



North Lorinna (Cethana) Annual Report 2011 – EL 29/2006 and
EL16/2008



Mineralised intervals from CETD4 laid out at the rental property, Lorinna.

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March 2011

Summary

This report is the fourth Annual Report for the North Lorinna (Cethana) exploration licence (EL29/2006) and is submitted in a Mineral Resources Development Act (1995) compliant format by Dove River Pty Ltd a wholly owned subsidiary of Pluton Resources Ltd. (Australian Stock Exchange Code: PLV, hereafter Pluton). Pluton also submits the report on behalf of joint venture partners Gujarat NRE Minerals (ASX code: GNM), Metalstocks Australia (Formerly Southern Ocean Science Pty Ltd) and John McDougall.

Pluton's primary focus is to add value to the Cethana licence by demonstrating the potential for large-scale porphyry-style mineralisation in close proximity to the Cethana magnetic anomaly. The potential for other bulk tonnage mineralisation styles is also being considered.

The licence covers ground that has similar characteristics to copper-gold districts in New South Wales including the Cadia and Goonumbla deposits. These characteristics include the setting and chemistry of the host rocks, as well as the styles of mineralisation and related alteration.

Work by Pluton for the period up until March 2010 included a short mapping traverse, petrological examination of these samples and assays were received and assessed. Two additional drill holes were completed for 1046m. These were drilled into the northern margin of the magnetic anomaly where it was coincident with the Campbells Reward chargeability anomaly. The best drill intersection was 13m @ 0.12% Cu, 0.07g/t Au and 28ppm Mo.

A review of key field locations and drill core was conducted with Dr Michiel Van Dongen who did an independent assessment of Pluton's Cethana and adjacent Dove River tenement. Dr Van Dongen's review concluded that Cethana requires further technical review, more particularly the 3D architecture and identification of structural and lithological traps for skarn and other hybrid hydrothermal systems.

Additional drilling may then be warranted to attempt to identify any apophyses to the Cambrian granitic source or any other structural or geophysical targets. The main concern for the JV is the apparent depth of concealment of the mineralised source rocks, the tonnage potential of non porphyry elements of the system ie: skarns, epithermal veins and or Henty style semi-massive sulphide bodies. Other concerns are the sulphur poor nature of the veins intersected in drilling, the isolated nature of mineralised structures and the low grade nature of these occurrences due to limited vein density.

Approximately \$686,500 has been spent on exploration to date with the majority of this on drilling. No reduction in the current licence area is requested.

Note – all coordinates referred to in diagrams are AGD66, zone 55.

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Introduction

Pluton Resources Limited is an Australian Stock Exchange listed mineral exploration company managing and conducting exploration on EL 29/2006 (Cethana) for metallic minerals by way of a wholly owned subsidiary Dove River Pty Ltd on behalf of its joint venture partners. Pluton intends to assess the tenement primarily for porphyry style alteration systems and mineralisation with a primary objective of identifying potential for bulk tonnage copper-gold mineralisation. The tenement was attractive for exploration due to similarities in aspects of the geology to porphyry-style copper-gold districts on mainland Australia and possible hybrid porphyry-VHMS systems in Tasmania.

Tenure

A tenement application (ELA 46/2004) for an area of about 15km² was made by John McDougall and Southern Ocean Science Pty. Ltd. (SOSM) in 2004. The licence application was subsequently joint ventured with Gujarat NRE Minerals (Gujurat). A new application (a joint venture between Gujarat and SOSM) over a portion of this area was then approved as EL 29/2006 (9 km²) on the 4th April 2007.

EL29/2006 was then partnered with an earn in period for Pluton Resources (Pluton). Pluton has earned 60% in to the project through drilling and field based sample collection and geophysics with Gujarat contributing 33.3% and Pluton contributing 66.6% subsequent to the earn in date. SOSM hold a free carried interest of 10% to bankable feasibility.

The exploration licence is located within the Mt Read Strategic Prospectivity Zone. This provides for security of exploration tenure by way of compensation of reasonable cost of work conducted (or resource defined) if a change in the tenement's land status results in the licence being revoked.

A new application (Oliver's Creek – EL16/2008) has been granted to cover the area previously applied for to the south of the current licence. The licence covers private land and is held in the same 60/30/10 proportion as the original licence. No work has been completed on this licence, however "joint project" status by MRT has allowed sharing of expenditure and reporting commitments.

Location and land classification

The licence is located about 15km south of the township of Sheffield (pop approximately 1000) and about 60km from port facilities at Devonport (figure 1). The licence land classification consists of State Forest, MDC Informal Reserves, Regional Reserve, lakeside Hydro land and sits adjacent to Lake Cethana (a Hydro-Electric lake).

Topography

The topography of the licence is variable with a relatively flat area in the centre of the tenement and Lake Cethana covering the incised topography of the hydro dam flooded Forth River, contours range from 230m at the lakes edge to 680m on Oliver's Hill. The slopes above the Lorinna Road are steep with areas below (west of) the road mostly moderately steep. A 'point' extending into the Lake in the west of the licence is moderately steep.

Vegetation and Soil

Vegetation comprises wet and dry eucalypt forest typically dominated by *Eucalyptus Viminalis*, *Obliqua* and *Amygdalina* spp. On wetter south facing slopes and near river banks there is dogwood scrub and *Acacia Dealbata* forest. Rainforest is occasionally present adjacent to creeks. Undergrowth is dependent on how dry the site is, but typically consists of spiky heath or ferns.

A thin soil profile <1m is generally developed throughout the major rock units in the tenement with outcropping bedrock generally restricted to steep slopes, road cuttings, ridge tops, cliffs and creek/river beds. A deeper soil profile is developed over Tertiary basalts and Tertiary sediments. A talus is commonly developed over the Ordovician Sandstone and a coarse talus is commonly developed over Cambrian volcanics.

Access

Access to the tenement is via Lemonthyme Road (C139) and then un-sealed road (locally known as River Road). Internal access within the licences is via Old Lorinna Road, formed roads (eg: Wilks Road) and four wheel driveable fire breaks and tracks. Previous access to the north of Lorinna has been closed by the Kentish Council due to safety concerns with sections of the road north of the licence boundary. Considerable negotiation was required to gain access to the CETD4 drill site north of the gate defining the closed section of Lorinna Rd.

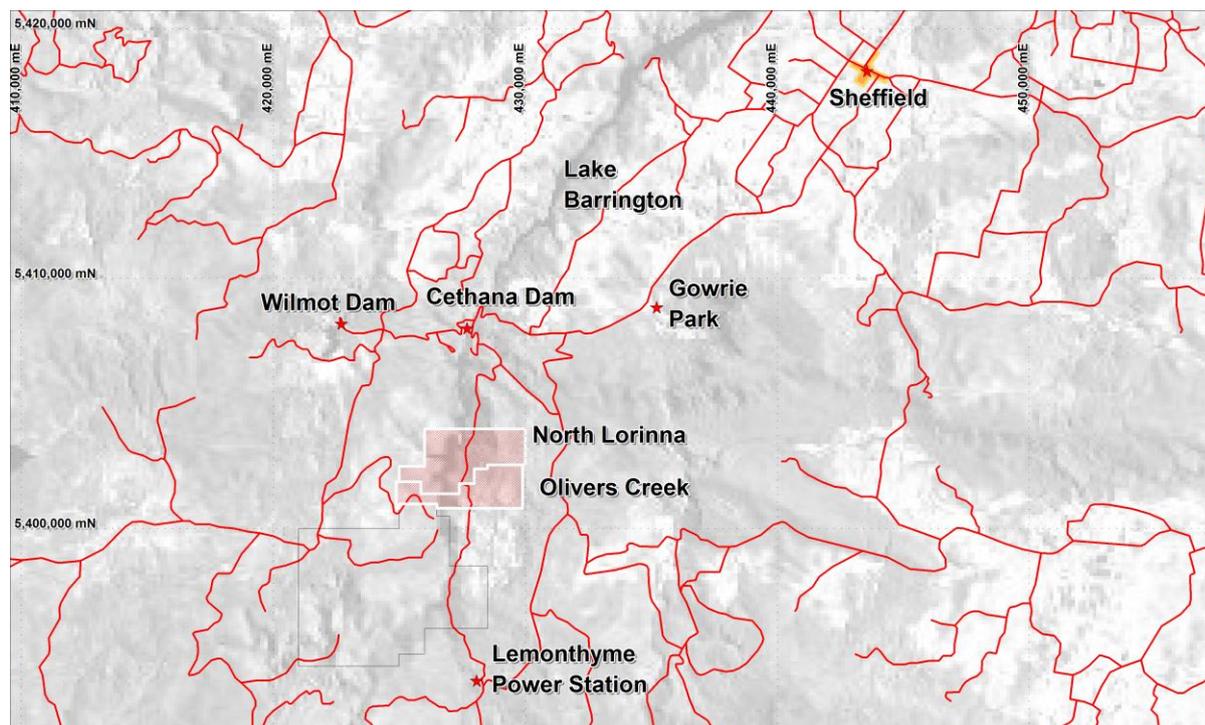


Figure 1 – Location of EL29/2006 and EL16/2008 relative to population centres and other granted Tenements (Dove River) controlled by Pluton Resources (1:100,000 Tasmap topographic base, AGD66 – Zone 55)

Geology

EL 29/2006 (Cethana) and EL16/2008 are contained within the northern portion of the c500Ma Cambrian Mt Read Volcanic belt (MRV). The MRV comprises mainly acid and lesser mafic volcanics and associated intrusive rocks. The MRV unconformably overlies Proterozoic metasedimentary rocks and, is itself unconformably overlain by Cambro-Ordovician siliciclastics and limestones. Rocks to the north of the licence are intruded by the Devonian Dolcoath Granite and there is in part a variable veneer of Tertiary basalt, sedimentary rocks and sediment.

The Mt Read Volcanic belt is highly mineralised. It contains numerous and some very large polymetallic VHMS-style deposits (e.g. Hellyer, Que River, Rosebery) and volcanogenic porphyry-VHMS hybrid copper-gold deposits (e.g. Mt Lyell, Henty).

A description of the known lithologies and observed variations within the licence and potential correlations are summarised below.

Cambrian volcanics

The Cambrian volcanics within the licence area have not been assigned a formal correlation with the Mt Read Volcanic stratigraphy. It has been inferred they should be grouped with the Eastern Quartz Phyrlic Sequence (Corbett, 2003) or the Tyndall Group (Herrmann, 1989 in Fleming and Castro, 1989). More recent work by Pluton suggests that correlation with any one part of the MRV may be simplistic.

Mixed volcanic and volcanoclastic rocks

A quartz-rich volcano-sedimentary sequence was mapped within the tenement as Lorinna Greywacke on regional maps by Jennings (1963). This sequence comprises angular clast rich poorly sorted sandstone, pumecious sandstone, and quartz rich volcanoclastic sandstones. Fine 'grain flow' greywackes and possible volcanics of near identical composition to the quartz rich volcanoclastics were observed in drill core on the adjacent Dove River licence (a Pluton held licence).

A second sequence was mapped as Bull Creek Volcanics, Burns (1960) subdivided the Bull Creek volcanics into the Upper Porphyry, Geales Bridge Member and Lower Porphyry Member. Reid (1963) agreed with these subdivisions. The Bull Creek Volcanics are likely to be the main unit encountered in drilling and within the licence. The sequence has superficial similarities to the Tyndall Group. The 'porphyry' units mentioned are almost certainly quartz rich volcanoclastics or quartz phyrlic lavas.

Dove Granite

Although the Dove Granite is not known to outcrop in the licence area it is of regional significance. The Dove Granite is regionally mapped as three occurrences, one in each of the Mersey, Forth and Dove valleys. Montgomery (1893) remarked on the similarity between granite at Gads Hill with Devonian Dolcoath Granite located north of the licence. In contrast, on visiting the Five Mile Rise Goldfield, Twelvetrees (1913) concluded that the granite showed greater affinity with other Cambrian age granites of the West Coast. In producing the last geological map and explanatory notes of the area, Jennings (1963) described a relationship of granite intruding what he thought to be Ordovician rocks. He concluded that the Dove Granite was Devonian. Radiometric K-Ar and Rb-Sr ages determined by

McDougall and Leggo, (1965) firmly suggested the Dove Granite is Cambrian, albeit with some outlying Ordovician ages that were attributed to argon loss. Unfortunately, Jennings interpretation persists in citation through much of the literature and company reports until the 1980's.

The reality is that few workers completed little if any work on the Dove Granite. Pluton is the first company to systematically map and sample the granite to the south of the current licence, mainly to determine if the Dove Granite is of the right composition to produce copper-gold porphyry deposits. Work is underway to examine the geochemistry of granitic rocks in the region. The presence of this granite provides a potential 'parent rock' for porphyry mineralisation within the tenement.

Dolcoath Granite

Again this granite is not known to occur in the licence area, however it is of regional significance and is described by Jennings (1963) as a Quartz-Microcline>Plagioclase granite with trace biotite and zircon. The granite is thought to be an unlikely source of mineralisation associated with the magnetic anomaly.

Owen Group

Conglomerate and sandstone sequences are regionally unconformable on Middle Cambrian volcanic rocks. However no true conglomerates occur at the base of the Ordovician on the licence. At Cethana the Ordovician rocks observed in drill core is a bioturbated coarse to pebbly sandstone. The sequence has been identified by several previous workers as Moina Sandstone. The sandstone dips gently (15-20 degrees) to the South forming a veneer over the Cambrian stratigraphy and is likely to be unconformable on the volcanics.

Several kilometres northeast of the licence, the Moina Sandstone is underlain by thick sequences of Roland Conglomerate. The absence of the conglomerate units on the licence may indicate extensional conditions in the late Cambrian. The structures controlling this facies variation may be coincident with west-northwest-trending aeromagnetic linears including the main structural trend of the Cethana Anomaly.

Gordon Limestone conformably and gradationally overlies the Moina Sandstone just south of the licence near Lorinna. Both this and the Moina Sandstone were faulted during the Devonian Tabberabberan Orogeny.

Tertiary Basalt

The Tertiary Basalt at the Cethana prospect has been identified through regional mapping and on the current grid. Herrmann in Fleming and Castro (1989) estimated Tertiary Basalt flows over much of the region to be only a few tens of metres thick, this appears to be true of thin basaltic soils in the south of the grid, however this would be confirmed should drilling be planned in this location.

Tertiary Sediments

Tertiary sediments resembling fine lake sediments were encountered to 45m in CETD2. Similar sub-basaltic sediments were encountered in drilling south of the licence at the Powerful Prospect, this suggests a Tertiary age.

Review of previous work

Prior to the current tenement

(Exploration History from previous annual report)

In 1859 James Smith discovered gold in the Forth River at “Golden Point” located north of the later developed Campbell’s Reward Mine (Twelvetrees 1913). Campbell’s Reward was discovered by the Campbell Brothers and opened in 1882. The discovery was prospected for several years by the brothers and by 1887 the lease was held by John.H.Glover (lease documents) and in 1890 the Campbell’s Reward Company was formed and took over the leases from Glover.

Twelvetrees (1913) described Campbell’s Reward as being located on the “new road to Lorinna on the eastern bank of the Forth River” (now referred to as the Old Lorinna Road in this report) however the workings were abandoned at this time. The Campbell’s Reward workings are mentioned in a number of government reports, however their isolation meant that they were rarely visited and never described in any geological detail. The mine was used to float a company in about 1890, however this venture appears to have lasted only a few years. The gold was reported to be in free and barbed wire form occurring within a kaolin vein which widened out into a 30-38cm barren vein. The vein was rich in silver and this made it difficult to market the ore (description by A. Campbell to Twelvetrees 1913 – could be either Angus or Alex Campbell).

In 1963 (Jennings) the adit accessing the workings (described as being just below the old Lorinna Rd) had been cleared a little and although in poor condition was accessible to 73m beyond which there was fallen ground. Veins similar to the described main lode were present previous to the 73m mark.

Preamble on the Cethana Magnetic anomaly

The Cethana magnetic anomaly is an aeromagnetic feature first identified by the Mt Lyell mining and Railway Co in 1967. It was subsequently identified by John McDougall and Alistair Reed of Southern Ocean Science Pty Ltd in Western Tasmanian Regional Minerals Program data and thought to be a previously unknown anomaly. The subsequent review of literature has identified a long history of name changes for the anomaly which are summarised below.

The anomaly was first described as “Anomaly 24” - a NW-SE trending feature identified on an east-west ¼ mile spaced survey. Anomaly 24 had an intensity of 1400 gammas, the highest amplitude anomaly in the whole survey area. Anomaly 24 soon became “Anomaly A” (Webb, 1968; Foster, 1969) and then “Lorinna East” (Askins 1980) then to complicate things the Anomaly was referred to as Lorinna North with the “Powerful” magnetic anomaly then being assigned “Lorinna East” (Smyth, 1981). In 1987 the anomaly was rediscovered and renamed by CRA as ‘Anomaly 36’ (Von Strokirch, 1987) which could easily lead to an incorrect conclusion that the ‘Anomaly 24’ of Mt Lyell was a different feature.

MT LYELL (1965-1971)

Modern exploration began in 1966-67 when the area was examined by the Mt Lyell Mining and Railway Company Ltd as part of exploration for base metal or tin mineralisation within EL8/1965.

The Mt Lyell Co. undertook an aeromagnetic survey and a regional -80# stream sediment survey for tin, copper and zinc (Reid, 1967). A close association between zinc and copper was noted regionally however individual results were considered doubtful with known anomalous areas not all registering on the survey. Reid (1967) concluded that there could be real interest in the copper and zinc anomalies if it could be confirmed (by resampling) that the tenor of mineralisation at known localities such as Round Mount were not being identified.

Several areas were recommended for follow up stream sediments including the possibly anomalous copper (22ppm) stream sediment anomaly found to be coincident with anomalous zinc (150ppm) and taken from the small creek draining the western end of magnetic anomaly 24 - the Cethana aeromagnetic anomaly.

Particular anomalies were followed up by more detailed exploration consisting of soil geochemistry and geological mapping on grids and reconnaissance geophysical surveys with VHEM equipment and a magnetometer (Foster 1969).

The magnetic anomaly at Cethana first identified by the Mt Lyell mining and Railway Co as "Anomaly 24" with a NW-SE trending feature identified on an east-west ¼ mile spaced survey. Anomaly 24 had an intensity of 1400 gammas, the highest amplitude anomaly in the whole survey area. Originally interpreted as 200-500 feet below surface with a dip of 86 degrees south, 500-1200 feet wide and a susceptibility of 12000×10^{-6} and 14000×10^{-6} c.g.s units. By comparison of the anomaly to Savage River (127000×10^{-6} c.g.s units) the susceptibility of the anomaly was attributed to 5-6% magnetite by volume and 10% by weight (Zaravatjian, 1966). The anomaly was believed to be located within the Bull Ck Volcanics below Ordovician cover (Reid 1967) due to modelled depth.

A ground magnetics survey was recommended by Webb (1968) after discussion with K.O.Reid. Webb who noted that the Cethana Anomaly "lies at the junction of an WNW-ESE trend with a N-S trend and minor NE-SE (typing error?, -SW) trend therefore has a good structural position for mineralisation". Webb also noted the proximity of Campbell's Reward Mine to the anomaly.

Ground magnetics were conducted over Anomaly 24/Anomaly A (the Cethana anomaly) in 1967-8. Peak magnetism was found to be associated with north dipping sheared quartz-magnetite-chlorite schist on the southern side of the main Cethana aeromagnetic anomaly. The results of rock chip samples collected from the schist were not reported, but did not reveal 'any.... significant economic concentrations of elements'. In contrast, a small number of soil samples collected on the southern flank of the anomaly revealed cobalt anomalism of 380ppm, as well as lesser Zn and Cu anomalism (c100ppm).

Mt Lyell Co. geologists were uncertain as to whether Co anomalism was due to Tertiary basalt. However, the geochemistry of 16 Tertiary basalts from the region (provided courtesy of John Everard, Mineral Resources Tasmania) show an average Co content of 50ppm, with

an SD of only 7ppm. If the residual soil value of ~400ppm is derived from the basalt then it is highly unusual. (See recent rock chip data for explanation)

Reid (1967) also recognised that there were two ages of granite (the Dove Granite is now considered to be Cambrian) and therefore a possibility of two phases of mineralisation, the possibility of Cambrian mineralisation being remobilised in the Devonian was not precluded.

Part of EL8/1965 was relinquished in 1971 (approx 35km²), however the part containing the current EL was kept due to the sheared and pyritic nature of the Bull Creek Volcanics in the zone adjacent to the BCF which had 'similar lithological characteristics to the Mt Lyell sulphide deposits and similar age host rocks'. The Bull Creek volcanics in this zone were considered to represent a worthwhile target (McKibben, 1971). Later in the 1970's they concluded the probability of locating an economically viable deposit of their target type was low and relinquished the whole licence.

As a result of their investigations, the Mt Lyell geologists recommended more detailed soil sampling (including Au) and two drill holes. However, subsequent years saw exploration focused on other areas. This, coupled with a disastrous loss of base camp due to flooding of the Iris River saw work on the Cethana anomaly never completed and the ground was finally relinquished.

COMALCO (1974--1980)

In 1974, the Cethana anomaly was included within exploration licence 7/74, held by Comalco. Like EL8/65, EL7/74 included large tracts of land and included deposits located north of the outcropping Dolcoath granite. Comalco's exploration was primarily focused on locating extensions to fluorite mineralisation previously found at Moina (TCR's 78-1305 A-D, 78-1306, 78-1389). The fluorite was to be used in Comalco's aluminum smelters. Most reports up until 1980 deal almost exclusively with exploration in the Moina area.

Like the Mt Lyell company, Comalco embarked on a regional stream sediment program in the mid 70's (TCR80-1416). However, unlike Mt Lyell, Comalco used -20# (mesh) in the mistaken belief that -80# would not yield enough fine material in the steep terrane.

Ironically, Freeport had already run tests a year or so earlier in areas south of EL46/2004 (TCR73-977) and had shown that sampling using -40# underestimated results using -80# by 60% to 85%. Comalco did ultimately realise their mistake when areas of known mineralisation failed to show up in -20# data. They switched to using more conventional -80#.

Streams north and south of the Cethana anomaly were sampled using only -20#. Like the Mt Lyell company, Comalco did not include the small seasonal streams draining the Cethana anomaly. Not surprisingly, Comalco's -20# results show only very weak zinc anomalism (c85ppm) and moderate F anomalism (500-1300ppm) in the vicinity of the Cethana anomaly.

Comalco went on to explore the Cethana anomaly further. Unlike the Mt Lyell company, however, Comalco assumed that magnetite associated with the Cethana anomaly was of Devonian age. This exploration model appealed because a Devonian deposit was more likely to yield a fluorine-rich 'wrigglite' skarn, similar to that hosted by Ordovician rocks at

Moina. A program of gridding, ground magnetics, geological mapping and soil sampling (Pb, Zn, Cu, Co) was undertaken over the Cethana anomaly.

The assumption was made that mineralisation was Devonian. What must have been disappointing to Comalco geologists was the almost complete lack of metal anomalism in Ordovician rocks. Samples of quartz-veined scree, typical of the Ordovician sandstone, were also barren. The geologists did note Cu and Pb anomalism in Cambrian rocks overlying the Cethana anomaly but went on to conclude that this reflected nothing more than 'elevated background'. This, despite values in soils up to 32 times that already calculated as background for the Cambrian volcanics.

Given proximity to Campbell's Reward, it was again recommended that the area be sampled for gold. Once again sampling for gold was not done.

SHELL (1980-1985)

EL774 was transferred to a joint venture to the Shell company of Australia in early 1980 (Smyth, 1981). Like Comalco, Shell considered its focus to be Devonian mineralisation associated with the main wiggilite/pyrrhotite/sphalerite skarns in the Shepherd & Murphy Mine (Moina), and a possible low-grade Sn-Au zone in the Tin Spur area.

Shell reviewed Comalco's exploration of the Cethana anomaly (now renamed Lorinna North). They conducted their own regional aeromagnetic survey and noted that measured magnetic susceptibilities in surface rocks at Cethana did not account for the intensity of the aeromagnetic anomaly at Cethana.

A 144m percussion hole PD1 was drilled approximately in the centre of the anomaly but away from previously detected geochemical anomalism and distal to the Campbells Reward Mine (incidentally from the quarry where Pluton have drilled their first diamond hole).

PD1 passed through 58m of apparently Tertiary cover before intersecting weak metal anomalism in Cambrian magnetite-altered volcanic. The hole was assayed every 2m through cover but only once every 10m in the mineralised volcanic. The hole suffered from water problems and sample dilution. Although only mildly anomalous in copper (the log showing up to 280ppm Cu and 290ppm Zn), the results were mistakenly under-reported as being a maximum of only 105ppm Cu and gold was not assayed.

Susceptibilities measured from drill chips were believed at the time to explain the anomaly as being a magnetite-altered andesite. No attempt was made to determine the cause of the alteration.

Shell also noted that the Comalco grid was not centred on the anomaly but was rather biased south of the anomaly and into areas of Ordovician and Tertiary cover. This was probably due to poor registration of the aeromagnetic anomaly noted in the 1960's geophysical data. Instead of collecting new samples, Shell re-assayed soil samples previously collected by Comalco, but this time for Sn, W, As, and Bi. They did not explore the possibility of extensions to Pb and Cu anomalism Comalco had previously identified in Cambrian rocks along the western edges of their grid.

Like Comalco, Shell assumed a Devonian age for mineralisation, consistent with the age of mineralisation in their main areas of focus around Moina. Unlike Moina, they found no appreciable mineralisation at Cethana.

Shell re-submitted two lines of Comalco soil samples for gold assay. PD1 had already shown that Cu-Zn anomalism extended no more than a few meters into overlying Tertiary cover. Yet, only six of 39 soil samples resubmitted for Au were from soils overlying Cambrian rocks. The balance were from areas of thick Ordovician or Tertiary cover. None of the samples were from areas previously showing copper or lead anomalism. None were from the vicinity of the Campbell's Reward Goldmine. All the samples were up hill and/or in separate catchments to sites previously showing metal anomalism. All samples produced <50ppb Au, by regional standards in porphyry systems, this level of Au is now considered anomalous.

CRAE (1985-1988)

In 1985, CRAE became managers of EL7/74 in a three-way joint venture with the Commonwealth Aluminum Corporation and Shell. CRAE embarked on another very widely spaced reconnaissance stream sediment survey (TCR86-2554). However, the only sample collected from the vicinity of the Cethana anomaly was upstream of the Lorinna Road, both up-stream and east of the Cethana anomaly

In 1986/7 CRAE reprocessed and reinterpreted Shell's aeromagnetic data (TCR87-2700). They 'rediscovered' the Cethana anomaly although this time it was referred to as Anomaly 36. It was again noted to be the largest anomaly within the region and, again, the association was made between the anomaly and the Campbells Reward Goldmine. CRAE disregarded that anomaly as a basic volcanic containing high magnetite. This interpretation made no reference to the earlier work already identifying the rock as variously rhyolitic, dacitic and andesitic. It also did not consider that the magnitude of the anomaly exceeded that easily explained by most basic Cambrian volcanic rocks known from the Mt Read Volcanic belt.

Exploration licence 7/74 was subsequently dropped, with the joint venture maintaining tenure over the Moina fluorite deposit via Retention Licence (RL10/1988).

RGC (1988-1990)

The Cethana anomaly was included in EL8/88, held by RGC (TCR89-3038). RGC again undertook reconnaissance stream sediment sampling, collecting both -200# and panned concentrate samples from 84 locations. In contrast to CRAE, RGC collected 2 samples from the streams north of and below the Cethana anomaly. One -200# sample proved weakly anomalous in Au (15ppb) relative to surrounding areas (<5ppb), whereas the panned concentrate returned a significantly higher 135ppb Au.

Importantly, CRAE's sample from above the Lorinna Road returned only 0.1ppb Au (TCR86-2554). The anomalous samples from RGC, therefore, could only have originated from the Cethana anomaly.

RGC also embarked on two re-interpretations of regional geophysical data previously collected by Shell and a more recent survey over the area by the Mines Department (TCR89-3038 and 90-3163). This was the first time that the Cethana anomaly was

recognised as associated with one of two regional-scale north-northwest trending magnetic linears.

RGC did not conduct any further work in the vicinity of the Cethana anomaly. Rather, they concentrated subsequent exploration efforts in Ordovician rocks in the Five Mile Rise and Round Hill areas. Ironically, soil results for Cu in the Round Hill area were significantly less than that that had already been identified at Cethana by Comalco. RGC relinquished most of its interest in the Moina and Cethana areas in 1990.

MRT work post 1990

In 1999, the area was remapped by Mineral Resources Tasmania and a number of samples collected for petrological examination. The geologists mapping the area were unaware of the Cethana anomaly but collected samples containing up to 20% galena from areas previously shown to be anomalous for lead in soils, these samples were not assayed.

Western Tasmanian Regional Minerals program aeromagnetic, radiometric and electromagnetic data for the area was subsequently released in 2000/2001. In 2003, these data were used to help assess the potential of the area to yield granite-related mineralisation (UR2003-16). The Cethana anomaly was recommended for field checking. This was not done due to a lack of funds.

In 2003, a review of the stratigraphy of the Cambrian Mt Read Volcanics in the area again mentions the aeromagnetic anomaly east of Lake Cethana (UR2003-17). This report again concludes that the anomaly is likely to be a Devonian skarn, despite work already concluding this not to be the case.

Work to March 2011

Drilling

An independent review of previous exploration work by Dr Greg Corbett suggested drilling the IP anomalies nearly coincident with the main magnetic anomaly. CETD3 was stepped back from the strongest chargeability feature and also targeted peak copper in soils (to 150ppm) and a local magnetic high located in historic ground magnetic data. The hole intersected a broad zone of alteration associated with 'leakage' mineralisation near a volcanic facies contact and associated faulting. The mineralisation was weak and included disseminated and vein style chalcopyrite mineralisation. The mineralisation was accompanied by apparent 'mafic potassic' biotite alteration and significant disseminated pyrite mineralisation.

With this encouraging alteration and mineralisation assemblage a second hole (CETD4) was planned from a stepped back position to the north of the known mineralisation in CETD1 and also drilled through the chargeability zone. Although the mineralisation was noticeable in the IP zone, the intensity was less than in CETD3 and the secondary target was located deeper in the hole and consisted of weak sheeted magnetite vein development with accessory pyrite and chalcopyrite. The hole was terminated in this material due to the patchy nature of the mineralisation. The collar and significant intersection information is detailed below, drill logs are detailed in appendix 4.

Hole ID	Easting (AGD66)	Northing (AGD66)	RL	Azimuth	Dip	Depth
CETD3	427474	5402541	285	213.5	-61	373m
CETD4	427699	5402516	336	186.5	-65	673m

Table 1 – Collar information for new drill holes

Hole_ID	From	To	Interval
CETD3	236.00	239.00	4m @ 0.085% Cu, 0.065 g/t Au and 91ppm Mo
CETD3	254.00	277.00	24m @ 0.09% Cu, 0.05 g/t Au, 23ppm Mo and 22ppm Bi
including	254.00	257.00	3m @ 0.13% Cu
and	265.00	277.00	13m @ 0.12% Cu, 0.07g/t Au, 28ppm Mo
CETD4	353.00	366.00	13m @ 0.025% Cu, 0.02g/t Au, 0.4g/t Ag, 35ppm Mo
CETD4	399.00	430.00	31m @ 0.04% Cu, 0.03g/t Au, 0.3g/t Ag, 36ppm Mo
incl	408.00	410.00	2m @ 0.1% Cu 0.08g/t Au, 1.5g/t Ag, 70ppm Mo
CETD4	663.00	672.00	9m @ 0.024%Cu, 0.025g/t Au, 0.4g/t Ag, 53ppm Co, 59ppm Mo

Table 2 – Significant intersections from new drilling

Review of previous work by Dr Michiel Van Dongen

An independent review of previous exploration work including the two drill holes completed in the previous reporting period was done by Dr Michiel Van Dongen. Michiel is an experienced economic geologist, specialising in research, exploration targeting and assessment of base and precious metal systems, especially skarn, porphyry and epithermal deposits. Including experience with Ok Tedi Cu-Au, Frieda River Cu-Au, Papua New Guinea; Cadia Cu-Au; Northparkes Cu-Au; Copper Hill; Stanthorpe region Cu-Au and Sn-W-Mo; New England fold belt Cu-Au skarns and porphyry; Coromandel and Mt Martha epithermal, New Zealand; Santa Rita Cu-Mo, AZ; Olympic Dam Cu-Au, South Australia. Importantly Michiel also has experience in unmineralised arc and intraplate volcanic and geothermal systems: White Island and Wai-O-Tapu, New Zealand; Newer Volcanics Province, Victoria; Dodecanese Arc, Greece; Eiffel, Germany. This has allowed a constructive assessment of the potential of the mineralizing system.

He was asked to:

- Compare geological features of Cethana (and Five Mile Rise) prospects with those of known porphyry Cu-Au deposits
- Assess local controls on mineralisation
- Assess potential for higher grade mineralisation
- Recommend exploration focus

The review of drill core was accompanied by petrological descriptions of Cethana field samples by Dr Paul Ashley.

Dr Van Dongen concluded the Cethana project area reveals similarities with key features of selected economic porphyry deposits. These similarities are notably:

- Alteration mineralogy
- Potential size of the mineralising system
- Multiple hydrothermal events, incl. brittle structures in DR1
- Evidence for skarn (replacement type) mineralisation
- Type of mineralising hydrothermal fluids (oxidising and saline)
- Similar submarine magmatic setting

Differences to typical economic porphyry systems noted were:

- Some key alteration minerals are absent where expected
- Lack of abundant (quartz-) veining, especially in CETD4, which is interpreted as an unfocussed fluid flow zone
- Lack of abundant vein-controlled alteration
- Lack of abundant sulfides

Van Dongen's full report is appended in Appendix 1.

Review of Geochemistry

A review of geochemical data from recent rock chip sampling revealed only gross alteration features associated with the Cethana magnetic anomaly. In particular it has been noted that the Ca and Mg values in the vicinity of the magnetic high are perceptibly depleted, probably due to the introduction of Na bearing and K bearing fluids by the main alteration event. Also the introduction of Fe as magnetite and pyrite could involve some replacement of earlier minerals.

Both CETD3 and CETD4 are drilled from near the northern edge of the surface expression of the magnetic anomaly and as such the Ca and Na values are traceable over this alteration change, subsequently it was noticed in the down hole assays that the Ca values decrease as the magnetic zone is approached. It is also noted that weathering to 40m in CETD3 significantly alters the calcium content, so this should be excluded from any analysis at the whole rock level.

Ca values are elevated in the immediate footwall to the mineralised biotite zone and in the immediate footwall position to the Fe-Garnet skarns. Mn is elevated in the zones of strongest skarn development in CETD3.

The typical metal association in the main mineralised zone in CETD3 is Cu-Au-Ag-Mo and elevated Bi, Te, La, Ce and trace elevated Uranium. CETD4 has a similar metal association with Cu and Au having the best correlation, see graph below.

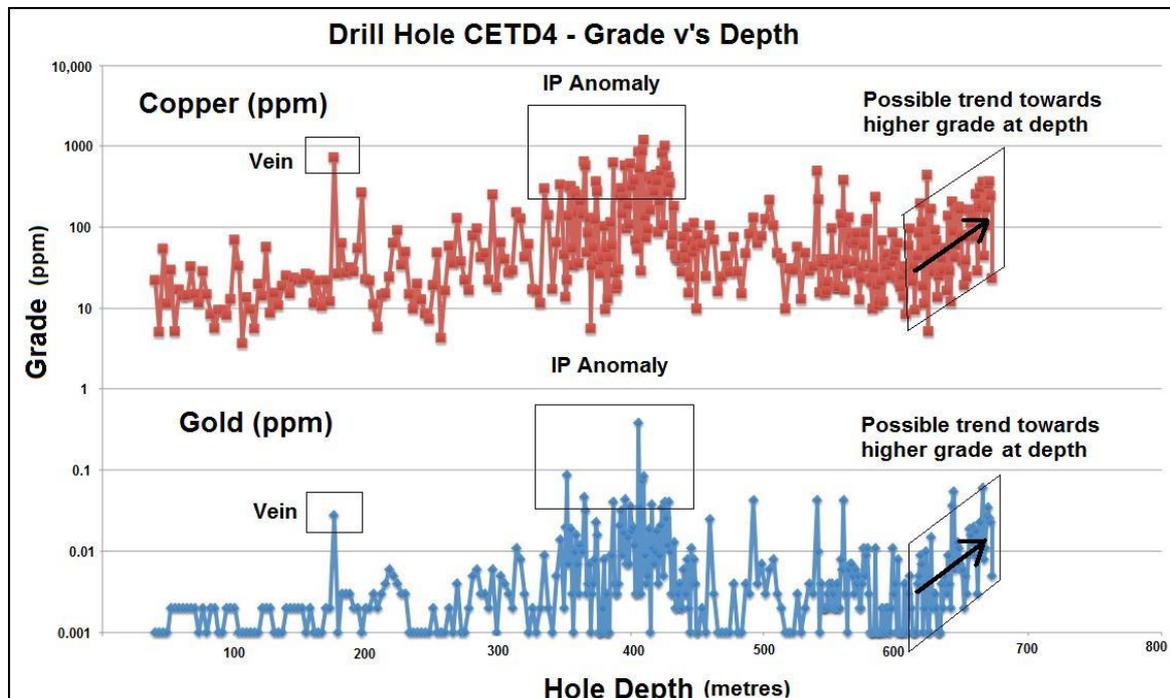


Figure 2 – Copper and gold grades plotted against hole depth drill hole CETD4.

Petrological descriptions of Cethana field samples by Dr Paul Ashley.

Twenty nine rock samples sites were visited, a selection were used for petrological examination and were assayed. These samples are from locations proximal to the magnetic anomaly (see figure 3 below). A summary of his findings are reported here with the full descriptions available in the appendix.

For the 32 submitted samples, polished thin sections (PTS) were prepared from two of the drill core samples (CETD1 363.5 m and 467.7 m), with standard thin sections (TS) being prepared from all other samples. The petrographic preparation was performed by Petrographic International Pty Ltd in Brisbane. PTS were examined microscopically in transmitted and reflected light and TS in transmitted and oblique reflected light. Two section offcuts (152840b and 152859) were treated with hydrofluoric acid and sodium cobaltinitrite to check for the presence of K-feldspar.

Dr Ashley interpreted all of the samples examined represent porphyritic, fine grained felsic igneous rocks (mostly volcanics and including pyroclastic and possibly coherent lava and/or shallow intrusive types), with a few compositionally and texturally related epiclastic rocks (e.g. volcanoclastic sandstone and siltstone). The rock types have experienced varying amounts of early hydrothermal alteration, with subsequently imposed penetrative deformation (and likely low grade regional metamorphism), followed by a later thermal metamorphic (and locally metasomatic) overprint.

All samples in the suite show considerable modification of the primary mineralogy and textures due to imposed alteration and deformation phenomena. It can be implied that most samples were affected by moderate to strong pervasive hydrothermal alteration at an early, pre- to syn-tectonic stage. Two main types of early alteration are apparent. The stronger type was feldspar-destructive, resulting in assemblages of fine grained quartz, sericite and chlorite (varying amounts of each and mostly with sericite > chlorite), in places with a little associated leucoxene (fine rutile), pyrite and magnetite and/or hematite. This alteration ranges from propylitic to phyllic in character and is found in many of the felsic lithic-vitric tuffs and in the epiclastic rocks in CETD1. The other alteration type contains albite and/or K-feldspar, along with sericite, chlorite and leucoxene. In places, epidote, actinolite and pyrite could have been present. This type of alteration is probably of propylitic type, with the presence of K-feldspar being a reflection of primary rock composition (i.e. relatively potassic), rather than implying introduction of K (i.e. potassic alteration). In both of these alteration types, most primary igneous minerals were destroyed, with only quartz phenocrysts, apatite, zircon, and in places, FeTi oxide (titanomagnetite) being preserved.

The early alteration could have been due to broad scale hydrothermal circulation through a felsic volcanic-dominated pile (e.g. involving combinations of magmatic, marine and meteoric fluids) as well as due to low grade regional metamorphic processes (e.g. lower greenschist facies). The latter have definitely occurred and apparent in many samples in the suite by effects of penetrative deformation, expressed as a weak to moderate foliation and mainly defined by preferred orientation of sericite and chlorite. In places, there is also a strong preferred orientation of coarse lithic/vitric fragments, and the foliation can be observed in several rocks to wrap around relict quartz phenocrysts. About some relict quartz phenocrysts, there is local development of deformation-induced "pressure shadows".

Post-dating the penetrative deformation, there is widespread indication in the majority of samples, for a subsequently imposed metamorphic and locally, metasomatic, overprint. There are two major new assemblages that have formed, with intergradation between the two. One shows development of minor through to common amounts of fine grained, randomly oriented biotite (ranging from greenish through khaki to brown in colour), and the other shows development of actinolite, commonly with associated epidote. As mentioned, there is gradation in-between, such that actinolite + biotite ± epidote is a relatively common assemblage. The differences in the new assemblages are ascribed mainly to host rock compositional control, with the apparently more felsic (and potassic) lithic-crystal tuffs and rhyodacite containing biotite (± recrystallised quartz, sericite and local K-feldspar, albite, magnetite, epidote), and the slightly more mafic compositions (e.g. dacite) containing a higher proportion of actinolite, epidote, as well as biotite, K-feldspar, albite, quartz, magnetite and titanite. There is good textural evidence for the new assemblages to overprint earlier-formed foliation and to cause destruction of earlier alteration minerals (mainly chlorite). In most samples, the new mineral assemblages are consistent with development under metamorphic conditions of the albite-epidote hornfels facies (and at least at biotite grade). However, in one sample (152858), there is minor development of disseminated and veinlike clinopyroxene (e.g. in the diopside-hedenbergite series), with the implication that metamorphic conditions have attained hornblende hornfels facies. In fact, some of the green amphibole termed “actinolite” in the descriptions could be hornblende, but confirmation would need to be made by electron microprobe analysis. In a few samples, and most notably in CETD1 467.7 m, there is a conspicuous association of biotite with minor to significant magnetite, pyrite and traces of other sulphides (e.g. chalcopyrite, pyrrhotite, marcasite).

As indicated above, the new mineral assemblages that have overprinted the earlier deformed alteration assemblages could be ascribed to the effects of thermal metamorphism (e.g. caused by a nearby intrusive), but there are features that suggest, at least in some samples, there has been metasomatic introduction of components. This may have been largely pervasive as there are few indications of any significant veining. The pervasive metasomatic effects could be implied by greater development of biotite (and minor associated magnetite, epidote) and patchy flooding and local veining by finely granular K-feldspar (± quartz). It could also be implied by the local occurrence of irregular replacement aggregates of actinolite ± biotite ± epidote, and in CETD1 442.6 m by intense replacement by epidote + chlorite (+ quartz, pumpellyite, carbonate, titanite, magnetite, pyrite). Similarly, in a few samples, minor sulphides have developed in the new alteration assemblages. Traces of tourmaline form part of the new mineral assemblage in 152848 and 152865. Consequently, it can be implied (but not proven) that there could have been at least minor hydrothermal introduction of components including K, Fe, S (Cu, B) and in places Ca, Mg and Fe. The resulting alteration assemblages have affinities to transitional types between propylitic and potassic alteration and to “mafic potassic” alteration (the latter being partly controlled by host rock composition).

In conclusion, most samples in the suite of generally felsic volcanic and volcanoclastic rocks display effects of early hydrothermal and/or low grade regional metamorphic alteration and imposed penetrative deformation. Subsequently, there has been an overprint of at least biotite grade thermal metamorphism, with the latter process accompanied in places by possible effects of pervasive metasomatic replacement. These overprinting effects could be

due to a nearby intrusive, with possible introduction of K, Fe and a little S, Cu and B, and locally significant Ca, Mg and Fe mobility. The later alteration has affinities to transitional propylitic-potassic and “mafic potassic” alteration types. Although these provide analogies with alterations proximal to some porphyry CuAu systems, the almost complete lack of fracturing and veining, and general paucity of sulphide mineralisation, suggest that if intrusion-related, the intrusive has not attained significant fluid saturation on crystallisation.

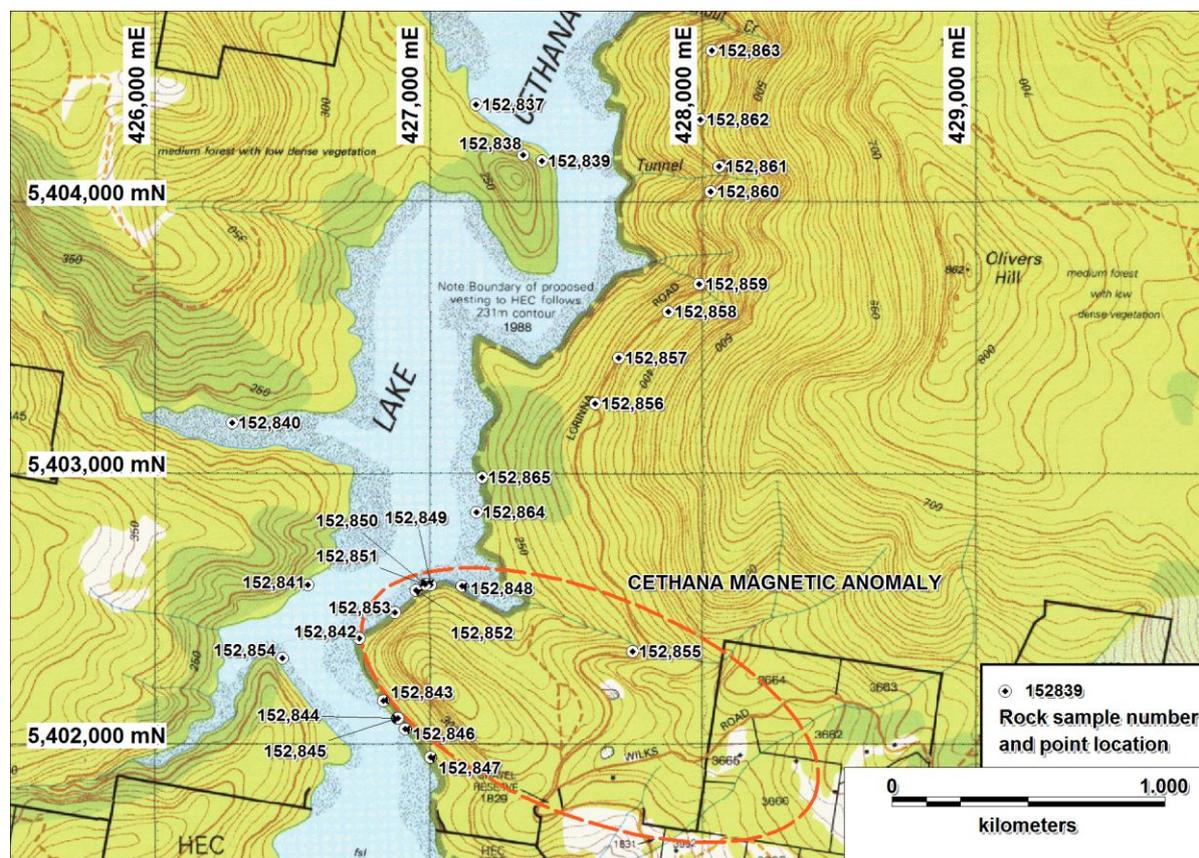


Figure 4 – Location of prospect scale rock sampling relative to the Cethana Magnetic Anomaly

Discussion of results

Given the strongest chargeability feature has now been drill tested (Campbell’s Reward Zone), the broader weaker chargeability anomaly (southern Chargeability Zone) provides an untested target and other mineralisation models including Cu-Au skarn need to be re-evaluated.

An independent review of the prospect has confirmed alteration types typically associated with porphyry mineralisation suggesting that intrusive rocks occur at depth within the Cethana anomaly, however the deep nature of these may prove uneconomic and their prospectivity has been reduced as a target.

Pluton still believes the chance of a significant discovery at Cethana is high because of the favourable metal correlations and size of the magnetic anomaly. A reassessment of the

available geophysics will be done in the upcoming tenement year to see if further drilling is warranted.

Conclusions and Future Work

Drilling and geophysics have corroborated that areas within and around the large Cethana magnetic anomaly are Copper-Gold-Molybdenum anomalous. An independent expert has suggested further targeting of the geophysical anomalies could be warranted. A geophysical review is proposed.

Environment

The IP grid is almost fully regrown and grid pegs will be removed where practical if further exploration results are discouraging or the licence is relinquished. The drill pads are well rehabilitated, see photos in the appendix 3.

Expenditure

Total Expenditure for EL 29/2006 currently stands at \$686,534 with approximately \$286,472 expended this year including expenditure on drilling, assay and petrology.

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Keywords

Porphyry, Skarn, Aeromagnetism, Induced Polarisation, Petrography, Copper, Gold, Molybdenum, Cambrian volcanics, Mt Read Volcanics, Chargeability, Diamond Drilling

Digital Files included with this report

EL292006_201103_01_Report.pdf (copy of this report including appendix 3)

EL292006_201103_02_Petrology.pdf

EL292006_201103_04_DrillLogs.pdf

EL292006_201103_05_DownHoleAssays.csv

EL292006_201103_06_RockChipAssays.csv

Appendices

Appendix 1 – Petrological Report

Appendix 2 - Independent Geologists Report

Appendix 3 – Rehabilitation Photos



Photo 1 – Drill site preparation at CETD3



Photo 2 – Track to CETD3 leaving Old Lorinna Road



Photo 3 – Drill rig on site CETD3



Photo 4 – Recontour of drill pad CETD3



Photo 5 – Recontour of slope where CETD3 track left Old Lorinna Rd

Appendix 4 – Drill logs