

# *Cala Resources Pty Ltd*

ACN 102 672 711

RL 2/2008

## Annual Report

1 February 2009 – 1 February 2010

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## Introduction

RL 2/2008 is located at Mathinna, northeast Tasmania, and covers the historic New Golden Gate mine.

The New Golden Gate mine at Mathinna was Tasmania's second largest historic gold mine and produced 264,000oz @ 26 g/t gold from 1887-1929 from two high-grade shoots to a depth of ~550m. The mine was closed due to shaft "squeeze" at the collar and economic conditions at the time.

## Current Infrastructure

Infrastructure on the licence area includes a tailings dam, water dams, grid power available close to site, roads, abandoned shafts to ~550m and plant site.

The Mathinna Township (1.5km from site) has a population of about 250 people, mostly employed in the forestry industry and hosts a post office, pub & service station and 2 shops. Fingal (26km from Mathinna) has a population of about 500, mostly employed in agriculture and underground coal mining.

## Resources

The resources consist of two high-grade shoots, two low-grade open cut resources and tailings.

| <b>Resource</b>              | <b>Tonnes</b> | <b>g/t Au</b> | <b>Ounces</b>        | <b>Category</b> |
|------------------------------|---------------|---------------|----------------------|-----------------|
| Dylans                       | 44,000        | 13.1          | 18,600               | Indicated       |
| Sophie's                     | 15,000        | 14.3          | 6,900                | Inferred        |
| Central 1                    | 140,000       | 2.5           | 11,300               | Indicated       |
| Central 2                    | 13,000        | 2.5           | 1,000                | Inferred        |
| <b><i>Sub-total</i></b>      |               |               | <b><i>37,800</i></b> |                 |
| Tailings *                   | 265,000       | 1.5           | 13,000               | Indicated       |
| <b><i>Mathinna total</i></b> |               |               | <b><i>50,800</i></b> |                 |

\* The Mathinna tailings may also contain an estimated 130,000oz of silver not included in resource statements.

## Scoping study

A scoping study was completed in 2004 by Coffey Geoscience Pty Ltd (a subsidiary of Coffey Mining Ltd). The scoping study was divided into five parts and focused on the Dylans and Sophies high-grade shoots:

1. Provide an independent audit of existing resources
2. Estimate realistic mining and processing parameters for mining the existing high-grade resources (25,500oz)
3. Estimate the potential costs and profitability of mining and processing the existing high-grade resources (25,500oz)
4. Analyse the potential and cost to increase existing high-grade resources to 100,000oz
5. Analyse the potential profitability of mining a hypothetical 100,000oz.

At the then gold price of \$543/oz, Coffey determined that using a medium scale decline for access, a contemporary up-hole benching system and “long hole” production a profit of \$2.47m could be realised from the 25,500oz resource and a profit in the order of \$17m on a hypothetical 100,000oz resource. It is also considered that the addition of the tailings and two other low grade resources located on the tenement would also increase profitability.

**Obviously at a current gold price of approximately \$1400/oz the profitability of mining the current resources has changed substantially**

## Resource Potential

The New Golden Gate mine at Mathinna was Tasmania’s second largest historic gold mine and produced 264,000oz @ 26 g/t gold from 1887-1929 from two high-grade shoots to a depth of ~550m. The mine was closed due to shaft “squeeze” at the collar and economic conditions at the time.

The Dylans and Sophies shoots are located approximately 80m to the NE of the historical mine and it is considered that the most likely outcome from a resource expansion-drilling program on the Dylans and Sophies shoots would be in the order of 100,000 to 250,000oz.

As very minimal drilling has ever been conducted on this licence (and NE Tasmania in general) excellent potential exists for the discovery of further high-grade shoots within the boundary of the Retention Licence 2/2008 and for the expansion of existing open cut resources at depth.

Further drilling is needed to infill the current high-grade shoots and extend these resources at depth. A budget of \$1,500,000 has been defined as adequate to achieve these targets, with a further target of a high-grade 50,000oz Indicated Resource having been identified.

## Work completed

There was no ground work completed during the reporting period as it was a condition in the licence that Cala would use its best endeavours to sell the licence to a developer.

To this end, Cala has entered into an agreement with Tamar Gold Pty Ltd whereby Tamar is in the process of listing on the Australian Securities Exchange (ASX) and will acquire this tenement.

## Planned work programs

Post listing, Tamar Gold will lodge with MRT work programs to use RC and Diamond drilling techniques to expand the current resources on RL 2/2008. Concurrent to this program Tamar Gold will also further test the potential of other structures and the low grade ore bodies located on the tenement. The budget for these work programs is \$1,500,000, which is planned to be spent within the first two years.