DENISON - TASMANIA
EL13/2006

ANNUAL PROGRESS REPORT
21st July 2011 – 20th July 2012

Tenement Holder/Manager

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Distribution:
Mineral Resources Tasmania
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Disclaimer

Note: All figures, grids, and contained data are according to the GDA/MGA94 grid system.

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1. INTRODUCTION

This report is a summary of the exploration activities conducted on the Denison exploration tenement EL 13/2006, for the period of 21st July 2011 to 20th July 2012. The area of the licence is 8sq km.

1.1 Location:

The tenement is located approximately 20 NW of the township of Scottsdale, in eastern Tasmania (Figure 1).

Access is generally very good. There are many roads and tracks in areas cleared for agriculture and where logging operations have been or are taking place. The Denison gold field is approximately 30-40 minutes drive from Launceston
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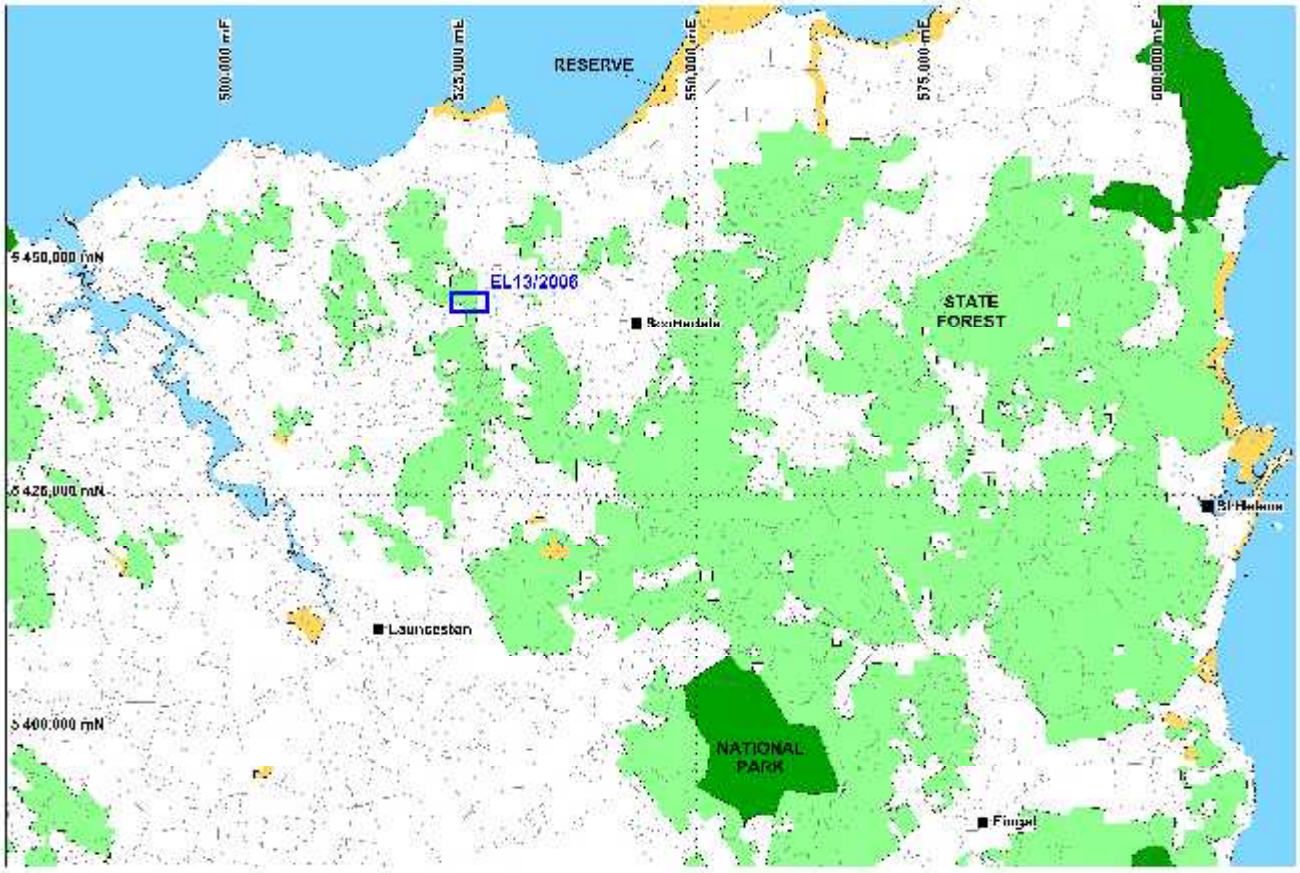


Figure 1. Denison Licence (EL13/2006) is located in northeastern Tasmania and comprised dominantly of state forest.

1.2 Geology Overview

1.2.1 Stratigraphy

The tenement comprises sub- and outcropping Mathinna Supergroup siltstones, sandstones, and subordinate shales. Revision of the internal stratigraphy of the Mathinna Supergroup as detailed in Seymour et al. (2011) and summarized in Table 1 below,

Group	Formation	Member	Age	Brief description
Panama Group	Sideling Sandstone		Early Devonian (plant fossils)	Dominantly fine-grained sandstone, some interbedded siltstone
	Lone Star Siltstone		Late Silurian (graptolites)	Dominantly thin-bedded siltstone with interbedded fine-grained sandstone increasing towards the top
	Retreat Formation		Silurian?	Interbedded turbiditic medium to very fine-grained sandstone and subordinate siltstone-mudstone
	Yarrow Creek Mudstone		Silurian?	Dominantly thin-bedded mudstone, with subordinate cross-laminated siltstone
Inferred faulted unconformable contact				
Tippogoree Group	Turquoise Bluff Slate		Early–Middle Ordovician (graptolites)	Phyllitic dark grey-black slate; recumbent folds and cleavage
		Industry Road Member	Ordovician?	Interbedded phyllitic slate and foliated very fine-grained sandstone; ridge-forming recumbent folds and cleavage
	Stony Head Sandstone		Ordovician?	Graded thick-bedded fine-grained turbiditic sandstone with minor interbedded pelite; large-scale recumbent folds and cleavage

Table 1. Revised Stratigraphy of the Mathinna Supergroup

The Denison goldfield vein deposits are hosted within the Lone Star Siltstone formation, comprising basal bioturbated marine siltstone/shale/mudstone which is laminated to thinly bedded (Seymour et al., 2011). Minor black shale occurs and is commonly pyritic. The Lone Star Siltstone Formation grades upward with quartz-rich thick-bedded sandstone becoming more common toward the boundary with the overlying Sideling Sandstone Formation (Seymour et al., 2011). The Denison goldfield is located proximal to the contact of the Lone Star Siltstone Fmn and underlying Retreat Fmn.

The regional geology (Figure 2) is dominated by Mathinna Supergroup rocks and granitoids. Note that the granitoids are interpreted to be at shallow depth of approximately 1-1.5km below the Denison goldfield (Leaman D.E. & Richardson R.G., 1992).

1.2.2 Structure and Mineralization

NNW striking regional faults
Regional folding
Strongly foliated Mathinna SG

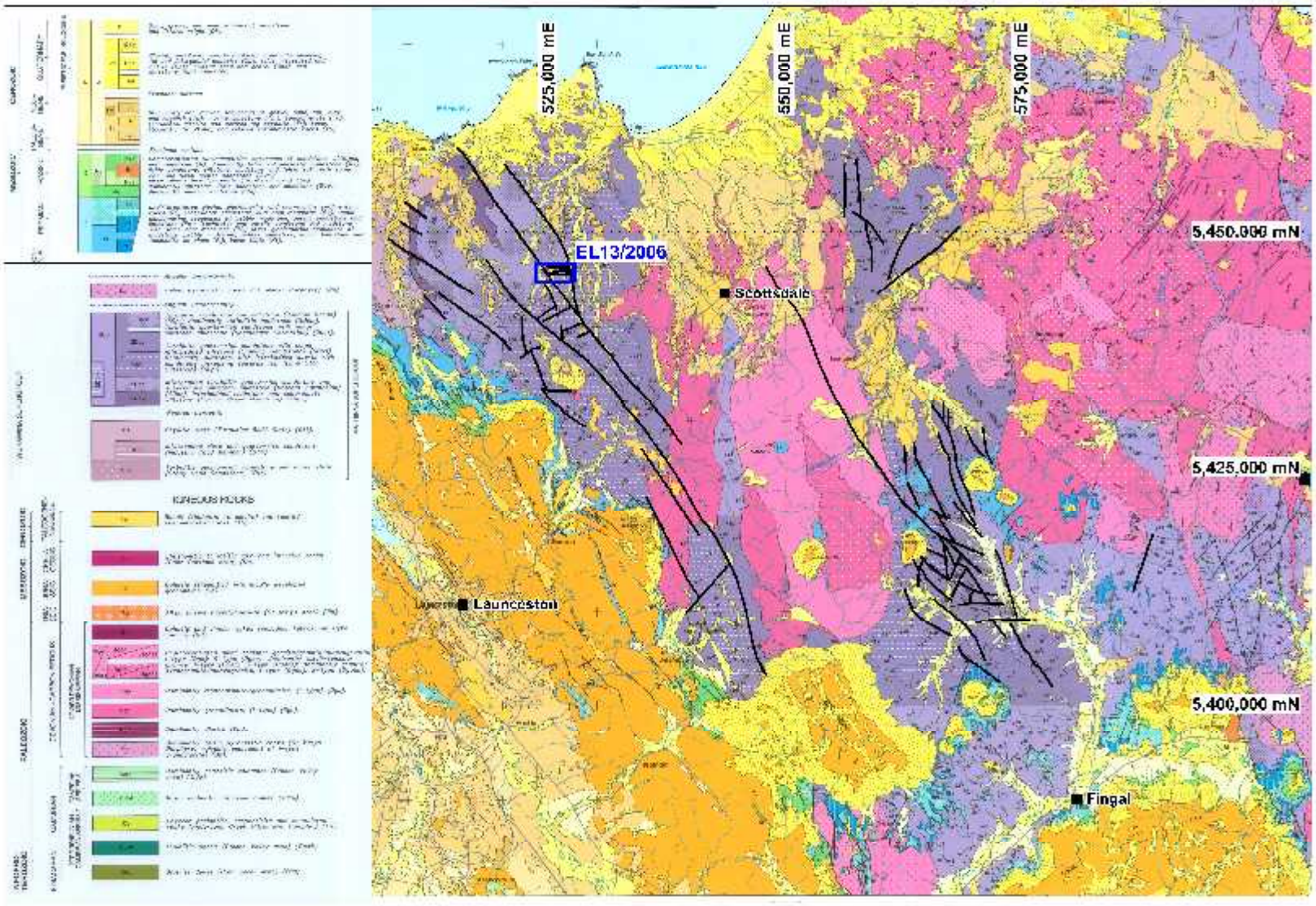


Figure 2. Geology of NE Tasmania. Copied from the MRT Regional Geology Map. Black lines represent interpreted major structures and the tenement boundary of EL13/2006 is shown in blue (as labelled)

1.3 Exploration Rationale

Test for large tonnage potential at the East Denison prospect by exploring for intrusion-related remobilized mineralization superimposed on high-grade orogenic veins; as neither type of mineralization may be economic in isolation.

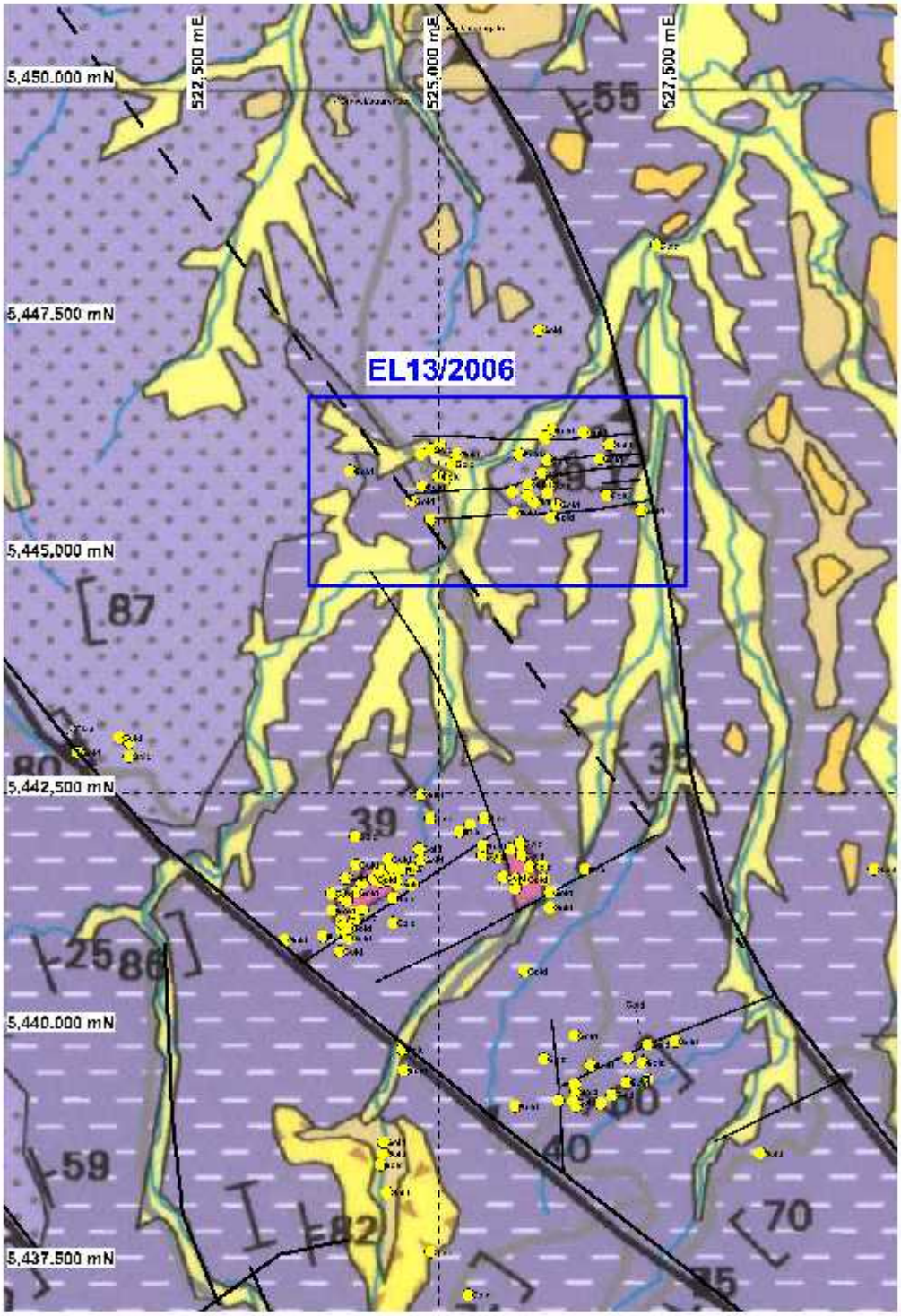


Figure 3. Local Geology of the area encompassing EL13/2006. Heavy black lines represent interpreted major structures and the tenement boundary of EL16/2003 is shown in blue (as labelled). Yellow dots are gold minoccs from the MRT database.

2. REVIEW OF PREVIOUS WORK – Prior to current tenement

2.1 Historical Mining (taken from 04/5088 MRT rept)

Mining at the Denison Goldfield started in the 1870's and continued until about 1911 (Coroneos, 1993). The most successful operation on the field was the Alacrity mine which produced 10.3 kg of gold at an average grade of 48g/t (Bottrill, 1994). The Alacrity mine worked a 0.3 to 0.45m vein to a depth of 60m with levels at 32, 46 and 60 metres (Reid,1926) and was eventually closed due to financial trouble – an inability to raise capital for further development (Coroneos, 1993). The gold was associated with pyrite arsenopyrite. Between the 46 and 60m levels 400 tonnes of unstoped ore was left.

The Sir William Denison Mine worked two veins, one 0.3 to 0.45m width and the other, 0.15 to 0.3m wide, to a depth of 30m with levels at 16 and 30m. Reid (1926) reports several crushing's that averaged 45.5, 46.7 and 243g/t Au. The accessory minerals are pyrite and galena in the larger vein, with gold contained mostly in pyrite and arsenopyrite in the smaller vein.

The Wiangatta mine worked a narrow vein to a depth of about 80m and averaged 68.4g/t Au, the gold being nearly pure. Other mines include the royal Treasury which produced gold from 32 tonne at an average grade of 6g/t Au, the Brooklyn with an average grade of 6g/t and the Star, which averaged 7.5g/t Au. Most of the mines reported veins orientations trending ENE and dipping steeply, predominantly to the north west, except for Wiangatta which dipped to the south east.

2.2 Exploration Prior to Current Licence Area: (taken from 04/5088 MRT rept)

Regional stream sediment surveys were carried out by Billiton (Randall, 1992) and CRA (Broadbent, 1982). More detailed surveys were completed by Billiton in the Denison area by Billiton. Minus 80 mesh As and BLEG Au anomalies were reported but no follow up was undertaken.

In 1983 BP Minerals flew an aeromagnetic survey over the area. This data was incorporated with additional data flown by the Tasmanian government into the NETGOLD project and together with regional gravity data formed the basis for interpretive reports produced by Leaman (1992) and Roach (1992).

Argyle minerals (Cromer, 1986, 1987a,b) carried out extensive trenching and rock chip sampling and drilled 6 shallow holes at the Denison Goldfields.

Exploration by Anglo Australian Resources NL 1995-2003

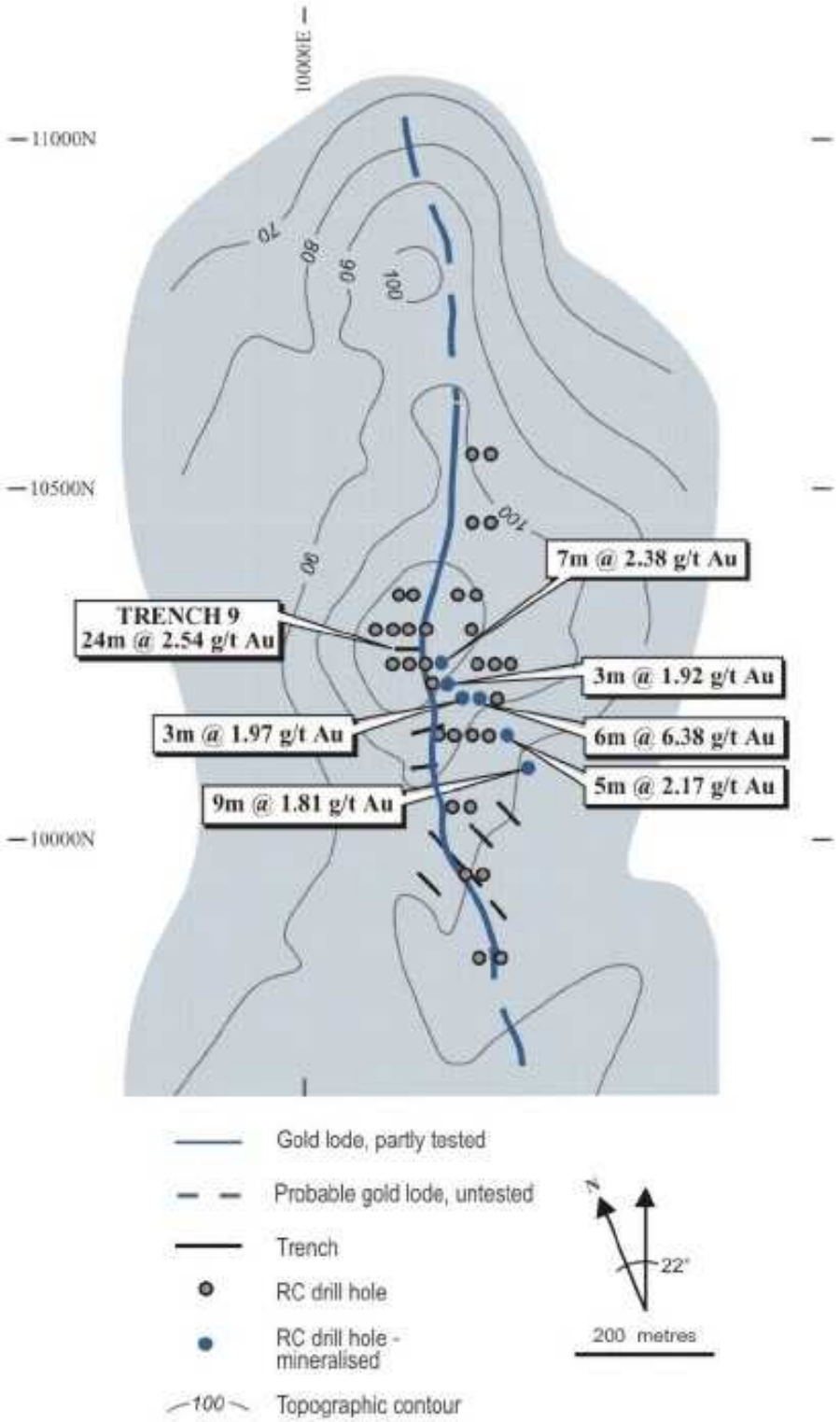
Since 1994 Anglo Australian Resources NL has completed the following activities:

- A review of the NETGOLD database.
- Interpretation of Satellite imagery.
- Rock Chip and mine dump sampling. Values of up to 5.6g/t Au, 2.54g/t Au and 1.4g/t Au were returned from the Globe, Sir William Denison and South Globe workings respectively.

- One RC drill hole (SWD1) totalling 114.5m testing beneath the Sir William Denison

workings. (Note this hole was drilled on a local grid and AMG coordinates of the collar are unknown. The drill collar could not be located). No significant intersections were returned from this hole.
• 1284 conventional soil samples collected on the local Denison grid (designed to cover all the historical workings). Strongest anomalism was on east west trending zones at Alacrity and Sir William Denison as well as two NE trending zones 200 to 300m north of Wiangatta. The NE trending zone is known as East Denison.
• 2 trenches at Sir William Denison and 9 trenches at East Denison. The best result from EDT7 of 35m @1.2g/t Au (inc. 11m @ 2.69g/t Au).
• 525 wacker, near bedrock soil samples on the East Denison grid. Two NE trending zones of gold anomalism defined.
• Interpretation of aeromagnetic, radiometric and gravity data by consultants Southern Geoscience. A major regional NE trending structural deformation zone (extending across the East Denison area) was identified.
• 146 MMI soil samples at East Denison. The results confirmed the anomalies defined by conventional geochemistry.
• 32 RC drill holes completed over 3 programs at East Denison for a total of 2100m between January 1998 and March 2001 (Prefix EDRC). Drilling defined a low grade near surface zone of anomalism corresponding to the NE trending deformation zone and a higher grade shallow south plunging shoot of gold mineralisation. All anomalous intersections are within the supergene.

A total of 958 m of RC drilling in 14 holes was carried out on the tenement during 2003. In the East Denison Prospect five holes were drilled for 342m (Table 2). Drilling elsewhere included two holes at each of the Northern Globe, Royal Treasury, Alacrity, and Sir William Denison workings. One hole was drilled at the Wiangatta workings



EAST DENISON

Topographic Plan Showing Interpreted Gold Lode and Drill Hole Locations

Figure 4. Anglo-American interpretation of the East Denison mineralisation

Exploration by Lefroy Resources 2004-2007

In the year ending October 2007 LEF conducted an aeromagnetic survey over the Back Creek and Denison gold fields and excavated and sampled 7 trenches at East Denison (Lloyd, 2007). The East Denison trenching program produced best results of 42 metres @ 2.1 g/t Au in DTR004 and 46 metres @ 1.36 g/t Au in DTR006, highlighting the potential for an outcropping low grade resource.

Exploration by Beaconsfield Gold 2008-2011

- Resampling and mapping of open trenches
- 6 RC drill-holes for 626m, best intercept of 20m @ 0.51g/t Au in EDRC55.
- Mineralisation interpreted as en-echelon dilational zones in a broader shear zone and recommendation to drill on 070-250 MGA azimuth. (Morrison, 2008)

3. CURRENT WORK

3.1 Data Capture

All existing data (RC drilling, soils, rock-chip) has been captured digitally and will be compiled into database form in the coming reporting period.

3.2 Interpretation

Initial interpretation of the licence area focused on the historic mining of veins which were broadly E-W striking and steeply dipping both to the north and south. These veins are enveloped by regional scale NNW trending faults (Figure 3) and the overall geometry of structure and nested en-echelon veins is considered analogous to the Lefroy system to the northeast.

Drilling by previous explorers was largely on an azimuth of 288MGA testing a broadly N-S striking soil anomaly and best results included:

- intersected in the RC drilling including:
    - 6m @ 6.38g/t Au
    - 2m @ 4.09g/t Au
    - 5m @ 2.17g/t Au
- And intervals sampled in trenches including:
    - 4m @ 7.07g/t Au
    - 3m @ 4.58g/t Au.

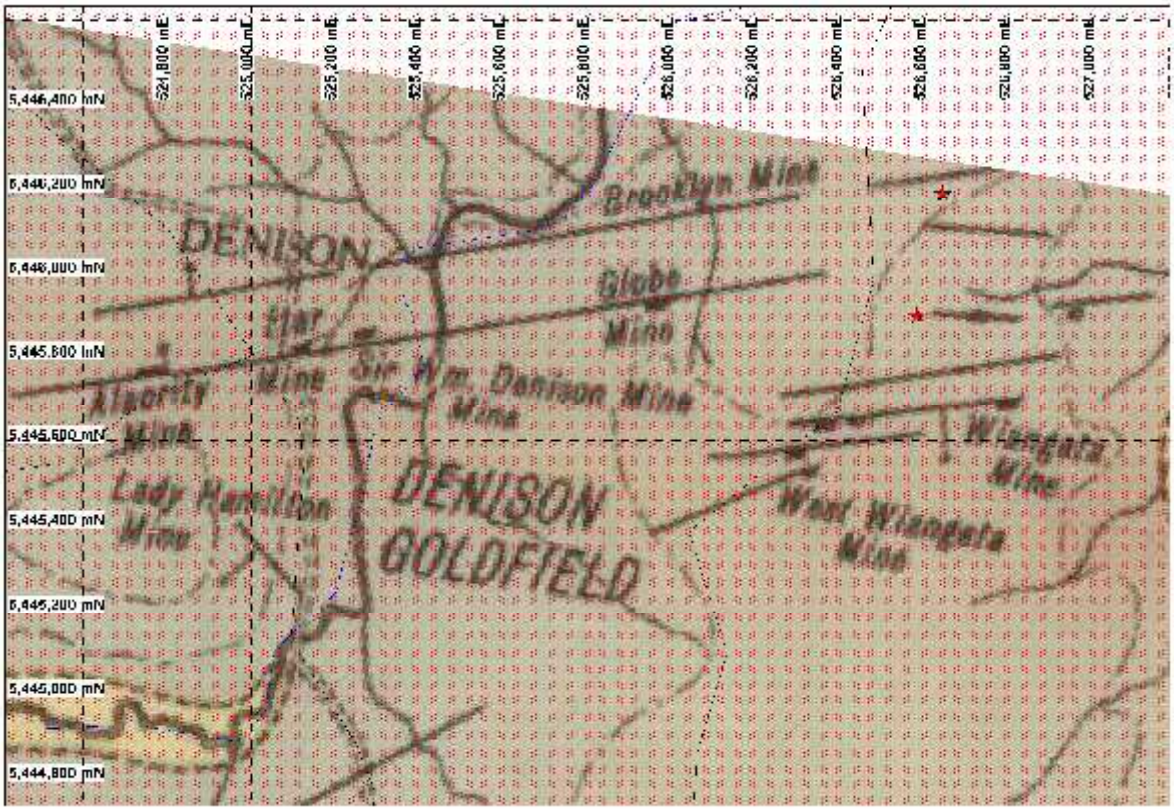


Figure 5. Historic map of the Denison Goldfield. Solid lines represent 'lode' orientations and the red stars are the loci of high-grade mineralization intersected in RC drilling at the East Denison prospect.

Lack of continuity of mineralization between sections has generally downgraded the potential of the prospect. As can be seen on Figures 5 & 6, drilling on this orientation is very acute to sub-parallel to the historic vein orientations as projected into and located within the East Denison prospect. Disseminated mineralization outside of the high-grade quartz-sulfide-gold veins is interpreted as 'intrusive-related' in that it may well represent remobilization of gold from deeper parts of the orogenic gold system via fluids derived from the underlying granite (Figure 6). The remobilized gold in fluid is likely to have exploited the same crustal weakness as the orogenic veins, and may have resulted in the inferred disseminated mineralization superimposed onto the orogenic vein-system. Note the broad correlation between the east-west reefs, structures interpreted from the magnetics, and mineralization intersected in RC drill-holes and trenches illustrated in Figure 6.

This is therefore a complex drill-target which undoubtedly requires some drilling in a broadly N-S direction to determine how much of the East-Denison prospect mineralization is associated with the E-W orogenic, Lefroy-style veins.

Although six holes were drilled grid north testing historic mines such as the Alacrity, Sir William Denison, and Globe; the drilling at East Denison is overwhelmingly drilled on the 288MGA azimuth and It is probable that the drilling to date has not adequately tested the mineralization.

526,500mE
526,600mE
526,700mE
526,800mE
5,446,300mN
5,446,200mN
5,446,100mN
5,446,000mN
5,445,900mN
10100mN
10000mN
TREND OF MINERALISATION
TREND OF MINERALISATION
DTR003
DTR006
DTR004
DTR005
DTR002
DTR001
EDT09
EDT08
EDT07
EDT06
EDT05
EDT04
EDT03
EDRC23
EDRC24
EDRC13
EDRC14
EDRC35
EDRC36
EDRC37
EDRC38
EDRC21
EDRC22
EDRC33
EDRC34
EDRC11
EDRC12
EDRC20
EDRC09
EDRC10
EDRC16
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EDRC18
EDRC19
EDRC32
EDRC15
EDRC31
EDRC07
EDRC08
EDRC30
EDRC29
EDRC28
EDRC01
EDRC02
EDRC27
EDRC39
EDRC41
EDRC40
EDRC03
EDRC04
EDRC43
135m
140m
142m
180m
23m
41m
30m
37m
73m
81m
1m @ 6.78
1m @ 3.46
40m
1m @ 3.21
1m @ 3.35
1m @ 4.42
4m @ 7.07
2m @ 4.09
1m @ 3.75
6m @ 6.38
1m @ 3.75
2m @ 3.33
1m @ 3.00
3m @ 4.58
1m @ 3.35
1m @ 4.62

DTR006: 64m to 65m, 1m @ 1.37, 66m to 67m, 1m @ 1.17, 68m to 69m, 1m @ 1.53
and 72m to 73m, 1m @ 1.40 within 0.25 zone (51m) 53m to 73m
and 76m to 87m, 11m @ 2.16 inc. 80m to 81m, 1m @ 3.46, 84m to 85m, 1m @ 3.21
and 88m to 90m, 2m @ 1.74, 93m to 94m, 1m @ 1.08, 96m to 97m, 1m @ 1.67 and 98m to 102m, 4m @ 1.6
all within 0.25 zone 74m to 102m
and 106m to 108m, 2m @ 1.26 within 0.25 zone 103m to 113m
also 0.25 zone 34m to 42m, 123m to 124m and 133m to 134m

EDRC24: 18m to 19m, 1m @ 2.05

DTR003: 0.25 zone 22m to 23m,
30m to 32m
and 36m to 44m

DTR004: 78m to 80m, 2m @ 1.13,
82m to 86m, 4m @ 1.18,
88m to 89m, 1m @ 1.31,
90m to 91m, 1m @ 1.42,
95m to 109m, 14m @ 2.36 inc. 97m to 98m, 1m @ 3.35
101m to 102m, 1m @ 4.14
and 105m to 106m, 1m @ 4.42
all within 0.25 zone 68m to 128m
also 0.25 zone 58m to 60m and 64m to 66m

EDT09: 12m to 13m, 1m @ 1.80
and 16m to 18m, 2m @ 1.37
and 22m to 24m, 2m @ 1.47
and 26m to 29m, 3m @ 1.94
and 32m to 38m, 6m @ 3.12, inc. 36m to 37m, 1m @ 6.78
all within 0.25 zone 10m to 38m
also 7m to 8m, 1m @ 1.92
within 0.25 zone 3m to 8m (9m)

EDRC34: 0.25 zone 0m to 4m

EDRC11: 5m to 6m, 1m @ 1.50
within 0.25 zone (0m) 3m to 9m (11m)

EDRC12: 6m to 12m, 6m @ 2.65 inc. 7m to 9m, 2m @ 4.09
within 0.25 zone 3m to 17m (9m)

DTR005: 36m to 38m, 2m @ 1.48 and 48m to 49m, 1m @ 1.47
within 0.25 zone 26m to 51m
63m to 66m, 3m @ 1.49 and 68m to 69m, 1m @ 1.45
within 0.25 zone 61m to 71m
also 0.25 zone 0m to 2m, 8m to 12m, 18m to 20m

EDT08: 16m to 17m, 1m @ 1.81
within 0.25 zone 14m to 20m (23m)

EDRC07: 0.25 zone 9m to 10m

EDT07: 23m to 24m, 1m @ 1.17
within 0.25 zone 22m to 25m
also +/- 0.25 zone 5m to 12m
and 15m to 18m

EDRC08: 0.25 zone 6m to 8m

EDRC01: 0.25 zone 20m to 24m

EDT01: 28m to 37m, 9m @ 3.09 inc. 30m to 33m, 3m @ 4.5
and 40m to 45m, 5m @ 2.45 inc. 40m to 41m @ 3.3
and 48m to 51m, 3m @ 1.46
all within 0.25 zone 22m to 51m
NB samples taken every second metre

DTR001: 30m to 36m, 6m @ 2.13
inc. 33m to 34m, 1m @ 4.62
within 0.25 zone 29m to 38m
also 0.25 zone 41m to 44m

EDT04: all <0.25

EDRC32: 8m to 9m, 1m @ 3.75
and 10m to 11m , 1m @ 1.15
within 0.25 zone 8m to 15m (17m)
also 0.25 zone 4m to 6m

EDRC30: 15m to 16m, 1m @ 1.80
within 0.25 zone 15m to 19m
also 0.25 zone 9m to 11m

EDRC31: 0.25 zone 8m to 9m

EDRC29: 12m to 13m, 1m @ 1.07
and 14m to 15m, 1m @ 2.15
within 0.25 zone 7m to 18m (19m)

EDRC28: 10m to 15m, 5m @ 2.17 inc. 10m to 12m, 2m @ 3.33
within 0.25 zone 9m to 17m

EDRC27: 12m to 15m, 3m @ 2.70 inc. 14m to 15m, 1m @ 3.00
and 17m to 21m, 4m @ 1.80
within 0.25 zone 12m to 21m (22m)

EDRC16: 5m to 6m, 1m @ 3.75 within 0.25 zone 5m to 7m
also 0.25 zone 8m to 10m and 11m to 12m

EDRC17: 0.25 zone 28m to 29m

EDRC18: 0.25 zone 8m to 9m

EDRC09: 6m to 7m, 1m @ 1.30 and 9m to 10m, 1m @ 1.71
within 0.25 zone 2m to 14m

EDRC10: 5m to 6m, 1m @ 1.91, 9m to 10m, 1m @ 1.20 and 13m to 14m, 1m @ 1.89
within 0.25 zone 2m to 19m

EDRC15: 8m to 14m, 6m @ 6.38
inc. 8m to 13m, 5m @ 7.14
within 0.25 zone 8m to 16m

EDRC01: 0.25 zone 20m to 24m

EDRC03: 0.25 zone 1m to 6m and 11m to 12m

DTR002: 0.25 zone (25m) 27m to 29m
and 34m to 36m, 37m to 39m
and 45m to 47m

EDT03: all <0.25

EDT06: 0.25 zone (6m) 8m to 13m
and 27m to 28m

EDT05: all <0.25

4. PROPOSED EXPLORATION

On the completion of the Regional Prospectivity review, specific areas will be targeted for further exploration.

5. ENVIRONMENT

No activities were undertaken within the reporting period which would have caused disturbance to ground or vegetation.

The company has environmental policies in place, including compliance with the Mineral Exploration Code of Practice, which minimise the impact that exploration activities have on the environment. The policies include guidelines on how to reduce the risk of spreading plant diseases and weeds as a result of day-to-day exploration tasks.

6. EXPENDITURE

21st July 2011 – 20th July 2012		
Geoscientific Costs	**Prospectivity review**	5588
	Geochemistry	
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	**Gridding**	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	350
	Admin Costs	1293
	Total - eligible	**7232**

Table 1. Expenditure 21 July 2011 to 20th July 2012.

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