

ANNUAL REPORT

EL65/2004, DERBY AREA, NORTH EAST TASMANIA

(For the period 22nd November 2007 to 21 November 2008)

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Abstract

The Licensees, P.W. Askins and J.I. Stewart, had previously entered into an Agreement with Arcadia Resources Ltd (Arcadia) for Arcadia to acquire the tenement as a basis for an IPO. A condition of the Agreement was that Arcadia expended \$45,000 on “in-ground” exploration sufficient to satisfy cumulative expenditure commitments for the first two years of tenure up to 22nd November 2007. This obligation was discharged and reported in the Annual Report for the period 22nd November 2006 to 21st November 2007.

A condition of the continuance of the Agreement was that Arcadia continued to satisfy, pro rata, expenditure commitments up until successful conclusion of the IPO process or withdrawal from the Agreement. This condition has been satisfied and details are reported herein.

During the reporting period, Arcadia entered into an Agreement with Kintore Resources Ltd (Kintore) with Kintore undertaking the IPO/listing obligations. Hence, results presented in this Annual Report stem from work undertaken, to a large degree, by Kintore.

An Independent Geologist’s Report, commissioned by Arcadia for the Prospectus document, was completed by Lucksam Consultants on behalf of Kintore. This Report constitutes Appendix 1 of this Annual Report.

A further geological Report, based on field investigations and regional prospectivity assessment, was commissioned by Kintore and prepared by Erik van Noort, Geological Consultant. This Report constitutes Appendix 2 of this Annual Report.

Contents

Introduction

Review of Previous Work

Work Completed During the Report Period

Discussion of Results

Conclusions

Environment

Expenditure

Key Words

Two Appendices accompany this Report:

Appendix 1

M.F. Stephens (2008): Independent Geologist's Report for Kintore Resources on Exploration Licence 65/2004 Situated in NE Tasmania: Lucksam Consultants, September 2008, 18 pp.

Appendix 2

E. van Noort (2008): Report on Field Investigations and Regional Prospectivity of the Derby Deep-Leads Tin Project, North-Eastern Tasmania EL65/2004, November 2008, 30pp.

This Report is accompanied by a DVD containing an electronic copy of the report.

Introduction

Important objectives of the work programs concluded during the reporting period, 22nd November 2007 to 21st November 2008, included:

1. Extracting from previously synthesized available records, data and literature the locations of historical drill collar and drill hole assay/geological information relevant to deep lead tin occurrences within the Exploration Licence;
2. Registering this information in GIS and preparing plans of drill hole distribution in relation to known deep leads;
3. Constructing relevant cross sections from available drill log and assay information; and
4. Field-based verification of areas of past mining and mine geology together with regional prospectivity assessment with the view to determining degree of extraction of individual deep leads, reserve potential of currently un-mined remnants and potential extent of virgin inferred leads.

Results from the above outlined objectives are contained in Appendices 1 and 2.

This Report refers to EL65/2004 (held by P. W. Askins and J. I. Stewart) Derby Deep Leads Tin Project centered on Derby NE Tasmania. The tenement was granted for a five year period effective 22nd November 2005 and is the subject of a registered Agreement to acquire for the purposes of an IPO with Arcadia. Consistent with the terms of the Agreement, it is expected that title will shortly be transferred to Arcadia Resources Ltd.

Review of Previous Work

The following documents, submitted as Appendices 1 to 3 with the 2007 Annual Report provide a comprehensive review of relevant records, data and literature pertinent to the current tenement:

P.W. Askins and J.I Stewart (2007): Report on Prospectivity of EL65/2004, Derby Deep Leads Tin Project, Tasmania: March 2007, 43 pp.

S. Mann (2008): Scottsdale NanoTEM Survey, Logistics Summary, January 2008 for Arcadia Resources Limited: Report No. 780, Zonge Engineering & Research Organization (Australia) Pty Ltd, February 2008, 16pp. (Plus Station Plot, Raw Data, Processed Data and 780 NanoTEM Processed Data Files)

M.F. Stephens (2008): Completion Report on Geophysical Survey Conducted by Zonge Engineering on Behalf of Arcadia Resources Within Exploration Licence 65/2004 Situated in NE Tasmania, January 2008: Luksam Consultants, 19th February 2008, 16pp.

Exploration Completed During the Report Period

Details and results of work completed are contained in Appendices 1 and 2.

Discussion of Results

Discussions of results are contained in Appendices 1 and 2.

In summary:

1. The work demonstrates that only small parts of inferred alluvial tin prospective deep leads appear to have been mined in the past (refer Appendix 2, Figs 1, 2, 7, 10, 13, 18 for mined areas and/or historical drill hole locations). Most of the inferred deep leads, believed to feed into the Ringarooma Lead, are buried beneath varying thicknesses of Tertiary sediments and basalts (Fig. 1). The sub-surface traces of the leads and their grade and tonnages require definition;
2. Assessment of past mining and drilling strongly suggests that significant remnants of exposed deep lead are present at a number of localities which, with detailed assessment, may give rise to a mineable resource(s), for examples at the Cascade and Arba Hill Leads (Figs 2 to 4 below). Detailed assessment of potential grade and recoverable tonnage is required as a prelude to development of a JORC compliant resource(s).

Conclusions

Arcadia Resources Ltd concludes that there is significant potential to delineate remnant economic alluvial tin resources (plus accessory heavy minerals) sufficient to support viable downstream mining in exposed 'headwater' areas of a number of the deep leads. In addition, the potential exists to delineate substantial resources in buried virgin sections of the deep leads.

Delineation of buried resources requires definition of the sub-surface traces of the leads followed by fence drilling to establish grade, tonnage and overburden. The results of an earlier orientation geophysical survey, in particular NanoTEM, commissioned by Arcadia, are encouraging and suggest that this protocol may facilitate rapid delineation of the sub-surface extensions of previously mined deep leads. The trace of the inferred palaeo-Ringarooma River may ultimately be defined.

Future exploration will involve further 'resource' assessment of remnant un-mined 'exposed' mineralization with the view to establishing JORC compliant resources for possible early stage extraction. Relevant geophysical surveying to trace out selected deep lead positions as a prelude to drill testing is anticipated. This work may involve ground-based NanoTEM surveying on a moving grid line basis or, alternatively, airborne surveying.

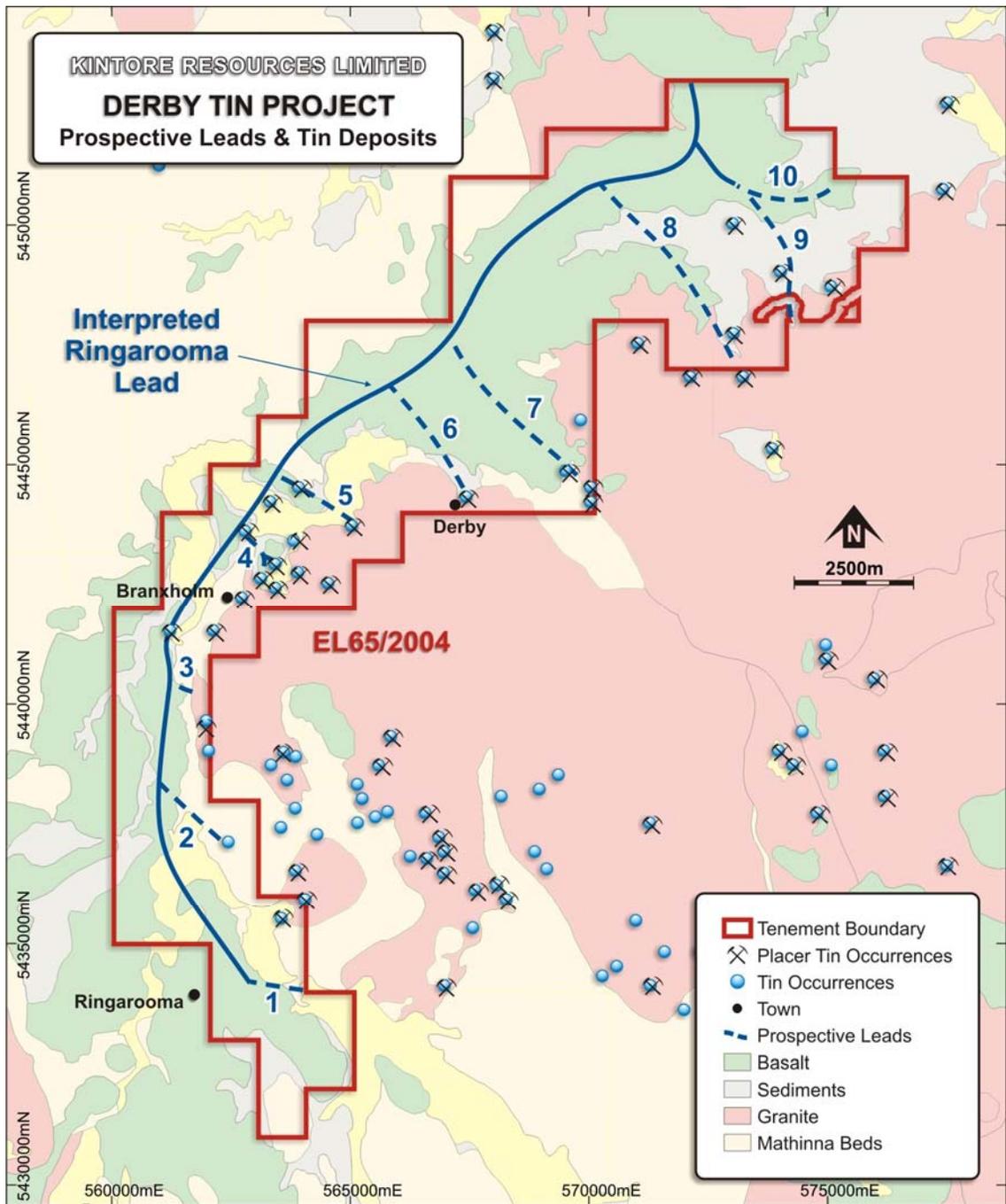


Figure 1: EL65/2004 showing distribution of known placer and hard rock tin occurrences, and inferred traces of deep leads beneath cover feeding into the interpreted Ringarooma Lead. (Refer Appendix 2, Fig. 1 for names of principal numbered leads and extent of past mining on those leads)

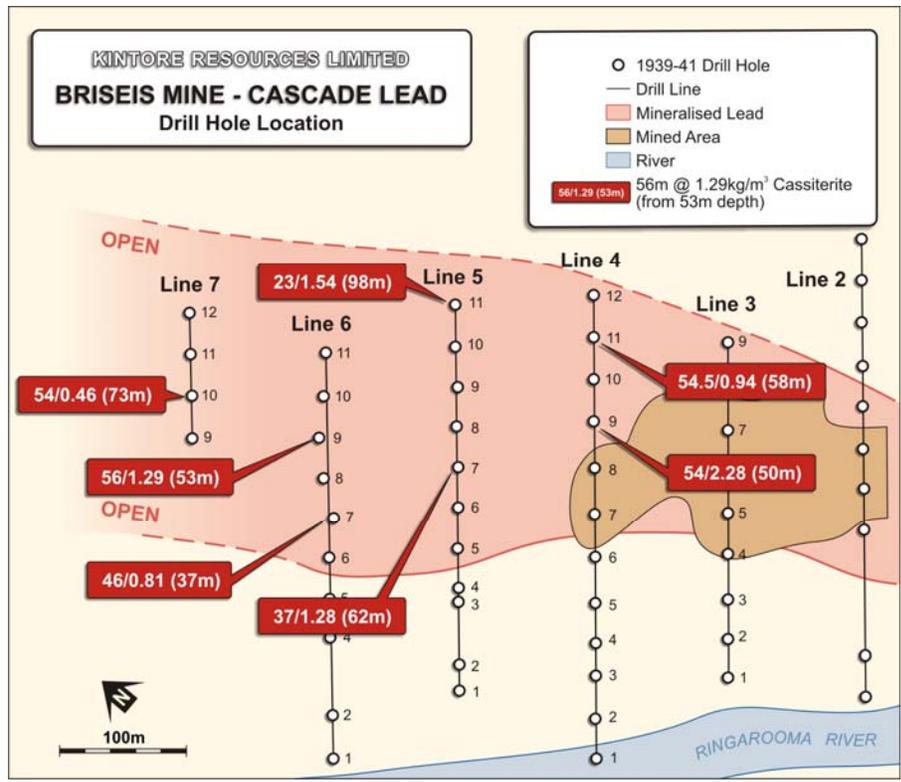


Figure 2: Location of drill holes and drill lines, Briseis Mine, Cascade Lead with selected assay intervals showing defined ‘open’ un-mined remnant of mineralized wash.

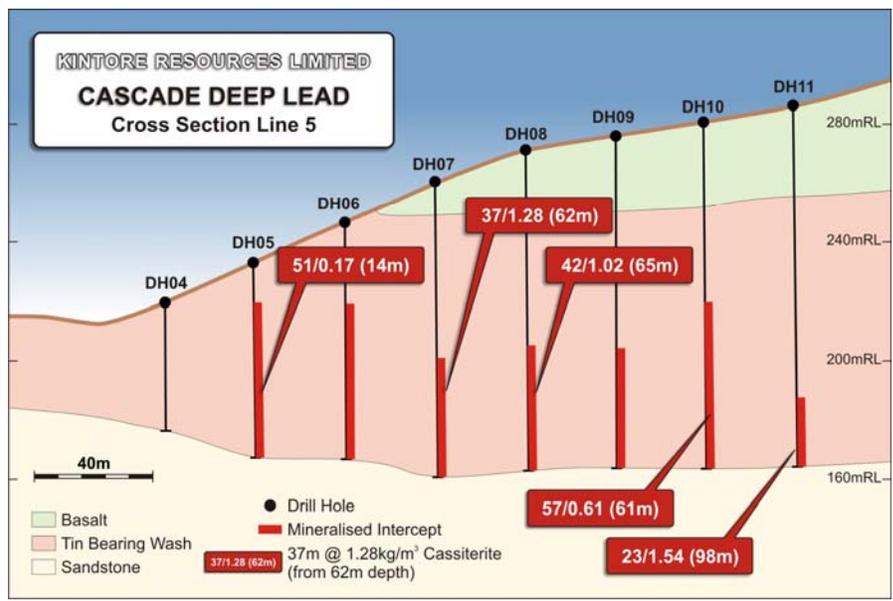


Figure 3: Cross section of Drill Line 5 above with assay intervals of mineralized wash partly capped by basalt.

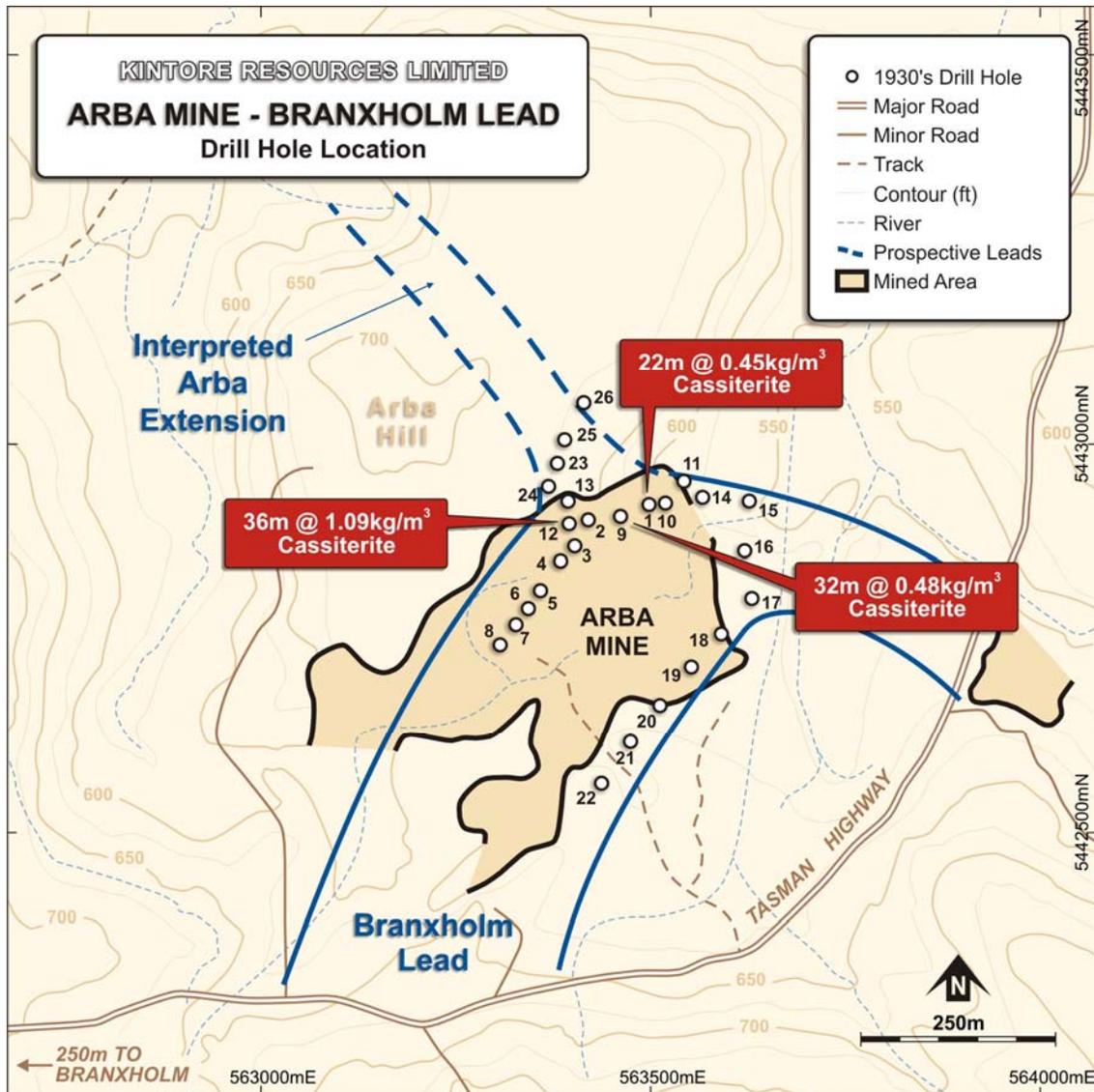


Figure 4: Plan showing historical drill hole locations at the Arba Mine with interpreted Arba Extension, as defined by Nano-TEM surveying, beneath Arba Hill.

Environment

No surface disturbance occurred during the reporting period.

Expenditure

The Licensees, as a condition of grant, were required to expend a cumulative total of \$A75,000 for the first two years of tenure. Cumulative expenditure by the Licensees was \$A34,694. Arcadia Resources Ltd, under the terms of the Acquisition Agreement, was obliged to expend \$A45,000 on “in-ground” exploration to satisfy statutory expenditure

obligations. Arcadia spent \$59,345 on geophysical and related geological surveys providing a cumulative two year expenditure total of \$A94,039. Expenditure of \$A37,506 during the current reporting period has taken the cumulative total to \$A131,545

Key Words

Alluvial tin, deep lead, Derby, Tasmania, NanoTEM.

Accompanying DVD

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02 March 2009

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