

EL 42/2004 Mt Bertha

Partial Relinquishment Report
(and Final Report of the area surrendered)

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Abstract

EL 42/2004 the Mt Bertha licence, is in the interior of the north- west quarter of the state. This is a large area and is prospective for iron ore repetitions of the Savage River mine, base metals (copper,lead zinc,silver) as well as gold.

The Tasmanian government sponsored airborne magnetic surveys have improved the prospectivity of the area and the company took advantage of this data.

Early in 2006 the predecessor of IAGL commissioned consulting geologist Simon Tear To do a literature study and geological interpretation of the EL and other data was also gathered relevant to the Mt Bertha EL. At the same time :

The company's consulting geophysicist Nigel Hungerford was asked to do a Geophysical Interpretation Report of all the available (old and new) geophysical data available over the EL.NH considered the relevance of the known geology to the geophysics results, listed what types of surveys, by whom, when they were carried out. He included a table of rock signatures, a suite of geophysical maps and generated several targets to be followed up.

From all this, it was therefore concluded that “ground truthing and selection of sites” becomes the subject of further exploration activity, and based on those results; drilling being undertaken to further this field investigation.

Early on permission was sought and conditionally granted by ABM to access the anomalous areas (found from the studies above) that were close to the pipeline road where it passes through the EL.

Bad weather, a limited summer field season, washed out bridges, pipeline road slips, lack of staff, other priorities, change of companies, then the GFC all contributed to the delay of field work. With only 4 pipeline road orientation surveys conducted.

During the past year of this reporting period, two visits were made to the field sites for the purpose of pathfinding for field base camps for grid construction. This work was organized in late 2009 and is being carried out in January& February 2010.

The areas of interest above are all within the area of the Mt Bertha EL 42/2004 that the company wishes to retain.

The area of 90 sq km the company wishes to surrender is out side this central spine and is considered less prospective and therefore superfluous to requirements and is to be surrendered.

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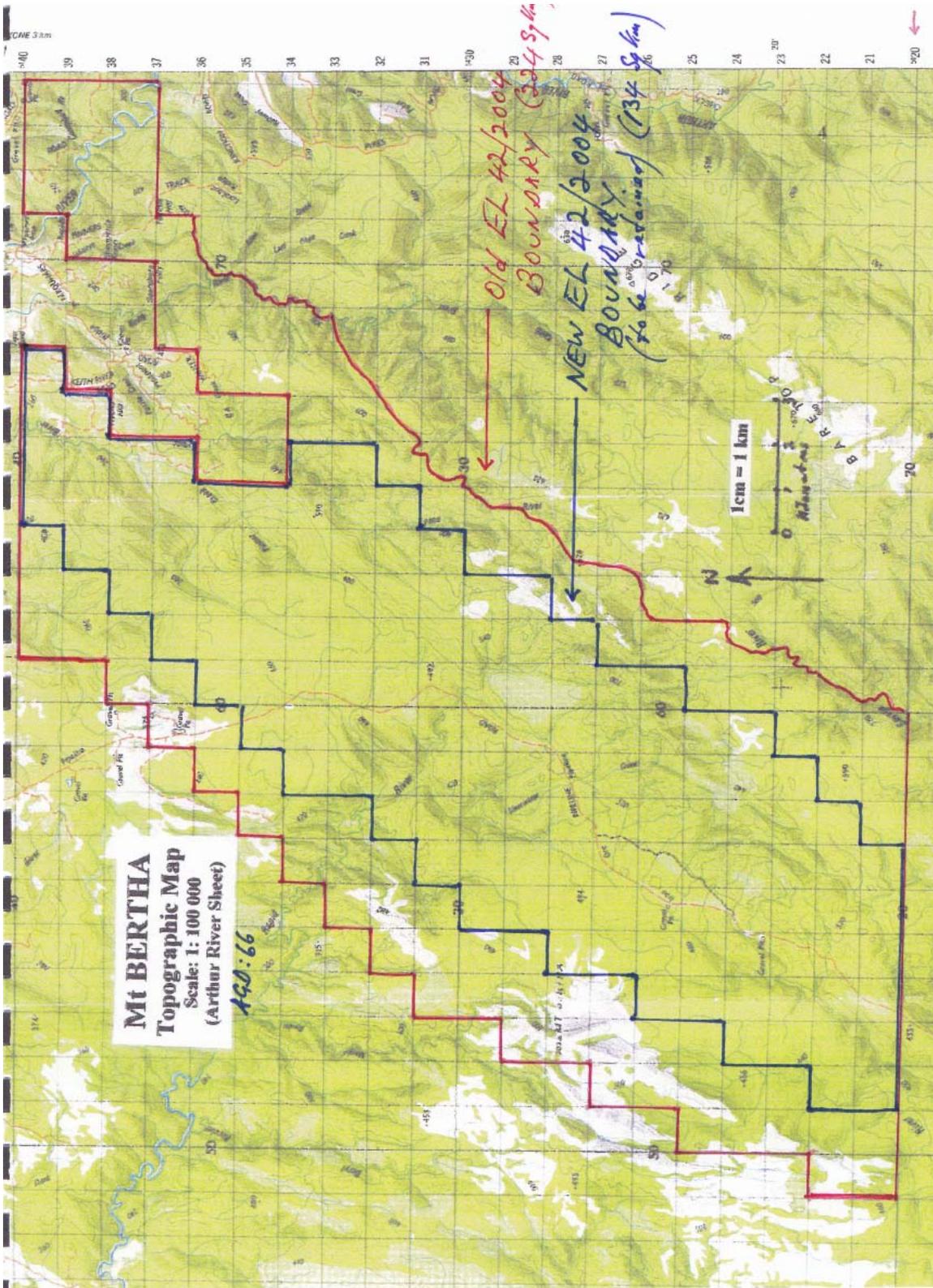
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AGD66 Map of Previous EL boundary in Red and new boundary in blue

1 Introduction

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1.1 Exploration Rational

EL 42/2004 the Mt Bertha licence, is in the interior of the north- west quarter of the state.

This is a large area and is prospective for iron ore repetitions of the Savage River mine, base metals (copper, lead, zinc, silver) as well as gold.

Because of its isolation, extremely wet and cold weather, dense vegetation and lack of infrastructure the surface geology of the region has undergone minimal and superficial exploration in the past.

The government sponsored airborne magnetic surveys has improved the prospectivity of the area and the company intends to take maximum advantage of this data.

From the limited data available from past exploration activity it is clear that the licence area does possess a variety of geological elements that potentially offer several different types of commodity targets. These include:-

Iron ore, copper-gold orebodies associated with brecciation zones along a major fault.

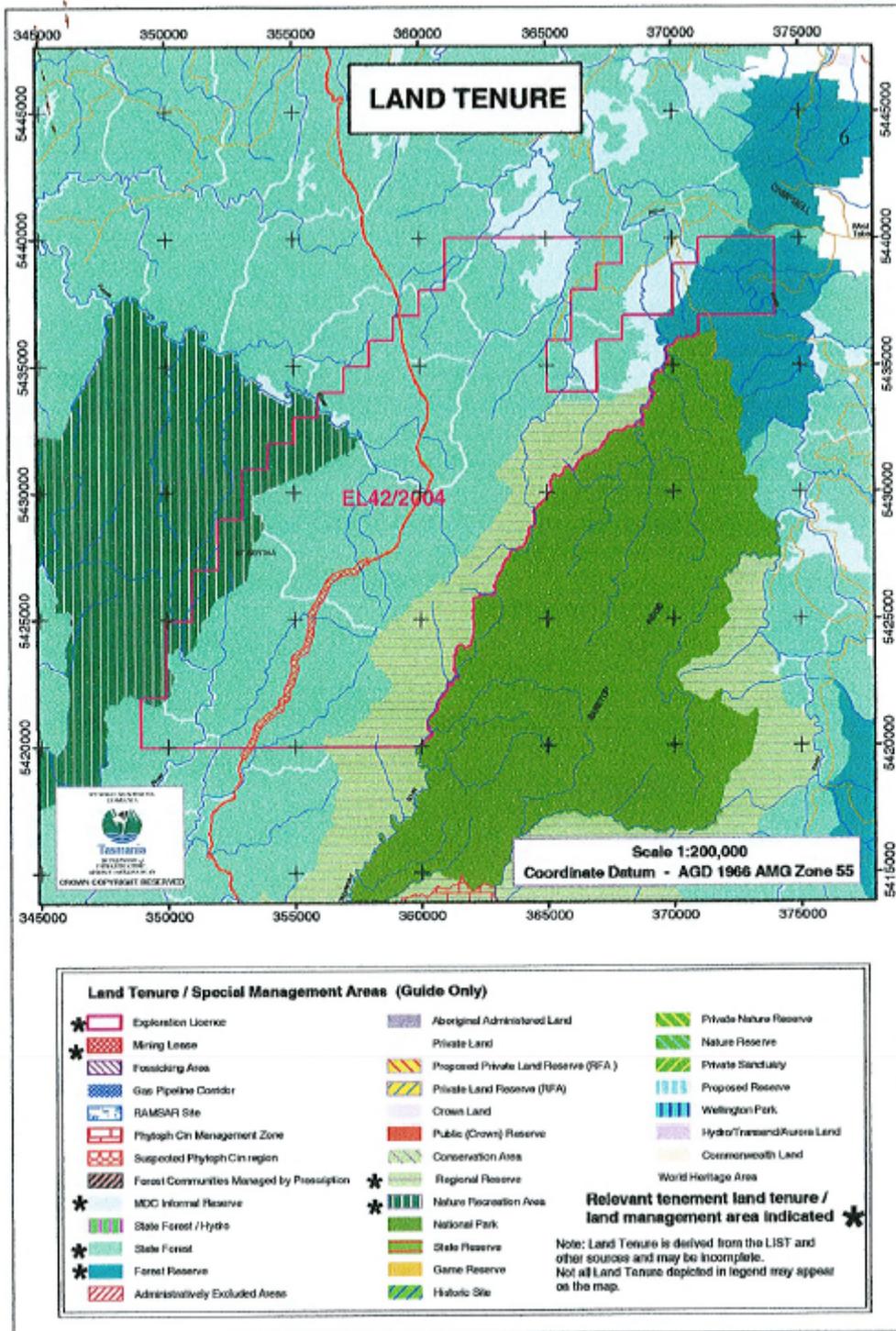
Gold- magnetite lodes similar to those of the Tennant Creek (NT) area.

Iron ore deposits similar to Savage River

Besshi-style copper mineralization is a possible target with the geologic setting similar to the Japanese Sambagawa Metamorphic Belt which hosts the “Besshi-type” deposit.

High grade magnesite deposits similar to the deposits occurring beyond the north- east corner of the licence.

The interior of the EL is thus prospective as above and the out lying areas are considered less prospective and are therefore surrendered.



The outer edges of this map of Land Tenure are being surrendered. I.e Nature Recreational area to the west & Regional Reserve in the east.

1.2 Tenement Information

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EL 42/2004 Mt Bertha was granted on the 1st of March 2004

The area is held 100% by Indo Australian Consulting Group Propriety Limited. It was granted to Zinico Resources NL which was listed on the Australian Stock Exchange on the 25th August 2005.

At the company's AGM on Tuesday 22nd November 2005 the name was changed to Zelos Resources NL and again at the AGM of the company on 23 November 2006 the name was changed to Gujarat NRE Resources NL to reflect the major shareholder.

The tenement was sold to the Indo Australian Consulting Group in May 2008.

The company's first report covered the period when work commenced ie 1 July 2005 to 1 March 2006.

The Annual Report for Year 2 covers the period 1 March 2006 to 1 March 2007.

The Annual Report for Year 3 covers the period 1 March 2007 to 1 March 2008.

The Annual Report for Year 4 covers the period 1 March 2008 to 1 March 2009

This Annual Report for Year 5 covers the period 1 March 2009 to 1 March 2010.

This Surrender Report is a summary of all reports above and is to 1 March 2010

1.3 Location

The licence is in the centre of the north-west quarter of the State of Tasmania.

The centre of this large exploration area (134 square kilometers to be retained and 90 sq km to be surrendered) is located 20km north east of the Savage River Iron Ore Mine and about 50km south-west of the port of Burnie.

Access to the licence is very restricted owing to the lack of road infrastructure. The only road within the licence is the road supporting the maintenance of the slurry pipe line which runs through about the middle of 2/3rds of the length of the old licence area.

Permission was sought and granted to use this road: on stipulated strict conditions. Forestry and other roads are available for use outside and to the north-east of the licence.

Helicopter support will be the only other viable access to many parts of the EL area.

The area to be surrendered has no road access apart from the 2km where the pipeline road passes through a surrendered part of the EL in the north - west.

2 Review of Previous Work

2.1 Regional Geology

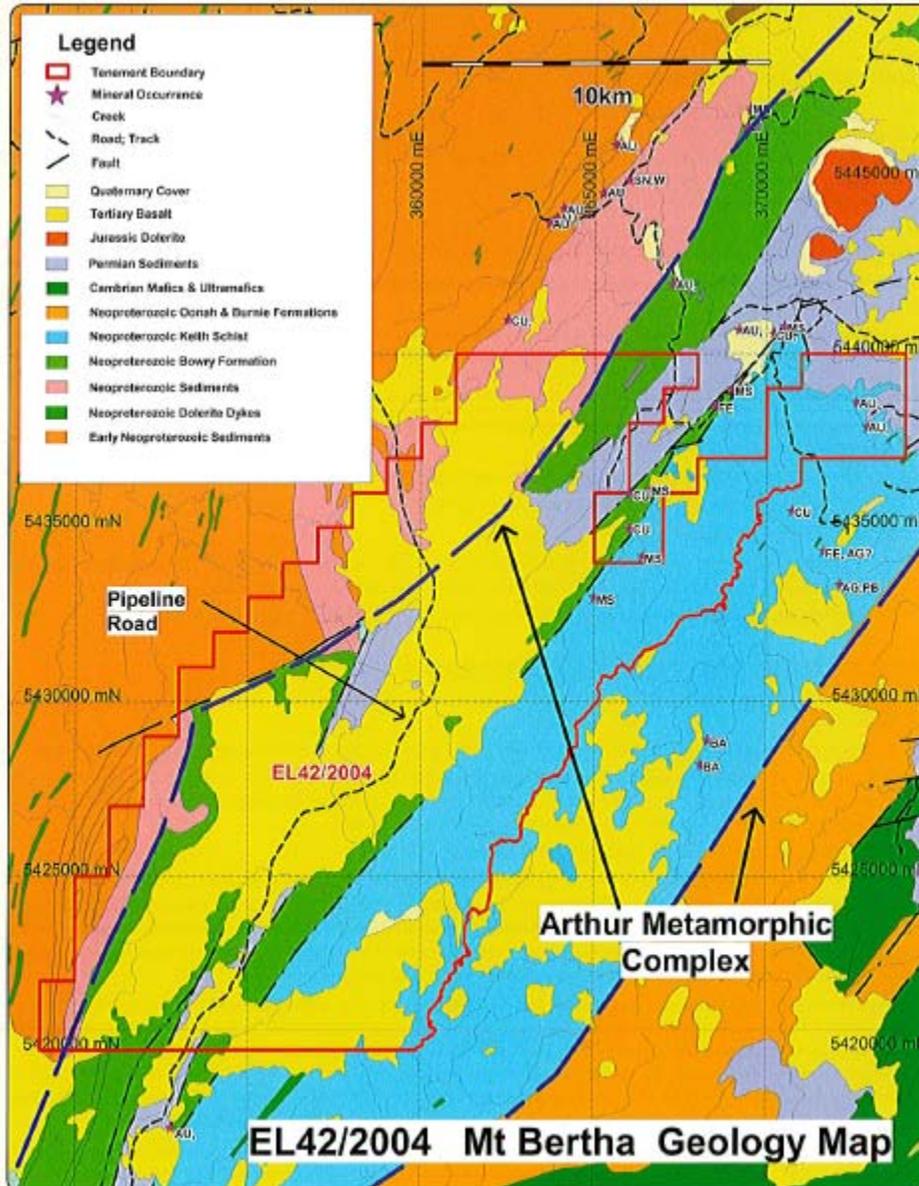
For the entire old EL the following notes apply. As per the geology map p9, the surrendered areas are on the east and west edges and notes of these areas are also below.

The geology of the Mt. Bertha licence comprises a variable volcano-sedimentary package of Neoproterozoic-aged rocks including part of the Arthur Metamorphic Complex. The Arthur Metamorphic Complex occupies a tectonic feature also known as the Arthur Lineament and lies between the Rocky Cape and Dundas stratotectonic elements. The complex is a strongly deformed blueschist and greenschist grade metamorphic belt 110km long by 10km wide running northeast-southwest across North West Tasmania. The lateral boundaries of the complex are transitional into less deformed and less metamorphosed rocks. The lineament is thought to represent a major tectonic boundary between the Rocky Cape and the Sheffield Stratotectonic Elements. The rock sequences within the complex are rich in industrial mineral deposits eg iron ore at Savage River, silica sand at Corinna, magnesite at Keith River etc.

In detail the Proterozoic group strikes generally northeast-southwest, is steeply dipping and young from west to east across the licence. The oldest units are siltstones and pyritic mudstones of the Early Neoproterozoic Cowrie Siltstone. These are overlain by a mixed siliciclastic package of siltstones, quartzites and sandstones with minor pelitic shales (Detention Quartzite, Jacobs Quartzite, Irby Siltstone etc). Subsequent units in the southern part of the property comprise carbonates, clastics, volcanic turbidites and tholeiitic basalts of the Neoproterozoic Forest Conglomerate, Togari and Ahrberg Groups. These in turn are overlain by chert, shale, conglomerate and dolomite of the Black River Dolomite and associates. To the north of the property Neoproterozoic phyllites occupy the Togari, Ahrberg and Black River Dolomite positions. The remaining Neoproterozoic sequence consists of a chloritic schist unit, the Bowry Formation, with dolomites and magnesite deposits, The youngest unit in the complex is the Keith Schist which comprises quartz mica schists, quartzite and phyllite and is thought to be a more deformed version of the east bounding Burnie and Oonah turbiditic siltstone packages (both Late Neoproterozoic in age).

There are Permian sequences that run with the structural grain along the centre of the lease and appear to be fault bounded in a graben-like structure against the various Neoproterozoic sequences. They comprise a lower glaciomarine clastic sequence with limestones and the Tasminite Oil Shale. Overlying these rocks are coal measures followed by an upper glaciomarine sequence. At the northeast corner of the tenement it appears that the Permian is unconformable onto the underlying Neoproterozoic schists.

A subsequent Tertiary basalt eruptive phase resulted in extensive coverage of the tenement (about 50%) masking the underlying Proterozoic units. A review of recently flown airborne magnetic data indicates that the basalt cover may be quite thin in several instances as demonstrated by the continuity of the Neoproterozoic-related magnetic signatures underneath the basalt cover.

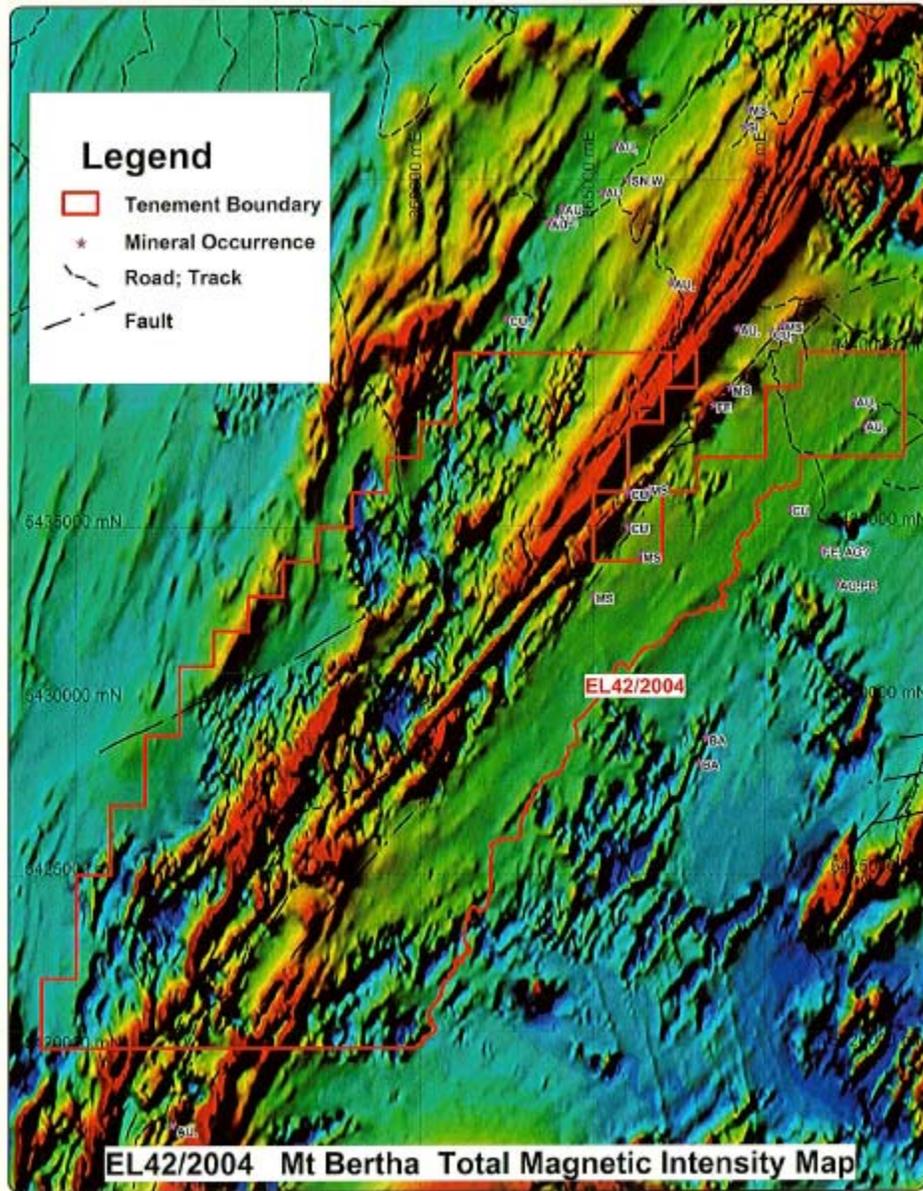


AGD66 Note areas surrendered are the west and eastern margins above of the red coloured old EL boundary ie Neoproterozoic Sediments west & NP Schists east.

The air magnetic data also indicates a substantial structural complexity with several major structures transecting the licence. There are likely to be some differences between new geologic deductions from this air magnetic data and the published geology which may create exploration opportunities.

Reported mineral occurrences on the property are restricted to magnesite on the periphery to the main magnesite leases that occur just beyond the northeast corner of the tenement and to two small gold occurrences at the extreme north-east end of the licence. There are minor copper occurrences outside the tenement in that northeast area. The nearby Savage River Iron Ore Mine (15km south west of the southern boundary) consists of concordant massive pyrite-magnetite hosted by greenschist grade tholeiitic metabasalts of the Bowry Formation. In the general area gold occurs as numerous small scale hard rock and alluvial deposits which were mainly worked in the 19th Century. A few small base metal deposits, mostly for copper, are also known around the general area (MRT data source). With a strong structural overprint, fundamental geological faults and favourable mineral hosting units there is strong potential for a variety of styles of economic gold and/or copper mineralisation within the licence.

As with the geology map, the air magnetic data on the map below covers the old EL boundaries. The areas surrendered are strips of the old EL boundaries on both the west side and the east side.



AGD 66

I-----10 km -----I

2.2 Previous Exploration and Mining

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The North-Western quarter of Tasmania is subject to severe weather, lack of infrastructure and dense vegetation. Exploration has been inhibited by these factors and also the terrain, extensive Tertiary basalt cover and a lack of geological information.

Airborne surveys have led the way in the past with a series of anomalies being identified, some of which have been followed up. No drilling has been undertaken on the retained licence area or on the surrendered licence area, but in the past, pre 1985, only one or two holes were sunk peripheral to the surrendered licence area eg Comstaff in the 1980's.

To date no one has used the recent WTMRP airborne geophysical data to assist with geological interpretation and target selection.

Below is a very brief out line of previous explorer activity.

Pickhands-Mather carried out sizable work in the area with stream sediment surveys on a regional scale. In 1966 they developed and commenced mining at the Savage River Iron Ore (magnetite) deposit.

In 1974 Esso Minerals conducted an airborne magnetic and EM INPUT survey.

In 1978 Mineral Holdings Australia carried out exploration to the north east of the EL and outlined the magnesite deposits in the Lyons and Arthur Rivers areas.

In 1981 Comstaff Pty Ltd partially covered the licence with DIGMHEM and completed some drilling south of the current licence. The search included tin, platinum group and chromite as well as base metals.

BHP Minerals in 1982 carried out photogeology, re evaluated past surveys, stream sediments, and heavy minerals search.

CRAE followed in 1983 with airborne magnetic and radiometric survey, tested local anomalies and did some assessment of magnesite potential.

Petrecon Australia completed a new geology map in 1988.

In 1992 Geopecko carried out water and stream sediment sampling.

Allstate Exploration came in 1996 and did a geophysical report on anomaly assessment.

Titan Goldstream in 1998 carried out minor stream sediment sampling

Pacific Nevada in 1999 carried out geophysical reprocessing and minor stream sedimentary sampling. This work is the last field work carried out in the licence area.



SAVAGE RIVER MINE

Mill site at top centre, Open cut mine mid right, River at bottom

3.1 Literature Review

Maps and written reports have been reviewed. They mostly only partly cover the current and surrendered EL 42/2004 area.

The company commissioned two reports one geological and one geophysical of all existing data. They have been instrumental in analysis and planning of intended field work. This is a large area and is prospective for iron ore repetitions of Savage River, and also for base metals such as copper lead and zinc as well as silver and gold.

Because of its isolation, weather, vegetation and surface geology the region has undergone minimal and superficial exploration in the past. The government sponsored air magnetic surveys have revitalized the prospectivity of the area. The company has made use of this data in the studies referred to above.

A great deal of the reports collected on the EL in the past have been noted and at the time of the renewal of the old entire licence on 1 March 2006 the geophysical report was completed and it was incorporated in the geological compilation report which was not available until mid March 2006.

This SMG Consultants Literature Study and Geological Interpretation Report was used as a basis for further work. This report is attached as Appendix 2 to the Year 2 EL Annual Mt Bertha Report March 2007.

3.2 Regional Exploration Activities

The Indo Group predecessor company Zinico Resources NL made early contact with Australian Bulk Minerals Ltd (the mining / milling operation at the Savage River Mine) to seek permission for access to the slurry pipeline maintenance support road. This was granted providing that strict compliance is met with the conditions set.

In August 2008 the Indo Australian Group conducted a geological field trip of the Mt Bertha EL which included a site visit to the Office of ABM at Burnie, the mine site and milling site at Savage River, to the clinker palletizing plant at Port Latta and along the northern portion of the slurry pipeline road.

A flight in an Aircomander light aircraft was made in November 2005 as part of an airborne survey of the company's EL areas. Indo Australia carried out a helicopter survey in June 2008. A third flight was carried out in December 2008 for a similar purpose and to assist in the assessment of the topography and possible alternate access methods such as helicopter landing sites.

3.3 Prospect-based Exploration Activities.

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There has been no field work of any type been carried out within the EL area in the earlier years other than the reconnaissance visits mentioned in the notes above.

Extensive planning was done during February 2006 after the company “tech fest” meeting where the results of various studies were shared between the company and its various consultants. The geological compilation report was not completed at this stage but the geophysical report commissioned was presented by its author.

The company’s consulting geophysicist Nigel Hungerford was asked to do a Geophysical Interpretation Report of all the available (old and new) geophysical data available over the EL. His report was appended to the Year 1 Annual Report for 2006. He considered the relevance of the known geology to the geophysics results, listed what types of surveys, by whom, when they were carried out. He included a table of rock signatures, a suite of geophysical maps and generated targets to be followed up.

The geological consultants report was finished and received and preparations were made in March 2006 for a field visit to the EL for sampling and ground truthing the geophysical anomalies. This visit was postponed owing to higher priorities at other ELs..

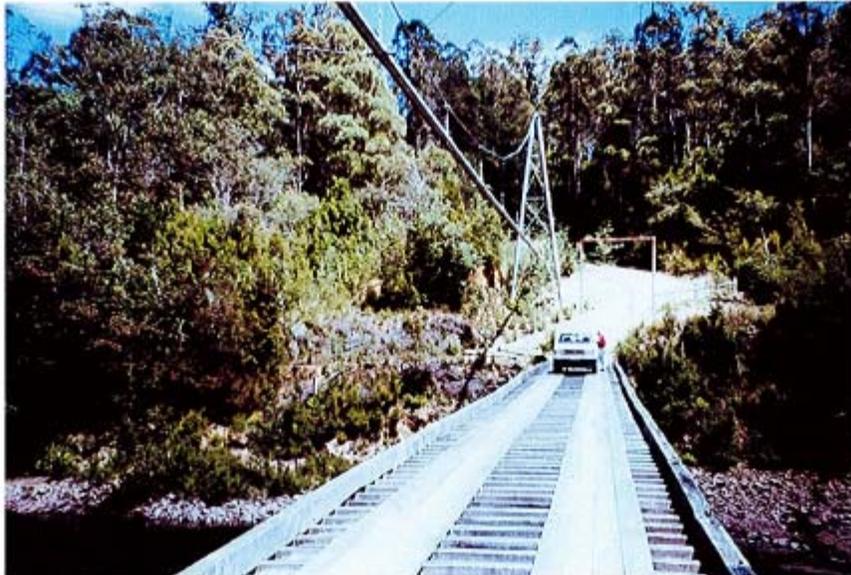
All the details on this work are contained with the Annual Reports for the EL during the life of tenure.

Almost none of it refers to those areas on the west and east margins of the EL that are being surrendered.

Slurry Pipeline and Support Road



Slurry Pipeline crossing the Arthur River



This bridge washed away by flood waters in August 2006 after severe wet winter weather conditions caused an 8m river rise



The new Arthur River (concrete) Bridge completed in August 2008

2009/2100

In this reporting year, discussions were again opened with the new owners of the pipeline road Grange Resources Ltd and preparations were made to carry out field work in the EL as previously proposed.

None of this proposed work involved any activity in the areas surrendered.

4 Discussion of Results

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In summary the geophysical report says that much of the EL is covered by Tertiary basalt which may be in excess of 100m thick. Nonetheless it is possible to discern a number of trends and faults in the underlying NeoProterozoic rocks.

There were no very strong isolated magnetic anomalies within the EL that might indicate magnetite-rich ore bodies but there are at least three anomalies worthy of further investigation which would involve drilling through the overlying basalt. He also recommends that possible EM soundings could determine basalt thickness at drill targets.

There are no ground geophysical surveys anywhere within the exploration licence area. The airborne magnetics appear to confirm that about 50% of the EL is covered by Tertiary basalt of various thicknesses.

There are no magnetic anomalies in the area to be surrendered.

Radiometric data was also interpreted. Basalts have low radiation and no anomalies of interest were found within the surrendered EL areas.

There are only two MRT gravity stations within the EL therefore no gravity data was processed.

The Geophysical Report in full has all the detailed maps and figures that led to the recommended targets within the retained area of the EL.. This report is appended in the Annual Report Year 2 2006.

There are no anomalous areas or targets in the areas to be surrendered.

5 Conclusions

At the technical meeting held between company consultants and management it was decided that the best immediate features of the old EL area for exploration in the near future were the four target areas selected based on the geophysics report.

It was therefore concluded that “ground truthing and selection of sites” become the subject of further exploration activity with drilling being the result of this field investigation.

One of the company’s consulting firms Coast and Mountain Exploration was asked to design and report on the feasibility of this initial field visit. This was completed after the reporting period to March 2006 and recommended using the slurry pipeline road as access and using a temporary camp site at the quarry where the pipeline crossed the Little Donaldson River.

It was recommended that this proposal be carried out at the earliest opportunity and was proposed for the summer of 2006/7. Initial plans were made to carry out this field trip in March 2007. However a bridge collapse on the Little Donaldson River caused ABM to withdraw permission to use the route via the Savage River Mine site.

Subsequent very heavy rain in August 2006 caused a wash out of the Arthur River Bridge and this northern route also became prohibited for our use. However the ABM company did allow access via the northern route once the bridge was repaired.

This field trip occurred in August 2008 as the slurry pipeline road access via the northern route (via Port Latta) was reopened by the completion of the new concrete bridge. Permission had previously already been granted and arranged then postponed for several years owing to no access. .

Potential camp sites/ helipads were noted, rivers located, access to bush sites were all noted. Photos were taken and a “reopore” was established with the ABM company re road use. Information gathered on this trip will be useful for the planning of a future field trip.

The areas surrendered were not considered prospective and no activity was planned or carried out on these areas.

6 Environment

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There has been no field work of any destructive nature within the reporting period therefore there is no need for any environmental rehabilitation.

7 Expenditure

The expenditure on EL 42/2004 Mt Bertha for the period to March 2010 was \$ 11, 032

The major items of this amount were	Geology	\$	10 000
	Other	\$	1 032
Rent Renewal due 1 March 2008 (paid 12 th February 2008		\$	9 240
Rent Renewal due 1 March 2009 (for full EL 224sq km)		\$	9 461.76
Rent Renewal for 1 March 2010 is at the rate of \$ 43.89 per square kilometer.			
Total spent on the EL to date		\$	164 187

**The majority of this expenditure was spent on the area to be retained.
Less than 10% would be attributable to the surrendered areas.**

8 References

MRT Open File Reports

87_2723

FUNNELL FR Rapid River EL 1/79 NW Tasmania
CRAE 14753 Final Report 1987

92_3329

MATHISON I EL 41/89 Mt Bertha
Geopecko Annual Report 1991

92_3330

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96_3876

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98_4218

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Gujarat NRE Resources: NL In House Commissioned Reports

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Zinico Resources NL: Prospectus

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HUNGERFORD N

Geophysical Interpretation Report

December 2005

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Literature Study and Geological Interpretation
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March 2006

Zelos Resources NL