ICON RESOURCES LTD

ANNUAL REPORT
Period ending 9 February 2008

HENTY ROAD – EL47/2004

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1 ABSTRACT

Henty Road EL47/2004 is held by South Eastern Resources Pty Ltd (SER), a wholly owned subsidiary of Icon Resources Ltd.

The 23 sq km licence straddles the Henty Road, south of Zeehan in Western Tasmania. The main focus of exploration on the lease has been on the Grieves Siding prospect where zinc mineralisation occurs within the Ordovician Gordon Limestone, mostly as a complex of zinc 'oxides' and in near-surface peat-hosted sphalerite.

Icon completed a 3D-IP survey over the Gordon Limestone sequence to identify potential sulphide-rich zones, not previously tested by drilling.

A two-part diamond drill program was completed. The first phase of 4 holes (IPD001 to IPD004A) targeted deeper primary zinc mineralization, potential mineralization in a possible "feeder zone" - the Grieves Fault and zinc hosted in the oxide clay zone at the base of the Gordon Limestone sequence. Only IPD002 returned significant zinc results up to 3.7% Zn.

The second phase of diamond drilling tested three chargeability anomalies identified in the 3D IP survey (IPD005 to IPD007). All holes intersected zones of fine disseminated pyrite, but with no associated significant zinc mineralization.

An excavator/auger sampling program of 52 pits was completed to extend and up-grade the peat-hosted zinc resource. Significant zinc results up to 28.6% and lead results up to 3.79%, were returned from the Grieves peat samples. This program extended the previously known zone of zinc peat mineralization to the north and widened the zone (east-west) in the area south of the Grieves Fault.

Extensive metallurgical test work of zinc-rich peat has been conducted by Kaolin Technology Pty Ltd and Ka Pty Ltd using bulk samples collected by Zinifex in 2006. In August, 2007 an agreement was signed with Rogers Chemical Engineering Pty Ltd whereby RCE would manage the ongoing test work

2 INTRODUCTION

This report details the work completed on EL47/2004 for the period ending 9th February 2008.

The main focus of work has been the Grieves prospect of carbonate-hosted zinc mineralisation and overlying peat-hosted zinc. The mineralisation lies under swampy button grass plains adjacent to Henty Road, about 12 km south of Zeehan.

3 TENEMENT STATUS

Henty Road (EL47/2004) covers 23 sq km on either side of Henty Road, south of Zeehan in Western Tasmania (Figure 1).

Henty Road was granted to South Eastern Resources Limited (SER) on 10 February 2004 for a period of five years.

In September 2005 Zinifex Australia Limited (Zinifex) signed a one-year option agreement with SER. The option committed Zinifex to expenditure of $120,000 on the EL and expired on 30th September 2006.

In January 2006 Icon Resources Ltd, (Icon), in a related-party transaction, purchased two-thirds of South Eastern Resources and the remaining (unrelated) one-third after Icon listed on the ASX in June 2006.

4 TOPOGRAPHY AND ACCESS

The Henty Road, linking Zeehan and Strahan transects the license, providing ideal access. East of the road the license falls within the Dundas Regional Reserve and west of the road is within State Forest.

In the area of the zinc prospects the Henty Road traverses the Badger River valley. For several hundred metres either side of the road there are low-lying swampy button grass plains overlying weathered limestone. The plains are flanked west and east by escarpments of sandstone quartzite 70-90m high.

5 GEOLOGY

5.1 Regional Geology

The regional geology of western Tasmania was dominated by rifting during the Late Precambrian to Early Cambrian. This was followed in the Early to Mid Cambrian by arc-continent collision, subduction and ultramafic allochthon emplacement. The Dundas Trough developed containing siliciclastics and volcanic derived sediments. To the east and interfingering with the sediments the Mount Read Volcanics were being formed. The base of the Ordovician sequence is typically localized conglomerates ands grades up to sandstones and carbonates. The Mid Ordovician carbonates of the Gordon Group are part of a widespread sedimentary basin with variable rates of subsidence. These are the host rocks for prospects within the license (Figure 2).

5.2 Local Geology

The rocks in the license are a conformable Ordovician to Devonian sedimentary sequence overlying Cambrian basement. Cambrian basement rocks occur in the southern part of the license and are mainly interbedded siltstone and sandstone with some magnetic mafic igneous rocks.

The basal unit of the Ordovician sequence is the pink, silicified and coarse grained Owen Conglomerate. Within the lease it is overlain by siliceous fine grained Moina Sandstone. To the east of the lease the Moina was faulted-out, or deposited only to the west as a result of syn-depositional faulting.

Overlying the Moina Sandstone is Ordovician Gordon Limestone, assumed to be at least 700m thick within the licence. The dark grey limestone contains various facies including a basal bioclastic argillite and oolite which has been pervasively dolomitized and sideritized.

The Lord Siltstone, a fine grained argillaceaous unti, forms a marker throughout the Gordon Limestone. An Upper Dolomite unit is recognized in the Zeehan area.

There are occasional outcrops of limestone visible in road cuttings and the limestone has been strongly weathered to a depth of several hundred metres. The top 20m is highly weathered to form an undulating surface that has been infilled by organic material (peat) and “slumped” blocks of limestone. The peat is overlain by up to 8m (usually <2m) of hard Moina Sandstone gravel that has shed off the escarpment from the southeast and a surface veneer of swampy peat.

The Gordon Limestone is conformably overlain by Silurian Crotty Quartzite that dips steeply northeast.

The Owen Conglomerate, Moina Sandstone and Crotty Quartzite form 70-90m high escarpments either side of the low-lying weathered limestone.

The sediments are folded around axes trending NW and cut by a series of NW-trending faults (Figure 3).

6 PREVIOUS EXPLORATION

Previous exploration has been summarised in a previous annual report (Lewis, 2006).

7 MINERAL OCCURENCES

This summary was partly compiled from Russell and Tear, 1996.

Previous explorers have interpreted zinc-lead mineralisation within the Gordon Limestone to be pre-Devonian in age and unrelated to the Tabberabberan Orogeny (ie, in contrast to most of the Zeehan silver-lead field). The Gordon Limestone was deposited at the end of a period of major tectonic activity that produced the Mount Read Volcanics. Hydrothermal systems may have continued to emit metals into the Gordon Limestone via basement and syn-sedimentary faults.

Five zones within the Gordon Limestone have been recognised as targets for zinc-lead mineralisation.

- Stratabound at the lower limestone-sandstone contact. This zone is characterised by carbonaceous and/or ferruginous clays less than 50m thick above the contact with the Moina Sandstone. It can be overlain by a massive siderite zone less than 25m thick.

- Stratabound at the upper limestone-quartzite contact. This zone is typically within the Upper Dolomite Unit.

- Stratabound within a brecciated (possibly syn-sedimentary) and/or sideritized unit in the middle of the limestone.

- Structurally controlled discordant mineralisation. This can occur throughout the limestone sequence and may be the late-stage filling of brittle fractures.

- Surficial peat hosted: eg, at the Grieves prospect, the peat layer beneath the sandstone gravel contains significant values of zinc in zones directly overlying the limestone-hosted oxide mineralized zone. Recent work has shown the metals occur within the clays as fine colloform sphalerite and galena, apparently actively depositing within the organic carbon and "growing" in-situ (Purvis, 2006).

7.1 Grieves

Mineralisation at Grieves consists of two zones:

- Near surface peat-hosted sphalerite overlying the Gordon Limestone, at the base of the escarpment formed by Moina Sandstone.
- Sphalerite and minor galena partially oxidised to zinc oxides, carbonates and silicates to a depth of 100 to 200m. The best grades to date are from the lower limestone/sandstone contact. The peat resource occurs above this zone.

A JORC-compliant Inferred Resource was calculated by Tracie Burrows in December 2005 for the peat-hosted zinc of 409, 000t @ 3.9% Zn (Burrows, 2005). The resource is made up of three blocks as detailed below:

Table 1: Surficial Zinc Inferred Mineral Resource (Burrows 2005)

Block	**Tonnes**	**Zn (%)**
North	164 000	3.2
Central	65 000	1.1
South	180 000	5.6
Total	**409 000**	**3.9**

The above assumed a density of 1.9t/m^3 (i.e. the density of dry clay). This tonnage decreases to 337,000t using a value of1.4t/m^3, (i.e. the average wet or in-situ value of the Zinifex pits).

7.2 Other Prospects

Other prospects within the lease are summarised in the table below.

Table 2: Prospects within EL47/2004

Prospect	Description	Intercepts (% Zn)
South Grieves	Middle zone of Gordon Limestone; <20m vertical depth	ZWG1 11.8m @ 6 ZWG22 0.8m @17.5 ZWG26 1.9m @ 7.3 ZWG26 1m @ 6.9
Myrtle	Middle zone of Gordon Limestone, associated with a dolomitization	ZM1008 3m @ 6.7 ZM1008 6m @ 4.3 ZWM18 7.1m @ 2.4 ZM185 0.6m@ 14.9
Baura	Upper dolomite unit	ZG402 2.5m @ 3
Firewood Siding	Upper dolomite unit	ZF37 10m @ 0.38
Rose Valley	Silicified carbonate breccia	defined by 14 wacker samples, with max of 242ppm Zn

8 WORK COMPLETED

8.1 Excavator/Auger Sampling

A peat-sampling program was conducted in February and March 2007. The program had a number of aims:

- To extend and up-grade the peat-hosted zinc resource
- Provide bulk samples for metallurgical test work.

To conduct the sampling, and penetrate the Moina quartzite colluvium cover, a 20 tonne excavator with a 16m boom was trialled, but this proved inadequate, as long costeans were dug to reach the base of the peat.

The program was completed with two 20 tonne excavators: one to remove the Moina gravel cover and one with a PD-12 auger system with a depth capacity of 9m. The auger was 2m long with cutting flutes comprising the basal 1 metre. Attached to the top of the auger was a 6 metre length of 100mm, square section steel, which attached to the power head. An additional metre at this attachment point gave a theoretical maximum depth capacity of 9 metres. The auger could drill a hole with a diameter of 750mm.

A total of 52 auger pits were completed out of a planned 60. In eight locations the auger finished at the 9 metre depth capacity and was still coring black peat. In another dozen locations typically at the break of slope along Moina quartzite contact, no samples were collected due to excessive water in the hole.

Bulk 30-40kg samples were collected at 1m intervals in large plastic RC bags and transported to a storage facility in Zeehan. The samples were allowed to dry, before being spear sampled and sent for multi-element ICP analysis by ALS Brisbane. Samples with anomalous zinc results were later analysed for gold.

It was proposed to collect samples from each pit for bulk density determinations, but the samples were "disturbed" by the auger sample process. Only 6 bulk density samples were collected and submitted for Dry and Wet Density and for Moisture Content.

Figure 5 shows the auger site locations, and appendices 1 and 2 contain location details and assay results.

8.2 3D-IP Survey

Exploration for primary mineralisation included a 3D induced polarization survey covering the Gordon Limestone sequence to the west and north of the known mineralisation at Grieves Siding, including the Grieves South and Baura prospects.

The survey was conducted by SJ Geophysics Ltd, in April 2007. The total area surveyed was approximately 2.4km by 3.2km along 17 lines oriented east-west, as shown in Figure 4. The central portion of the grid was extended to cover an additional area of 0.8km by 2.5km.

The initial 9 transmitter lines were approximately 2400m long with station spacing of 100m. The 8 receiver lines were 1600m with 100m stations. Lines 47600N and 47800N were shortened by 1000m due to a narrowing of the target rock unit. At the end of the survey, lines 9200N to 8400N were extended to the west by 2000-3000m. The grid was put in by chain and compass concurrent with the IP surveying. Due to the last minute nature of the survey, line cutting was minimal, and thus some lines were deliberately skewed to avoid sections of extremely dense scrub. GPS and clinometer data was recorded for all stations.

Figure 6 shows the results of the survey at a depth of 50m below the surface topography. Appendix 3 contains the SJ Geophysics logistics report and the 3D data files in included in appendix 4.

8.3 Diamond Drilling

Two diamond drill programs were completed, using OME drilling contractors. The initial program of 4 holes totalled 722m. The first hole, (IPD001) was designed to test the basal contact mineralisation at depth, targeting primary sphalerite ore. Holes IPD002-004 tested infill areas of zinc 'oxide' mineralisation near the Grieves Fault and the Fault itself.

The second program of 3 vertical holes (IPD005-007) for 884m, were drilled to test discrete chargeability anomalies (+35msecs) defined by the 3D IP survey (Figure 6).

Samples were collected from logged altered and mineralised zones, and submitted to ALS Brisbane for multi-element ICP analysis. Samples with anomalous zinc results were later analysed for gold.

Drill hole locations are shown in Figure 6, and collars, down-hole surveys, assays and geological logs are included in appendices 5 to 8. Logging codes are included in appendix 9.

8.4 Metallurgical Test Work

Extensive metallurgical test work of zinc-rich peat has been conducted by Kaolin Technology Pty Ltd and Ka Pty Ltd using the bulk samples collected by Zinifex in 2006 to see if a marketable concentrate can be profitable produced.

Results have been sufficiently encouraging that in August 2007, a contract was signed with Rogers Chemical Engineering Pty Ltd to manage the ongoing testwork and, if successful, develop a pilot plant.

The results to date can best be described as sufficiently encouraging to demand that further work be done but not yet sufficiently definitive that Icon should move to the pilot plant phase.

So far, work has concentrated on the sphalerite in the near-surface peaty clays. Regardless of the outcome of this work, the tests will be expanded in 2008 to include the underlying zinc oxides, to determine a profitable treatment process of this higher-grade and more voluminous resource.

9 RESULTS

9.1 Excavator/Auger Sampling

Significant zinc results up to 28.6% and lead results up to 3.79%, have been returned from the Grieves peat samples. The best result was from pit IPP011 between 1-4m, in the central zone, south of the Grieves Fault, with 3m @ 19.65% Zn, including 1m @ 28.6% Zn, and 2m @ 3.33% Pb.

The pit samples have extended the previously known zone of zinc peat mineralization in two areas:

- Extended the zone to north and,
- Widened the zone (east-west) in the area south of the Grieves Fault.

Out of a total of 52 pits, 19 pits returned results >1% Zn and 14 pits returned results >2.5% Zn. The pits were sampled at 1m intervals and these results are from depths of up to 8m, with most intercepts being from 0-4m deep. Locations of results >2.5% Zn are shown in the attached figure.

Intercepts above 2m in width, listed from north to south are summarized below.

Pit	Depth	Zn%	Location Desc
IPP039	5-8m	3m @ 4.13	northern extent of peat zone
IPP047	4-8m	4m @ 3.89	just north of Grieves Fault
IPP045	6-9m	3m @ 2.43	as above
IPP033	0-3m	3m @ 5.71	central zone, south of Grieves Fault
IPP032	0-4m	14m @ 13.69 incl 2m @ 1.14% Pb	as above
IPP025	1-3m	2m @ 5.05	as above
IPP010	1-4m	3m @ 10.06	as above
IPP011	1-4m	3m @ 19.65 incl, 2m @ 3.33% Pb	as above

9.2 3D-IP Survey

The 3D IP survey defined a number of +35msec chargeable zones, not previously tested by drilling. These zones can represent either sulphide mineralisaton and/or carbonaceous-rich sediments.

The chargeability anomalies occur to the north of the Grieves prospect, at Grieves South and to the west of the Grieves prospect. The anomalies to the north and west of Grieves could represent extensions to the zinc mineralisation not previously detected by surface sampling. The chargeability anomaly at Grieves South was not intersected by previous drill holes.

9.3 Diamond Drilling

All diamond holes intersected extensive zones of solution-cavities filled with fine sand and re-worked peat and limestone fragments at depth. Hole drilled close to the basal contact with the Moina Quartzite intersected the zinc-mineralised oxidised clay-rich zone, just above the contact.

- **IPD001**

Target: IPD 001 targeted the basal horizon of the Gordon Limestone, beneath ZG 416 which is the deepest existing drill hole that registers significant zinc. The aim was to test for primary sulphide mineralisation approximately 150m down dip of the existing oxide resource in attempt to locate the un-oxidised 'source' of the mineralisation.

Results: Drilling of the holes was hampered by difficult ground conditions including voids up to 3m wide.

The hole was terminated in Moina Sandstone at 314.95m. Within the basal zone of interest, sulphide as pyrite was noted in a singular 10mm wide breccia band where it occurred as discrete, slightly milled clasts <1mm and allocthonous in nature. Sulphide was also noted as very finely crystalline pyrite in dark grey to black, incompetent, soft limy mud. An epigenetic alteration zone was noted that exhibited boxwork structure, it being resistant in nature with an unidentified mineral leached out and forming a mesh like texture.

Assays returned only weak zinc-oxide mineralisation intersected about 150m down-dip from the previous deepest intersection.

- **IPD002**

Target: Infill hole drilled into the zinc-oxide zone in the 100m gap between the Grieves Fault and the next fence of diamonds holes to the north.

Result: The observed lithologies mimic those found immediately to the north on Section 48225N and some minor sulphide as pyrite was observed. The best results of 1.5-3.67% zinc were returned from the carbonaceous clay horizon intersected between 75.5 and 81m.

- **IPD003**

Target: test the idea that the Grieves Fault was a conduit for mineralisation – the spatial relationship of faults and mineralisation being a recognised feature of Irish Style deposits. The hole was collared on the north side of the Grieves Fault.

Results: The intersected the fault between 57m and 144m (EOH) and was stopped before the Gordon Limestone-Moina Sandstone contact due to ground conditions and the poor quality of core obtained.

The Grieves Fault Zone was characterised by breccia (poorly sorted, angular, clast supported, monomictic and comprised predominantly of mid to dark grey lime mudstone and lesser calcite vein material with a soft sand matrix.

Numerous sand-filled voids occur against more competent lime mudstone wall rocks that give core scale unconformity surfaces that are curvilinear- consistent with solution cavities. These karst solution cavities are variable in width. The sand matrix in the breccia and voids is not considered in-situ, so no samples were taken below 57m.

Samples collected above the fault zone, from lime mudstone with calcite veins, did not return any anomalous results.

- **IPD004/IPD004A**

Target: test the idea that the Grieves Fault was a conduit for mineralisation – the spatial relationship of faults and mineralisation being a recognised feature of Irish Style deposits. The hole was collared in the hanging wall with the secondary aim of coring beyond the fault and into the basal lithologies of the Gordon Limestone. The intended depth of the hole was to be in the shallow to moderate range.

At 40m the rods were pulled for a bit change rods and as the hole was re-entered a the bit 'cut a lip' in one of the innumerable voids and a new hole was commenced at 19m.

Results: The hole cut the Grieves Fault and intersected large intervals of monomictic fault breccia in a clay matrix with good recoveries. The mineralised carbonaceous-clay horizon at the base of the limestone sequence was intersected between 156-158m. The hole was stopped just short of the Moina Sandstone contact due to excessive water and the rods becoming repeatedly bogged.

The hole was partially sampled, and no anomalous zinc results were returned. It has been noted that the carbonaceous-clay horizon was not sampled, and this is currently in progress.

- **IPD005, IPD006 & IPD007**

Target: These holes were drilled to test three IP chargeability targets peripheral to previously defined zinc mineralisation. IPD005 was drilled to north of existing Grieves diamond holes and near the Moina Sandstone contact. Holes IPD006 and IPD007 were drilled to the west of Grieves, near and just south of the Henty Road.

Results: IPD005 intersected minor zinc-bearing siderite alteration and clay pug adjacent to the basal contact, with the IP response interpreted to relate to fine disseminated pyrite within the host carbonates. This zone returned slightly elevated zinc results between 0.1 and 0.5% from 356 to 374m

Holes IPD006 and IPD007 interested bioturbated lime mudstones in the upper part of the Gordon Limestone sequence, with zones of 0.5 to 12.5% pyrite. Samples did not return any significant zinc anomalism.

9.4 Metallurgical Test Work

Extensive metallurgical test work of zinc-rich peat has been conducted by Kaolin Technology Pty Ltd and Ka Pty Ltd using bulk samples collected by Zinifex in 2006.

In August, 2007 an agreement was signed with Rogers Chemical Engineering Pty Ltd whereby RCE would manage the ongoing test work.

10 ENVIRONMENTAL

Works so far carried out by Icon Resources that have physically impacted on the environment include: Diamond drilling, mobilization and de-mobilization of the drill rig, auguring "peat" and to a minor extent geophysical IP surveys.

Rehabilitation of the 6 drill sites has been completed, and these sites continue to be monitored and photographed.

A rehabilitation report is included in appendix 10.

11 EXPENDITURE STATEMENT

Total expenditure on EL6297 for the year period 1st February until 31st December 2007 is $890, 563.

	$
Personnel	36, 784
Geology	54, 256
Geophysics	95, 093
Geochemistry/Assays	7, 070
Drilling	433, 973
Resource	7,890
Metallurgy	107, 460
Field Expenses/Consumables	2, 706
Travel/Accom/Vehicles	63, 437
Office costs	934
Subtotal	809, 603
10% Admin	80, 860
Total	**890, 563**

12 REFERENCES

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