EL2/92
Lisle

Annual Report June 2006 - June 2007.

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SUMMARY

EL2/92 Lisle, currently held by Frontier Resources Limited is due for expiry on the 24th July 2007. This report is the 2006-2007 Annual Report and also forms part of an application for an Extension of Term of the EL.

EL2/92 contains several prospects that have a good probability of hosting significant economic gold resources of an intrusion related gold style. Both low grade bulk tonnage prospects such as Potoroo and parts of the Enterprise-Gold Crest system, and medium to high grade narrow vein prospects such as Panama, Enterprise and the West Vein are located within the EL. All of these prospects remain open in at least one direction and are subject to continued assessment.

Exploration completed during the 2006-07 year included a two drill hole program at Panama and a four drill hole program at Gold Crest for 684.5m of diamond drilling.

Mineralisation in the Wilson-Symonds area, previously intersected in PVD001 (and down dip in PVD002) was tested along strike by PVD003 and PVD004, but potential for resource extension is limited to the intersection of structures and adjacent arsenic in soil anomalies to the northeast of known workings (along strike in the opposite direction to recent drilling). Proximity to magnetic granodiorite may be an important factor influencing grade and the along strike potential to the northeast of the Wilson Symonds adits would require drill testing the magnetic anomaly. Assays returned from PVD003 and 004 were disappointing except for auriferous narrow veins near surface that were previously unrecognised in drilling.

The peak gold value returned was in PVD004 with 0.5m @ 7.5g/t Au from 35.5m with numerous lower grade veins in near surface intersections eg: 0.5m @ 5.8g/t from 16m on PVD003.

A program of four diamond drill holes was completed at the Gold Crest prospect, with the best grades located down dip of known mineralisation in drill hole LSD04 which had poor core recovery. The significant intervals were 16m @ 0.93 g/t Au from 27m and 0.45m @ 5.7 g/t from 84.7m in GCD002. Not all the workings at Gold Crest have been drill tested, however mineralisation seems to be limited to the Granite-Mathinna contacts.

Frontier intends to advance prospects within EL 2/1992 during 2007/2008. Cursory proposed work program items are indicated in the application for extension document, with a detailed work program to be forwarded nearer to the intended start date.

NB – All coordinates in this document use Geodetic Datum AGD66

Cover Photo – Vegetation anomaly over the granodiorite at Gold Crest.

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1 INTRODUCTION

EL2/92 Lisle, currently held by Frontier Resources Ltd. is due for expiry on the 24th July 2007. This report is the 2006-2007 Annual Report and also forms part of an application for a Term of Extension of the EL. Exploration conducted on the EL during the past year of tenure was focused on drill testing the potential of the Wilson-Symonds prospect in the Panama Valley and the Gold Crest workings in the adjacent valley to the east.

1.1 Location

E.L. 2/92 "Lisle" is located in the north-east of Tasmania, about 30km from Launceston (see Figure 1).

The area is largely State Forest with extensive pine plantations and areas of both old and regrowth dry and wet sclerophyll forest. Various wildlife habitat strips and ridge top reserves occur throughout the forest.

A number of freehold properties lie within the EL, however these mostly lie outside the prospective areas. Contact was initiated with landowners adjacent to Gold Crest prospect and drilling hours were arranged so that impact on adjacent properties was minimal.

The E.L. is accessed by bitumen road with numerous unsealed forestry roads providing good access to many of the prospective areas. Short track extensions with minor clearing using an excavator (Appendix 3)

1.2 Tenure

E.L. 2/92 "Lisle" was issued to R.D. & R.J. McNeil on 24 July 1992. On 16/10/92 the title was transferred to MACMIN N.L and in 2001 to Tasmine Pty Ltd that later changed its name to TasEx Resources Ltd. The title has since transferred to TasGold Ltd, a new company listing on the ASX in April 2003. TasGold has since changed it's name to Frontier Resources Ltd.

E.L. 2/92 was roughly bounded by A.M.G. lines 5443000m N and 5431000m N to the north and south respectively and A.M.G. lines 523000m E and 529000m E to the west and east respectively.

Thirty-six sub-blocks were relinquished in March 1998 and thirty-six sub-blocks were retained. Twenty four additional sub-blocks were relinquished in April 2002, retaining only the northern 1/3 of the license.

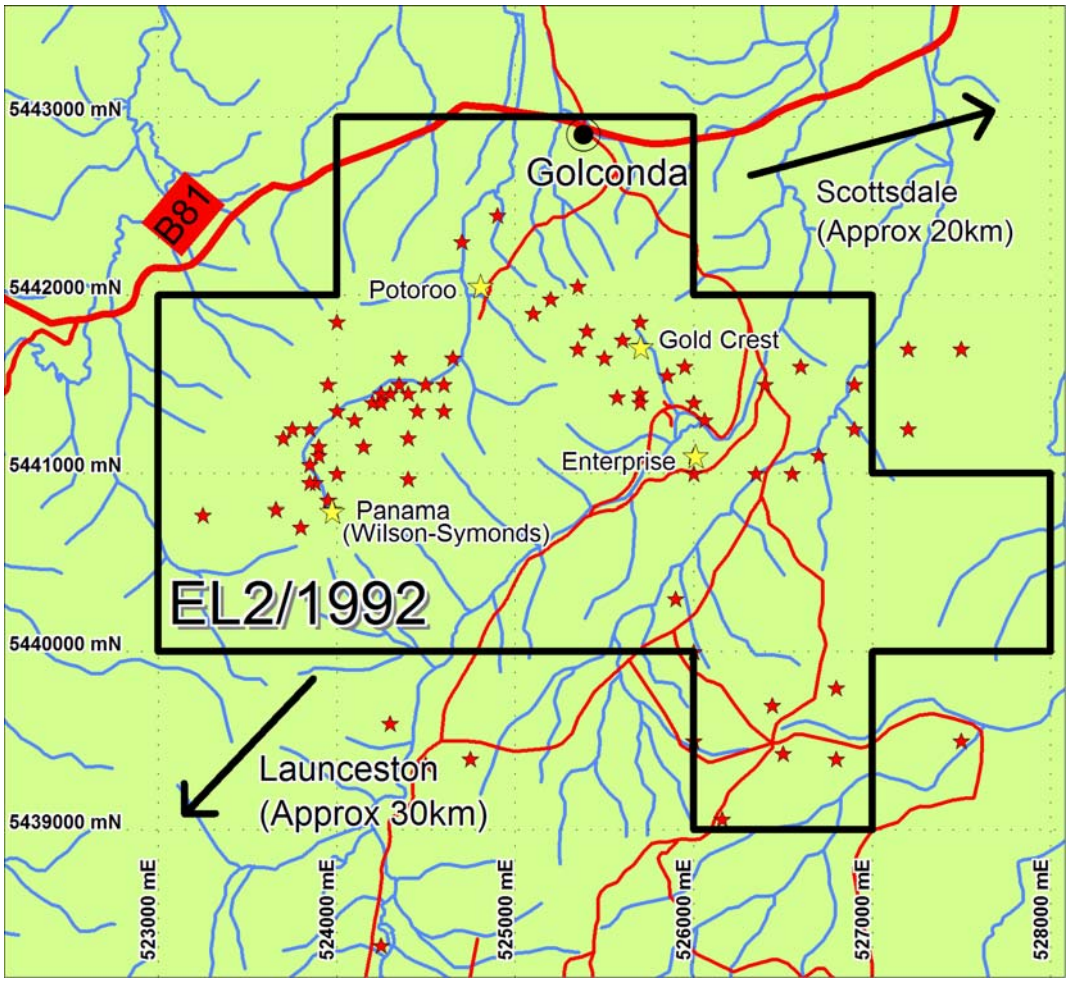

Figure 1 - EL 2/92 prospect locations, gold stars are key prospects, red stars are other historical mineral occurrences.

2 GEOLOGY

2.1 Regional Geology (From Reid and McDougall, 2005)

The NE Tasmanian terrain consists of autochthonous Ordovician to Early Devonian quartz-wacke to pelitic turbidites known as the Mathinna Supergroup, which are intruded by Devonian granitoid batholiths. These older units are overlain by post Carboniferous cover sequences. The NE Tasmanian terrain may be similar to the Melbournian Zone of Central Victoria (Powell and Baillie, 1992, Foster et al, 1998).

The Mathinna Supergroup has been multiply folded and according to Reed (2001) is divided by an unconformity recognised on structural grounds. The westernmost Tippogore Group is affected by pre-Tabberabberan thrusting and recumbent folding (D1). This group is considered to be older than the Panama Group, which is not affected by this event. The earliest deformation within the EL appears to be the first Tabberabberan Orogeny event (regionally D2) and is evidenced by upright and asymmetrical folding with NNW-SSE trending hinge lines and weak ENE fold

vergence. Thus the EL's Mathinna Supergroup units probably belong to the Silurian-Devonian Panama Group.

A later Devonian Tabberabberan Orogeny related trend within the Mathinna Supergroup has a postulated WSW fold vergence, with associated high angle reverse faults and NNW-SSE trending hinge lines (regional D3). The Devonian deformations are characterised by coincident fold trends and as such strike slip structures in an ENE orientation are possibly activated in both deformations to accommodate differential shortening.

Deformation of the Mathinna Supergroup is thought to occur prior to intrusion of the Scottsdale Batholith (one of three NNW to N oriented composite granitoid batholiths intruded into the Mathinna beds during the Devonian). The Mathinna Supergroup is locally hornfelsed in contact metamorphic aureoles around the granitoid plutons.

Unconformably overlying the Mathinna Supergroup and Devonian granites are post orogenic sediments of the Permo-Triassic Parmeener Supergroup. These are intruded by large sills of Jurassic dolerite. These cover rocks have been largely eroded with remnants forming topographic highs such as Mt Arthur.

Tertiary basalt flows have significantly changed drainage patterns in parts of the NE district. Basalts have filled palaeo-topographic lows resulting in topographic inversion with erosion resistant basalts now forming low ridges. Significant Tertiary sediments are located to the north towards the Bass Basin. Quaternary deposits include alluvial and colluvial valley fill, this fill obscures bedrock in a large percentage of the EL.

2.2 Local Geology (From Reid and McDougall, 2005)

The local geology is dominated by ridges of hornfelsed Mathinna Beds, intruded by numerous granodioritic and dioritic stocks (Figure 2) which readily weather to form basins. Valleys and ridge slopes are covered by Quaternary talus and alluvial deposits, obscuring most of the recessive bedrock geology.

The Mathinna beds generally consist of a monotonous sequence of graded, quartz-wacke turbidites with lesser siltstones and black shales. Where observed in outcrop they appear to form NNW trending folds with several fold closures apparent on the EL. A weak NNW striking slaty cleavage is observed in some outcrops. The Mathinna beds are locally hornfelsed with chlorite after cordierite spotting common within hundreds of metres of contacts with the Devonian intrusives.

Granitic to dioritic intrusives are generally deeply weathered and rarely outcrop. Rare outcrop and core intersections indicate the intrusives are complex and heterogenous with numerous inclusions of hornfelsed Mathinna beds and dark diorite. Textures vary from equigranular, feldspar-biotite-quartz granodiorites to feldspar-hornblende-biotite porphyritic diorites. Intrusions occur as dykes and small cupolas or porphyritic apophyses, possibly off a larger buried body. The largest known intrusive of this type occurs in the Lisle Valley, immediately south of the EL, and measures approximately 4km by 4km. Thin quartz-feldspar aplitic dykes and vein dykes are sparsely apparent, particularly at Enterprise and Potoroo.

Roach (1992) analysed various granodiorites (16 samples) from Lisle, Golconda, Panama and the western margin of the Scottsdale Batholith, known as the Diddleum Pluton. In terms of Rb and Sr the Lisle granodiorites are the least fractionated of the Tasmanian Devonian Granitoids. Fitzpatrick (2004) and Roach (1992) both report a clear distinction between the rocks of the Scottsdale Batholith and granodiorite from the Lisle area. The former also reports likely shallower emplacement for the Enterprise (/Lisle) granodiorites in the range of up to 4km compared to a 5 to 9km range for the Scottsdale Batholith, although they may be linked along a buried granite ridge.

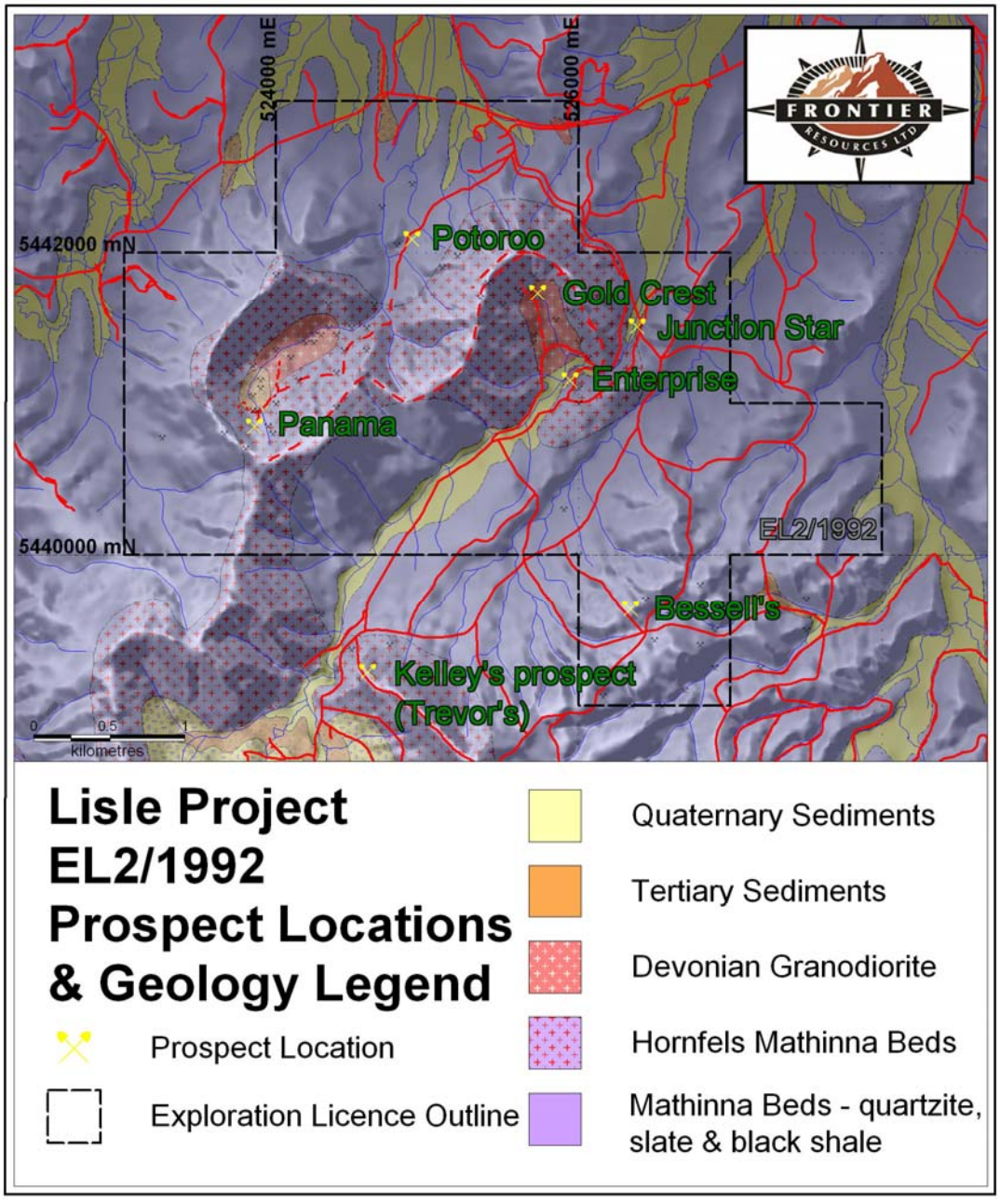

Figure 2 - Local Geology of EL 2/1992.

There is a marked variability of the magnetic susceptibility of the granodiorites. This is probably a reflection of varying geochemistry between the complex intrusives, but may also represent areas of magnetite destruction associated with hydrothermal alteration.

The Panama-Golconda goldfield produced about 2000 oz of primary gold at a grade of around 12-14g/t Au from narrow veins hosted in magnetite series granodiorites and Mathinna Beds at the granodiorite-host rock interface. Mineralisation and alteration varies between host rocks. Within the Mathinna Supergroup mineralisation occurs as thin (0.1 to 1.5m) quartz veins with strike lengths of up to several hundred metres. Veins appear to be hosted in late brittle faults. Vein attitudes vary between prospects but are generally steeply dipping. Some reports identify stratabound gold mineralisation in silicified sandstone beds (Reid, 1926; Fulton, 2001), although these have not yet been observed within the EL.

Mineralisation and alteration within the intrusives is associated with intense sericite-silica alteration and variable disseminated pyrite and arsenopyrite. Quartz stockworks and sheeted veins are intimately associated with alteration zones within the intrusives. Vein orientations and styles again appear to vary between prospects. Minor ankerite, siderite and sulphides are associated with quartz veining and as pervasive and disseminated selvedge alteration. Sulphides include dominantly pyrite and arsenopyrite with lesser galena, sphalerite, molybdenite and chalcopyrite.

Early miners in the Panama Valley were strongly encouraged by the abundant alluvial gold, but found a single high grade source hard to locate. Bottrill (1994) suggests that much of the gold from the Panama goldfield was won from quartz veins hosted in the granodiorite, which were presumably readily extracted from the soft weathered near surface parts of the granodiorite. These were accessed via a series of shafts through the eluvium and followed a course of auriferous specimens.

3 ORE DEPOSIT MODELS **(From Reid and McDougall, 2005)**

The majority of NE Tasmania gold deposits are typical slate belt style, mesothermal gold deposits similar to the Victorian goldfields. The best known and single largest reef (including Victoria) is the Tasmania Reef at Beaconsfield which contains >2.91 Mt @ 19.8 g/t Au. The Tasmania Reef consists of a quartz + carbonate + sulphide filled fracture that is transgressive to the host sediments and is fault controlled. The reef varies in width from less than 1 m to approximately 5 m and has a strike length of 350 to 400 m. The reef remains open at depth.

Unlike most of the NE Tasmanian gold deposits, the Lisle-Golconda reef deposits appear to be related to the reduced granodiorites of the Scottsdale batholith. There is an obvious spatial relationship between late stage intrusives and gold mineralisation. Gold is hosted in quartz-sulphide veins and disseminations within intrusives and structurally controlled veins within the contact aureole. Sulphides include arsenopyrite and pyrite with lesser chalcopyrite, bismuthinite, stibnite and molybdenite. Geochemically, the mineralisation has a Au, Ag, Bi and Mo association.

Fitzpatrick (2004) characterised the mineralisation in the Enterprise / Potoroo area, finding close similarities to intrusion – related gold deposits (a hybrid displaying features associated with tungsten – tin deposits, porphyry copper-gold and orogenic lode gold), an under recognised and economically important class of gold deposits. These deposits include sheeted veins, quartz stock-works and bulk mine-able disseminated gold deposits spatially and geochemically associated with reduced intrusives. Examples of these styles of deposits are known in Alaska, the Czech Republic, Spain, Kazakhstan, Bolivia and Australia. The Kidston (Queensland) and Timbarra (New South Wales) deposits are Australian examples.

World class Alaskan deposits of this style include Pogo and Fort Knox. Pogo is reported to host more than 9.0 million(M) tonnes(t) at 17.8 g/t Au for more than 5.0 million(M) ounces(oz) contained gold. Mineralisation occurs in three or more tabular, gently dipping quartz bodies associated with early biotite and later quartz – sericite stockwork and sericite – dolomite alteration. The quartz bodies occur 1.5 km south of a Cretaceous batholith and are hosted primarily in gneiss. Fort Knox occurs as a structurally controlled stockwork and shear quartz veins in a granodiorite pluton. It is reported to host 158.3 Mt at 0.83 g/t Au for more than 4.0 million oz contained gold.

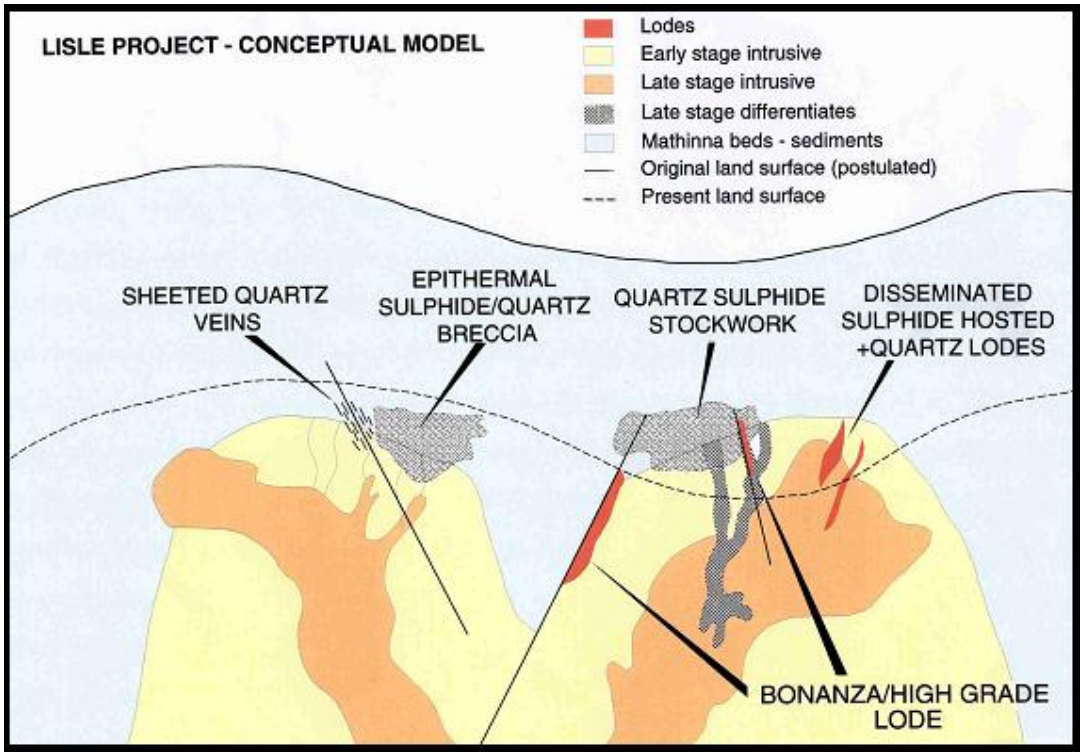

Figure 3 - Lisle Project Conceptual Models.

4 WORK COMPLETED TO JUNE 2007

Frontier Resources' initial exploration during the tenure year was directed toward increasing the resource potential at the Wilson-Symonds workings at Panama. The Wilson – Symonds workings in the south western upper end of the Panama Valley are the most extensive hard rock workings at Panama and the best preserved. The workings host significant gold in quartz-arsenopyrite veins and previous rock chip sampling of these lodes within the drives by Frontier returned numerous high gold analyses to 76.5g/t and previous drilling (PVD001/002) had successfully intersected these veins. Two diamond drill holes (PVD003 and PVD004 – see Table 1 and figure 4) were targeted along strike from known near surface intersections of high grade narrow quartz-arsenopyrite veins in drill hole PVD001. The new holes were veined; however gold results were generally disappointing except for near surface veins previously unidentified by drilling (see significant intervals in Table 2).

The focus of the drilling program shifted to a new prospect due to the location of a Wedge-tailed Eagle Nest that would have been disturbed by drilling noise during potential nesting time in the Panama Valley.

Four drill holes(GCD001 - GCD004) were targeted on vein style mineralisation in the granodiorite at Gold Crest (see Table 1), each on different target areas, the most encouraging result was from GCD002 which had a significant intersection of 16m @ 0.93g/t Au in a broadly anomalous zone of 37m @ 0.53g/t Au. Deeper in the hole a vein of 0.45m @ 5.67g/t Au was intersected. The upper zone correlates well with historical anomalous gold in drill hole LSD004 which had poor core recovery.

Hole_ID	Easting*	Northing*	RL	Azimuth	Dip	Depth	Date Commenced	Date Completed	Prospect
GCD001	525608	5441792	212	110	-55	125.4	28-Jul-06	07-Aug-06	Gold Crest
GCD002	525860	5441847	211	123	-45	100.4	11-Aug-06	17-Aug-06	Gold Crest
GCD003	525764	5441628	150.5	110	-45	47.9	24-Aug-06	30-Aug-06	Gold Crest
GCD004	525878	5441881	219	123	-45	97	01-Sep-06	08-Sep-06	Gold Crest
PVD003	523875.8	5440886	233	156	-50	131.9	08-Jul-06	13-Jul-06	Panama
PVD004	523875.6	5440886	233	175	-50	179.9	14-Jul-06	24-Jul-06	Panama

Table 1: Diamond Drill Hole Collar Information (*Datum used is AGD 66).

Panama (Wilson Symonds) Drilling

Auriferous vein orientations intersected within PVD003 and PVD004 are consistent with those measured within the Wilson–Symonds workings, whilst some lower grade veins differed, being at low angle to core. PVD003 has a general increase in veining down hole to about 107m, there are approximately seven 4-6cm veins before 92m, then 2-3 every metre until 107m and significant veins at 116, 120, 124 and minor carbonate (drusy calcite veins with crystals to 4mm) veining at 129.5. The hole is relatively unaltered from 124m to the end of hole. Grain size of lithologies suggest "pseudo-granular" texture created by contact metamorphic spotting (cordierite?) below 21m does not indicate a sandstone/greywacke as indicated in the PVD001 log.

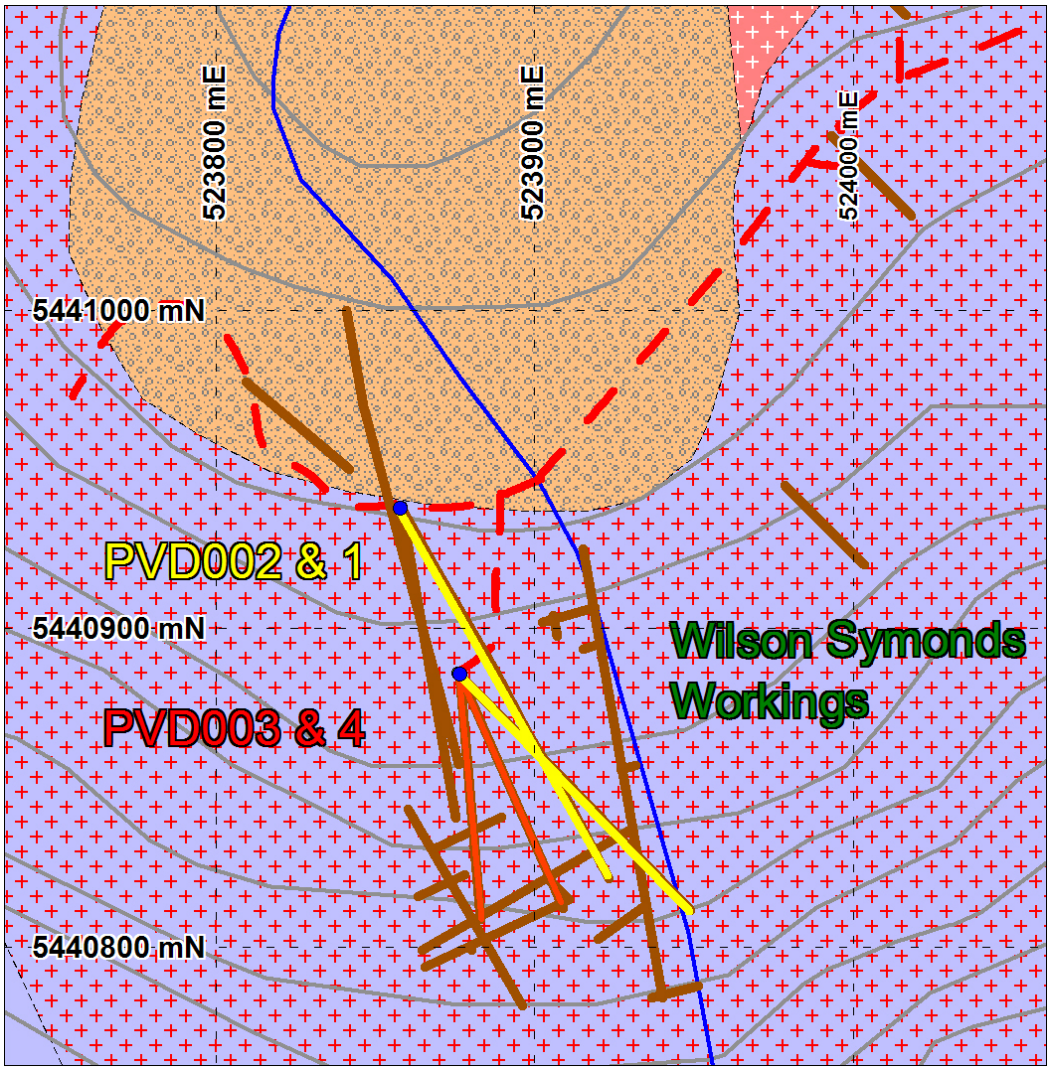

Figure 4 – Panama (Wilson Symonds) Drill collars, (adits in brown).

The largest quartz veins are typically 4cm wide and contain arsenopyrite, sphalerite and pyrite. Several small (1-2cm) “breccia veins” occur deeper in the hole, these contain pyrite as a “matrix” to a wall rock breccia. In the zones of strongest silica-sericite alteration pyrite is occasional visible up to 10cm away from vein selvedges as disseminations, usually <1%. Zones of purplish-brown banding (high in the hole) within the hornfels probably reflect biotite alteration and no magnetic zones were detected, suggesting pyrrhotite identified in PVD002 is related to the proximity of the granite.

Figure 5 – Example of veining with spotty sphalerite (brown) and arsenopyrite (grey) in selvedges and silica sericite alteration halo.

The azimuth of PVD004 was changed to 175^{o}. The veining in PVD004 was similar to that in PVD003; however the angle of veins to long core axis were generally more acute.

The auriferous quartz veins in the upper workings were measured to confirm the reported strike and dip. The 7cm quartz>>arsenopyrite vein in the first cross cut strikes 248-254/84 W dip and the 5cm quartz vein in the second cross cut strikes 244/79 W dip. Bedding (banded spotting) past the second crosscut apparently dips shallow SE.

The character of mineralisation in PVD002 is repeated in PVD003 and PVD004. Cordierite spotting of dark grey colour is common in the hornfels in both drill holes and is overprinted by olive coloured silica-sericite alteration (Figure 5). These distinct silica-sericite altered and quartz-arsenopyrite veined zones contain anomalous gold values (Table 2). Select intervals were previously analysed in PVD002 for multiple elements, peak gold was coincident with elevated silver, lead, arsenic, bismuth, zinc and antimony suggesting an intrusion related origin. Sphalerite and minor galena are notable accessory minerals in quartz-pyrite-arsenopyrite veins (Figure 5).

Hole ID	From	To	Interval
PVD003	16	16.5	0.5m @ 5.83g/t Au
PVD003	31.5	32	0.5m @ 1.74g/t Au
PVD003	44.7	50.2	0.5m @ 0.86 g/t Au
PVD003	71.55	72.55	1m @ 0.83 g/t Au
PVD003	90.5	92.5	2m @ 0.7 g/t Au
PVD003	124	125	1m @ 0.8g/t Au
PVD004	16	16.5	0.5m @ 1.27g/t Au
PVD004	18	18.5	0.5m @ 4.23g/t Au
PVD004	35.5	36	0.5m @ 7.5g/t Au
PVD004	60.5	61	0.5m @ 2.26g/t Au
PVD004	90	90.5	0.5m @ 2.68g/t Au
PVD004	147	148	1m @ 0.46g/t Au
GCD001	31	35	4m @ 0.14g/t Au
GCD002	27	43	16m @ 0.93 g/t Au
GCD003 & GCD004			No Significant Intervals

Table 2: Significant Intersections

Gold Crest Drilling

Historical B-Horizon soil sampling was captured for the Cold Crest area, this survey was completed by previous tenement holder Macmin in 1995. Two distinct anomalies were located in this survey on parallel trends running NNE (see Gold Crest trend in Figure 6) which coincided with workings at Enterprise and the Big Gold Crest prospect. Unfortunately the soil data appears to be unduly influenced by man made disturbance including mullock heaps and probable bulldozer activity on the power line track that runs through the centre of the granite at Gold Crest. Targeting the main arsenic in soil anomaly (GCD003) was unsuccessful, probably due to these man made artefacts in the data.

GCD001 was targeted below the termination of the lower Gold Crest adit at the head of the valley. The target is the promising quartz lode that is accessed via three adits driven to the NW. The adits intersect the NNE trending, NW approx. 50^{o} dipping quartz vein that varies between 10 and 60cm. The upper adit which accesses the lode had a stoped area that was able to be located at surface to help with targeting. A vein was reported to be present at the end of the adit and previous work had identified arsenopyrite bearing vein material. Sampling returned values to 24.75g/t gold from arsenopyrite – pyrite - quartz veins and 0.53g/t gold from granodiorite wall rock.

The strike of the lode is approximately equivalent to that of the nearby Enterprise lodes, where Frontier's previous drilling returned results to 4m of approximately 12g/t gold. Historically the drive on the mineralisation in the lower Gold Crest adit returned a peak assay of 3oz/tonne gold with 6% copper. Other historic sampling has returned grades varying from 3.5 to 66g/t gold and 3.5 to 112g/t silver.

The ideal drill pad to the northwest of the workings would have required significant track work and MRT discouraged disturbance in this area. Drill hole GCD001 was eventually targeted from the west directly beneath the high grade rock chip samples in the lower Gold Crest adit.

Brown weathered Mathinna Beds and sparse quartz clast bearing eluvium was drilled from surface to 7.5m in GCD001. Weathered and oxidized granodiorite clays extend from beneath the eluvium to 48.5m, with minor relict sulphide evident locally to 5% over 40cm zones. Mica is evident in the upper portion of this zone.

A 6cm xenolith of fine grained moderately hornblende banded granodiorite bearing approximately 8% sulphide at 83.8m possibly reflects forceful intrusion induced marginal flow alignment accompanied by porphyry carapace mineralization. Scattered zones of diffuse edged semi-pervasive to pervasive silica-sericite alteration overprint the biotite-hornblende-granodiorite. Minor carbonate in vein and semi-pervasive form accompanies these more broken zones, which also bear some disseminated pyrite and trace chalcopyrite. Numerous quartz veinlets are reported from 92.8 to 113m, averaging approx. 3% of the intersection. The quartz veins are less than 3cm and typically contain galena and arsenopyrite similar to the mined Gold Crest lode.

Targeting the Gold Crest quartz veins with drill hole GCD 001 was unsuccessful, returning minor zones of weakly gold anomalous (to 0.2g/t gold from 43 to 47m) silica-sulphide mineralisation. This demonstrated the complexity of the lodes.

Drill hole GCD002 targeted anomalous gold in soils and trenching, located approx. 150m NE of Gold Crest on the margin of a magnetic low zone that delineates the granodiorite. The targeted soil anomaly ranges from 0.115 to 0.190g/t gold and 340 to 700ppm Arsenic, whilst trenching returned 0.42g/t gold over 16m in granodiorite plus 18m of 0.117g/t gold within the adjacent Mathinna Beds. Along strike 50m NE, another trench returned 40m at 0.177g/t gold, providing scope for further drilling subject to results obtained. GCD002 was directed beneath historic drill hole LSD04. LSD04, despite the reported very poor 18% core recovery, returned a very encouraging mineralized interval of 18.35m of 0.78g/t gold from 1m in granodiorite with minor aplite/leucocratic granite dykes. This result included anomalous gold ranging between 1.74 and 3.63g/t gold, from 4.4 to 6.4m. Recent modifications to drilling practices by Frontier Resources at the Lisle Project have returned significantly improved recoveries and time efficiencies from weathered granodiorite.

Hole GCD 002 tested beneath historic drill hole LSD 004, from a 25m step back providing an intersection in fresh mineralisation. Frontier's improved drilling techniques developed through experience in the area resulted in good core recovery. A broad 91m low grade zone grading 0.29g/t gold (from 4m) was intersected in GCD002 and included 16m grading 0.93g/t gold (from 16m) plus 0.45m grading 5.67g/t gold (from 85.7m).

GCD003 tested the middle of a 600m long zone of NE trending anomalous gold (to 1.21g/t) in soils, that appeared to be sub parallel to the Enterprise vein trend. The target being drilled was also a potential SW strike extension of the LSD004 area mineralization based on the soil trend. GCD003 returned no anomalous gold results

The anomalism at GCD002 was followed up by drill hole GCD004, located 40m NE along the strike of the geochemical anomaly, directly targeting a gold anomalous zone in historical Trench 7 which assayed 40m of 0.18g/t gold. The entire length of hole GCD004 comprised hornfelsed Mathinna Beds, although a similar style alteration to

that in GCD002 was encountered. Significant intervals include a wide zone of semi-pervasive silica-biotite-pyrite veining from 54 to 73m and quartz-arsenopyrite veining from 21.4 to 21.7m and from 92.2 to 93.6m. Assay results were disappointing. A drill hole was originally planned to test the Queenslander workings, however adit inspections and soil data suggested this area was barren.

Orientated core from GCD002 and GCD004 showed the presence of near flat lying thrust fault hosted and structurally related moderately north-west dipping quartz, biotite, sulphide and silica-sericite altered mineralized structures. These observations indicate potential for mineralised ore shoots plunging shallowly to the north-east in the LSD04 area. The observed pinching of the Gold Crest veins at depth (targeted by GCD001) is also likely explained and further targeting at Gold Crest and Enterprise Prospects can be modified accordingly. Not all the workings at Gold Crest have been drill tested, however mineralisation seems to be limited to the Granite-Mathinna contacts.

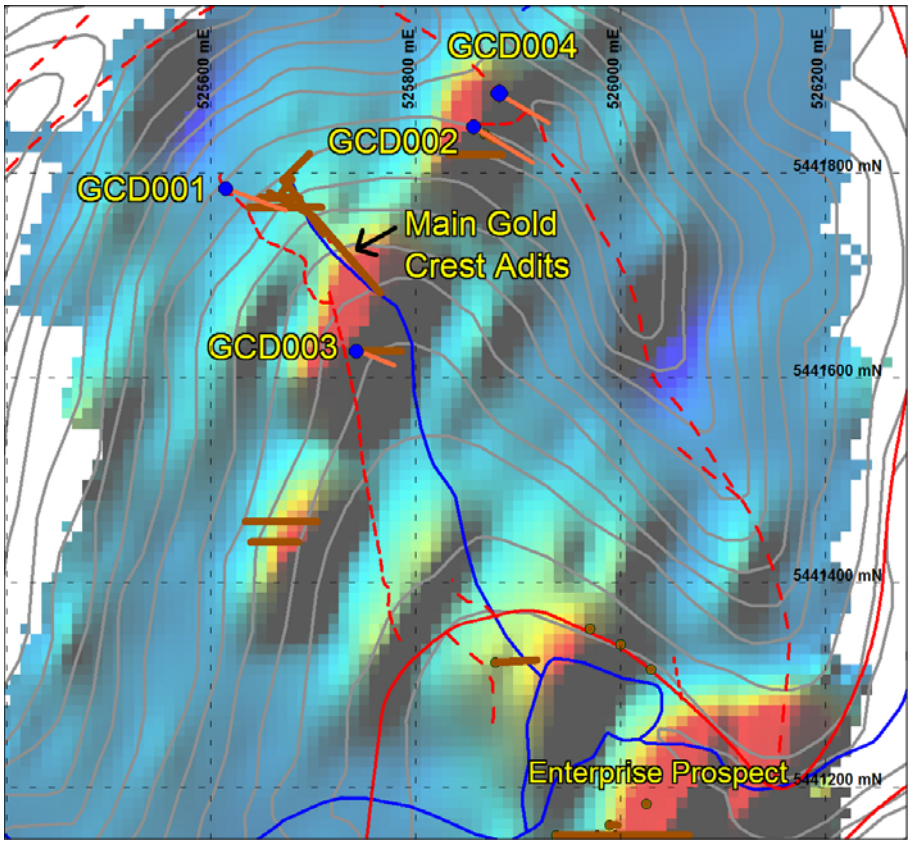

Figure 6 - Gold Crest Drill Collars over gold in soils

DISCUSSION AND PROPOSED WORK

Frontier Resources has committed to exploration on EL2/1992 and intend to drill again in 2008. The potential for mineralisation along strike to the NE of the Wilson Symonds workings will be considered and further assessment of the soil targets in the Panama Valley will be undertaken.

Some targeting within EL2/92 can be assisted by GIS analysis of existing data sets. Work programs involving drilling will be assessed and undertaken in due course, subject to evolving exploration strategy.

Potoroo

Fault and lithological relationships from limited trench and ground data, combined with regional magnetic lineament interpretation supports a 220^0 / moderate to steep west dip orientation for a quartz-arsenopyrite veined fault on the western intrusive margin at Potoroo, which lies at magnetic lineament intersections at an ENE orientated major terrain boundary. This orientation is comparable with Panama Lode orientation of 230/70W. Given this comparison and since the existing 150m long line of 135^0 directed drill holes are all collared in granite, potential exists to drill test parallel to and north of the current holes, aiming to intersect the faulted granodiorite contact. This action would drill an untested magnetic high located immediately north-west of most of the current drilling.

Extending PD002 is also warranted since the hole terminates in mineralisation. The extensive low grade gold mineralisation (130m @ 0.2g/t) is sub parallel to the dip of the faulted, quartz-arsenopyrite veined intrusive margin.

Panama

Auriferous vein orientations within the drill holes are consistent with those measured within the Wilson–Symonds workings, whilst some lower grade veins differed, being at low angle to core. Further analysis of the results and the areas structure is to be undertaken to assess potential for plunging ore shoots and provide confidence for future targeting.

Further drill testing along strike at the Wilson-Symonds workings at Panama is possible, however disappointing assays from the recently drilled PVD003 and PVD004 suggest the along strike potential of any mineralisation is limited to areas northeast of previous drilling. Good drill targets also exist in the surrounding valley area. In terms of regional setting, interpretation of MRT magnetics indicates that Panama lies at the intersection of major regional terrain boundaries. Further, magnetic lineament analysis places an interpreted structural intersection in the immediate Wilson – Symonds mine area. A coincident discrete and intense magnetic high at this point is shown to represent pyrrhotitic granodiorite and veined sediments, with strong similarities to Potoroo. Structures adjacent to this high are all potential intrusion related gold targets.

Significant untested gold mineralization potential exists in the Panama Valley. Targeting of lode gold is improved given that Frontier has demonstrated that magnetic anomalies are associated with pyrrhotitic granodiorite and overprinting (gold-related) silica-sericite alteration is apparently magnetite destructive producing clear magnetic lineaments. The distribution of anomalous arsenic in widely spaced soil sampling correlates with these magnetite destructive zones. Whilst, the ground magnetic and soil sampling data is at present sparse, it does delineate targets worthy of testing. A particularly prospective target is the subtle magnetic low coincident with the termination of the historically mined gutter of auriferous specimens. This area is potentially targeted by a RAB drilling program.

An extension of the ground magnetics coverage to link the Potoroo and Panama prospects is possible to delineate areas of magnetic granodiorite and structurally focussed targets.

Gold Crest

The Gold Crest area provides potential for both high grade lode style veins and low grade disseminated gold mineralization in granodiorite. The physiography of the area is a depression associated with the deeply weathered granodiorite “cupola” and outcrop is scarce as a consequence. Determining the orientation and location of the veins is difficult due to the limited exposure and targeting the veins at the end of the gold crest adits may be practical from other directions, however drill pads were not particularly easy to site due to the steep slopes approaching the ridge. This does not preclude side cutting the slopes to create more drill pads, however deep trenching is likely to be the only way to expose further veins and collect more orientation information

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APPENDICES

Appendix 1 – Drill Logs

Appendix 2 – Analysis Reports

Appendix 3 – Rehabilitation Report

All drill sites at the Gold Crest (GCD001-004) and Wilson Symonds prospects (PVD001 – PVD004) were rehabilitated using an excavator to cover tracks with brush to help regeneration by seed dispersal. All drill collars were capped and tracks that had accessed steep sites had water grips cut in them to aid drainage and discourage recreational four wheel drive vehicles.

Photo 1 – Rehabilitated track to GCD001 (lower)

Photo 2 – Rehabilitated track to GCD001 (upper)

Photo 3 – Rehabilitated track to GCD001 (bottom)

Photo 4 – Rehabilitated track to GCD002 (drill pad)

Photo 5 – Rehabilitated track to GCD003 (drill pad)

Photo 6 - Rehabilitated Sump at GCD004

Photo 7 – Capped collar at PVD001

Photo 8 – Capped collar at PVD002, rubbish in foreground removed from site

Appendix 4 - Digital Data

Digital Data File List:-

EL021992_200706_01_Report.pdf
EL021992_200706_02_Logs.pdf
EL021992_200706_03_Analysisoriginals.pdf
EL021992_200706_04_DH_ Collar.csv
EL021992_200706_05_DH_ Survey.csv
EL021992_200706_06_DH_Analysis.csv
EL021992_200706_07_Soils1995.csv
