6	48	<3	<1	1550	<50	<0.1	0.2		
NTR0067	381839	5363903	CVC	<0.01	5	6	29	<3	<1	850	<50	0.1	0.3		

TABLE 2
SOIL SAMPLES – EL9/2005
 (* AGD 1966/ 55 AMG)

Sample ID	Easting	Northing	Description	Assays										
				Au	As	Fe	S	Zn	Ag	Cu	Mo	Pb	Tl	Sb
				Method	FA3	IC3E	IC3E	IC3E	IC3E	IC3E	IC3E	IC3E	IC3E	IC2M
			Lower Detection Limit	1	3	100	50	2	1	2	3	5	0.1	0.1
	AMG*	AMG*	Units	ppb	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
NTS0195	382175	5364400		<1	<3	7650	150	39	<1	8	<3	115	0.1	0.7
NTS0196	382200	5364400		<1	4	4400	250	22	<1	7	<3	50	<0.1	0.9
NTS0197	382225	5364400		<1	4	3800	200	16	<1	5	<3	26	<0.1	0.7
NTS0198	382250	5364400		3	44	9250	350	27	<1	8	<3	185	0.3	3
NTS0199	382275	5364400		31	54	35400	250	36	<1	29	<3	120	0.4	4.9
NTS0200	382300	5364400		7	58	49700	100	60	<1	32	<3	140	0.3	10.5
NTS0201	382325	5364400		2	10	6200	250	22	<1	4	<3	165	0.1	0.6
NTS0202	382350	5364400		7	8	25500	100	12	<1	6	<3	26	<0.1	0.5
NTS0203	382375	5364400		2	4	5600	300	17	<1	7	<3	40	<0.1	0.6
NTS0204	382400	5364400		3	<3	6500	200	16	<1	6	<3	32	<0.1	0.6
NTS0205	382425	5364400		2	4	7600	100	12	<1	2	<3	10	<0.1	0.3
NTS0206	382450	5364400		1	<3	10300	200	15	<1	17	<3	10	<0.1	0.4
NTS0207	382475	5364400		2	<3	8200	100	14	<1	4	<3	8	<0.1	0.3
NTS0208	382500	5364400		<1	4	11400	200	18	<1	3	<3	12	<0.1	0.5
NTS0209	382525	5364400		<1	4	12200	300	26	<1	3	<3	22	<0.1	0.8
NTS0210	382550	5364400		<1	4	12000	200	21	<1	4	<3	14	<0.1	0.8
NTS0211	382175	5364600		4	4	5150	150	17	<1	2	<3	100	<0.1	0.5
NTS0212	382200	5364600		<1	4	7300	100	10	<1	3	<3	24	<0.1	0.3
NTS0213	382225	5364600		<1	<3	6350	200	10	<1	4	<3	18	<0.1	0.3
NTS0214	382250	5364600		1	12	33100	600	82	<1	15	<3	150	0.2	1.4
NTS0215	382275	5364600		<1	<3	4400	150	12	<1	3	<3	32	<0.1	0.3
NTS0216	382300	5364600		<1	32	13600	200	15	<1	6	<3	145	0.1	2.2
NTS0217	382325	5364600		2	<3	8050	200	18	<1	11	<3	56	<0.1	3.2

TABLE 2
SOIL SAMPLES – EL9/2005

(* AGD 1966/ 55 AMG)

			Description	Assays										
			Method	Au	As	Fe	S	Zn	Ag	Cu	Mo	Pb	Tl	Sb
			Lower Detection Limit	FA3	IC3E	IC3E	IC3E	IC3E	IC3E	IC3E	IC3E	IC3E	IC2M	IC2M
Sample ID	Easting AMG*	Northing AMG*	Units	1	3	100	50	2	1	2	3	5	0.1	0.1
				ppb	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
NTS0218	382350	5364600		2	12	11500	300	14	<1	12	<3	94	0.1	1.8
NTS0219	382375	5364600		27	48	54800	500	27	<1	33	4	80	0.2	2.1
NTS0220	382400	5364600		2	12	19900	350	18	<1	14	4	66	0.2	0.9
NTS0221	382425	5364600		2	6	9700	250	16	<1	13	<3	64	0.1	0.7
NTS0222	382450	5364600		5	26	93100	900	16	<1	78	<3	68	<0.1	2.5
NTS0223	382475	5364600		14	4	15500	250	14	<1	16	<3	24	<0.1	0.7
NTS0224	382500	5364600		18	4	13100	200	15	<1	11	<3	24	<0.1	0.5
NTS0225	382525	5364600		6	4	10800	100	14	<1	7	<3	18	<0.1	0.5
NTS0226	382550	5364600		14	10	24200	500	16	<1	16	<3	32	<0.1	1
NTS0227	382350	5365600		22	4	9800	250	28	<1	7	<3	550	0.1	0.4
NTS0228	382375	5365600		25	6	20600	250	48	<1	13	<3	330	0.2	0.7
NTS0229	382400	5365600		4	12	34400	250	30	<1	50	4	130	0.1	0.7
NTS0230	382425	5365600		4	10	32300	250	36	<1	52	4	48	0.1	0.6
NTS0231	382450	5365600		2	12	35700	600	29	<1	72	<3	48	<0.1	1.2
NTS0232	382828	5365230		<1	12	12100	250	35	<1	12	<3	140	0.4	1.1
NTS0233	382296	5365251		7	16	9300	300	23	<1	9	<3	145	0.3	1
NTS0234	382285	5365260		<1	12	8700	500	26	<1	8	<3	105	0.3	1.3
NTS0235	382264	5365264		<1	8	6650	100	10	<1	4	<3	16	0.2	0.7
NTS0236	382355	5365139		18	38	16500	150	31	<1	7	<3	260	1.3	1.7
NTS0237	382354	5365142		35	6	8950	150	35	<1	4	<3	105	0.4	0.5
NTS0238	382356	5365158		3	16	15100	150	26	<1	11	<3	115	0.2	2.7
NTS0239	382322	5365163		<1	8	8100	350	21	<1	11	<3	115	0.2	1.6
NTS0240	382304	5365162		2	8	7650	250	20	<1	6	<3	160	0.2	1.4

TABLE 2
SOIL SAMPLES – EL9/2005
 (* AGD 1966/ 55 AMG)

Sample ID	Easting AMG*	Northing AMG*	Description Lower Detection Limit Units	Assays										
				Au	As	Fe	S	Zn	Ag	Cu	Mo	Pb	Tl	Sb
				Method FA3	IC3E	IC3E	IC3E	IC3E	IC3E	IC3E	IC3E	IC3E	IC3E	IC2M
				1	3	100	50	2	1	2	3	5	0.1	0.1
				ppb	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
NTS0241	382292	5365166		<1	6	8300	250	25	<1	7	<3	94	0.2	1
NTS0242	382375	5365000		3	170	93600	400	52	<1	58	<3	550	2.4	17
NTS0243	382400	5365000		2	220	39700	350	50	<1	28	4	340	1	14
NTS0244	382425	5365000		<1	10	17900	150	22	<1	10	<3	28	0.3	1.3
NTS0245	382450	5365000		2	14	21700	250	21	<1	19	<3	92	0.2	1.5
NTS0246	382475	5365000		9	4	8600	150	12	<1	10	<3	18	<0.1	0.4
NTS0247	382175	5364800		3	<3	9050	150	21	<1	4	<3	12	<0.1	0.2
NTS0248	382200	5364800		2	12	32100	150	78	<1	15	<3	210	0.3	1.4
NTS0249	382225	5364800		11	18	55600	500	175	<1	74	4	1200	0.9	2.7
NTS0250	382250	5364800		<1	10	23300	400	72	<1	19	<3	320	0.4	1.1
NTS0251	382275	5364800		42	8	17300	300	42	<1	12	<3	125	0.3	1
NTS0252	382300	5364800		<1	10	13900	150	37	<1	6	<3	34	0.2	0.7
NTS0253	382325	5364800		<1	10	12500	650	34	<1	11	<3	80	0.5	2
NTS0254	382338	5364800		4	30	25800	700	54	<1	22	<3	230	0.3	6
NTS0255	382350	5364800		2	12	39600	350	48	<1	48	<3	70	0.4	2.6
NTS0256	382375	5364800		5	14	68300	750	60	<1	115	<3	140	1.1	4.6
NTS0257	382400	5364800		2	16	67800	500	58	<1	40	<3	52	0.5	3.7
NTS0258	382425	5364800		2	24	59000	350	36	<1	20	<3	52	0.6	3.5
NTS0259	382450	5364800		10	<3	10600	300	19	<1	10	<3	38	<0.1	0.7
NTS0335	381831	5363898		Awaited	<3	12900	350	18	<1	4	<3	16	<0.1	0.2
NTS0336	381809	5363899		Awaited	<3	13200	250	15	<1	4	<3	10	<0.1	0.2
NTS0337	381789	5363900		Awaited	<3	7000	300	8	<1	3	<3	8	<0.1	<0.1
NTS0338	381767	5363900		Awaited	<3	8250	650	20	<1	4	<3	12	<0.1	<0.1

TABLE 2
SOIL SAMPLES – EL9/2005
 (* AGD 1966/ 55 AMG)

			Description	Assays										
				Au	As	Fe	S	Zn	Ag	Cu	Mo	Pb	Tl	Sb
			Method	FA3	IC3E	IC3E	IC3E	IC3E	IC3E	IC3E	IC3E	IC3E	IC2M	IC2M
			Lower Detection Limit	1	3	100	50	2	1	2	3	5	0.1	0.1
Sample ID	Easting AMG*	Northing AMG*	Units	ppb	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
NTS0339	381762	5364100		Awaited	4	8650	400	14	<1	9	<3	32	<0.1	0.2
NTS0340	381783	5364099		Awaited	<3	10600	250	12	<1	3	<3	10	<0.1	<0.1
NTS0341	381809	5364099		Awaited	<3	13700	300	14	<1	3	<3	18	<0.1	0.1
NTS0342	381837	5364099		Awaited	4	9400	250	24	<1	3	<3	6	<0.1	<0.1

5 DRILLING

A two-hole, diamond drilling program was completed during this reporting period. The holes are listed in Table 3.

TABLE 3
Drill Hole Locations
(* AGD 1966/ 55 AMG)

Hole	East-AMG*	North-AMG*	RL	Depth
NCT009	382631	5365173	893	506.4
NCT010	382020	5363770	639	593.3

Both drill holes were completed by Boart Longyear - Tasmania. NCT009 was completed using a LM75 drill rig, while NCT010 was completed using a helicopter supported LF70 drill rig. Drill site NCT009 was accessed via the Henty gold mine, and existing vehicle tracks were utilised. For NCT010, a drill pad was cleared and a 300m walking track was prepared across buttongrass moreland to allow ground personnel access to the drillsite by foot. The LF70 drill rig used during the program was flown into site by Eurocopter AS 350 helicopter (squirrel), operated by Helicopter Resources Pty Ltd. Support throughout the drilling of NCT010 was maintained by Helicopter Resources Pty Ltd. Double shifts were worked by the drill crew for most of the program.

Both holes commenced with HQ bit size, drilling with chrome barrel down to about 200 m, in order to keep the hole as straight as possible for the initial stages; and then changed down to NQ for the remainder of the hole.

The ACE core orientation tool was used during drilling of both HQ and NQ core. Unfortunately, drilling conditions and technical problems were such that less than 50% of the NQ core had usable orientation. The "bottom of the core" reference line was used for all oriented structure data.

The drill core was marked up, photographed, logged, and cut in Queenstown. Core was sawn in half, with half sampled at two metre intervals (occasionally 1m intervals) and the other half retained as reference material. Assays for drill hole NCT009 were completed by Amdel Laboratory and Technical Services in Adelaide. Assays from drill hole NCT010 were completed by the Australian Laboratory Group (ALS) at the Orange ALS laboratory facility. Standards were submitted at 1:20 with every batch of samples. Analytical techniques used on drill core submitted to Amdel from NCT009 were FA1 for Au and IC3E for a suite of elements including Cu, Pb, Zn, Ag, As, Ba, S, Fe, Mg, Mo, Ni, Sn, W, Bi, Cr, Sb, Tl, Te and V. Samples from NCT010 submitted to ALS were analysed for Au using Au-AA25 method and ME-ICP41s for elements Cu, Pb, Zn, Ag, As, Ba, S, Fe, Mo, Ni, Bi, Cd, Co, Sb and Tl.

Detailed logging was completed using graphic logs. Logging symbols are based on those of McPhie et al 1993. The lithology section of the graphic log was also summarised into computer

code, after scan logging the core and the codes entered into Micromine to allow plotting of cross sections.

5.1 NCT009

NCT009 was drilled to the southeast from a collar position 382631E/5365173N (AMG) on a major vehicular access track, on the crest of the Red Hills summit. The aim of the hole was to test for gold – copper-rich footwall stringer mineralisation hosted within the ‘Red Hills Lava’ of the CVC at Red Hills. Historically, prominent copper anomalism has been associated with the Red Hills chlorite-K feldspar-silica alteration and copper-gold-magnetite mineralization within the ‘Red Hills Lava’. The best developed mineralization of this style is located in the north of the Red Hills tenement at the ‘Northern Adits’. The Red Hills area was first prospected for this style of mineralization in the 1890’s (Smith, 1898), and was later explored by the Mt Lyell Company / EZ after 1966 who drilled 23 percussion holes and 4 diamond holes, returning significant intersections of low grade copper mineralization (<0.5%). Magnetic and radiometric data (Callaghan and Vicary, 2000) shows that the zone of alteration extends for 5km along the eastern side of the EL.

The target had previously been intersected in Newcrest diamond drillholes NCT006 and NCT007 at the contact to, and within the ‘Red Hills Lava’ (Tedder *et al.*, 2006). Conceptually, NCT009 was designed to test the hypothesis that the gold – copper rich stringer zone hosted with the massive ‘Red Hills Lava’ formed a footwall position to the polymetallic Au-rich VHMS horizon which has been well tested in the vicinity of RH5 (RH5 2.8m @ 34.5% Zn, 11.4% Pb, 0.3% Cu, 250 g/t Ag, 6.5 g/t Au). Drilling data from diamond drillholes NCT006 and NCT007 showed that the Red Hills Lava - volcanosedimentary contact dips moderately to the west. It was therefore considered that should a genetic relationship exist between the polymetallic gold-rich VHMS horizon and the copper rich stringer zone, such that the copper-rich stringer mineralization formed in a footwall position to the polymetallic gold-rich VHMS horizon, then the footwall stringer envelope should plunge moderately in an easterly direction. This concept would explain the shortage of outcropping copper mineralization east of the Red Hills Lava dome’s western margin.

TABLE 4
Drill Hole Location
(* AGD 1966/ 55 AMG)

Hole	East-AMG*	North-AMG*	RL	Depth
NCT009	382631	5365173	893	506.4

TABLE 5

NCT009 Down Hole Survey Data*			
Depth	Dip	Azimuth-mag	Azimuth-AMG
0	-80	150	163
15	-80.3	139.3	152.3
40	-80.1	140	153
70	-80.2	139	152
100	-80.2	137.8	150.8
130	-80.2	139.6	152.6
160	-80.3	138.5	151.5
190	-80.2	138.7	151.7
220	-80.1	137.2	150.2
235	-80.1	138.3	151.3
260	-80.2	140.8	153.8
289	-80.1	138.4	151.4
320	-79.9	139	152
350	-79.9	143.4	156.4
380	-79.8	144	157
410	-79.8	145	158
440	-79.5	147	160
470	-79.5	148.7	161.7
500	-79.1	153.1	166.1

**Survey data collected with a Flexit SmartTool drillhole survey system*

Results

The hole intersected a thick sequence of red-brown, k-feldspar-hematite-chlorite-magnetite-pyrite altered, massive pyroxene-phyric andesitic to feldspar-phyric rhyolitic lavas, insitu autobrecciated lava and lesser juvenile clast supported volcanoclastic conglomerates, breccias and minor tuffaceous layers. Variably intense to weak pervasive alteration occurs, locally intensified at veining and/or faulting. Scattered amounts of disseminated pyrite-chalcopyrite and stringer-style veined chalcopyrite-chlorite, generally <1% were intersected throughout the hole. Refer to logs in Appendices 4a to 4d and summary log in Appendix 4e.

A summary of significant assay results are listed below and in Appendix 4f (Strip Log). Refer to Appendix 3a for complete assay results.

TABLE 6

NCT009 Red Hills							
Anomalous Intersections (>1000ppm Cu and/or >0.1 g/t Au)							
From	To	Metres	Cu ppm	Au (g/t)	Pb ppm	Zn ppm	As ppm
8	10	2	11	0.15	6	18	<3
108	110	2	23	0.17	14	72	<3
123	127	4	1225	0.01	5	73	23
136	141	5	1950	0.02	7	97	26
233	234	1	3250	0.03	6	98	16
248	252	4	1888	0.03	14	95	21
318	320	2	600	0.17	1600	270	24
488	490	2	1100	<0.01	16	120	10

Gold anomalism intersected within the hole was generally poor with best intersections including:

2m @ 0.14 g/t Au from 8m;
 2m @ 0.17 g/t Au from 108m; and
 2m @ 0.17 g/t Au from 318m

The nature of the weak gold anomalism is enigmatic, and can not be attributed to one particular mineralizing style or event. At 8m gold anomalism possibly relates to a series of small leached quartz-carbonate-K-feldspar veins. At 318m gold anomalism appears to be related to a thin (2.5cm thick) carbonate-pyrite-galena-sphalerite-chalcopyrite vein containing $\geq 1\%$ pyrite, hosted within pervasive chlorite-magnetite-albite altered rhyolite. However, at 108m the anomalism appears to be associated with secondary hematitic/limonitic oxidized zones controlled by minor fractures within a tectonically brecciated hematite-albite-chlorite altered rhyolite.



Photo 1: Gold anomalism associated with secondary oxidized Hematite-Limonite intensified around minor fractures within tectonically brecciated He-Ab-Ch altered rhyolite at 108.70-108.94m.

The best copper anomalous zone contains 4m @ 0.12% Cu, (123 – 127 m) and 5m @ 0.20% Cu, (136-141 m) and occurs within a broad envelope of structurally controlled silica-albite-sericite alteration between 115.8-152m. Chalcopyrite mineralization occurs as two styles:

- 1) small 1-2 mm sized quartz-chlorite-chalcopyrite-pyrite disseminations within tectonically brecciated rhyolite lava clasts; and
- 2) chlorite-chalcopyrite-pyrite stringer veins and chlorite-chalcopyrite matrix infill between brecciated Red Hills Lava clasts.

Similar style low grade copper mineralization is associated with intense pervasive chlorite alteration between 233-239m and 245-256m. Best intersections from these copper anomalous zones contain 1m @ 0.33% Cu from 233m and 4m @ 0.19% Cu from 248m respectively. Associated gold mineralization within these chlorite-copper anomalous zones is poor with grades generally <0.03 g/t Au.

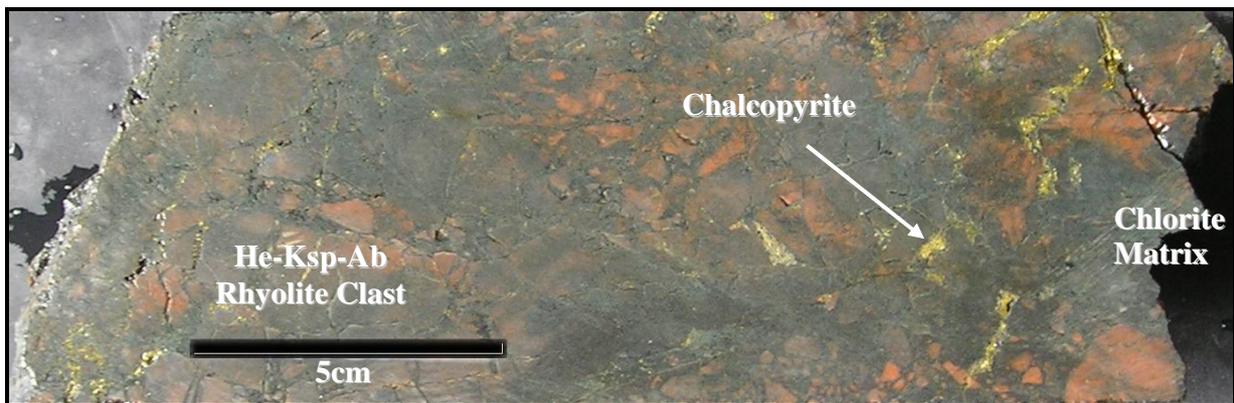


Photo2: Diffuse chalcopyrite mineralization associated with chlorite forming an intersitial matrix within a Hematite-K-feldspar-Albite altered rhyolite breccia at 140.25-140.41m.

The hole failed to intersect significant high tonnage-low grade copper or gold mineralization at depth within the Red Hills Lava. The lavas intersected throughout the hole are generally massive and impermeable, and therefore the potential for a large tonnage-low grade gold-copper stringer style deposit within 400 vertical metres of the surface is low.

It is likely that only subeconomic mineralization occurs as shoots of massive chalcopyrite-magnetite-pyrite sulfide localized within structurally controlled chlorite-altered shear zones hosted within the Red Hills Lava (eg. Northern Adits). However, such mineralization is unlikely to represent large tonnage targets as the impermeable nature of the Red Hills Lava is not favourable for the development of extensive massive sulfide ore shoots.

It is considered that little potential remains in the location of the Red Hills Lava copper prospect for high tonnage low grade gold-copper rich mineralization that would be of interest to Newcrest Mining Limited.

Refer to Appendix 4c for the graphic log of NCT009. Oriented structural data is in Appendix 5. Assay results for NCT009 are listed in Appendix 3a.

5.2 NCT010

This hole was drilled to the east, from a collar position of 382020E/5363770N (AMG), in the southern part of the Red Hills Basin. Refer to Plans 1 & 3 for location. The aim of the hole was to target the interpreted down-plunge position of the polymetallic gold-rich horizon intersected in historic drillhole RH5. The target zone was defined approximately 250 mRL or 400 to 450m down hole. The target for NCT010 was supported by a thickening and south plunging package of black shale and tuffaceous sediments, elevated thallium, antimony and base metal signatures, as well as increased intervals of zinc, lead and silver mineralisation from previous core holes RH011 and RH015.

TABLE 7
Drill Hole Location
(* AGD 1966/ 55 AMG)

Hole	East-AMG*	North-AMG*	RL	Depth
NCT010	382020	5363770	639	593.3

TABLE 8

NCT010 Down Hole Survey Data*			
Depth	Dip	Azimuth-mag	Azimuth-AMG
0	-70	77	90
15	-69.4	69.9	82.9
40	-68.6	71.4	84.4
70	-68.1	69.4	82.4
100	-67.7	70.2	83.2
130	-67	68.2	81.2
160	-66.1	68.3	81.3
190	-65.2	68.8	81.8
250	-64.4	70.7	83.7
300	-64.2	70	83
350	-63.6	67	80
400	-62.6	67.4	80.4
450	-61.4	69.2	82.2
550	-57.2	68.6	81.6
593.3	-57.2	68.6	81.6

* Survey data collected with a Flexit SmartTool drillhole survey system

Results

NCT010 intersected quartz-feldspar crystal-rich sandstone, aphanitic rhyolitic lava and monomictic rhyolitic lava breccia, polymict pumiceous rich-rich matrix supported juvenile volcanoclastic breccia and sandstone, calcareous shale and siltstone, calcic limestone, carbonaceous black shale and siltstone and minor feldspar porphyritic basic intrusive rocks. NCT010 was terminated within a thick sequence of massive K-feldspar-hematite-chlorite altered, plagioclase-phyric, non-magnetic massive to autobrecciated rhyolitic lava ('Red Hills Lava').

Moderate pervasive alteration occurs, locally intensified at veining and/or faulting. Refer to logs in Appendix 4a and summary log in Appendix 4e.

NCT010 intersected significant low grade base metal mineralisation throughout the entire hole, with the best mineralisation occurring at the base of the lower shale sequence and at the top of the underlying pyroclastic sequence where mineralisation occurs as thin bands of semi-massive sphalerite and galena, and as disseminated quartz-carbonate vein hosted sphalerite-galena-pyrrhotite and pyrite. A summary of significant assay results for hole NCT010 are listed below and illustrated in Appendix 4f (strip log). Refer to Appendix 3b for complete assay results.

TABLE 9

NCT010 Red Hills Anomalous Intersections							
From	To	Metres	Zn ppm	Pb ppm	Cu ppm	Au (g/t)	Ag g/t
193	201	8	2700	1500	<100	<0.01	4.2
203	225	22	1400	900	<100	0.02	2.8
Inc 223	225	2	1560	659	43	0.14	2.3
325	339	14	3600	2100	<100	<0.01	2.1
367	387	20	7000	4300	100	0.03	4.1
Inc 367	369	2	12200	7300	<100	0.01	3.7
Inc 371	373	2	15100	6000	100	0.02	5.3
Inc 383	385	2	11500	5600	400	0.15	7.4
393	404	11	6900	2500	1900	<0.01	6.1
Inc 396	397	1	47400	20900	17700	0.06	53.4
Inc 397	398	1	1600	1400	3000	0.01	5.5

The hole failed to intersect the targeted gold-rich massive sulphide horizon intersected in RH005. However, a felsic volcanoclastic sandstone and tuffaceous pumice breccia unit intersected between 385.0 – 412.2m may represent the equivalent stratigraphic position and host horizon of the massive sulphide intersected in previous drilling. The unit contains broad low grade gold anomalism (<0.02 g/t Au) and correlates with the down plunge position of the mineralised horizon intersected in historic drill holes RH005, RH006, RH008, RH014 and RH016. It is therefore likely that the RH005 mineralisation consists of a small pod of higher grade gold and base metal mineralisation hosted within a generally mineralised sequence.



Photo 3: Example of moderate sericite-albite+/-silica-pyrite altered felsic volcanoclastic sandstone and tuffaceous pumice breccia unit from 392.6m to 396.1m.

A 1m interval of coarsely banded polymetallic sphalerite-chalcopyrite-galena-pyrrhotite-pyrite+/-bornite was also intersected within the equivalent host horizon at 396.2m, returning 1m @ 4.74% Zn, 2.09% Pb, 1.77% Cu, 53.4 g/t Ag and 0.06 g/t Au. The banded sulphide zone exhibits an undulose layered fabric discordant to the host rock bedding, and contains patches of vein quartz and calcite. Sphalerite is intimately associated with pervasive dark green chlorite alteration flooding. The main sulphide zone contains ~30% total sulphide and has the appearance of a deformed vein rather than a strataform semi-massive sulphide horizon.



Photo4: Example of polymetallic sulphide zone from 396.2m.

The best gold anomalous zones are 2 m @ 0.14 g/t Au from 223 m; and 2m @ 0.15 g/t Au from 383m. Gold anomalism confined to the former zone maybe related to a small shear zone at 223.5m, whilst the latter gold anomalous zone is associated with thin (0.5-1.0 cm) zinc-rich semi-massive sulfide bands concordant with the host stratigraphy.

Current drilling has indicated that the gold-rich polymetallic horizon intersected in the vicinity of RH005 appears to be closed off along strike and down dip, and that no further work is warranted. It has however been indicated by previous explorers that the Red Hills Basin may extend some 1200m along strike south of the Red Hills EL beneath glacial cover. While there is little evidence of an increase in grade of disseminated zinc-lead mineralization to the south of the Red Hills Basin, there may be an increase in total metal content south, along strike and down dip of the thickening shale sequence. The thickening of the lower shale sequence and the occurrence of the significant amounts of low grade base metal mineralization in the south of the Red Hills prospect may provide further potential for the discovery of separate lenses of massive sulphide within this depositionally favourable sequence. However, increasing depth of cover sequences in this region will prove to make exploration difficult and expensive.

Refer to Appendix 4a for the graphic log of NCT010. Oriented structural data is in Appendix 5. Assay results for NCT010 are listed in Appendix 3b.

6 ENVIRONMENT

Existing vehicular tracks were used during the drill program. The drill pad for drillhole NCT009 required some excavation work to produce a flat area and in-ground sumps. The process involved an excavator lifting the top soil to one side, creating the drill pad and in ground sumps, and cutting drainage channels along adjacent existing tracks to minimise erosion.

The NCT009 drill pad was rehabilitated using an excavator to return them as near as possible to their natural appearance, including leaving a 'lumpy' surface to minimise erosion and runoff.

A 300m walking track, constructed off a pre-existing vehicle access track, was prepared by Rogers Exploration Services across buttongrass moorland to provide field personnel access to the NCT101 drill site by foot. Minimal clearing of button grass moorland was also completed to provide a clear and level working drill pad for NCT010.

Both drillholes were plugged at 20m below the collar with a Van Ruth type drillable plug, and back filled with cement. Inspections of the drill site after drilling were conducted to ensure the hole is properly sealed and capped and the site cleaned up.

All the areas worked in were treated as if not contaminated by '*Phytophthora*' so all boots and gaiters were washed before going to a new area/ and at the end of each day. All new timbers were used as base plates, and the rig and associated equipment washed down prior to moving to onto site.

7 PLANNED WORK

The planned program for the next 12 months was still being finalised at the time of writing this report. At this stage limited geological, geochemical and/or geophysical work is anticipated to be carried out during the coming reporting period to assist in identifying future drillable targets on the Red Hills EL. Work will concentrate on generating a drillable target along the CVC-Tyndall contact in the western portion of the Red Hills EL coincident with identified geochemical and geophysical anomalies.

8 BIBLIOGRAPHY

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9 EXPENDITURE

EXPENDITURE EL9/2005 RED HILLS

For Period 1st July 2006 – 30th May 2007

ITEM	EXPENDITURE
SALARIES	143,409
DRILLING	261,184
FIELD COSTS	55,840
MISCELLANEOUS OFFICE COSTS	4,213
TRAVEL/ACCOMM	30,808
VEHICLES	2,073
LAND/LEGAL	N/A
ANALYSIS	25,735
OTHER	30
TOTAL EXPENDITURE	523,292