

Indo Australian Consulting Group Pty Ltd

EL 42/2008 Mt Sorell

ANNUAL REPORT

First Year (1) Annual Report

For the period 18th November 2008 to 18th November 2009

12th October 2009

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ABSTRACT

In the first year of tenure, Indo Australian Consulting Group Pty Ltd, exploration has focused on data compilation and the review of previous exploration. The company was not able to conduct any field work because of severe time constraints. At the time of grant of the EL the short summer field season was upon us and the involved organization and implementation of a field crew was not possible. In addition the engagement of the geophysical consultant (previously used), to review all existing data, was unavailable owing to his retirement.

The past geophysics interpretation eliminated the conductive point source anomaly, high up on the flanks of Mt Sorell. No bedrock conductor is likely and it has been shown to be a calibration error with the instrumentation. The geophysics report (2005) also provided no support for any shallow conductive body coincident with the zinc anomalism delineated by a previous soil geochemistry programme.

In the second year of the Zelos tenure (2006) exploration focused on the completion of the grid which was a total of 21 cross lines of 500m spaced at 100m apart off a 2km long N-S baseline. In addition the 'ground truthing' of airborne electromagnetic anomalies was carried out. Geochemical stream and rock sampling in the environs of three discrete air borne EM anomalies returned poor results.

The Zinico Resources NL company won the licence on a tender basis and had proposed a high level of exploration expenditure and commitment. That company was fully committed to the successful outcome of exploration on the EL, however the slow progress being a combination of a step by step programme operating only in a limited weather window (summer), lack of land access (ie requiring costly helicopter support), limited availability and willingness of experienced staff to camp out under difficult conditions influenced the company to conserve available funds on this project and redirect them to exploration on projects the company considered more advanced and had a higher priority ranking of success.

The company therefore relinquished the EL.

The vacant EL area, thus being available for exploration, was taken up by Indo Australian Consulting Group Pty Ltd. (IACG).

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Mt Sorell

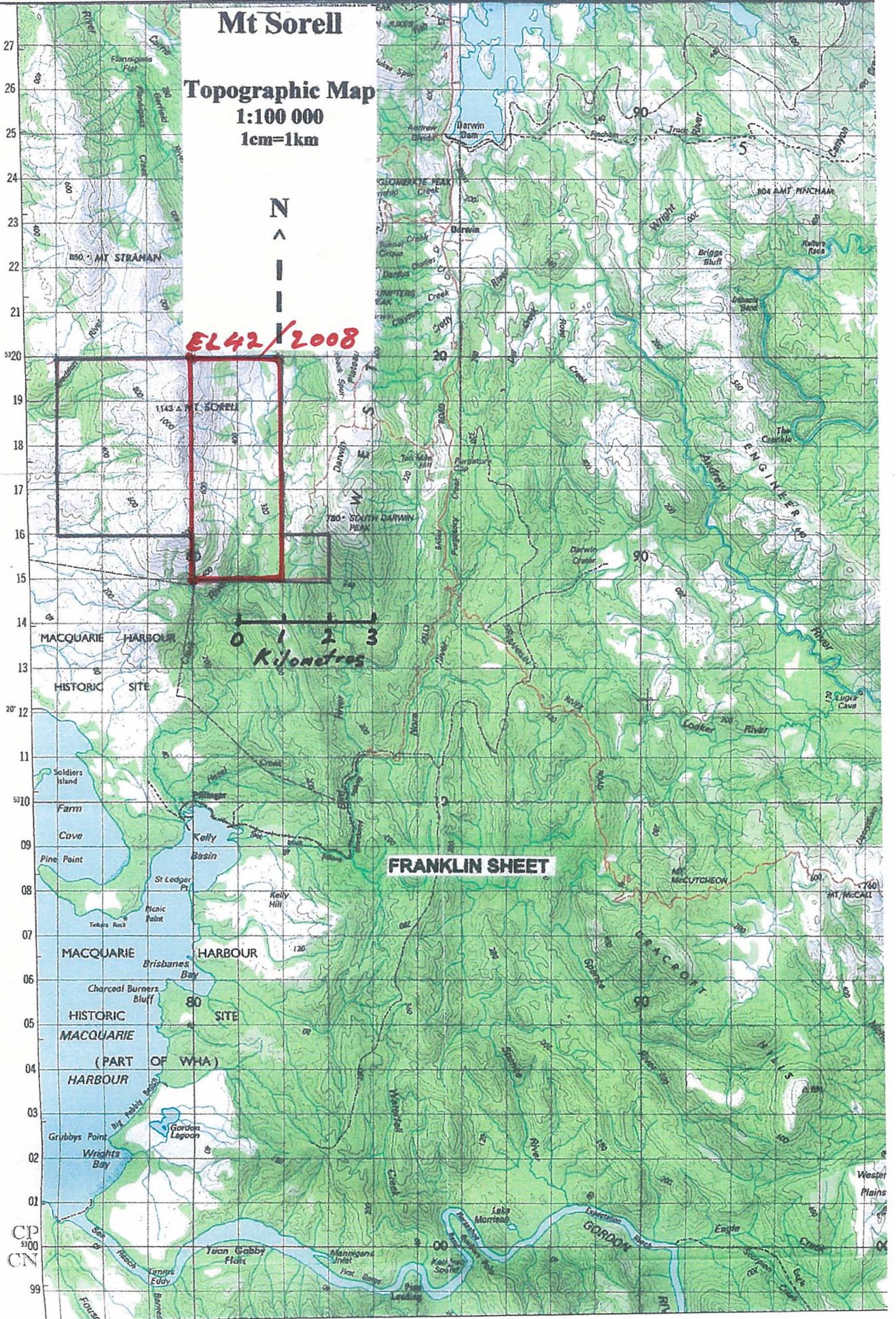
Topographic Map
1:100 000
1cm=1km



EL42/2008

0 1 2 3
Kilometres

FRANKLIN SHEET



1 INTRODUCTION

1.1 Tenement Information

Indo Australian Consulting Group Pty Ltd holds the Mt Sorell property, in Western Tasmania, as EL42/2008.

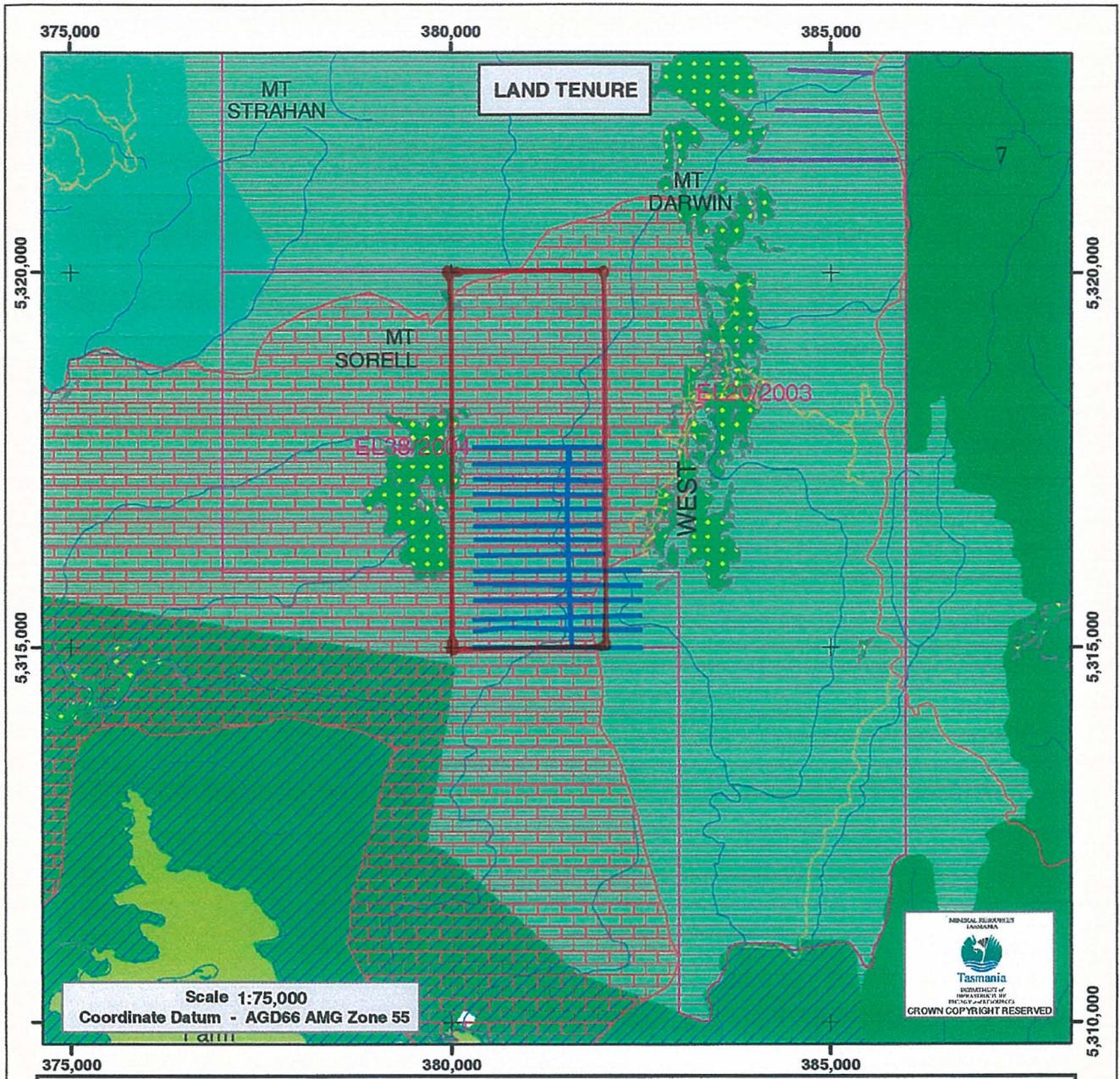
The licence was granted on 18th November 2008 for a five year term to Indo Australian Consulting Group Pty Ltd.

The company is not listed on the Australian Stock Exchange, but has a close relationship with Shree Minerals Ltd which carries out all its exploration activities and which will list on the ASX in due course.

The 10 square kilometre property is located 20 kilometres south of the Queenstown.

This First Annual Report notes that no field exploration took place within the first year, during the period 18th November 2008 to the 18th of November 2009. However all available data was reviewed and contact was established with contractors providing various services.

This First Annual Report also summarises the results of exploration work completed on Exploration Licence 42/2008 – Mt Sorell – in the recent past by previous explorers.



Scale 1:75,000
 Coordinate Datum - AGD66 AMG Zone 55



Land Tenure / Special Management Areas (Guide Only)

Non Metallic Exploration Licence	Tas Forest Community Agrmt	Nature Reserve
Metallic Exploration Licence	Private Land Reserve (RFA) / PAPL	Hydro/Transend/Aurora Land
Mining Lease	Proposed Private Land Reserve (RFA)	State Forest / Hydro
Fossil Site	Suspected Phytoph Cin region	State Forest
Fossil Site	Administratively Excluded Areas	Forest Reserve
Forest Communities Managed by Prescription	Public (Crown) Reserve	Conservation Area
RAMSAR Site	Commonwealth Land	Regional Reserve
HEC Vested Land	Private Land	State Reserve
Phytoph Cin Management Zone	Crown Land	Historic Site
Aboriginal Administered Land	Nationally Significant Wetlands	MDC Informal Reserve
Gas Pipeline Corridor	Nature Recreation Area	RVE Non-forest Vegetation
	Proposed Reserve	GRID
	Wellington Park	RECUT GRID
	Game Reserve	
	Private Nature Reserve	
	Private Sanctuary	
	National Park	

Note: Land Tenure is derived from the LIST and other sources and may be incomplete. Not all Land Tenure depicted in legend may appear on the map.

*** The area is covered by High Quality Wilderness WPA06/3**

The tenement, that is the area east of the mountain named Mt Sorell is centred on the Clarke Valley, is underlain by Cambrian rocks assigned to the Central Volcanic Complex and the 'Western Sequence' of the Mount Read Volcanics. This plus the overlying Tyndall Group are considered prospective for both base metals and gold.

The primary target has been the further delineation of an existing, but poorly defined, linear zone of zinc anomalism with similar geochemistry to the Hellyer VHMS deposit. The subsidiary target is the equivalent of the Lynchford Formation – a prospective horizon at the contact of the Western Sequence and Tyndall Group.

Two commodity/genetic targets exist in the licence area.

- A. Syngenetic, VHMS, Pb/Zn in the Clarke valley and
- B. Epigenetic, Henty style Au mineralisation hosted by the Tyndall Group units at Mt Sorell

A.

Aberfoyle Ltd held the EL in the 1990's; that company's primary aim was to investigate the zinc anomalism defined by Aberfoyle's preparation for drilling. This anomalism was delineated on the basis of 5 grid lines, spaced 400 metres apart. The company chose to work on area's close to the Helyer mine.

More recently the EL was held by Gujarat Resources NL which wanted to further explore the EL and reconstructed the Aberfoyle grid which was stage one of the work programme in 2005/6 to re-cut the existing lines and to infill with further line cutting at 100m spacing. This work was carried out in the summer of 2006 and the following spring.

The subsequent second stage field work was the completion of the gridding and also to carry out a soil sampling, grid mapping and possibly ground geophysics programme. For corporate reasons this was not completed.

B.

At the completion of the BHP/RGC work programme in the 1980's, Wally Herrmann from CODES was engaged to write an independent document that reviewed the work to date and was used to guide any further work prior to relinquishment. Herrmann noted that moderate potential exists for VHMS deposits at the base of the Tyndall Group, with this favourable horizon – The Lynchford Formation – hosting such mineralisation at Comstock and the low sulphidation epithermal deposit at Henty. This favourable stratigraphy extends south of the Garfield valley, over Slate Spur and into the upper Clarke valley east of Mt Sorell where it is obscured by Quaternary cover. This Quaternary cover is elongate in form and mimics the district strike of the underlying quartz felspar porphyries. Tear in Zinico 2005 in the prospectus, notes that overburden is more conductive than the surrounding units and warrants further investigation.

The area has been subject to comprehensive and systematic modern exploration. In particular it is readily apparent that the Garfield – Clarke valley area has been subject to methodical and thorough exploration for a period of nearly 20 years. Prior to the 1980's most exploration was focused to the north where access was easier. The Mt Jukes road, as part of the King River Power scheme, provided the impetus for the recent work which culminated in the discovery of the Garfield resource which is an analogue of the Prince Lyell ore body. Previous explorers included Mount Lyell, BHP, EZ, and RGC.

As part of the exploration programme in the Garfield valley, BHP extended the grid southwards into the Clarke valley. The survey covered the Central Volcanic Complex felsic volcanics on the western side of the Mt Darwin ridge and the adjacent overlying Yolande River sequence correlates to the west. The entire grid, for a strike length of 10kms was mapped, rock sampled and subject to a UTEM survey. No conductors attributable to massive sulphides were noted. Any weak surficial signals were attributed to black shale units.

During the period 1990-1993, RGC conducted a substantial body of work, primarily drilling out the Garfield resource to the north of Slate Spur. Additional soil/rock geochemistry and grid based mapping was undertaken in the Clarke Valley however no drilling targets were delineated.

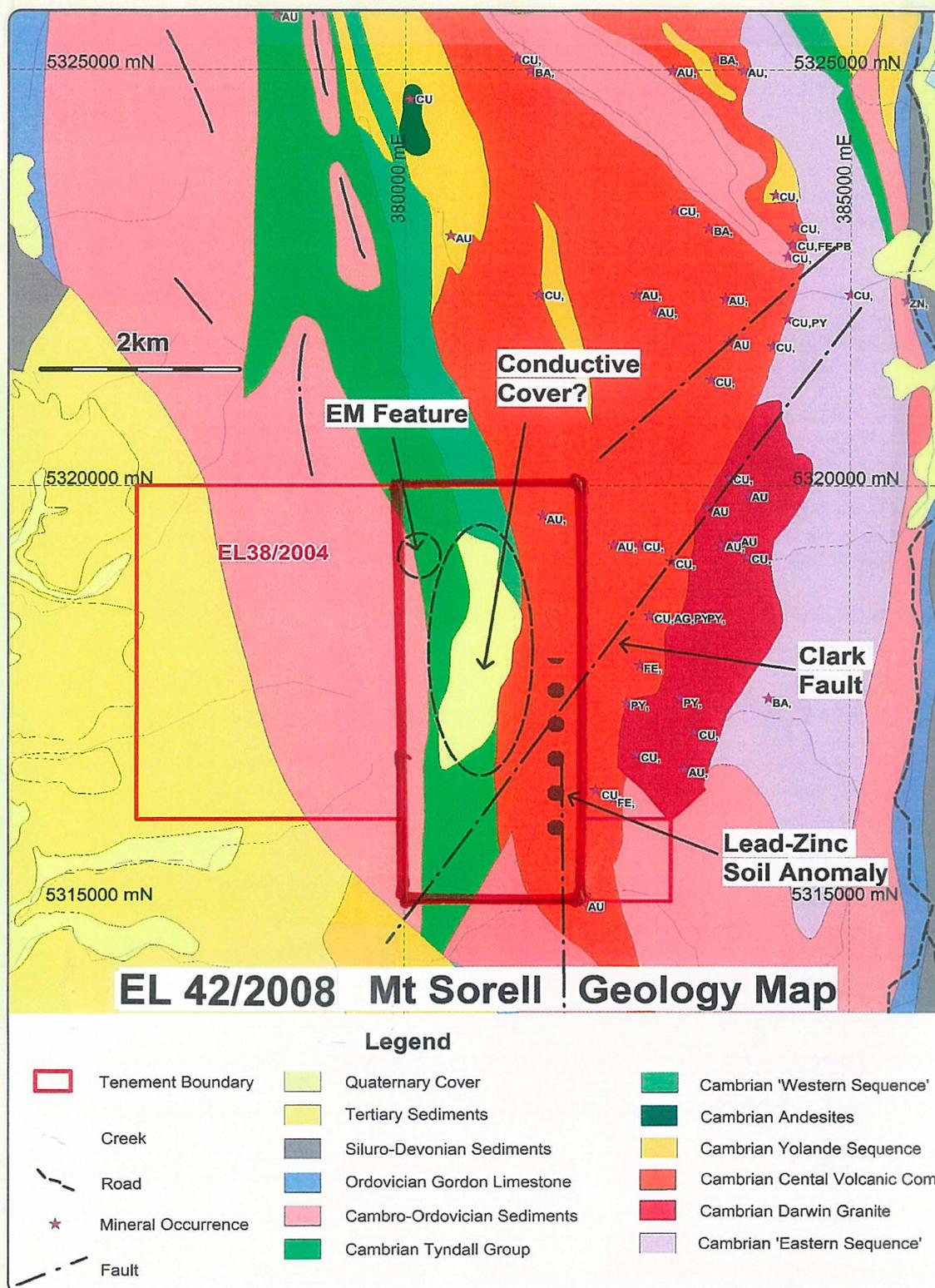
Aberfoyle became the tenement holders for a brief period in 1995, conducting a helimag survey of the Clarke valley. The survey defined a magnetic zone within the Central Volcanic Complex, trending north and south of the Clarke Fault. The helimag data was not processed beyond an initial assessment and is not reported upon by McNeil in his relinquishment report. Up until the Gujarat tenure, there had been no further interpretation of this data. An 'In House' reconstruction by Aberfoyle of previous soil geochemistry conducted by RGC, defined an elongate zone of zinc anomalism.

Aberfoyle- concluded:

"A review of previous mapping, soil geochemistry and IP data indicates that a 50-100m thick black shale unit is present at the base of the Western Sequence from 15600N to 17000N and marks the transition from felsic phyric to quartz-feldspar phyric volcanics. Five soil geochemical samples over a strike length of 1000m define a distinctive soil geochemical unit within this shale sequence. The five samples are characterised by high Fe₂O₃ (av.17.8%), Ti (8500ppm), P₂O₅ (90.4%), V (374ppm) and Co (30ppm). High Ti/Zr (32.9) and moderate P₂O₅/TiO₂ (0.30) suggest this may be a geochemical Suite II type andesite or basalt."- Lewis 1996. This zone was seen as a potential Hellyer analogue.

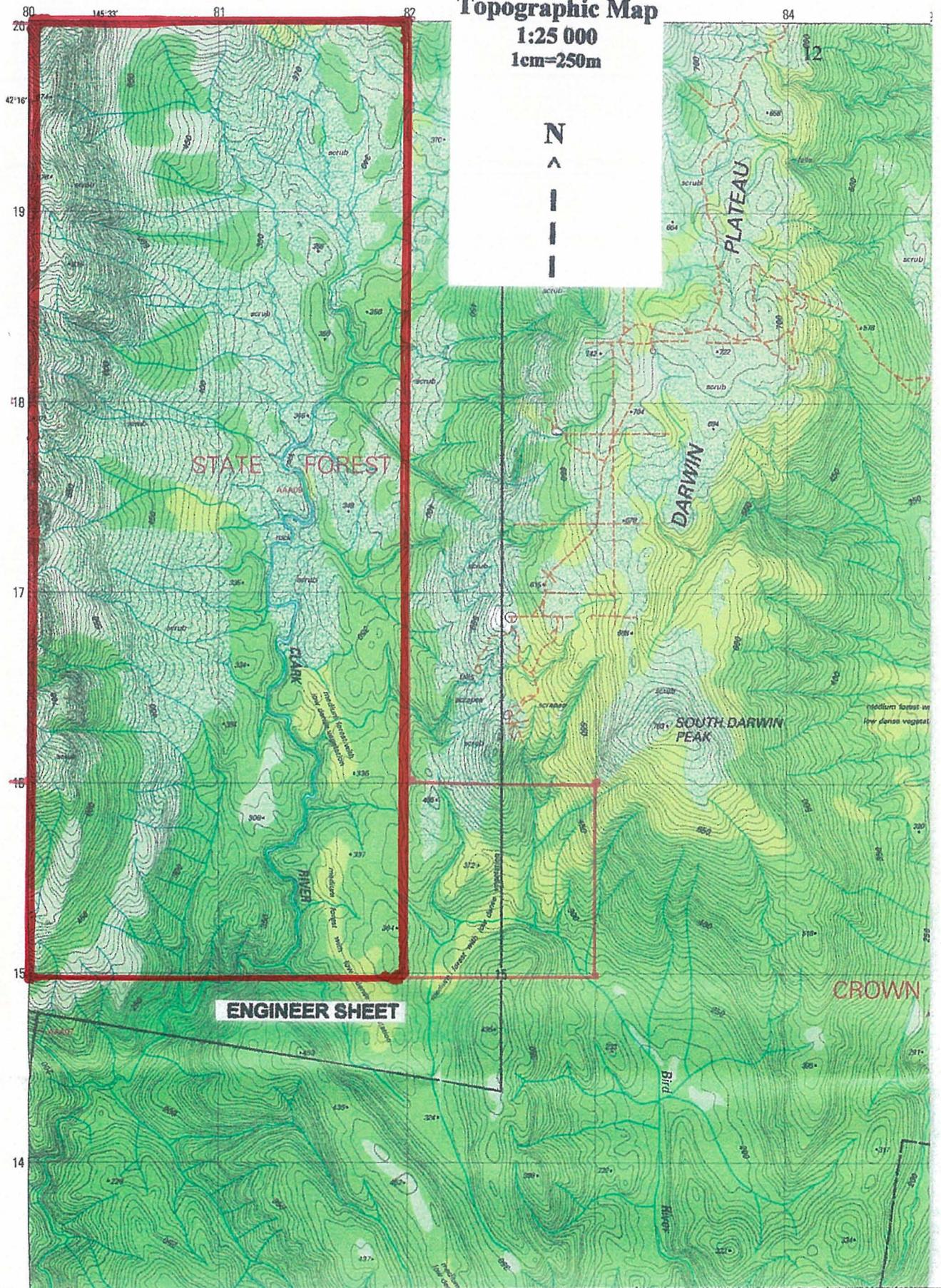
The proposed programme to test this zone included additional line cutting to extend the BHP gridding, ground EM, and the use of 'whacker' sampling to penetrate the thick overlying soil mantle.

In 2004, on the basis of the MRT 2002 airborne geophysics programme, a heli-EM anomaly was targeted by BHP in the search for VHMS deposits. No fieldwork was undertaken as the company noted that the anomaly was hosted in a high energy depositional environment which is less suitable to the formation of VHMS mineralisation as a quiescent sedimentary environment and a cessation of volcanic activity is necessary.



Topographic Map

1:25 000
1cm=250m



3.1 Geology

The initial work undertaken was a literature review and the subsequent compilation and evaluation of data. This has been in written form rather than in a digital format. The review concentrated on the work by previous explorers conducted during the period 1988- 2007 inclusive. There has been no field work carried out in the current year to November 2009.

In the three year period to 2007 there have been three fieldwork visits to the EL. The first was to re establish the previous (1995) baseline and grid, the second several geological reconnaissance excursions and the third to complete the grid.

The first geology field trip was helicopter supported and involved a flyby of the Mt Sorell massif to try to observe if there was any artificial reason (airplane crash etc) for geophysical EM anomaly D. This anomaly has subsequently been identified as owing to incorrect calibration of the recording device.

The second geology excursion was also helicopter supported to identify potential drill site locations for shallow scout drilling the conductive overburden anomalous zone covering the Lynchford Formation east of Mt Sorell in the upper Clarke Valley. Two good sites for drilling were identified and also a previously used (by RGC?) camp site.

The third geology excursion was on foot to ground truth the three other EM anomalies. The results were reported in Appendix 3, p 40 & 41 of the Year 1 Annual Report by Zelos Resources NL November 2006.

3.2 Geochemistry

The primary focus in the initial field season in recent years was the re-establishment of the Goldfields grid in the middle section of the tenement. At UTM 0381576E / 53 15499N; an existing Goldfields helipad was located, recut and utilised as a campsite with a small metal demountable garden shed used as shelter hut. This occurred during the reporting period to the end of February 2006 during the tenure of Zelos Resources NL.

During the summer of 2006, the baseline of some 2.0 km was recut and pegged, and in addition a further 9.5 cross lines of 500m were cut and an access track of 1km (for emergency purposes) leading to the Mt Darwin plateau area for a total of 7.5km of cut line. This approximated about half of the required grid needed to be cut for the proposed soil sampling programme to be carried out in the spring ie October 2007.

At the end of the above line cutting exercise, ground traverses were made to ground truth geophysical EM anomalies A, B, C. Stream sediments and rock chips were taken and results were not encouraging and are in Appendix 2 p36 and reported on in Appendix 3 p40 of the Zelos Report noted above.

In October 2006 a third fieldwork programme of line cutting was carried out and completed. This comprised a further 11 cross lines of 500m for a sub total of 5.5km of cut line. Thus a total grid of 2km of N-S baseline and 21 cross lines of 500m for a total distance of 12.5km of cut line plus 1km of emergency exit track.

(See Figure 5 p14 and Photos pages 15,16,17,)

This grid was to be the base for a comprehensive soil sampling programme and geological mapping which was to be started in the north on the new grid cut in February and carried out in a southerly direction concurrent to the grid cutting and catching up with the completion of the newly cut grid in the south. Possible ground geophysics based on the results of the geochemistry would have followed in late summer.

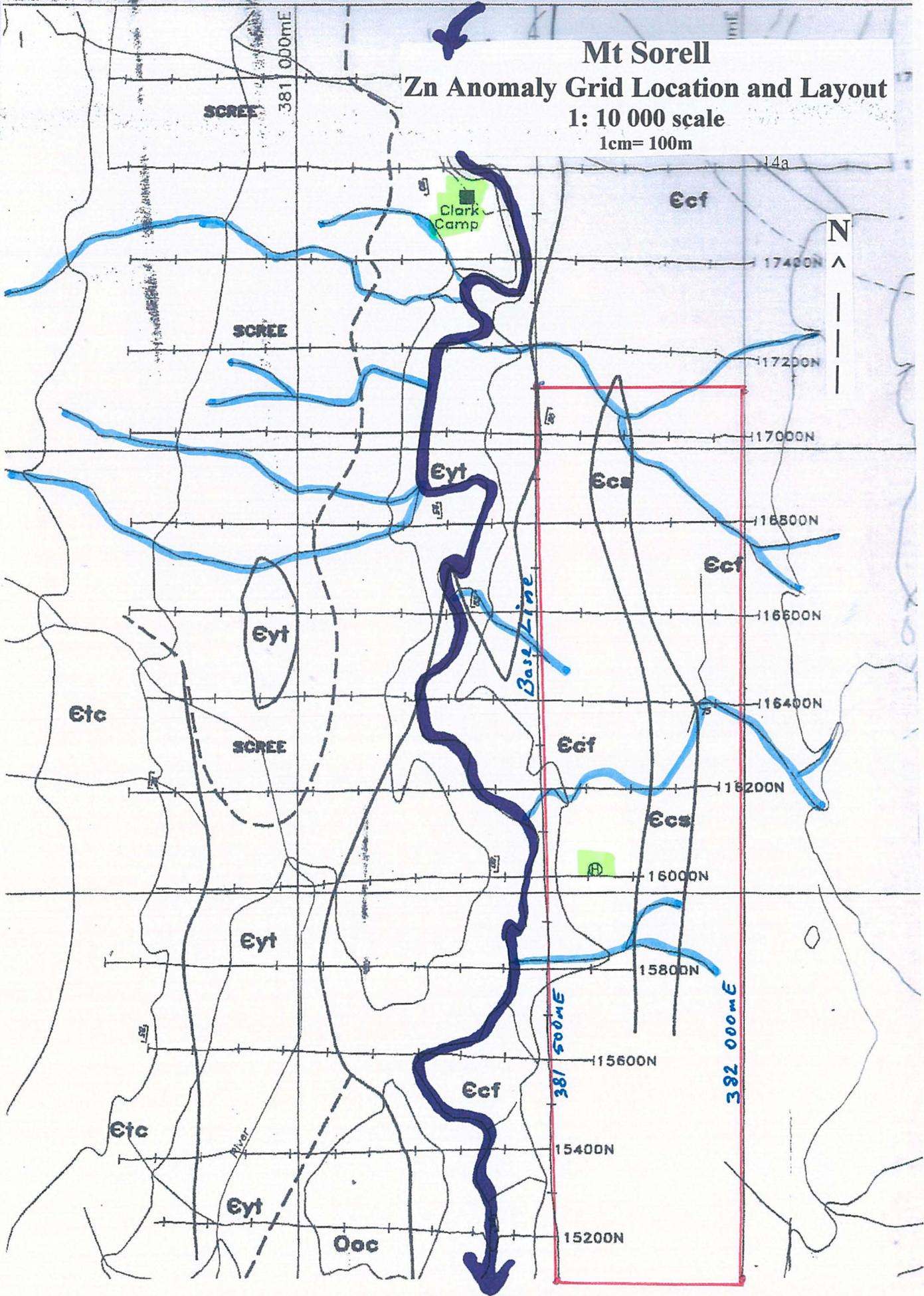
This sampling programme was not carried out as the Gujarat NRE Resources NL company decided to conserve its funds and exploration on other projects that had a higher priority at that time. The sampling programme was postponed until March 2007 with the field team again organized when a corporate decision was made to spend no further funds on the EL and do so on other projects with a higher priority ranking.

The Gujarat NRE Resources NL company therefore then decided to relinquish the area.

The current tenement holder took up the EL in 2008 in a smaller size for the purpose of carrying out this geochem/geophysics survey but owing to time constraints of the short summer field season and lack of time and appropriate personal at short notice this had to be postponed until more favorable conditions.

Mt Sorell Zn Anomaly Grid Location and Layout

1: 10 000 scale
1cm= 100m





Squirrel Helicopter

Picking up field crew in the Clark Valley



Base line and camp site and storage shed

in the Clark Valley



**Base line of the grid
in the Clark Valley**

3.3 Geophysics

Consultant geophysicist Nigel Hungerford, was engaged in 2005 for Zelos, to reprocess and re-interpret all existing geophysical data collected by a combination of government organisations and previous explorers. This summary document assesses data from ground and airborne EM, plus airborne magnetic surveys. (See Appendix 1 p27; Zelos Resources NL AR Y1 March 2006)

3.4 Drilling

It was hoped that future soil sampling results in the Zn anomaly area could lead to the firming up of drill targets.

In addition, the prospective Lynchford Formation in conjunction with the conductive overburden noted in Section 3 above, has been assessed with a view to a small three hole programme of reconnaissance 'wild cat' drilling. The reasoning for this approach is that the area of interest is a series of colluvial fans flanking MT Sorell that obscure any meaningful geochemistry from previous soil sampling programmes. An assessment of logistics was made at each of the three proposed collar locations. Two were selected.

During the then reporting period to March 2006, the Zelos company decided to go ahead with this scout drilling but the late start to the project, with further time elapse owing to MRT permitting, contracting a suitable drilling company and other logistics etc meant that the late summer weather window was no longer available and this short drilling project was postponed to later in the year to be carried out in October 2006 in conjunction with the completion of the grid and soil sampling in the Zn anomaly area.

For reasons already stated this was not carried out.

IACG will re assess these drill targets once field work is re commenced.



Squirrel Helicopter

**Set down for sampling purposes in the
Clark Valley**

5. DISCUSSION OF RESULTS

All line cutting was completed in preparation for soil sampling and is comprised of a 2.1km baseline and 11kms of 500 meter long grid lines. (See Figure 5 p14)

Hungerford concluded that the strong isolated airbourne EM conductor on the flanks of Mt Sorell, which was the focus of BHP's initial interest, is likely to be an artefact of poor data collection. Subsequent confirmation of this by Rob Reid, *pers comm*, indicates that calibration of the instrument on that particular day was an issue.

Hungerford also indicates that the zinc anomaly, which is the focus of the completed cut grid, is not supported by any co-incident airborne EM conductor. A linear magnetic high is partly coincident with the zinc anomalism and is thought to represent a mafic volcanic unit within the host shales.

Three discrete EM responses were recorded within both the Yolande River sequence and the Central Volcanic Complex (See Figure 6 p21). 'Ground truthing' by way of reconnaissance stream sediment sampling and minor rock sampling was undertaken in drainages in the vicinity of each of these anomalies and returned poor results. Best gold reported was 20ppb, best copper 60ppm, best Pb 105ppm, best Zn 145ppm. For details : (p36-39 of the Amdel Geochem assay results May 2006 reported in the Gujarat Final Report March 2007).

Mt Sorell

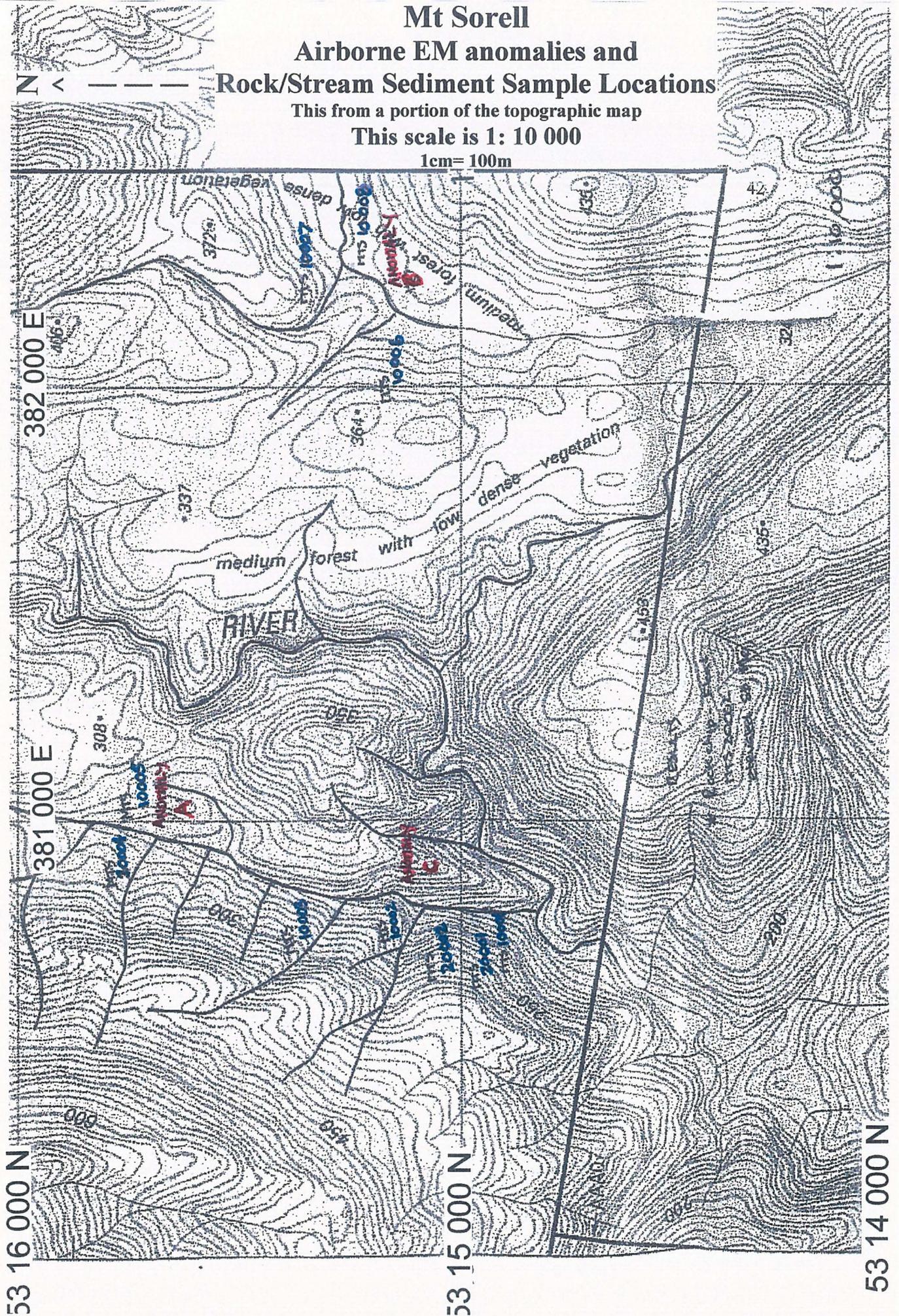
Airborne EM anomalies and

Rock/Stream Sediment Sample Locations

This from a portion of the topographic map

This scale is 1: 10 000

1cm= 100m



6. CONCLUSIONS

The area of zinc anomalism, previously defined by Aberfoyle, has been gridded at 100m line spacing in preparation for soil sampling and if results are warranted, ground geophysics. If these prove positive then targets will be selected for drilling.

The three discrete airborne EM responses, highlighted in the Hungerford Summary document, have been tested and no further investigation is warranted.

The spot high noted in the MRT airborne data has now been discounted.

The prospective Lynchford Formation and its attendant conductive Quaternary overburden remains untested. This remains a drill target.

7. ENVIRONMENT

Apart from grid cutting and the widening of the helipad for camping purposes, there are no outstanding issues with regard to the environmental performance of the company. The helipad extensions were cut in teatree/bauera scrub.

8. EXPENDITURE

The exploration expenditure for the reporting period to 18 November 2008 to 18 November 2009 is nil. The company did not carry out any field work in the period.

The company spent funds on acquisition, annual rent, time for consulting geologist to write quarterly reports and annual report and review data.

This would total \$ 1000

The main items of expenditure by the recent explorers of the EL are itemized below.

The main expenditure breakdown was as follows:

Geological	\$ 34 701
Geophysical	\$ 3 815
Line Cutting	\$ 47 396
Helicopter Charter	\$ 23 530
Other	\$ 7 893

Total Spent on the EL by recent past explorers was \$ 117 335

9. REFERENCES

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