JAGUAR MINERALS LIMITED
TEMMA PROJECT
EL 27/2005
ANNUAL REPORT FOR THE PERIOD
23 MARCH 2007-22 MARCH 2008

JAGUAR MINERALS LIMITED

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Map 1:25,000: Ordnance 3042 and Temma 3043.

EXECUTIVE SUMMARY

The Temma Project, EL27/2005, is located in NW Tasmania about 20 kilometres SW of Arthur River. The Mesoproterozoic Rocky Cape Group contains the oldest rocks in the area and forms the basement sequence in northwest Tasmania. It consists of a thick, unfossiliferous, dominantly siliciclastic shelf sequence, consisting of interbedded sandstone and siltstone, carbonaceous pyritic siltstone and shale, quartz arenite and chloritic siltstone. Transgressive NNW orientated, elongate, shallow, magnetite rich ironstones occur in the Temma area. They have variable thicknesses and contain uneconomic amounts of sphalerite, galena, hematite, pyrite, chalcopyrite, and iron-manganese carbonates and silicates. Mineral deposits of a secondary nature include alluvial tin, and sub-economic coastal sand dune deposits containing cassiterite, zircon, rutile and chromite.

Previous explorers have drilled 7 diamond holes in the area of EL27/2005, targeting gold and base metal soil anomalies and old workings within the ironstones. At Possum Creek, hole PG1 was drilled to 86.6m in 1982. It intersected 2.6m @ 0.43% Copper (Cu), 9.0 g/t Silver (Ag) from 45.9m-48.5m, and 3m @ 1.95% Lead (Pb), 12.0 g/t Ag from 50.5m-53.5m, and 1m @ 0.7% Cu from 75.3m-76.3m. Intersections of 1.6m @ 2.2 g/t Gold (Au) were received from the Strickland area of old workings in 2000.

Work by Jaguar Minerals within the period covered by this report has included field reconnaissance and sampling of eight high priority helicopter electromagnetic (HEM) anomalies. These anomalies potentially represent base metal sulphide conductors. Reconnaissance work located outcropping graphite rich sediments at two of the anomalies. At another target, sediments containing abundant magnetite and pyrite and associated with a suspected basalt occurrence were located. The remaining 5 HEM targets remain unresolved.

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All coordinates used in this report use the AGD_1966 AMG Zone_55 Map Datum.

1. INTRODUCTION

This is the second annual report for EL27/2005. The tenement is owned and operated by Jaguar Minerals. Exploration during the period covered by this report includes:

- Researching and processing of the reports relevant to the tenement from the Mineral Resources Tasmania (MRT) Open File database.
- The collection of 168 soil samples assayed via OES Inductively Coupled Plasma (Optical Emission Spectrometry).
- The collection of 69 partial leach soil samples over target areas covered by sand dunes. The low total dissolved salt content using a weak acid enables determination of trace elements to very low detection levels.
- The collection of 17 rock chip samples.
- Compilation, processing, interpreting and reporting of results.

2. LOCATION

The Temma Project is located in NW Tasmania about 25 km south of the township of Arthur River (Figure 1). The small community of Temma lies within the licence area. It is accessible by all weather roads from Smithton, on the North West coast of Tasmania. The licence area includes freehold farmland and state forest, also Crown Land that is part of the Arthur Pieman Protected Area.

The natural vegetation ranges from coastal scrub to dense forest. In the western third of the licence area, the soils contain a blanket of sands derived from the adjacent beach dunes. The coastal Temma - Sandy Cape track, provides existing 4WD access and the east west orientated old Balfour Track. Both are only passable in dry weather conditions.

3. GENETIC MODELS

Genetic models for mineralisation would include:

- Structurally controlled Cu mineralisation within Proterozoic sediments.
- Structurally controlled Iron (Fe)-oxide hosted Cu-Au mineralisation (IOCG) within Proterozoic sediments of the Osborne Cu Au type.
- Statabound base metal mineralisation within Proterozoic Sediments. The Zambian Copperbelt in Africa provides examples of sediment hosted stratabound copper mineralisation

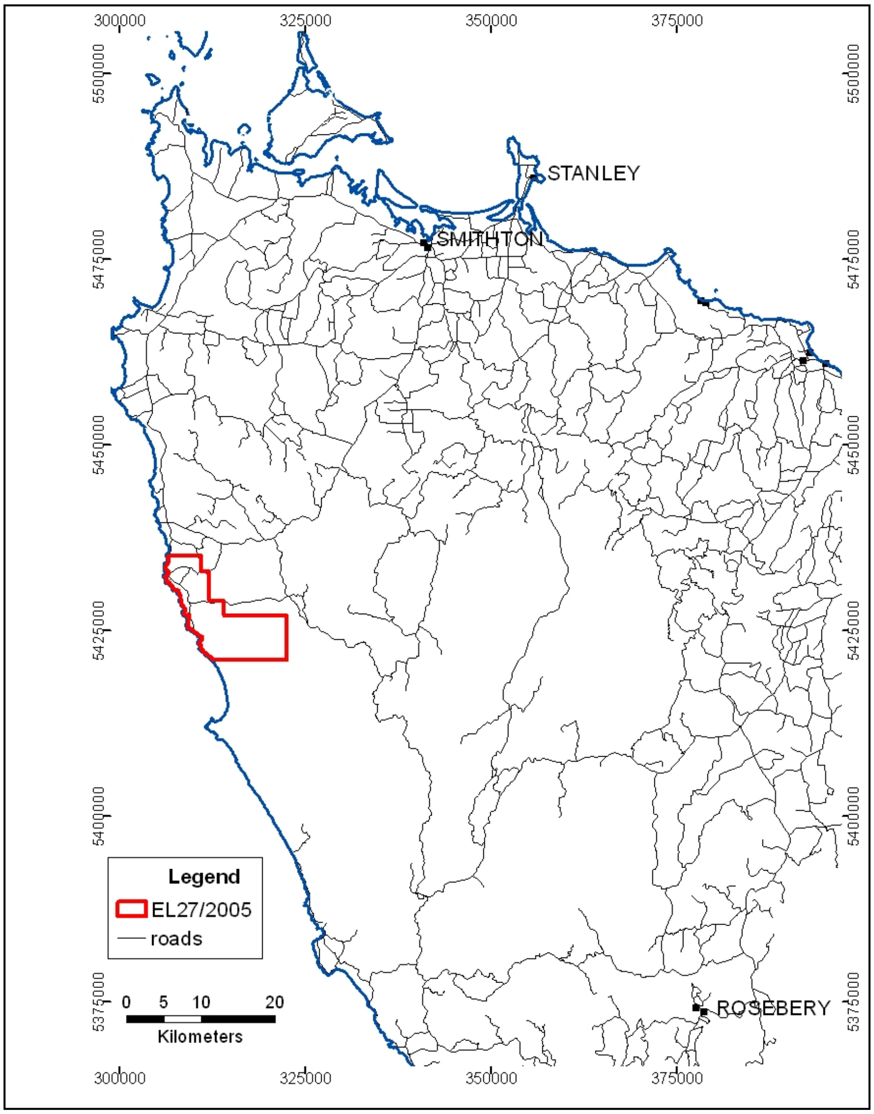

Figure 1. Regional Location Map, North West Tasmania.

4. GEOLOGY

4.1 Regional Geology

The Mesoproterozoic Rocky Cape Group contains the oldest rocks in the area and forms the basement sequence in northwest Tasmania. It consists of a thick, unfossiliferous, dominantly siliciclastic shelf sequence, the basement of which is unknown. According to the most recent classification (Everard *et al*., 2002), the Rocky Cape Group had been divided (from youngest to oldest) into:

Jacob Quartzite
Irby Siltstone
Detention Subgroup
Cowrie Siltstone

Balfour Subgroup
Lagoon River Quartzite
Pedder River Siltstone

The Balfour Subgroup consists of interbedded sandstone and siltstone, carbonaceous pyrtic siltstone and shale, quartz arenite and chloritic siltstone. It conformably overlies the Lagoon River Quartzite and is apparently conformably overlain by a correlate of the Cowrie Siltstone in the vicinity of Balfour. The Balfour subgroup and the Cowrie Siltstone are potential source rocks for copper mineralisation along the Balfour copper belt and in the Temma area. This will be discussed in the section on genetic models.

A tectonically stable, shallow marine depositional environment is suggested for the formation of the quartzites. In contrast, the Cowrie Siltstone is mainly carbonaceous, and diagenetic pyrite is very common, indicating reducing depositional conditions. The presence of likely anhydrite casts in the unit is consistent with shallow water, locally evaporitic conditions. The Balfour Subgroup represents a much higher-energy environment with current-influenced deposition than the Cowrie Siltstone.

The Rocky Cape Group is overlain by the Togari Group of Neoproterozoic-Early Cambrian age. A low angle unconformity separates Rocky Cape Group rocks from the overlying Togari Group along the eastern margin of the Smithton Synclinorium, near the mouth of the Black River east of the Smithton. The Togari Group is up to four kilometres thick and mainly consists of conglomerate, dolomite and chert, siliceous and volcaniclastic sedimentary rocks, and basalt. It is divided into the Forest Conglomerate and Quartzite (0-120m thick), Black River Dolomite (≤ 800m), a sequence of intercalated lithicwacke, tholeiitic basalt, diamictite, lithicarenite, hematitic ironstone, mudstone and impure carbonate (Kanunnah Subgroup ≤ 1400m), Smithton Dolomite (≤ 1500m), and the uppermost Salmon River Siltstone (≤ 350m).

The basalt units (Spinks Creek Volcanics) form the middle to lower part of the Kanunnah Subgroup and are thickest east of the Roger River Fault. They mainly consist of massive to locally pillowed, dominantly tholeiitic basalt. The volcanic rocks are metamorphosed up to the prehnite-pumpellyite or, rarely, greenschist facies. They are commonly anomalous in copper, reaching up to 590 ppm. Copper appears to vary erratically and does not show any relationships with other elements. The basalt is thought to be a possible copper source for the copper mineralisation in the Temma-Balfour area.

The post-Proterozoic units present are siliceous gravel with interbedded quartz sand and clay of probable Tertiary age (?pre-basalt), Tertiary basalt and Quaternary talus, alluvium and swamp deposits. Tertiary basalt occurs mostly as thin hill cappings, which are probably the dissected remnants of an extensive series of flows that once covered much of the region. Chemically the basalts are predominantly moderately fractioned and range from basanite through alkali olivine basalt and hawaiite, to transitional olivine basalt tholeiite.

Two early phases of syndepositional extension were followed by at least four compressional phases of deformation within the area. The first two phases of deformation (D_1, D_2) are possibly of Cambrian age whereas D_3 and D_4 are considered to be Devonian in age. D_3 is the main deformation phase and is characterised mainly by north-west trending folding, some cleavage development and major northeast-directed low and high angle thrusts, one of which hosts the copper mineralisation at Murray's Reward mine along the copper belt.

4.2 Local Geology

The rocks in the Temma area mainly consist of the Balfour Subgroup and Cowrie Siltstone overlain by some minor Tertiary basalt and younger deposits of siliceous sandstone and siltstone, carbonaceous pyritic siltstone and shale, quartz arenite and chloritic siltstone. These rocks are unconformably overlain by the Togari Group, which consists of a discontinuous basal, siliceous conglomerate overlain by tholeiitic basalt and associated volcaniclastic rocks, and variably silicified dolomite.

Turner (1994) subdivided the older rocks of the Balfour area (Rocky Cape Group) on the basis of lithological associations, mainly the character of siltstone which is the most common rock type in the area. There are lithological sequences where the siltstone is dark grey (carbonaceous), whereas in other sequences it is green or olive (chloritic). The rocks along the Balfour track and west of Murray's Reward consist of conformable, east facing sequence ranging from quartz arenite to grey siltstone in the west, changing into green and grey siltstone with interbedded quartz arenite to the east, near Murray's Reward.

Based on the gravity interpretation of Leaman and Richardson (2003), the Rocky Cape Group has been overthrust onto the younger sedimentary rocks and basalt (i.e. Togaro Group) of the Smithton Synclinorium. The succession has been folded, forming the eastern limb of a southerly extension of the large anticline that occurs south of Marrawah (Seymour and Baillie, 1992). Small scale, NNW trending folds showing different plunges are also common within the area including Balfour South, on the Heemskirk Road, on the Blackwater Road and around Specimen Hill.

There are no granitic outcrops known within the Balfour-Temma area. The nearest outcrop of granite (the Pieman Granite) is at Sandy Cape, some 5 km south of EL27/2005. Most deposits (e.g. Murray's Reward), occur where the interpreted granite surface is about two to four kilometres deep.

The Temma area is structurally complex. Everand et al. (2002) have recognised at least two extensional and four compressional deformation events; these are summarised in Table 1.

Table 1. Deformational Events in the Balfour Temma Area.

Deformation events in the Balfour-Temma area (A.R. Reed and D.B.Seymour, pers.comm.)

Deformation event	*Nature of deformation*	*Description/location*	*Mineralisation*
Extension	Growth faulting associated with deposition of Rocky Cape Group	Outcrop-scale growth faulting near Temma coast	
Extension	Growth faulting associated with deposition of Togari Group	Block rotation during extension may account for unconformity between Rocky Cape Group and Togari Groups	
D_1	?Tyennan Orogany	Foliation pre-dates chlorite poryphyroblasts observed in thin sections of Rocky Cape Group rocks (e.g. southeast of Mt Frankland)	
D_2	Tyennan Orogany/ Tabberabberan Orogeny	E-W trending folds and cleavage in Rocky Cape and Togari groups (e.g. southwest of Mt Frankland)	
D_3	Tabberabberan Orogeny	NW-trending folds and thrusts. Reactivation of Roger River Fault.	Copper mineralisation (Murray's Reward mine), Sn-W mineralisation (Specimen Hill)
D_4	Tabberabberan Orogeny	Open upright north-trending folds (regionally developed)	

Extensional structures and the results of their influence on sedimentation are preserved in Rocky Cape Group rocks on the Temma coastline (Everard *et al*., 2002). Extensional structures can be economically significant as they may act as conduits for the hot, ascending metal-rich brines from which some major stratiform copper deposits are believed to have been formed (Brown, 1984).

The first two compressional deformations (D_1 and D_2) are both probably Cambrian in age (Everand *et al*., 2002). D_1 can only be seen on a microscopic scale, whereas D_2 has associated mesoscopic folds. The S_1 cleavage is commonly defined by an alignment of chlorite between variably sutured quartz and feldspar grains. It strikes about E-W and dips between 20^0 and 45^0N in weakly deformed rocks from east of Mt Frankland.

The S_2 cleavage (related to D_2 structures) is similar in form to, but typically cross-cuts S_1. It is defined by preferred alignment of chlorite grains and strikes east-west and dips about 20^0 to 45^0S.

D_3 structures are seen west of the Frankland River where a northwest-trending D_3 anticline deforms Balfour Subgroup sedimentary rocks. The northeast limb of the anticline is truncated by southwest-dipping thrusts. Reverse movement on thrusts has placed older (Rocky Cape Group) over younger (Togari Group) rocks.

D_4 structures in the Temma area are open upright folds, verging toward the west. Fold closures are evident in the aeromagnetic image south of Strickland and in the Dawson's River area, south of the Balfour Track. Steeply east-dipping D_4 reverse faults are recognised along the Temma coast, overprinting D_3 structures. Both D_3 and D_4 structures are interpreted to be Devonian in age.

A number of faults, including an east-trending fault that dissects the Possum Creek area, dominate the local structure of the Temma area.

4.3 Mineralisation

Transgressive NNW orientated, elongate, shallow, magnetite rich lodes occur in the Temma area. They are clearly seen in the aeromagnetic image, Figure 2. The deposits show similar trends to the Balfour Copper Belt. They have variable thicknesses and contain uneconomic amounts of sphalerite, galena, hematite, pyrite, chalcopyrite, Fe-Mn carbonates and silicates. Mineral deposits of a secondary nature include alluvial tin, and sub-economic coastal sand dune deposits containing cassiterite, zircon, rutile and chromite.

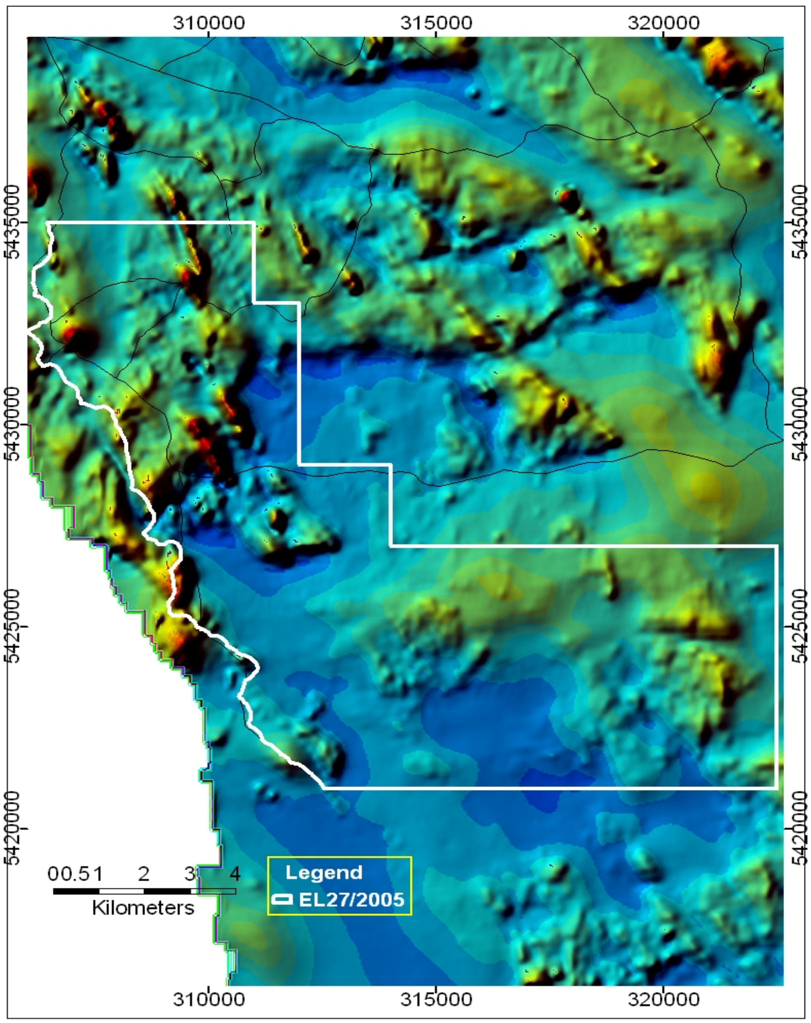

Figure 2. Aeromagnetic Image, EL27/2005.

5 HISTORICAL WORK COMPLETED

The **Strickland area** (Figure 3) was mined for copper early last century. The workings lay adjacent to the old walking track-tramway connecting the Balfour mines to the port of Temma. The Strickland workings consist of a number of shafts and trenches close to the Temma Farm track, and a second group of workings approximately 250m along strike to the north. A third group of workings lies 150m to the east of these northern workings and is suggestive of a second, parallel, zone of mineralisation.

Contemporary exploration of the area commenced in the mid 1960's when aeromagnetic surveys defined a substantial anomaly co-incident with the Strickland workings. **Pickands Mather** decided to drill test this anomaly as part of their larger exploration effort to locate resources to supplement their newly opened Savage River Mine, which was developed on Proterozoic iron formations. Two holes, T301 and T302, drilled 200m apart, tested the iron mineralisation. T301 and, to a lesser extent T302 intersected a zone of magnetic-pyrite mineralisation which was interpreted as a satisfactory explanation of the aeromagnetic anomaly. T301 intersected 22m (68-90m) of 34-44% Fe. Their locations are illustrated in Figure 3.

In the early 1980's **Geopeko-CRA** re-gridded and mapped the area and completed ground magnetic and C-horizon soil geochemical surveys. The magnetics indicates a strong schistosity-bedding conformable anomaly through the eastern workings of T301 and T302. There is as weaker, parallel trend through the western workings in the north, but interestingly no substantial anomaly over the main workings. Geochemically there is a modest Cu-Pb anomaly co-incident with the eastern magnetic anomaly, but it does not extend south as far as T301. There is a very strong Cu-Pb anomaly coincident with the northern workings on the western trend, but it does not appear to extend south over the main workings.

Geopeko-CRA re-split cores from T301 and T302. Their assaying was extensive which included gold. The most interesting result was a sample from T302, which reportedly assayed 1.5 g/t Au.

CRAE Pty Ltd drilled the magnetic units at **Possum Creek** and at **Little Eel Creek** in 1982, Figure 3. (Herman & Sumpton, 1982). Both holes intersected iron rich intervals characterised by magnetite. Gold values of up to 1.08gpt were returned from the iron-rich interval in DD82 PG1 at Possum Creek, but no values above detection limit were returned from DD82 LE1 at Little Eel Creek. Hole PG1 was drilled to 86.6m. It intersected 2.6m @ 0.43% Cu, 9.0 g/t Ag from 45.9m-48.5m, and 3m @ 1.95% Pb, 12.0 g/t Ag from 50.5m-53.5m, and 1m @ 0.7% Cu from 75.3m-76.3m. This hole targeted very anomalous soil geochemistry, up to 0.3% Cu.

In the **Little Eel** area, diamond hole LE1 was drilled to 109.7m. It intersected 10m @ 0.48% Cu from 14-24m and 1.6m @ 1.14% Cu, 0.17% Zn, 1.0 g/t Ag from 38.1-39.7m. This hole targeted a magnetic high. Host rocks were ironstones and dolomites.

Petrological examination of two samples from the magnetite bearing interval in PG1 showed a weakly sheared assemblage of magnetite-grunerite-siderite and a strongly sheared (schistose) assemblage of magnetite stilpnomelane-siderite. Both assemblages contained minor pyrite, chalcopyrite and arsenopyrite. A schistose sample from just above the magnetite bearing interval consisted of a substantially retrogressed (chloritised) garnet rich assemblage. Three samples from the magnetite bearing interval in LE1 consisted of quartz-magnetite-siderite and quartz-magnetite-sericite assemblages, each with pyrite and chalcopyrite. The assemblages in PG1 and LE1 are interpreted as being the result of pyro-metasomatism, with late formation of siderite, sericite and chlorite.

In the late 1990's **AGSO** completed an aeromagnetic survey over the region on lines 200m apart, with a mean terrain clearance of 90m and a reading interval of 7m. Flagstaff GeoConsultants modelled data obtained in the **Strickland** area for Pacific-Nevada and results were presented in a report titled:

> *"Pacific-Nevada Pty Ltd, Temma Area, NW Tasmania Geophysical Modelling"* By N. Hungerford, Flagstaff GeoConsultants, August 1999

With respect to the Strickland Prospect, this report states:

> *This prospect is the most magnetic part of a magnetic trend that extends over 4 kilometres in strike. Two closely spaced parallel trends to the north may indicate limbs of a fold, which coalesce at the Strickland anomaly. The magnetic model shows an anticline and a more steeply dipping west limb. The depth is very close to ground level.*

In 1999, **Pacific Nevada** acquired EL27/97 over the Temma area (Newnham, 2000). Since substantial parts of the T302, PG1 and LE1 cores were not assayed previously, Pacific-Nevada systematically split, re-logged and assayed all of both cores. The analytical work for PG1 shows an iron-rich interval extending from 38.62m to 58m depth. This includes 15.2 m (41.9 – 57.1m depth) of magnetite bearing material ranging 25.3% to 45.5 % Fe and returning gold assays consistent with CRA's results. Gold was not detected in the iron-rich interval (75.5-95.4m depth) in EL1. Results of the T302 sampling are listed in Table 2.

Pacific-Nevada completed three (3) cored drill holes (**S303 – S305**) totalling 552m in July 2000, to further test the Strickland Prospect (see Figure 3). The target was gold hosted by either Proterozoic iron formations or breccia zones. **S304** intersected a monotonous east-dipping sequence of micaceous siltstones and sandstones cut by major quartz-pyrite-magnetite shear zones between 159-166 m and 193.4-211.8 m. The lower interval appears to be a major structure and averages approximately 20-30% pyrite and minor chalcopyrite over a 14 m interval. Hole **S305** was designed to test the magnetic and geochemical soil anomaly associated with the group of shallow workings on the northern end of the western trend. It intersected a sequence of micaceous fine grained sediments passing down-hole into a sequence of more siliceous banded siltstones/sandstones (ribbon rock).

Table 2. Significant Historical drilling, Strickland Area.

HOLE	TOTAL DEPTH	FROM	TO	INTERSECTION
S304	248m	194.3	195.9	1.6m @ 2.2 g/t Au
		199.1	199.6	0.5m @ 0.11% Cu
		209.7	211.8	1.9m @ 0.13% Cu
S305	100m	44.7	47.0	2.3m @ 1.01% Cu
T302	48m	38.9	45.1	Pyritic fragments in very poor recovery core were all that remained. Random sampling of this zone assayed 0.22% Cu, 1.7 g/t Ag, 1.5 g/t Au.

Drilling to date supports the aeromagnetic interpretation that there are two sub-parallel zones of interest at Strickland – an eastern zone dipping steeply to the east and a western zone dipping at a shallow angle to the west. Most of the former workings are along the western zone and it appears to carry significant copper mineralisation as evidenced by both S305 and records of the main workings. No drilling has yet been undertaken beneath the main workings.

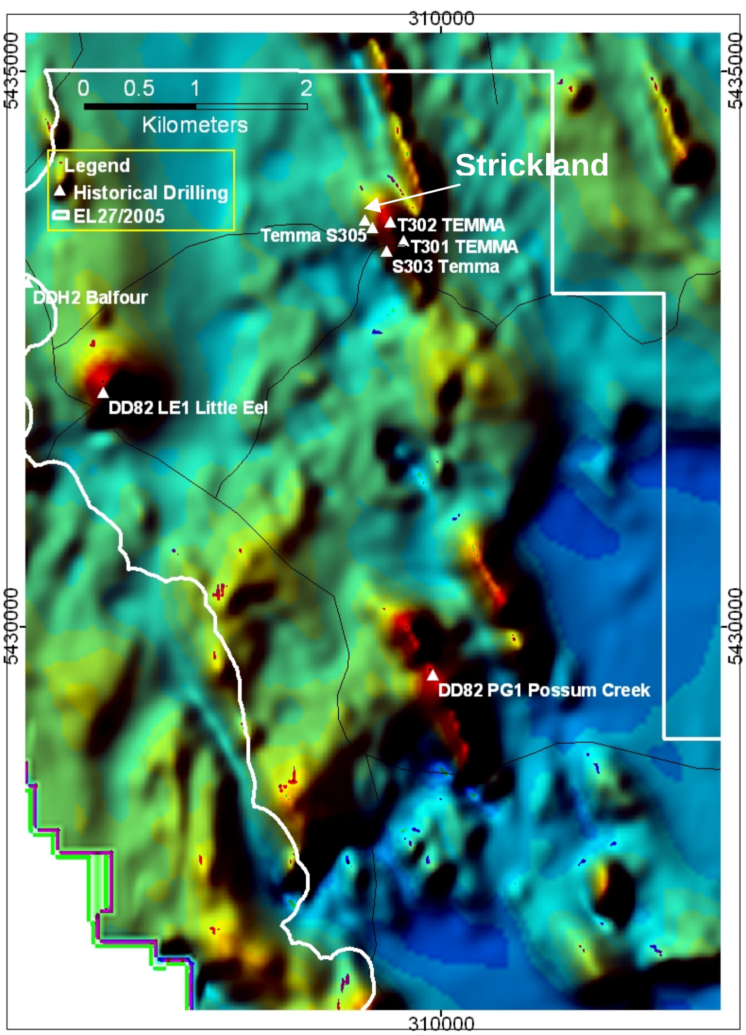

Figure 3. Location of Historical Drilling.

6. WORK COMPLETED BY JAGUAR MINERALS.

6.1 Ground Checking of Electromagnetic Anomalies.

In early 2002, Mineral Resources Tasmania (MRT) as part of the Western Tasmanian Regional Minerals Program (WTRMP) carried out a detailed helicopter electromagnetic (HEM) survey over the Balfour and Temma areas. Data was acquired with the Geotech Hummingbird System. In July 2005, Flagstaff Geoconsultants provided an interpretation of the HEM data. Analysis of 45 electromagnetic responses over EL 27/2005 (Figure 4) had identified eight high priority targets as potentially representing conductors that require further geological and/or geophysical ground follow up. These anomalies remain unexplored by modern ground based techniques. The strong and excellent discrete EM anomalies appear to be isolated 3D conductive bodies. The locations of the eight high priority targets are illustrated in Figure 5. The report by Flagstaff Geoconsultants is located in the 2007 Temma Annual Report, Appendix 2. (Busbridge, 2007).

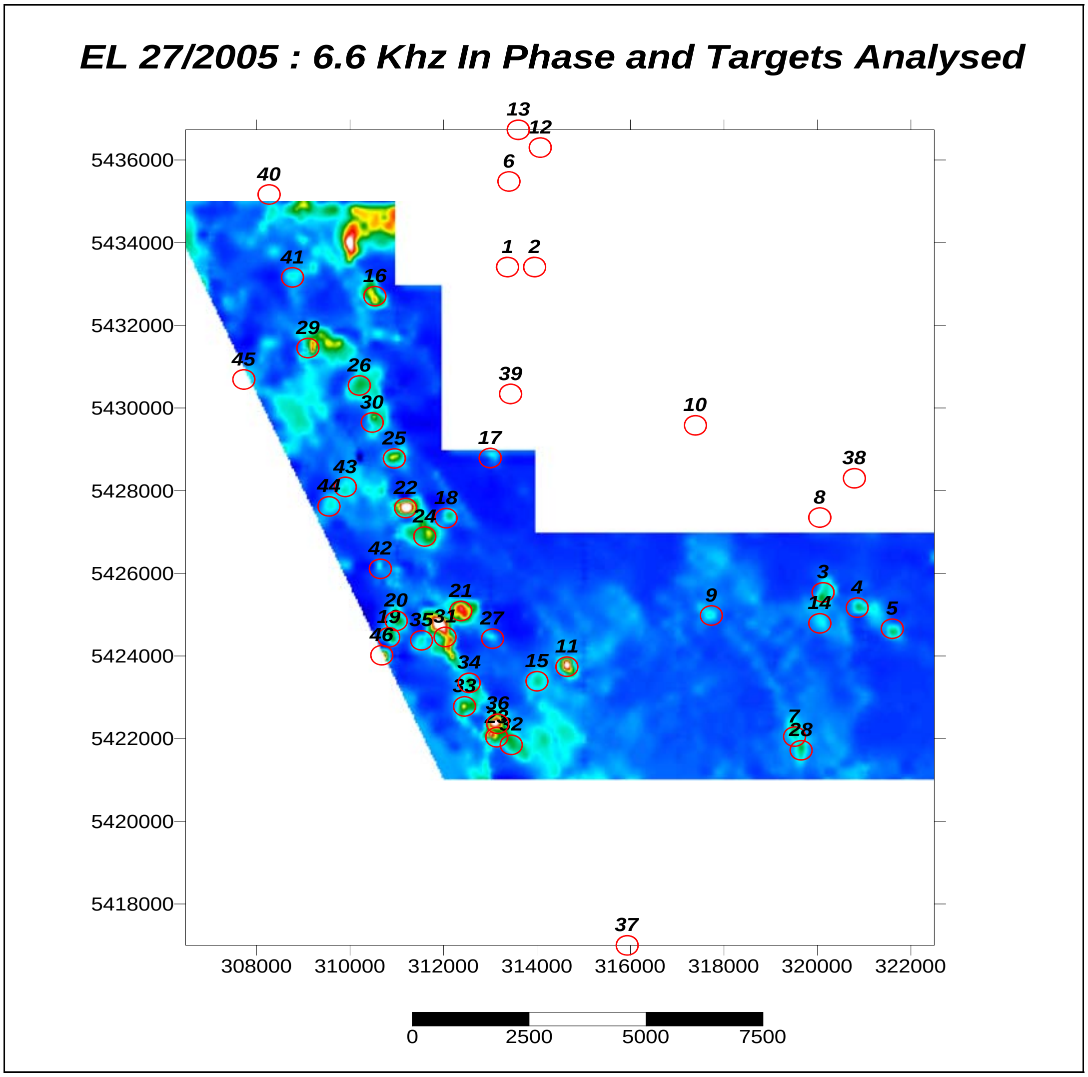

Figure 4. Location of 45 electromagnetic responses over EL 27/2005.

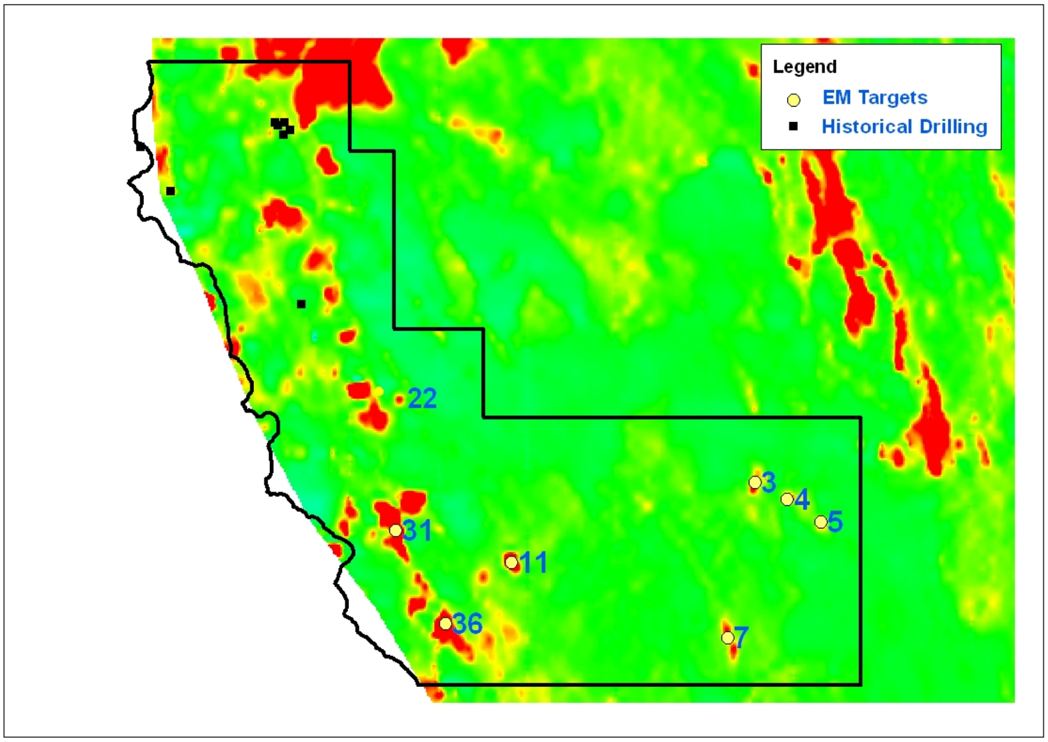

Figure 5. Location of the eight high priority electromagnetic anomalies and previous drilling. Background data is CP 6.6 khz in phase HEM data image.

Helicopter supported field inspections were completed on the eight HEM anomalies of Figure 5. Extremely graphitic shale and siltstone outcrops up to 10m wide were discovered within creek banks at Anomalies 31 and 7 and are considered the source of the HEM anomalies. At anomaly 22 (termed Dawson River in this report), semi massive magnetite containing up to 10% cubic pyrite was located. Basalt float was also observed. Gossanous outcrop was sampled at Dawson River but assay results suggest it may be a weathered and oxidised pyrite body. These results provide a possible source to the HEM anomaly seen at anomaly 22. A source to the remaining five HEM anomalies could not be located and they remain unexplained. Rock chip locations and assay details are located in Appendix 1.

6.2 Soil sampling of Electromagnetic Anomalies (Four Acid Digestion).

Soil sampling was completed over 4 HEM anomalies within EL27/2005. One hundred and sixty eight samples were collected over anomalies 22, 3, 4 and 5 (see figure 5). For the collection of samples at anomalies 3, 4, and 5, a field camp was established near anomaly 4. Sampling was completed in 3 days using 2 crews of 2 field technicians each. Sample grid density was usually 200m spaced lines and a 50m sample interval along lines. The sample grids were designed at right angles to the interpreted strike of the anomaly. Whole soil samples were not sieved and were collected from the point of refusal (rock) using a hand held auger. Depths to the sampled horizon varied from 0.2m to 1.5m. Samples weighing approximately 500 grams were placed into plastic sample bags, dried and despatched to Genalysis Laboratories in Adelaide. Samples were analysed for Ag, As, Bi, Ca, Co, Cr, Cu, Fe, Mn, Mo, Ni, Pb, S, Sn, Zn via method A/OES (4 acid digestion with OES Inductively Coupled Plasma readout (Optical Emission Spectrometry). Gold was analysed via method

B/ETA (Proprietary digestion with Graphite Furnace Atomic Absorption Spectrometry). Samples collected over anomalies 3, 4 and 5 are illustrated in Figure 6.

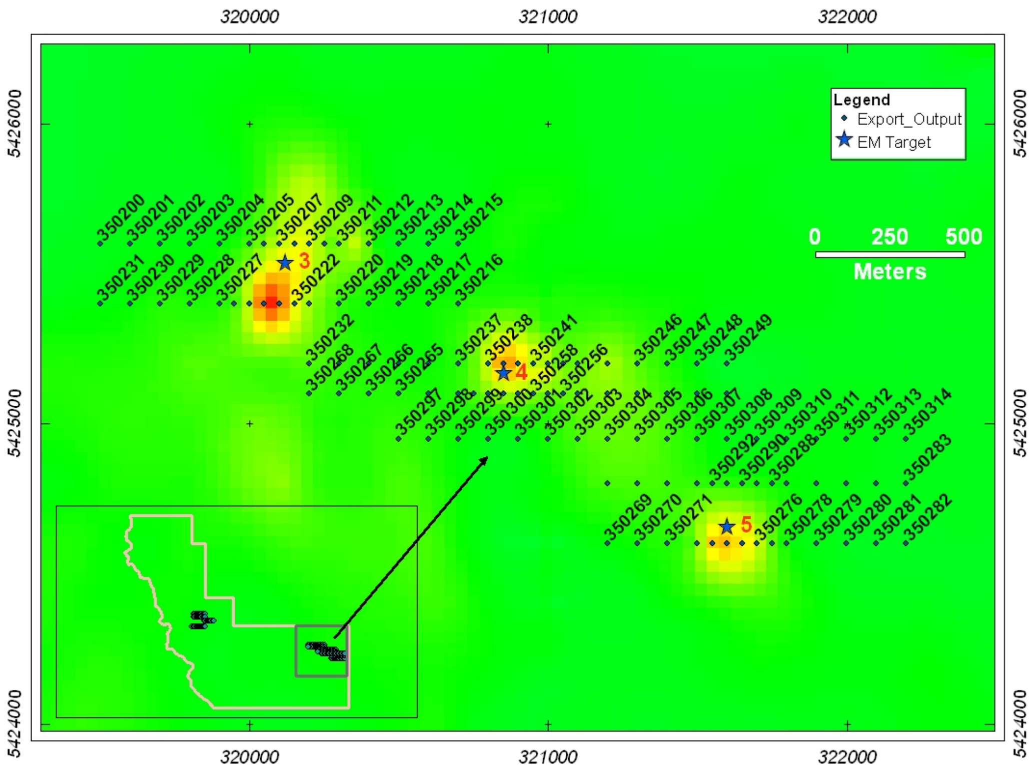

Figure 6. Sample locations over anomalies 3, 4 and 5. Underlying data is the regional EM image. (CP 6.6 khz in phase HEM data image).

Assays were uniformly low, and monotonous over HEM anomalies 3, 4 and 5. Figures 7 & 8 compare the Fe contents of a soil traverse at Dawson River and soil traverses at Anomalies 3, 4 and 5 respectively. The uniformly low Fe contents in the latter are in contrast to the variable Fe concentrations seen at Dawson River. All elements assayed show a similar depressed distribution like that seen from the Fe distribution in Anomalies 3, 4 and 5. This suggests these soils are severely leached and not representative of the bedrock below. All assay data and their coordinates (AMG_66) are located in Appendix 1.

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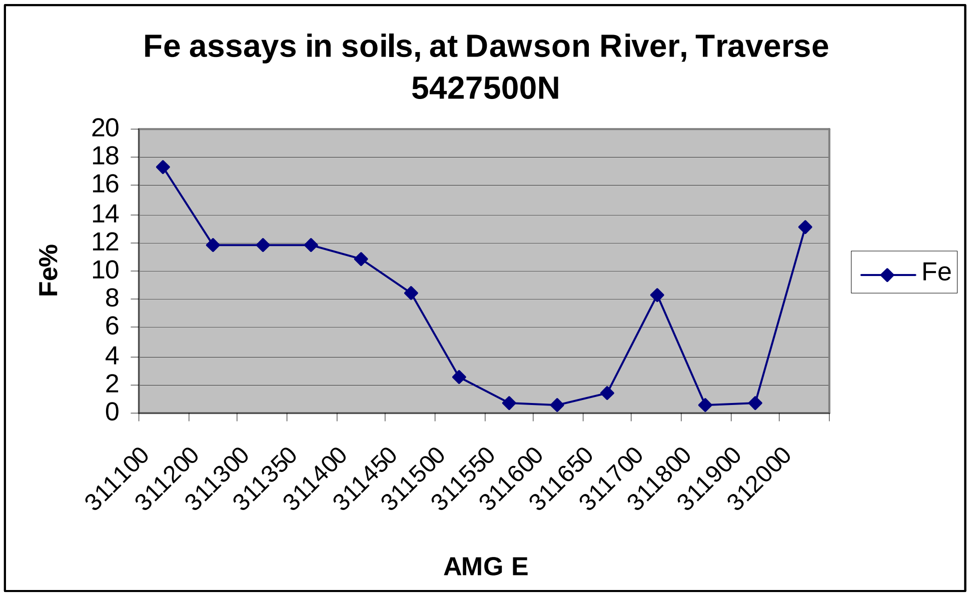


Figure 7. Iron geochemistry over a traverse at Dawson River.

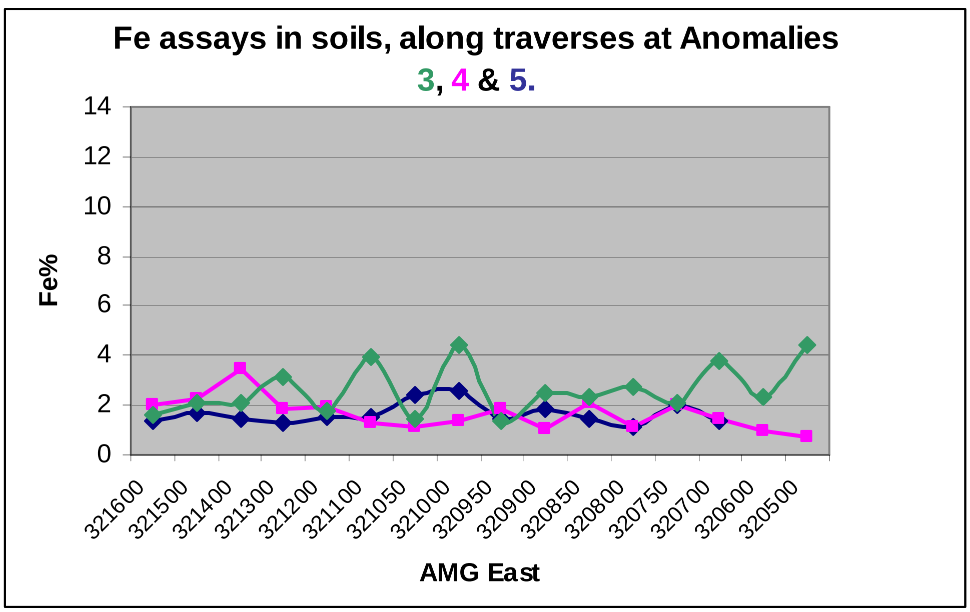
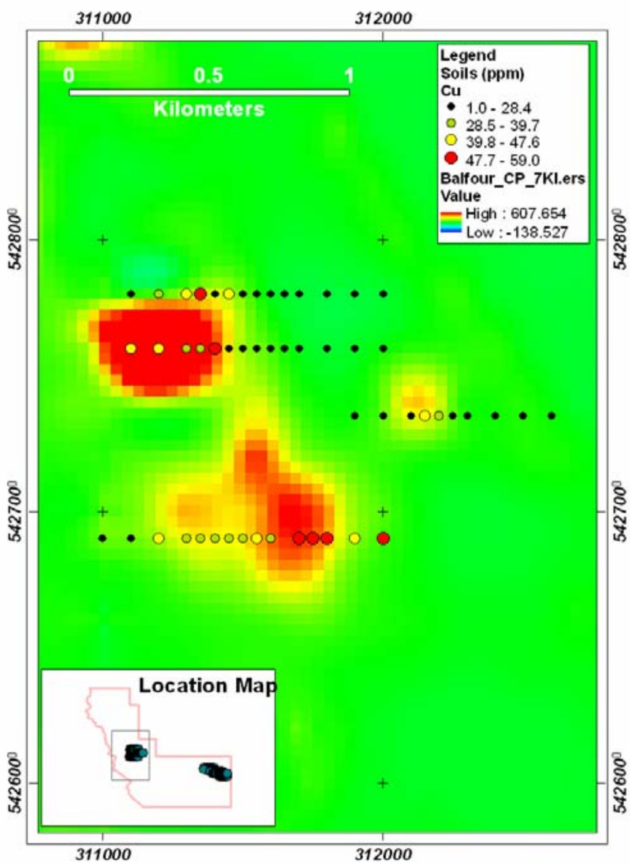
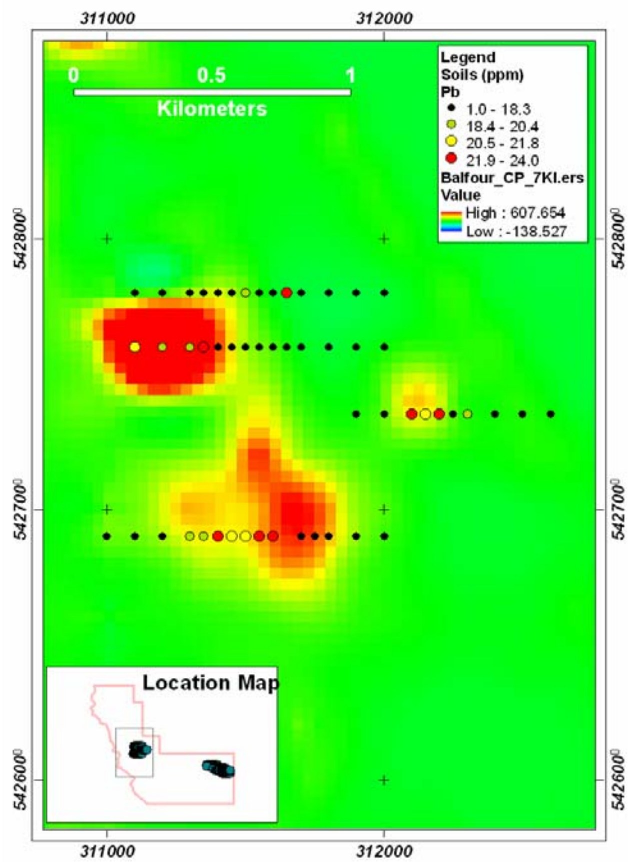


Figure 8. Iron geochemistry over three traverses at HEM anomalies 3, 4 and 5.

Copper and lead geochemical anomalies (inputs per million (ppm)) from the Dawson River anomaly (anomaly 22 in Fig. 5) are illustrated over an HM base image in Figures 9 and 10. There appears to be no correlations between the copper and lead anomalies or with other anomalous elements. The results demonstrate an irregular and incoherent pattern and do not constitute a robust anomaly.





Figures 9 and 10. Copper and lead soil geochemistry at Dawson River.

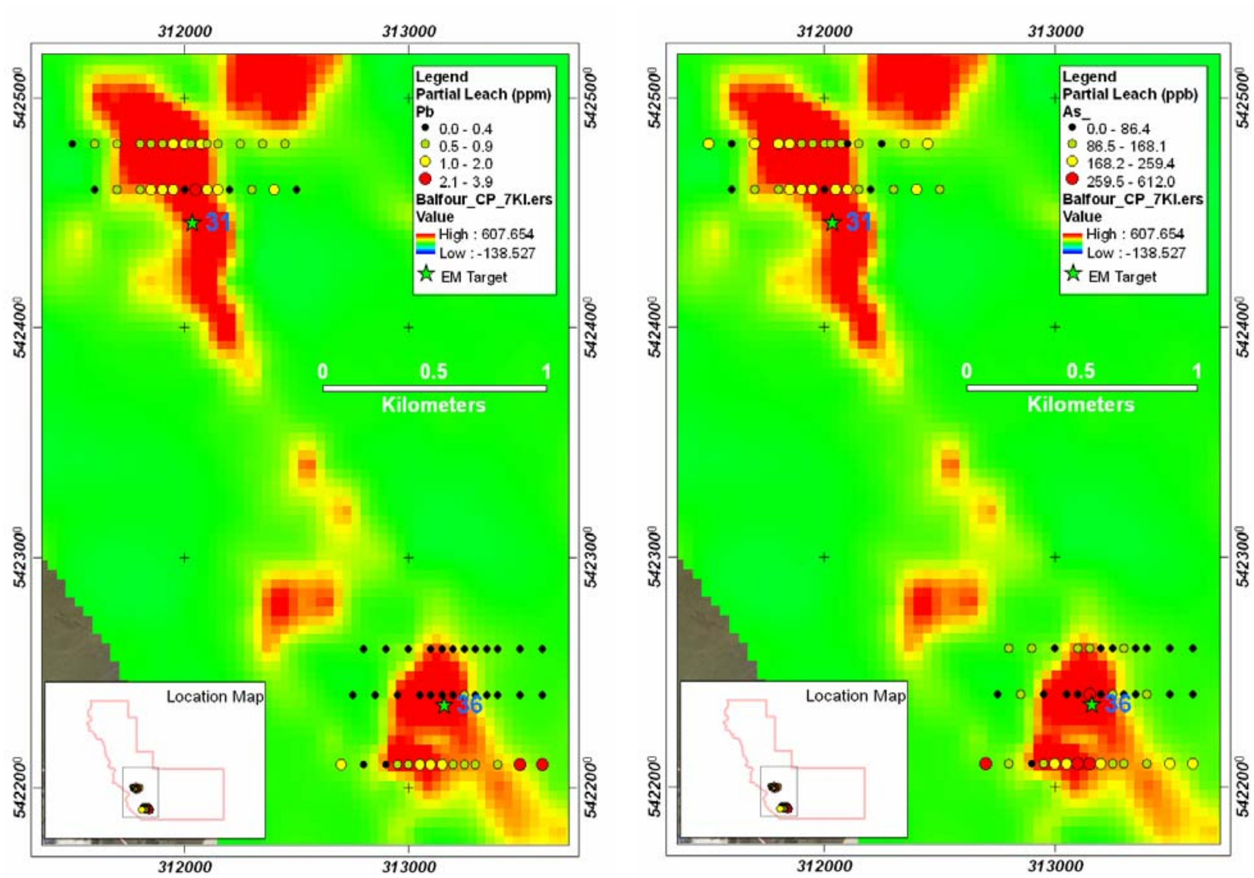
6.3 Soil sampling of Electromagnetic Anomalies (Partial Leach Digestion).

Due to the extensive sand dune cover over HEM anomalies 36 and 31, partial leach soil geochemistry was trailed. Sixty nine samples were collected. Partial digest solutions contain a variety of complexing agents, weak acids, weak bases or salts in various combinations. The low total dissolved salt content enables determination of trace elements to very low detection levels.

Sample grid density was usually 200m spaced lines and a 50m sample interval along lines. The sample grids were designed at right angles to the interpreted strike of the HEM anomaly. Whole soil samples were not sieved and were collected from the 0-5cm depth interval after the litter and humic layers were carefully removed. Samples were dry but extremely sandy. Samples weighing approximately 500 grams were placed into plastic sample bags, dried and despatched to Genalysis Laboratories in Adelaide.

Samples were analysed for Au, As, Co, Cu, Fe, Mn, Mo, Ni, Pb, W, and Zn via method TL1/MS. (Genalysis proprietary method called Terraleach using Inductively Coupled Plasma Mass Spectrometry). All assay data with coordinates (AMG_66) is located in Appendix 1.

Lead (ppm) and arsenic (ppb) partial leach geochemistry results for anomalies 36 and 31 are illustrated in Figures 11 and 12. Geochemical anomalies between lead and arsenic and other elements are irregular and incoherent and do not constitute a robust anomaly.



Figures 11 and 12. Partial leach lead and arsenic soil geochemistry at HEM anomalies 31 and 36. Underlying data is the regional EM image. (CP 6.6 khz in phase HEM data image).

7. EXPENDITURE

Table of expenditure 2007-2008.

Description	Expenditure	Comment
Salaries, wages and oncosts, contractors.	$54689	Geologist, technicians, field crew.
Stationery, computers	$587	Data processing, reporting
Soil assays	$9443	168 samples, 69 partial leach samples and 17 rock chips
Helicopter support	$12522	
Freight, courier	$680	Freight, sample bags
Equipment, vehicle hire	$696	Vehicles, chain saws and generators.
Fuel, Oil	$344	
Travel	$544	Field Crew
Accommodation, consumables, food, telephone.	$5792	Messing and camping costs for field crew
Total	**$85,297**	

8. CONCLUSIONS AND RECOMMENDATIONS

Transgressive NNW orientated, elongate, shallow, magnetite rich lodes intrude the Rocky Cape sequence in the Temma area. The deposits show similar trends to the Balfour Copper Belt. They have variable thicknesses and historical drilling has demonstrated that they contain uneconomic amounts of sphalerite, galena, hematite, pyrite, chalcopyrite, Fe-Mn carbonates and silicates. Only 7 shallow drill holes have tested the Temma ironstones in the north west corner of the licence. The ironstones occur over a combined strike length of 15 kms in several horizons that may represent folded repetitions.

Analysis of 45 responses within the electromagnetic data flown over EL 27/2005 in 2002 has identified 8 high priority HEM targets as potentially representing conductors. Soil sampling and field checking over these electromagnetic anomalies commenced in 2007. At two targets, 31 and 7, outcropping intervals of graphite rich shales and silts were discovered. At Anomaly 22, outcropping magnetite and pyrite and the suspected presence of a buried basalt horizon are interpreted to be the source of the HEM anomalies. Soil sampling over targets 3, 4 and 5 was ineffective. Geochemical profiles suggested the samples collected were severely leached of residual metals and not representative of the underlying lithologies. Partial leach sampling was trialled over anomalies 31 and 36.

Planning is underway to drill test the remaining 5 unresolved HEM anomalies.

Additionally, further soil sampling is recommended over the Temma ironstones. Historical shallow drilling has returned anomalous polymetallic mineralisation. For example, gold values of up to 1.08gpt from the iron-rich interval in DD82 PG1 at Possum Creek were intersected by CRA in 1982. The hole also intersected 2.6m @ 0.43% Cu, 9.0 g/t Ag from 45.9m-48.5m.

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Appendix 1

Soil and rock geochemistry data.

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EL272005_200802_partialleachsoils.txt	Partial leach soil geochemistry over anomalies 31 and 36
EL272005_200802_soils.txt	Soil geochemistry over anomalies 3, 4 and 5, and Dawson River
EL272005_200802_rocks.txt	Rock chip samples