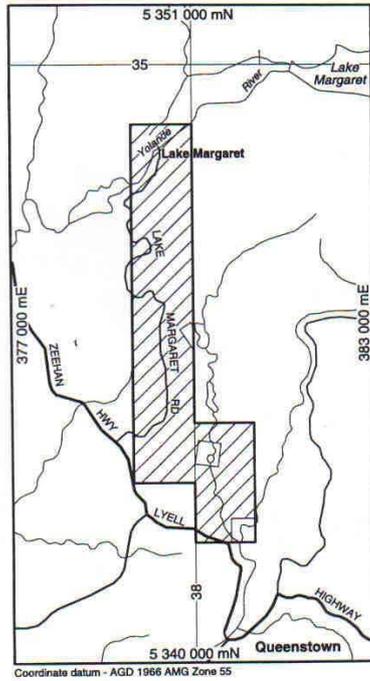


**G.WIGGINS
EL 33/2003
4th YEAR ANNUAL REPORT
2008
LAKE MARGARET ROAD**



Summary of license

2008 saw the end of the fourth year of the tenure of E.L. 33/2003. Totaling 8sq kilometers in area, the license has excellent road access with the Lake Margaret power station road running through the centre of it for 5 kilometers and several H.E.C. transmission line tracks cover the southern area.

There are several mapped gold prospects found throughout the area as well as one copper prospect although it is hard to find any recorded history of these old shows at all. Stubbs lode, McCuesick creek, Haneevers show + Swan creek gold mine are generally just names on old maps only dating back to 1898. McCuesick creek was pegged from 1900-1910 and good verbal information from respected West Coast prospector J.Smyth, has it that McCuesick creek was the only place north of Queenstown that crystallized gold had been reported, obtained from weathered andesitic clays.

Stubbs lode north of Penghana Hill, in the southern zone of the license was only found recorded on an old Mt Lyell mining field lease map and little physical evidence of its existence, except for the discoloration of old mullock.

Modern era exploration of the area only started in the mid 1960's, although the area had been known to support several alluvial beds which local Queenstown prospectors made use of over several decades.

The only worthwhile discoveries in a prospecting sense that were made over the last 40 years, were a 1 inch wide quartz vein with gold in it, that occurred in an old adit at 379500e-5345200n. A west striking diamond drill hole that hit a 1 meter wide zone of 1.7% copper with good silver assays at 379300e-5344200n at 40 meters vertical. Aside from geo chem analysis of several hundred

samples that produced relatively minor lead/zinc soil anomalies over relatively large grid areas of approx 4sq km, the really important work was the geophysical ground measurements carried out by Scintrex for Mt Lyell from 1976-1984 and which recognized half a dozen induced polarity anomalies , virtually all of which were never drilled by anyone since their recognition. These reports are all on open file and appear very accurate and professional in their interpretations and are signed by a young A Howland-Rose now of Allegiance nickel fame.

Two other mineral discoveries that I should not to forget was the - 80 micron fine gold in stream sediments survey of the upper West Queen River (Poltock 86) which suggested that the fine gold observed in the sediments had shed from the western side of the creek over a strike area of approx 3 kms long.

The survey starts at the McCuesick creek branch on the west queen and heads north to the no.3 Mt Lyell dam.

The Tramway pyrite zone, is a 10ft wide massive pyrite outcrop found at 379300e-545000n during the construction of the Lake Margaret power station tramway from Penghana hill in 1912.

In 1983 Mt Lyell geologists assayed several samples for gold and gave comparison figures of the various Mt Lyell pyrite/gold contents found in the major ore bodies of the field mined to date. The tramway pyrite specimens reported an average gold content of 0.8 gpt, higher than all the other pyrite ore bodies that were tabled.

Mt Lyell drilled two holes to test the zone in 1984, West Sedgwick 1 & 2, off the same point, first at 90 meters long and 220 metres.

For some reason or other they never tested any of the core recovered for gold although mineralization was noted at various intervals of the longer hole.

As these were exploration holes the core is still intact at the core shed in Hobart, and it is planned to inspect them in the new year.

GEOLOGY AND GEOPHYSICS

It is been the case that the 8sq area is among the most all round well mapped parcels of land that any license holder would love to have access to.

The amount of geophysical images that have become available over the last three years include ,Hypospectral scanning, gravity worms, Shuttle based radar tomography, AGC magnetics, radiometrics and many more stream catchment flora and elevation glaciation. All in wide 50,000 regional scale.

It has been clear to me since first reading Howland-Roses 1976 report that Mt Lyell nor RGC who between them, controlled the license area for nearly 40 years, ever attempted to drill any of the implied induced polarity anomalies identified by Howland-Rose, I think this occurred only because the various geophysical and geochem survey reports came out over a period of a decade between 1975-85. Then nothing except finally DDH Penghana no.1 in 1993.

People move on and even though Mt Lyell or RGC held the ground they never actually spent any money exploring the anomalies that ten years of cutting grids and carrying out surveys had produced.

The money ran out, as for the lake Margaret road I.P. anomalies are concerned. And I know full well that new ore bodies tend not to get found if you don't drill holes.

When a small diamond drill became available it was decided to drill a series of shallow diamond drill holes up to 100m long if conditions were favorable, over the surface expression of one of Howland-Roses interpreted shallow I.P. anomalies.

All holes drilled so far have proved difficult to drill, heavily weathered, and altered clays to siltstones before finally hardening

up around the 20 meters vertical. Several meters of core was lost in these fault zones.

It has also proved difficult to find an offsider whose schedule fits in with my own seven day work commitments with my employer Mine-Crete. When the day is fine and safe enough to drill on account of the nearby transmission towers.

I follow a strict protocol and stop drilling and pullout when in doubt because of the cost of drilling consumerables out weighs the risk of losing hard to source gear down the hole.

A lot of work has been done on this area studying all magnetic & I.P. data. Two area's tested by induced polarization (I.P.) showed one zone to have good readings of >40m/s 200m nth of the tramway pyrite zone. The zone is over 500m in length and nearly 200m wide. Most of the reports say the I.P response probably will be pyrite but with a lead zinc zone interpreted by soil assays just east of the I.P , the I.P zone needs to be drilled. The second I.P with not many results was diamond drilled. Hole (WS3) was drilled in the late 70's to see if that's where lead zinc might be coming from also there was a trench dug all with no results worth mentioning. The hole was drilled with no I.P or any encouraging data. No further work has been done.

With the position of the lead zinc zone and the zone with the IP response the IP had to be drilled.

Shale units are mapped all around the area also

Andersites outcrop through the whole zone.

With all data collected and a lot of hours studying, plans where put into the mines department to diamond drill and source out what the IP is.

Rig is dead centre over the IP. The IP is bordering along a north strike to a high magnetic low reading. Depth to source should be 30ft – 100ft.

So far 4 diamond drill holes have been drilled
LM001,LM002,LM003 and LM004.(fig.2)

LM001:

BQTK bit 41mm diamond drill core 55 degrees at
bearing 379508E – 5345999N in a sse direction
Hole drilled to 42.8m
Drill hole terminated in fine grained altered siltstone.

LM002:

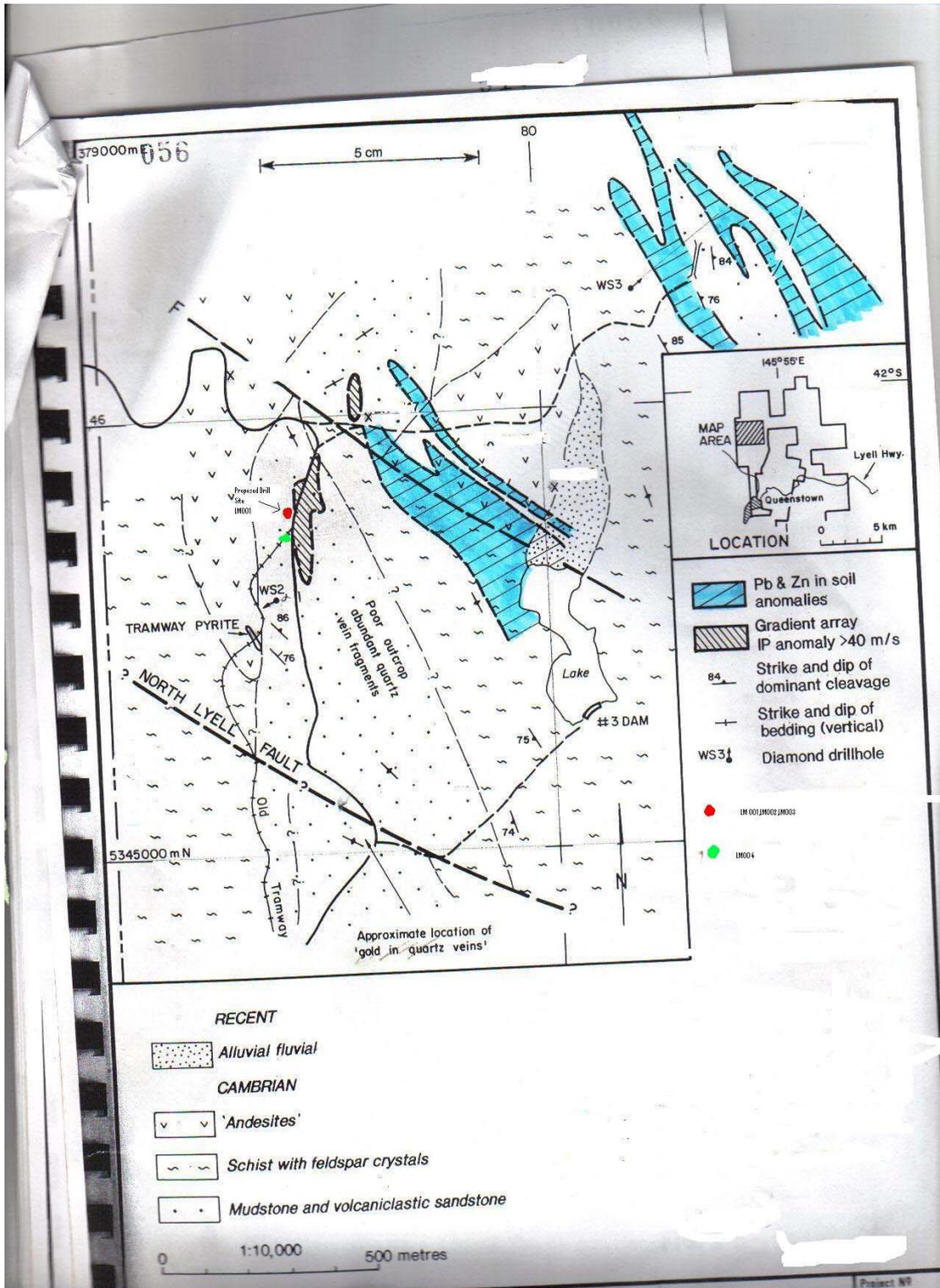
BQTK bit 41mm diamond drill core 55 degrees at bearing
379510E- 5345996N at sse direction.
Hole only drilled to a depth of 8m then stopped due to a change
in drilling plans.

LM003:

BQTK bit 41mm diamond drill core 70 degrees at bearing
379510E-5345996N at east direction.
Hole drilled to a depth of 38m, and then stopped due to bit
failure.

LM004:

BQTK 41mm diamond drill core 70 degrees at bearing
379528E – 5345955N at an east direction.



Red dot diamond drill hole LM001,LM002,Lm003
 Green dot diamond drill hole LM004

2008 started out with the continuation of diamond drill hole LM004. Drill hole at start of year was only 10m and only got to 32m, and with a great deal of problems. A major failure in the water pump resulted in bogged rods. Once pump was replaced and rods retrieved, drilling once again started. Well for 1m then that horrible sound of a rattle & bang from the engine and the result was a dead engine.

Drilling now halted until a replacement engine is found. While drilling is delayed core is being logged and some core has been cut and sent to the Genalysis Laboratory Services in Perth for assay.

Five samples was sent and assayed for Ag, As, Co, Cr, Cu, Fe, Mg, Ni, Pb, S, Zn, Au, Pd, and Pt.(fig 3&4)

Chromite was added to list as two rock chip samples was sent to the South Australian Museum and tested by x-ray defraction tests (fig 5 &6), and results was magnesiochromite was present.

Core samples assayed , was taken from parts of all drill holes.

Sample legand is as follows:

Sample 1 = LM001, Depth 40.5m-41.5m

Sample 2=LM001, Depth 37.5m – 38.5m

Sample 3=LM001, Depth 35.2m-36.3m

Sample 4=LM003, Depth 33m- 34.5m

Sample 5=LM004, Depth 20m-21.5m

Fig.3

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Part 1/2

ANALYSIS

ELEMENTS	Au	Ag	As	Co	Cr	Cu	Fe	Mg	Ni	Pb
UNITS	ppb	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm
DETECTION	1	1	10	1	5	1	0.01	20	1	5
DIGEST	FA25/	AT/	AT/	AT/	AT/	AT/	AT/	AT/	AT/	AT/
ANALYTICAL FINISH	MS	OES	OES	OES	OES	OES	OES	OES	OES	OES
SAMPLE NUMBERS										
0001 1	1	X	X	2	X	7	0.68	1730	2	X
0002 2	1	X	X	2	X	9	0.74	1627	1	5
0003 3	1	X	X	3	X	26*	1.05*	2510*	2	X
0004 4	2	X	X	3	X	9	1.17	2340	1	X
0005 5	2	X	X	4	X	7	0.99	1019	4	X
CHECKS										
0001 1	1	X	X	2	X	6	0.65	1688	2	X
STANDARDS										
0001 AMIS0034	410									
0002 AMIS0045		X	108	23	285	133	2.43	2572	56	169
BLANKS										
0001 Control Blank	1	X	X	X	X	X	X	X	X	X
0002 Control Blank		X	X	X	X	X	X	X	X	X
0003 Acid Blank		X	X	X	X	X	X	X	X	X


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Fig.4

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Part 2/2

ANALYSIS

ELEMENTS	Pd	Pt	S	Zn
UNITS	ppb	ppb	ppm	ppm
DETECTION	1	1	50	1
DIGEST	FA25/	FA25/	AT/	AT/
ANALYTICAL FINISH	MS	MS	OES	OES
SAMPLE NUMBERS				
0001 1	X	X	1370	38
0002 2	X	X	1120	26
0003 3	X	X	3176*	1428*
0004 4	X	X	1785	42
0005 5	X	X	1249	78
CHECKS				
0001 1	X	X	1359	37
STANDARDS				
0001 AMIS0034	1648	3547		
0002 AMIS0045			2850	250
BLANKS				
0001 Control Blank	X	X	X	X
0002 Control Blank			X	X
0003 Acid Blank			X	X


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Assay method as follows,

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METHOD CODE DESCRIPTION

AT/OES
Multi-acid digest including Hydrofluoric, Nitric, Perchloric and Hydrochloric acids in Teflon Tubes. Analysed by Inductively Coupled Plasma Optical (Atomic) Emission Spectrometry.

FA25/MS
25g Lead collection fire assay in new pots. Analysed by Inductively Coupled Plasma Mass Spectrometry.

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08 94 989 200 FAX

Results for magnesiochromite were disappointing and samples were re-assayed with a different method with still no Chromite detection.

What was encouraging on one hole was the zinc content. Let's not forget the original target was lead and zinc and there was a 1cm thick zinc vein at only 35.5m vertical. The project just needs to get a decent hole drilled at a depth. More comment will be made once core has been fully logged and been consulted by my geo and his report.

I think the whole zone being drilled, at depth will prove to be a good gold and base metal ore body, once fully explored.

This zone might explain one of the gold occurrences which cover the western side of the West Queen River, which seem to be over a 4km by 600m wide area.

Prospects scatter all along in trend from McCuesick Creek to the Swan Creek prospect.

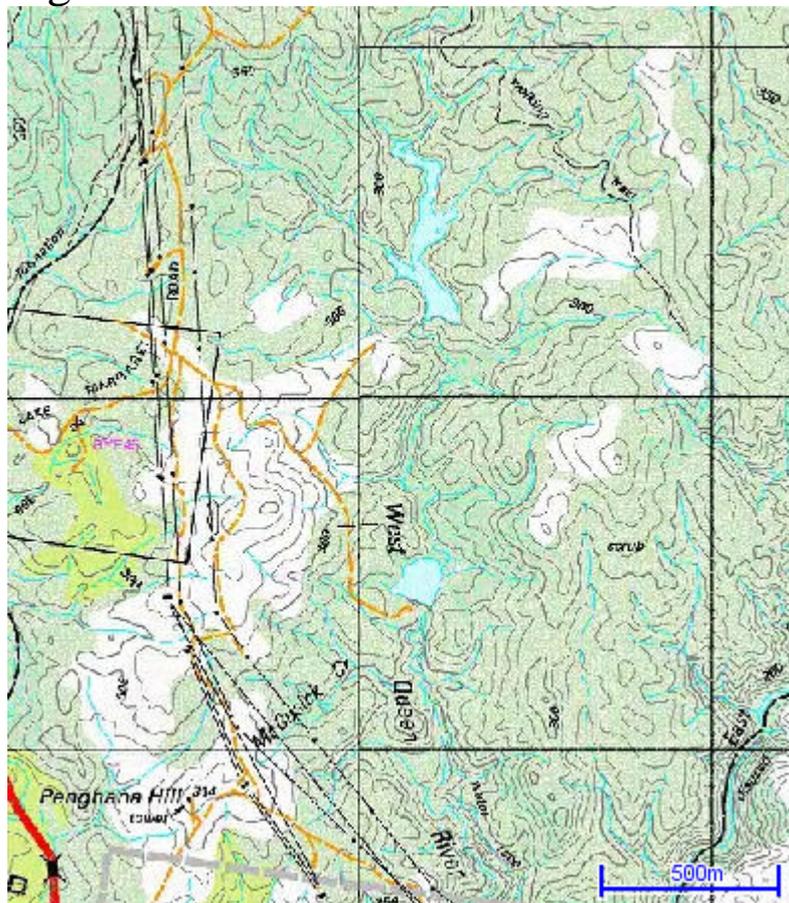
While drill rig has been down, work has restarted at the McCuesick creek gold project (fig.7). About 25 soil samples have been taken and will be assayed for their gold content. Results should be encouraging as pan samples at the site prove to get better, quite a bit of time has been spent on this site. Plans have been put back in place to do three costeans. Work will be done with a 1.5 ton rubber track excavator.

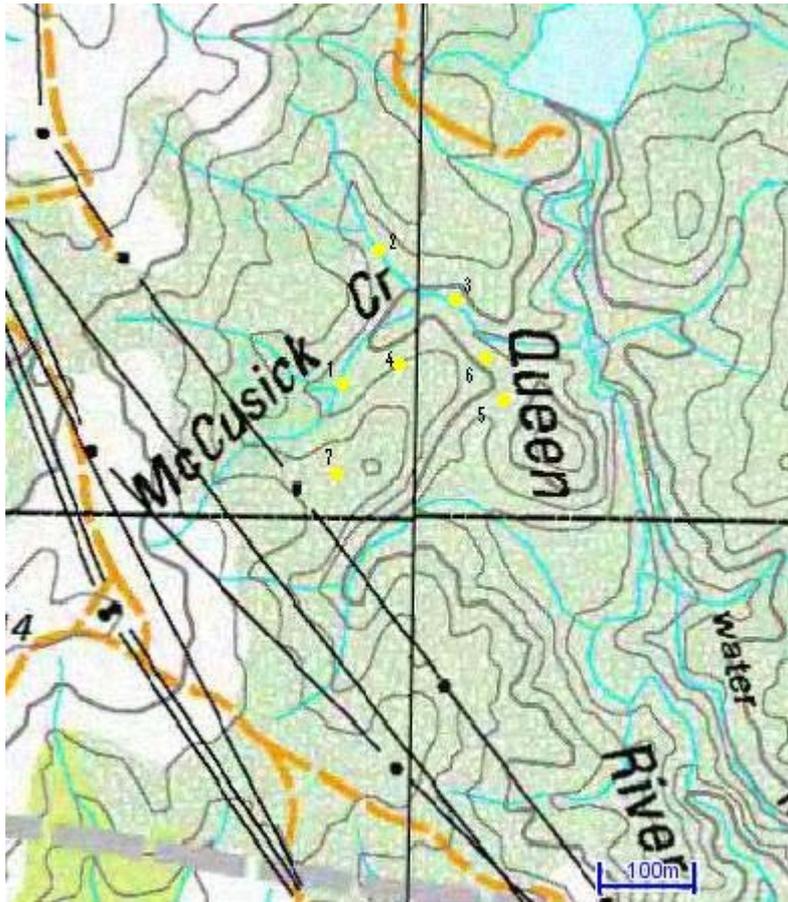
Soils from costeans will be pan tested and also sent away for proper assay.

More work is being done on finding a suitable diamond drill site.

McCuesick Creek

Fig.7





MAGNESIOCHROMITE.

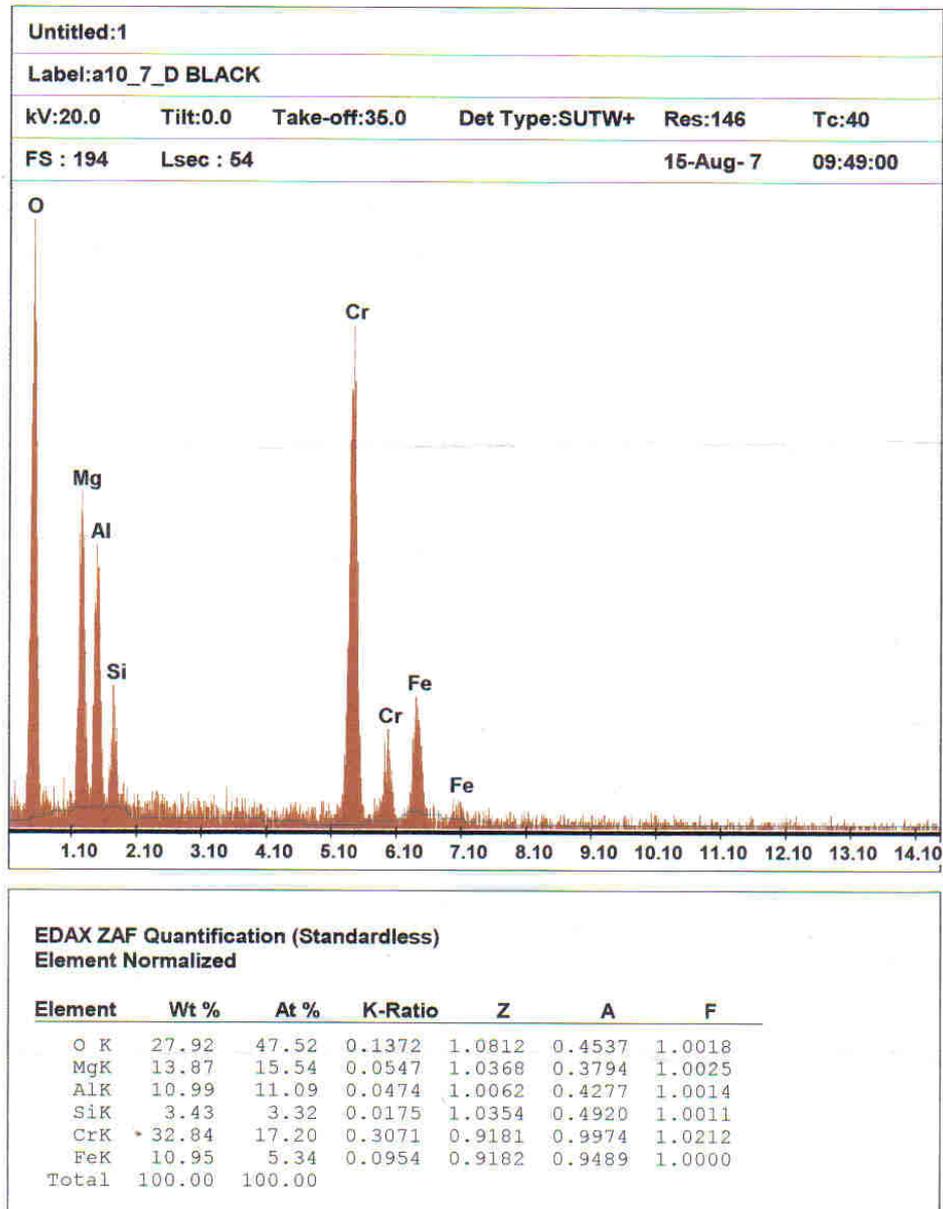
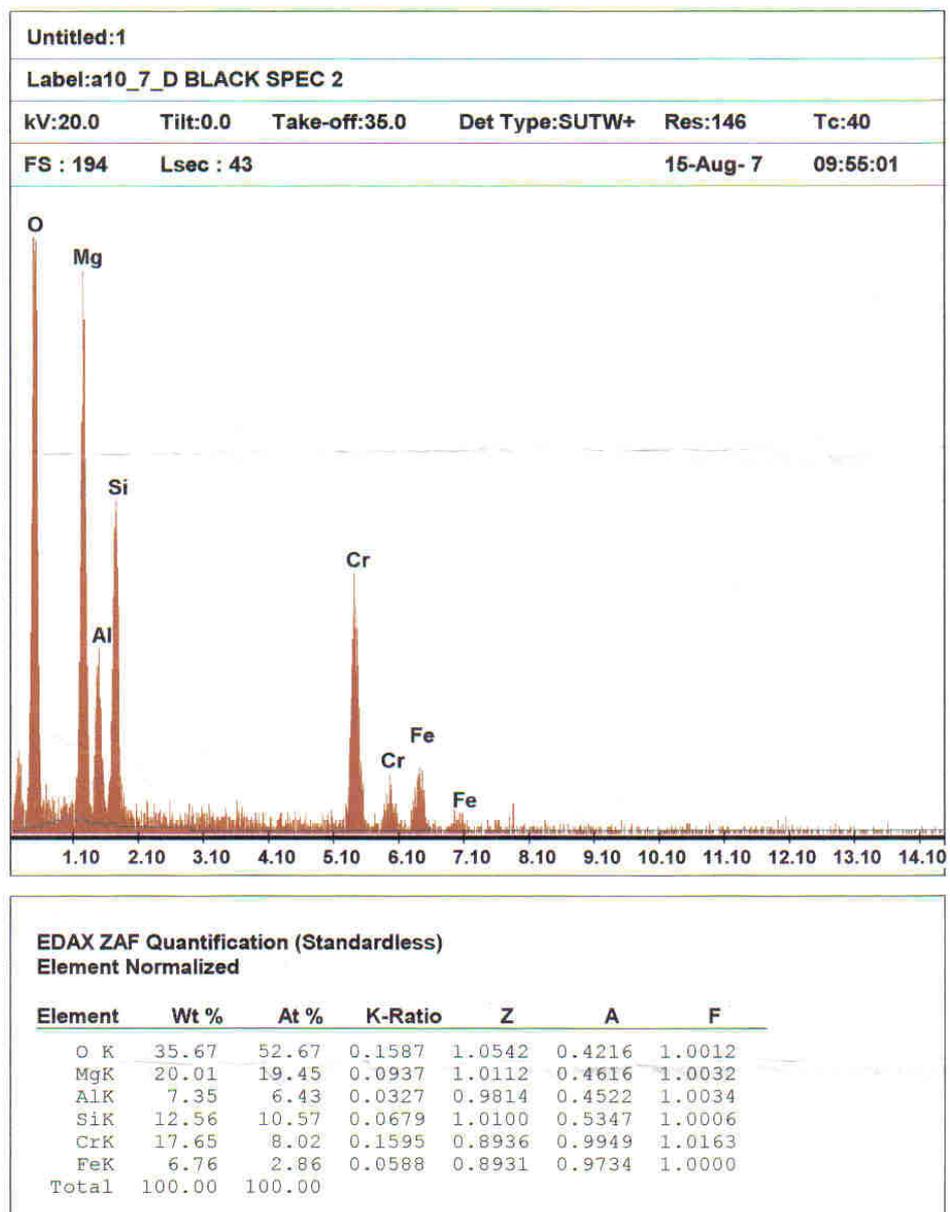


Fig.5

Fig.6



Over all 2008 exploration was a bit disappointing due to the drill rig being down.

Most of work this year has been done in the first half of the year. Finance was a problem in the last half, but good news is a motor has been brought and about to be fitted to the drill rig.

Now looking forward to next year.

EXPENDITURE

FIRST YEAR \$10,800

SECOND YEAR TOTAL \$9,950

THIRD YEAR \$39,270

WAGES \$8,000

EQUIPMENT \$3,780

STATIONARY \$300

FUEL \$550

RENT \$ 370

REHABILITATION \$200

PUBLIC LIABILITY \$1000

TOTAL \$53,470