



EXPLORATION LICENCES

EL 21/2007, EL 22/2007, EL 23/2007

SORELL PENINSULA REGION, WESTERN TASMANIA

COMBINED ANNUAL REPORT FOR THE YEAR ENDED

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1 EXECUTIVE SUMMARY

EL 21/2007, EL22/2007 and EL23/2007 are contiguous licences located south of Macquarie Harbour and comprise a large part of Macquarie Harbour Mining Limited's Western Tasmania Project. They cover a relatively unexplored area prospective for economic copper, gold and iron deposits within volcano-sedimentary sequences of Neoproterozoic age, nickel and platinum group metals within ultramafic/mafic rocks, and volcanic hosted massive sulphide (VHMS) deposits as well as intrusive related (porphyry style) copper gold mineralisation within the Cambrian Noddy Creek Volcanics.

An extensive literature review of published documents and open-file company reports relating to previous exploration on these tenements formed the major part of the work during the first year of tenure. Two short helicopter assisted reconnaissance trips, to visit various prospects and determine requirements for future access, were made into the area in 2008.

The economic downturn in the mining industry in the latter part of 2008 was reflected in a cut in MHM's exploration budget. Although drilling programmes were planned in two areas for the 08/09 field season these did not eventuate. An investigation into previous geophysical surveys over the three tenements was carried out by Mitre Geophysics.

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2 INTRODUCTION

This is the second annual report on EL21/2007 (235 sq km), EL22/2007 (113 sq km) and EL23/2007 (171 sq km) which are held in the name of Goldstock Mining Pty Ltd, a wholly owned subsidiary of Macquarie Harbour Mining Ltd ("MHM"). These tenements lie west and south west of Macquarie Harbour (see Figure 1) with Birches Inlet and the South West National Park forming the eastern boundary and EL23/2007 extending as far south as the Wanderer River. All fall within the South West Conservation Area and any exploration requires continual consultation with the relevant government authorities, particularly Mineral Resources Tasmania and Parks and Wildlife Services.

3 REGIONAL GEOLOGY

The Exploration Licences cover parts of the southern sections of the Mount Read Volcanics which hosts a number of significant deposits including Mt Lyell (Cu, Ag, Au), Rosebery (Zn, Pb, Cu, Ag, Au), Hellyer (Zn, Pb, Cu, Ag, Au), Que River (Zn, Pb, Cu, Ag, Au) and Henty (Au, Ag). The discovery of the Avebury nickel deposit west of Zeehan has raised awareness of the potential for similar economic mineralisation within the Hibbs Ultramafic Belt.

EL21/2007:

The tenement covers a prospective section of Neoproterozoic rocks striking SW across the Sorell Peninsula. Its location in the Macquarie Harbour area is shown in Figure 1. Detailed geology of the ground covered by this licence, known as the Double Cove Belt, is presented in Figure 2.

Along the north-western boundary of the tenement and extending to the northwest of the Double Cove Belt are Proterozoic rocks of the Rocky Cape Group consisting of metamorphosed quartzite, mudstone/siltstone, and conglomerate. These rocks have been thrust over the top of the Neoproterozoic rocks to the southeast and lie on an almost level thrust plane. Proterozoic rocks previously covered the rocks now outcropping within the tenement but have since been largely eroded. Some inliers of thrust Proterozoic rocks can be found as remnants on higher ground within the licence.

Within the licence a number of major faults strike NE-SW, dividing the succession into a number of strips. The Double Cove rocks are considered to be correlates of the Crimson Creek Formation and the Success Creek Group which are hosts to a number of deposits southwest of Zeehan. In general the succession is sedimentary and youngs from the SE to the NW, with the correlates of the Success Creek Group mainly in the central and southeast. This group comprises metamorphosed mudstones, siltstones, and sandstones, which are often calcareous or dolomitic. The correlates of the Crimson Creek Formation are mainly in the northwest where they are referred to as the Albina Creek Belt and contain basaltic lavas and breccias. Some gabbro dykes of Cambrian age are present at the bottom of the succession. Lenticular haematite (+ or – magnetite/pyrite) bodies of Cambrian age have been emplaced along some sections of the NE-SW faults in the middle of the succession. These are considered to be of economic importance, particularly in the light of strong demand for iron ore from China.

EL22/2007:

Covering Cambrian rocks of the Point Hibbs Belt containing units which are correlates of the Mount Read Volcanics and other prospective geology north of Macquarie Harbour this tenement is regarded as highly prospective for ore deposit types similar to those of economic significance elsewhere on the west coast of Tasmania. General location is shown in Figure 1 and geology in Figure 3.

The western contact of the belt is a major fault striking at N 15° E with Proterozoic rocks to the west and faulted strips of Late Cambrian and possibly Ordovician to the east. This contact runs from Bryans Bay in the north to the northern end of Hibbs Bay. Immediately to the east of these contact rocks are fault bounded strips of early Cambrian ultramafic rocks with associated serpentinites and in places gabbroic rocks which are referred to as the Hibbs Ultramafic Belt, known to contain nickel mineralisation.

The body of the licence is largely mapped as Noddy Creek Volcanics comprising volcano-sedimentary sequences of sandstone, siltstone, and conglomerate, with intercalated andesitic volcanics and intrusives, felsic volcanics and intrusives, and minor basalts. In the central to south east of the licence there is a synclinal basin of Ordovician sedimentary rock with an NW-SE axis which is referred to as the Timbertops Syncline and consists of sandstones and siltstones with a core of limestone. The eastern boundary of the licence closely follows the boundary of the exposed Palaeozoic rocks with the overlying Tertiary cover rocks to the east.

EL23/2007:

Covering extensions of the prospective but unexplored Noddy Creek Volcanics south of EL22/2007 the detailed geology of this tenement is shown in Figure 4. Near the headwaters of Thomas Creek an intermediate sub-volcanic intrusive complex may represent a major volcanic centre prospective for “porphyry style” copper/gold mineralisation and related high level vein mineralisation.

Sections of the Hibbs Ultramafic Belt which are present in the northwest of the licence have been subjected to considerable folding and faulting which has resulted in portions being offset and the strike direction changing. At Hibbs Point the headland is formed of dolerite of Jurassic age with segments of Carboniferous, Devonian, Silurian, and Ordovician sediments outcropping further east.

4 REVIEW OF WORK BY PREVIOUS EXPLORERS

Modern exploration commenced south of Macquarie Harbour in the mid-1950's and has been carried out intermittently since then, led by a relatively small number of companies which have expended considerable time and effort in an area with no existing infrastructure and a climate which limits concerted field programmes to the warmer months. For the larger companies the area covered by EL21/2007, EL22/2007 and EL23/2007 was only part of more extensive regional projects.

EL21/2007:

In 1902 Assistant Government Geologist G.A.Waller visited Birthday Bay and reported on a number of occurrences of low grade chalcopyrite mineralization. These were mostly located along the shore line. Three deposits that were prospected by the Birthday Copper Syndicate are currently identified by Mineral Resources Tasmania near the shore at Birthday Bay. High grade small patches of secondary copper minerals were present on the rock surfaces in places and the prospectors knocked these off, hand dressed them, and shipped out a couple of tons of concentrate. A fourth deposit was prospected by the Strahan Copper Co.NL. near the mouth of the Nielson River. This mineralization is present in a strongly sheared graphitic slate about 6m wide.

From 1956 to 1962 a JV between The Electrolytic Zinc Company of Australasia Limited and Mt Lyell Mining and Railway Co Ltd (Lyell – EZ Explorations or the LEE JV) was formed to explore the Mt Read Volcanics in the southwest of Tasmania. The first programmes were mainly airborne geophysical surveys and aerial photography followed by photogeological interpretation and ground geophysical surveys (magnetometer, gravimeter and I.P.). This work was carried out on two Special Prospectors Licences but in 1959 these were replaced with EL3/1959 (the Gordon Concession). In 1957 three Special Prospectors Licences were granted and these were replaced with EL1/1959 (the Arthur Concession). These two licences were allowed to expire in 1961 and 1962.

LEE discovered a sulphide zone containing copper on the beach of Pelias Cove which led to a considerable amount of work on the prospect. Two lines of soil samples were taken 50 -70 m inland from the occurrence with encouraging results of up to 5000 ppm Cu. Geological mapping and two EM traverses were followed by a 5 hole diamond drilling programme. Two of these were angled holes drilled to the south of the Pelias sulphide zone but did not intersect a landward extension of the mineralisation, while the remaining three were vertical holes drilled into the gossan on the beach. The results were inconclusive (core recovery was extremely poor) but 1.5 m of 2.5% Cu was intersected from surface in the hematite-pyrite gossan.

In March 1959 the LEE JV mounted an investigation of Airborne Geophysical Anomaly 10/8 (also known as Anomaly 129 or Deep Creek) which lies on the north bank of Iron Creek about 1.6km east from the coast. Anomalous magnetic and electromagnetic responses were obtained in the airborne and follow up ground surveys. Assaying of a sample indicated that the exposure was almost entirely hematite. The outcrop was gridded IN 1960 and the hematite/magnetite vein was found to extend over a strike length of 450m and was up to 52m wide. Scott estimated a tonnage of 5Mt to a depth of 100m but points out that sulphides may become significant at depth. The mineralization is considered to be Cambrian in age.

From 1965 to 1972 The Broken Hill Propriety Company Limited explored EL13/1965. The part of the Double Cove Belt within this licence is covered by EL21/2007. Initially airborne radiometrics was flown to fill in some areas that had not been covered by previous work and a new helicopter aeromagnetic survey was flown. Aerial photographs and photo mosaics were produced at a scale of 1:23,760. Geology was mapped using coastal outcrops and stream sections. Systematic stream sediment sampling was undertaken at 400m intervals. Anomalous copper, zinc, and nickel values were obtained in the Lucas Creek area. The country rocks in this area are andesitic and basaltic lavas and breccias which BHP termed the Lucas Creek Volcanics. The anomalous geochemical values were not considered to be due to the presence of mineralization but an indication of the high natural metal content of the rocks.

A limited diamond drilling programme was commenced at Deep Creek (Anomaly 129) in 1968. At this locality the country rocks strike NNE, dip vertically, and are typically isoclinally folded. The hematite/magnetite body has been emplaced along a fault striking N 15° E and was traced over 480m

with a maximum width of 120m and an average width of 45m. Pyrite was observed throughout the central and northern portions of the body and was estimated at up to 5%. A diamond core hole was drilled at an azimuth of 305° and declined 50° but had to be abandoned at 101m. This hole intersected massive pyrite (70%) and hematite (30%) over 0.9m from 96.6m to 97.5m. A second hole was recommended but not drilled. More work was recommended on cupriferous hematite/sulphide zone at Pelias Cove but not undertaken. The various recommendations for additional work were later revised and no more work was done on the Double Cove Belt.

In 1983 three exploration licences (EL35, 36, & 37/1983) were granted to Placer Developments Ltd. A 50:50 joint venture was agreed between Amoco Minerals Australia Co. and Poseidon Ltd to fund exploration of the ground with Amoco as manager and Placer to earn 5% net profit.

Amoco 1984-1986 (later Cyprus Gold Australia Corp.) was mainly seeking volcanic hosted massive sulphide deposits of the Rosebery or Que River/Hellyer style. Initially the company carried out an airborne EM survey covering selected areas. This consisted of 659 line km with 150m line spacing at a bird height of 35m and was reported on by Digheem. A new aeromagnetic survey covering all the tenements was then flown by Austrex International Ltd employing a Nomad aircraft flying at 70m on a line spacing of 150m for 4,204 line kilometres. These data sets were processed by Pitt Research Pty Ltd and analysed by Mitre Geophysics. EM anomalies identified by this work were then followed up in the field and the new data reviewed and compared with that obtained by BHP. The ground follow up included geology, the collection and assaying of stream and soil samples, and ground magnetics. Amoco investigated the magnetic anomaly in the Albina Creek area which was identified by LEE but not vigorously followed up. Soil, rock chip, and stream sediment, sampling produced anomalous background values of gold with associated barium and a separate copper anomaly which it concluded was due to trace amounts of chalcopyrite in shales and siltstones.

In 1998 Pacific Nevada Mining Pty. Ltd. conducted regional scale exploration on the Sorell Peninsula. The area's prospectivity was assessed by geological mapping and collection of 248 rock chip samples, 122 panned concentrates, 27 bulk samples and 116 minus 80 mesh stream sediment samples. This work was primarily focused upon structurally controlled magnetite-hematite bodies and an alluvial gold bearing drainage located in and south of the Double Cove area. Panned concentrate samples ranged up to 1,800 ppb Au. Rock chip analyses include 1.14% Cu from known outcropping sulphides at Pelias Cove and 477 ppb Au from pyrite veined graphitic schists at the North Butler Prospect.

Alluvial gold, silicified rocks, and outcropping sulphides in the Pelias Cove area, were followed up with 15,000m of gridding and collection of 410 C-horizon soil samples. Gold geochemistry returned a peak analysis of 285 ppb Au from Pelias Cove. Elsewhere, gold forms coherent, although weak anomalies with values ranging from 2 to 14 ppb. Gold anomalies are coincident with elevated Cu geochemistry, which ranged up to 716 ppm Cu. Extensive outcrops bearing disseminated pyrite and accompanied by significant alluvial gold were located in the "North Butler Creek" area. An access track and a limited grid, totalling 3,000m, were cut in this area. Soil samples returned up to 564 ppb Au, whereas rock chip samples returned up to 477 ppb Au and 1,060 ppm Cu. This work identified two prospects for follow up – North Butler Creek and Pelias Cove. In 1999 the Pelias Cove targets were drilled with three diamond holes. North Butler Creek was drilled in January 2000.

The drilling at Pelias Cove totalled 761 m and although no gold or base metals were encountered extensive silica flooding and some silica-talc alteration was noted. The six diamond holes (1955 m) at North Butler Creek intersected a volcanic and intrusive complex with underlying carbonaceous black shales and siltstones grading into sandstone, quartzite and debris flow units. Only minor gold and base metal mineralisation was identified in the drilling, principally in semi-massive pyritic intervals in the black shale - siltstone section. Best intersections were from 0.10 - 0.14 ppm Au (with >10% pyrite) over 4 - 6 m in three holes. Carbonate-silica-pyrite-sericite alteration was pervasive, particularly in the sedimentary sections.

EL22/2007:

In general this ground has been held in the past by the same companies that held the Double Cove Belt (EL21/2007).

In 1957 the LEE JV investigated two prospects on the shores of Macquarie Harbour which were brought to it by a prospector, Gravelly Beach and Birchs Inlet. The company reported that in the creeks draining north into Gravelly Beach grains of chromium were found, together with osmiridium and gold.

BHP spent considerable resources cutting tracks and costeans along the northern part of the Hibbs Ultramafic Belt, concentrating on the nickel and chrysotile asbestos potential. Exploration in the headwaters of Noddy Creek commenced in the 1967-68 field season with the bulldozing of access tracks across and along the strike, together with geological mapping at 1:25,000. Detailed mapping at 1:5,000 and ground geophysics (magnetics, SP and EM), mainly aimed at evaluating asbestos occurrences led to a single diamond drillhole (DDH 1) targeting the peak of an EM anomaly. The hole penetrated serpentinised pyroxenite and laminated siltstone before being abandoned at 95 m. The cause of the anomaly was explained as 3 m of graphite.

In 1968-69 work concentrated further on the serpentinite. The following occurrences of nickel were found -

(a) A zone of disseminated pentlandite about 12 m wide occurring as small blebs up to 6 mm in slightly sheared olive green serpentinite. Three samples were assayed and contained 1200 ppm, 1000 ppm and 400 ppm nickel.

(b) Specks of pentlandite in shear planes in an asbestos costean about 320 m to the south of (a).

(c) Smears of pentlandite in shear planes in DDH 1 about 130 m south of (b).

All three of these occurrences are aligned along strike near the base of the ultramafic body. BHP recommended that EM traverses be run at 30 m intervals along strike but no further work was done on nickel.

Asbestos was recognized at locations from Asbestos Point in the north to the Spero River in the south. In the 1970-1971 season eight diamond holes were drilled to assess asbestos fibre. Vigorous attention was focussed on the Eastern Ultramafic Belt and four of the holes were drilled in the Noddy Creek – Timbertops area (DHNC6-9) with hole 7 reporting disseminated sulphides in the ultramafic rock at a number of places down the hole. Hole 8 ended in heavily carbonated and carbonate veined ultramafic.

Amoco carried out additional Dighem airborne EM covering selected areas on this tenement. The survey consisted of 659 line km with 150m line spacing at a bird height of 35m. An aeromagnetic survey covering all the tenements was then flown by Austirex International Ltd employing a Nomad aircraft flying at 70m on a line spacing of 150m for 4,204 line kilometres. These data were processed by Pitt Research Pty Ltd and analysed by Mitre Geophysics. EM anomalies identified by this work were then followed up in the field and the new data reviewed and compared with that obtained by BHP. The ground follow up included geology, the collection and assaying of stream and soil samples, and ground magnetometry. Work conducted during 1984-85 was focussed on tin and gold and included fieldwork on Noddy Creek and Thomas Creek. No encouragement was given at Noddy Creek and follow-up at Thomas Creek is described under EL23/2007 (see next section of this report).

In 1992 Plutonic Operations Ltd were granted EL4/1992 and EL7/1992 (High Rocky Point) Rocky Point) which covered most of the ground currently held by MHM. These tenements covered the Noddy Creek Volcanics Belt which is now identified as part of the prospective Mt Read Volcanics. In 1992-93 Plutonic considered that this belt was prospective for volcanogenic massive sulphide deposits and had not received the ground based follow up that it justified. The company firstly undertook detailed checking of previous results reported by earlier explorers. Amoco had conducted airborne EM surveys but in 1993-94 Plutonic decided to carry out its own airborne EM survey using improved Geotem equipment. Delays meant this was not eventually carried out until March 1996. In

the meantime Plutonic undertook reprocessing of Amoco data to form the basis for reinterpretation of the geology and an updated geological map of the tenement area. Plutonic's work on the Thomas Creek Prospect falls into EL23/2007 and will be discussed in the next section of this report.

Pacific-Nevada Mining Pty Ltd acquired ELA9/1997 in June 1997 from Morritt Holdings Pty Ltd which covers a similar area to that of EL22/2007 and the licence (EL9/1998) was granted the following year. This company considered that the ground was prospective for copper and gold mineralization. After reviewing previous work a reconnaissance field assessment programme of regional stream sediment and rock chip sampling was mounted. This work identified the West Baylee and Hill 99 Prospects. Grids were put in over these and ground geophysics (IP and TEM) was carried out. Geochemical results at Hill 99, located just south of Asbestos Point, defined a copper – zinc anomaly, with some associated gold values, along strike to the south of an outcrop of massive pyrite/quartz on the shore. A subtle coincident IP anomaly was also identified. In 1999 a three hole diamond drilling programme was designed to test the geochemical anomaly and a fourth hole to test the IP anomaly. Only three diamond holes were drilled from a single drill pad totalling 668.8m. Two were fanned out to make two intersections under the base metal anomaly (296m and 255.5m) and the third to test the IP anomaly. The third hole had to be abandoned in a shear zone at 117.3m. The holes intersected mafic and felsic volcanoclastic rocks that had undergone intense chlorite/carbonate alteration. No massive sulphide mineralization was intersected but fine veins and disseminated base metal sulphides were identified in the drill core. Within the sequence fuchsite-carbonate-pyrite alteration zones are a distinctive feature. West Baylee is located 400m SW of the Gravelly Beach Prospect. Anomalous gold values were roughly coincident with an IP anomaly. A programme of three diamond holes was completed in early 2000. WB001 tested a nickel soil anomaly showing that it was present over a sub outcropping serpentinite with a nickel content below that of the soil anomaly. WB002 was targeting a coincident IP and geochemical anomaly. The IP anomaly was due to pyritic carbonaceous shales and no mineralization was found to explain the geochemical anomaly. WB003 was drilled to test various rock and soil geochemistry along an ultramafic – Cambrian sediment contact. Poor ground conditions resulted in significant core loss in these three holes and the casing and drill string were not retrieved from the last hole. No significant mineralization was intersected in these holes and no further work was reported on this tenement.

Discovery Nickel Ltd was granted EL22/2004 in July 2004 and then acquired and compiled available data on the area. They then undertook processing of the geochemical results. The nickel and copper anomalies in the area of the Modder River magnetic anomalies were then followed up with a field visit to collect rock chip samples. Geochemical analysis of the rock chip samples indicated that the ultramafics were not prospective for magmatic nickel-copper deposits but were favourable for the formation of hydrothermal related "Avebury Style" nickel sulphide deposits. In 2006 the board of Discovery Nickel had a change of focus away from Australia to Africa and in June relinquished EL22/2004.

EL23/2007:

This licence was covered in the airborne geophysical survey of the LEE joint venture but no significant anomalies were defined that warranted ground follow-up.

In 1971 BHP carried out a short ground survey over the ultramafics at Hibbs Lagoon and Spero River as part of the assessment of the asbestos potential in the Hibbs Ultramafic Belt.

Copper and gold mineralisation was first recognised at the Thomas Creek prospect by Amoco in the mid-1980's during a ground reconnaissance programme, with a sample assaying 2000 ppm Cu, 0.97 ppm Au and 1050 ppm Ba associated with a diorite intrusion. Geochemical sampling on a grid followed and this outlined a zone of anomalous copper (300 m x 400 m) which was >250 ppm Cu.

Following on from Amoco in 1987 Cyprus Minerals undertook a brief field examination of the southern end of the Hibbs Ultramafic Belt near the mouth of the Spero River to assess its potential for platinum group metals (PGM's) and gold using rock chip and stream sediment geochemistry. A total of nine sites were sampled using both pan concentrates and minus 80 mesh sediments. PGM's assayed at higher levels than gold with platinum having the greatest range of values from 0.5 – 420 ppb, the maximum in a panned concentrate draining gabbros, with associated ruthenium, rhodium, iridium and osmium ranging from 18 – 52 ppb. High levels of osmium (250 ppb) occur in a panned concentrate

draining serpentinite with an associated platinum value of 150 ppb. Seven rock chip samples did not produce any anomalous gold or PGM values.

Plutonic Operations Ltd. acquired ground covering Thomas Creek in 1992 and conducted a large programme of gridding, soil sampling, ground magnetics and IP. This enlarged the copper anomaly to 600 m x 400 m which was found to lie within a potassic - phyllic alteration zone with coincident IP zones related to extensive pyrite development. The zone straddles an area between a magnetic high and low.

Drilling of 8 diamond holes in 1996 by Plutonic using a light "Gopher" rig tested areas of high Cu soil geochemistry and corresponding IP chargeability over an area measuring approximately 400m by 300m. Core recovered was commonly weathered and broken, with significant core loss, particularly in some clay-rich zones. The drilling revealed widespread copper anomalism, including 58 m @ 0.08% Cu from 40 m in TCD2 and 0.05% Cu from 45 m in TCD3. The low grade disseminated and vein hosted chalcopyrite - pyrite mineralisation is generally associated with magnetite rich silica-chlorite-actinolite-potassic alteration surrounding micro-monzodiorite dykes.

After failing to attract a joint venture partner Plutonic relinquished the area in 1998.

5 PREVIOUS WORK BY MHM (2007-2008)

Two helicopter supported reconnaissance visits were made to the area between April and July 2008.

A three day trip, based in Strahan, provided the company's Managing Director, Chief Geologist and Consulting Geologist with an overview of the whole tenement package with respect to existing tracks, vegetation and terrain limitations. Landings were made on the coast at Birthday Bay, at Thomas Creek and near the iron ore lenses at the southern end of the Double Cove Belt.

Interest in the economic potential of the three iron ore lenses located inland from Birthday Bay (EL21/2007) prompted a five day trip to this area by Geologists Joe Booth and Galen Pettigrew to undertake geological mapping, sampling and NITON analysis of the hematite/magnetite outcrops investigated by the LEE joint venture and BHP in the 1950's and 1960's.

Due to extremely thick scrub (progress on foot was at times a little as 300m/hour) and poor surface outcrop and the fact that clear magnetic signatures outline their near surface extent only minimal time was spent delineating the lenses. Instead focus was placed on examining exposure in creek beds, taking samples for laboratory analysis and taking readings with the Niton XRF analyser.

All three lenses showed similar grades of between 59%-69% Fe according to the Niton, with minimal (typically <5%) visible sulphides (mainly pyrite). This represents ore that could potentially be "direct shippable" with no need for refining/concentrating. Rough field calculations from this field trip also suggest that previous estimates (LEE & BHP) may be somewhat conservative and potential for a total of up to 20 million tonnes of ore exists within the three lenses.

6 EXPLORATION COMPLETED DURING THE REPORT PERIOD

A report summarising regional geophysical surveys by previous explorers over EL 21/2007, EL 22/2007 and EL 23/2007 was provided by Mitre Geophysics at the request of MHM. It is included with this Annual Report as Appendix 1.

Recommendations arising from this study included focussing further exploration attention on Hill99 (Cu, Pb, Zn), Pelias Cove (Cu, Au), and North Butler (Au). It is planned to conduct follow-up field investigations in these areas during the forthcoming field season.

Work programmes were approved by MRT for diamond drilling on the Birthday Bay Iron Ore Project (EL 21/2007) and Thomas Creek Copper Gold Project (EL 23/2007) but due to the need to reduce the company's exploration budget during the current economic climate these did not proceed. The preparation of these programmes by the company's Chief Geologist took considerable time and effort, particularly regarding detailed examination and re-interpretation of previous drilling at Thomas Creek to carefully site the proposed holes. Aspects concerning site preparation, camping facilities and environmental considerations required ongoing liaison with MRT staff while negotiating a drilling contract necessitated close involvement with the preferred drilling contractor.

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8 EXPENDITURE

Total annual expenditure for tenements EL21, 22 and 23/2007.

Geoscientific Costs	
Geology	61,529.01
Geochemistry	385.25
Geophysics	3,750.00
Remote sensing	
Drilling & Gridding Costs	
Gridding	
Drilling	1,239.67
Earthmoving	
Land Access Costs	
Rehabilitation Costs	
Feasibility Costs	
Other Costs	5,691.90
Rental fees	15,709.46
Vehicular track Construction	
Surveying, contract drafting etc	
Capital equipment purchase	
Administration Costs	
(note: not to exceed 10% of annual expend)	
Legal	
Office & Admin	3,315.31
Total	91,620.60

APPENDIX 1

SUMMARY OF REGIONAL GEOPHYSICAL SURVEYS