Torque Mining Ltd
Annual Report on Exploration
EL 29/2009 – “Cethana”
September 2011 to September 2012

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1.0 Summary

EL 29/2009 "Cethana", along with the other two tenements which constitute the Moina project, has been a major focus of exploration activity over the last 12 months.

Work within EL 29/2009 has consisted of the 3D IP survey, soil sampling at Bulls and Bell Mount goldfield prospects, and drilling two holes at Bulls.

The 3D IP survey was done by SJ Geophysics of Toronto Canada using their proprietary Volterra method a 125m or 250m spaced grid. The survey has defined a number of features with both discrete chargeability highs in a number of favourable locations and near surface conductivity anomalies either representing mineralisation or indicating the presence of favourable rocks in favourable structural settings.

Soil sampling at Bell Mt. alluvials was hindered by the Tertiary cover though the hill south of Bell Creek is anomalous in pathfinders Sb, As and Pb. Au best was 6ppb.

Soil sampling at Bulls revealed low order Au anomalism. Drilling two holes, BSD1 (117m) and BSD2 (66.85m) intersected a quartz+feldspar+biotite+/-hornblende porphyry with narrow zones of pyrite alteration with weakly anomalous Cu, Pb and Zn associated.

Work in the coming year will focus on drilling at Round Mtn., Tin Spur, Ti Tree Creek/Iris River and Bell Mount alluvials. Further investigative work will be done on the W and Mo prospects around All Nations/Lawkemlaw and Nb and Y anomaly associated with pegmatite at Sayers.

2.0 Introduction

2.1 Location and access

EL 29/2009 "Cethana" lies in Tasmania's central north and is accessed by a number of bitumen roads including the Cradle Mountain Link Road, Claude Road and Olivers Road.

The licence as granted extends from the eastern end of Mt Roland to Stormont in the west (see figure 1.1).

Access within the licence is by a number of bitumen and gravel roads.

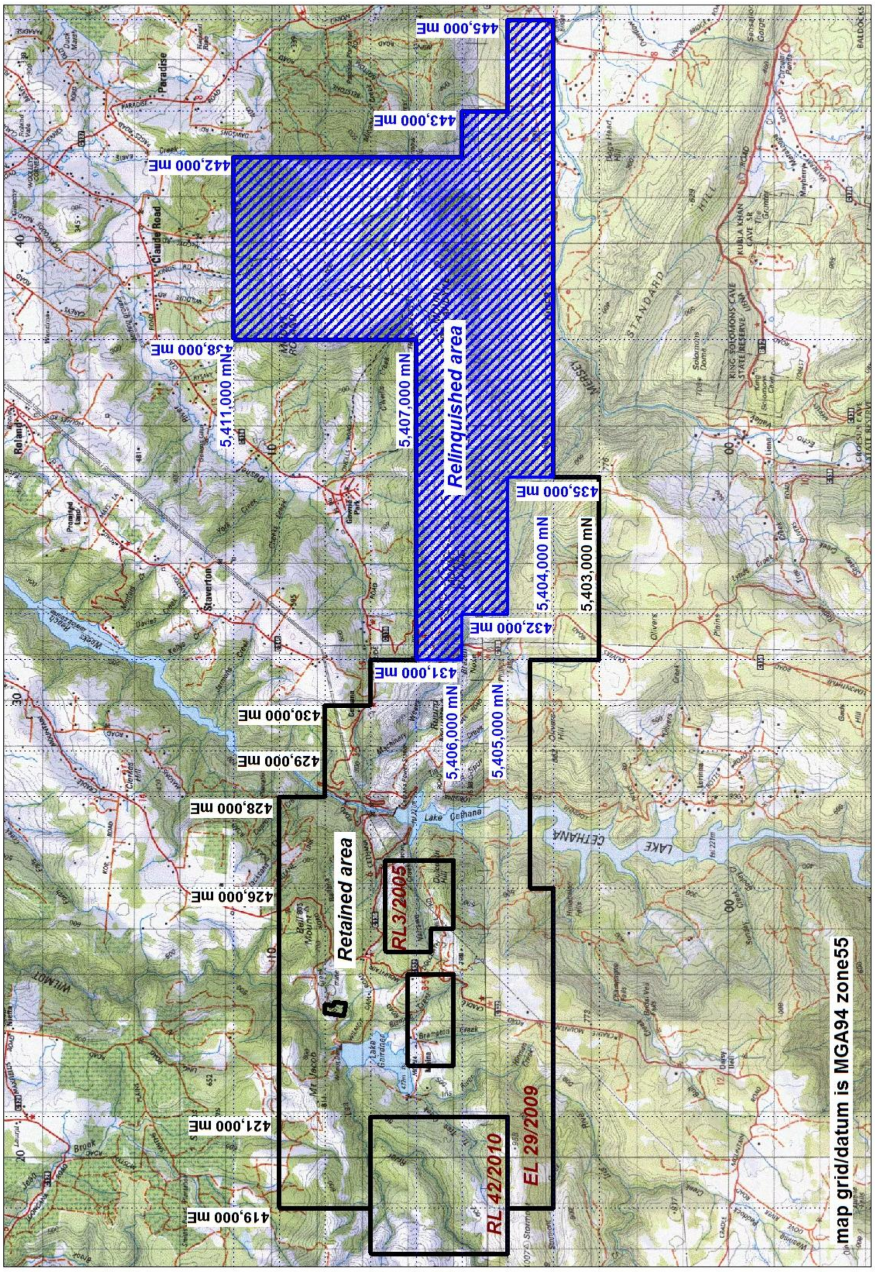

Figure 1.1: EL 29/2009 Cethana licence outline topography, drainage and access. Map datum is AGD66 zone 55. Also shows area to be relinquished.

2.2 Tenure

EL 29/2009 was won by tender by Frontier Resources Ltd. and was granted on 13th September, 2009. In early 2012 the licence was transferred to Torque Mining Ltd., a spin-off from Frontier Resources Ltd.

An application has been made to relinquish 48km2 of EL 29/2009 on the anniversary date of 13th September, 2009. The relinquished area is shown in blue hatch on figure 1.1. A separate relinquishment report has been submitted.

The area to be relinquished is the eastern (smaller) half of the licence where it covers Mt. Roland and the Fossey Mountains.

2.3 Land status and usage

The retained part of the licence area is used for a range of purposes. Much of the area is Crown Land with forestry activities in part. The remaining land is privately owned bushland with limited farming around Lake Gairdner.

3.0 Geology

Cambrian quartz+feldspar+biotite porphyry of the Mt. Read Volcanics, Ordovician siliciclastic sediments of the Denison Group and the Devonian Dolcoath Granite form the basement geology to the licence area and are the host and/or source of all potential (hard-rock) mineralisation. A veneer of Tertiary basalt covers this basement geology over much of the licence area.

In the central south of the licence the Cambrian rocks consist of quartz+feldspar+biotite porphyry and felsic volcaniclastics of the Bull Creek Formation. In the northern part of the licence, i.e. north of Machinery Creek Fault and near Mt Jacob, the Cambrian volcanics are from the upper part of the CVC and lowermost Tyndall Group and consist of felsic (commonly quartz phyric) volcanics and volcaniclastics with minor mafic volcanics.

These volcanics are unconformably(?) overlain by the lowermost unit of the Ordovician sequence, the Roland Conglomerate, a siliciclastic quartz pebble conglomerate of 10-20m thickness. This unit is conformably overlain by the quartzose Moina Sandstone which is up to 250m thick. This unit is conformably overlain by a thin, approximately 40m thick sequence of interbedded calcareous siltstone with lesser calcareous sandstone and limestone known informally as “Transition Beds”. These two units constitute the upper units of the Denison Group. The “Transition Beds” are conformably overlain by the Gordon Limestone which is approximately 400m thick.

The Cambrian-Ordovician sequence has been intruded by the Middle-Devonian Dolcoath I-type Granite with formation of a number of discrete skarn type ore bodies within the "Transition Beds". The granite outcrops on either side of Lake Cethana. Subsurface the granite is known to extend as a spine extending westerly from the area of outcrop as far at least as Stormont.

The Cambrian-Ordovician sequence lies in a broad (~10km wavelength) open east-west trending F1 syncline. This folding occurred early in the Middle Devonian Tabberrabberran Orogeny. Superimposed on this F1 fold are west-northwest trending shorter wavelength F2 folds with wavelengths. These folds formed later in the orogeny and are associated with southwest verging thrust faulting. The folded sequence is faulted by a number of known faults also of Middle Devonian age. The recent 3D IP has also suggested the presence of further brittle faults. Late in the orogeny the Dolcoath Granite intruded into this faulted and folded terrain.

Mineralisation occurs in a range of forms and settings with the Higgs mineralisation disseminated to semi-massive Au+Ag+Pb+Zn with commonly a pyrrhotite gangue in biotite hornfelsed sediments. Discrete quartz+/-W+/-Mo+/-Bi+/-Sn veins dipping to the south-southwest have been exploited in old workings and have potential in both the discrete form or as a zone of smaller veinlets. Elsewhere in the district the Transition Beds have been shown to host skarns with concentrations of F, Au+Bi and Au+Zn. There is potential for Au+/-Sn mineralisation in disseminations in the Moina Sandstone.

4.0 Exploration Philosophy

Torque Mining Ltd is aware of the polymetallic potential of the Moina area, largely a product of the highly fertile Dolcoath Granite, and is exploring for any and all commodities.

In particular the area has proven potential for Au, Ag, Cu, Pb, Zn, Sn, W, Bi, Mo, F and Fe. More conceptually the area may have potential for Y, Nb and rare earths (La, Ce, Nd, Pr and Sm).

Torque owns and operates its own diamond drill rigs including the Poltock custom-built truly man-portable rig capable of drilling NQ sized core to +50m depth.

Torque also owns a desktop XRF analyser which has the capacity to analyse for a wide range of elements including many not listed above e.g. Te, Tl, Sb, As, Rb, Sr, P, Cl, K, Ca, Ti, V, Cr, Co, Mn, Ni, Cd, Se, Ba, Hg, Th, U, Al, Ta and Sc. All samples are analysed for all elements listed on this page.

Torque holds two small but Indicated Status resources in the district, one being the Narrawa (Higgs) Au+Zn+Pb+Ag resource centred on the old Higgs workings, the other being the Stormont Au+Bi resource on EL 42/2010. Torque is aiming to add to this resource base by finding more similar sized deposits. Torque is also aware of the potential in the district for much larger deposits of which the world class Shepard and Murphy Fluorine deposit (on adjacent RL 10/88 belonging to TNT Mines Ltd.) is an example.

5.0 Previous Exploration

The area covered by EL 29/2009 was explored like the rest of western and northern Tasmania in the latter part of the 19th century but with more significant flourishes in the early and mid 20th centuries. The Stormont deposit was not found until the mid 1920's, the Higgs deposit was not discovered until the mid 1930's, the Shepard and Murphy mine was working into the 1950's and the All Nations mine until the 1960's.

The western, prospective and retained portion of the tenement has been held under a range of exploration licences since the 1960's with principal companies CRAE, Comalco, Mt Lyell M&R Co/Renison Goldfields/Goldfields Exploration, Mincor, Billiton/Shell, Noranda, Jervois, Titan, Goldstream, Tasgold, Frontier and now Torque Mining Ltd.

Previous work has consisted of regional geochemical and geophysical surveys with grids established over essentially all prospective rocks (other than the Dolcoath Granite itself). That work has led to the discovery and definition of the Shepard and Murphy fluorine deposit.

Historical drilling has been carried out at the Stormont, Fletchers Adit, Ti Tree Creek, All Nations, Hugo Skarn, Shepard and Murphy skarn, Higgs, West Higgs, Narrawa Reward, Three Sisters, Round Mountain and Tin Spur.

6.0 Work Done September 2011 to September 2012

6.1 Introduction

EL 29/2009 is part of Frontier's Moina Project (also including EL 42/2010 "River Lea" and RL 3/2005 "Narrawa"). The Moina Project was a major focus of Frontier's exploration activity during this period with a large 3D IP survey, soil sampling around the Bell Mount alluvial field and the Bulls IP anomaly, and drilling two holes at Bulls.

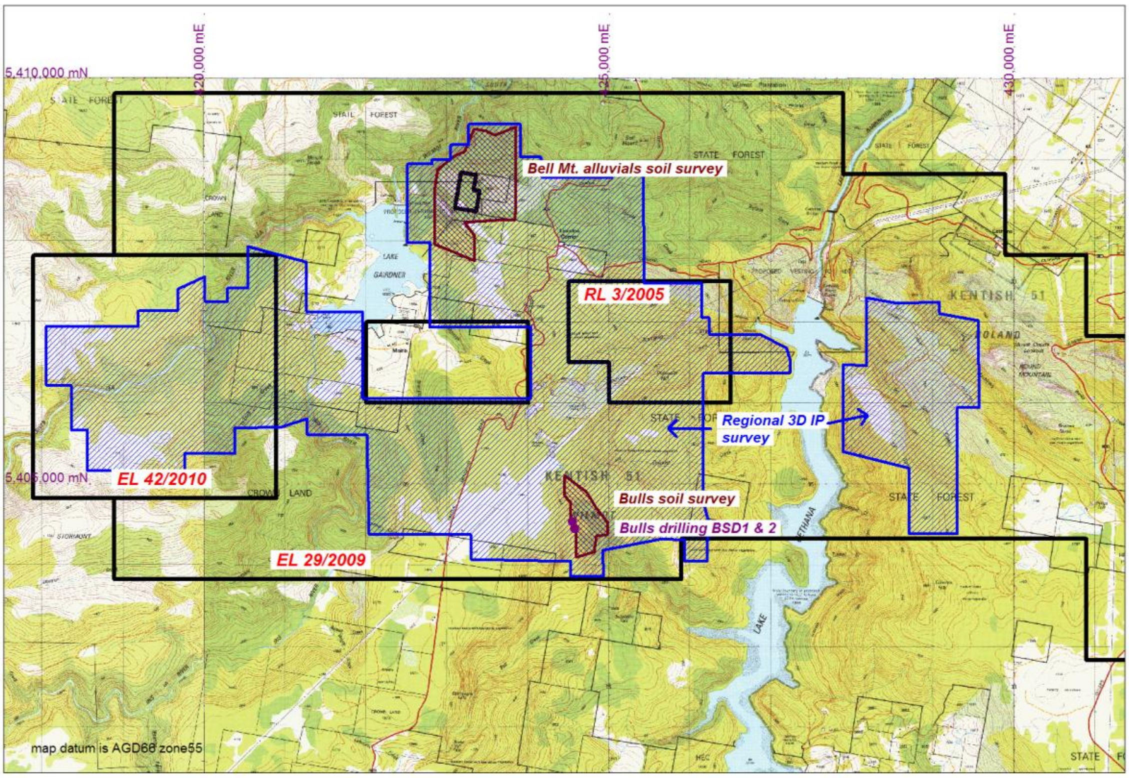

Figure 6.1: Work areas in EL 29/2009 in 2011/2012 year.

6.2 3D IP Survey

6.2.1 Methodology

EL 29/2009 was included in a large scale 3D IP survey conducted over ~24 square kilometres of Frontier's Moina Project, extending from Round Mountain east of Lake Cethana to Stormont, west of Lake Gairdner (see figure 6.1).

The survey was carried out by SJ Geophysics of Vancouver with their in-house Volterra system over a total of ~128km grid cut by Frontier's own crew.

The overall survey area naturally divided itself into a series of discrete grids with sections between missed due to geographical features Lakes Cethana and Gairdner and the Lea River, and the 2km² RL10/88 belonging to Geotech International Pty. Ltd.

The grids are shown on figure 6.2.

Due to the dual desire to both look for shallow anomalies requiring higher resolution near surface as well as deeper larger zones, two grid scales were chosen, 250m and 125m or 100m

The deeper, broader zone was surveyed on a 250m spaced grid with the higher resolution near surface zone surveyed on the discrete 125m and 100m spaced grids. In order to obtain 250m spaced data from these 100m and 125m spaced grids the close spaced grids were not surveyed twice but rather data from the detailed survey was filtered and combined with the 250m data read from the coarser gridded areas during the processing and inversion process.

The grid was cut in a cursory fashion sufficient to remain open for the IP survey and any immediate soil sampling but expected to close over before 1 year.

Grid lines were true north-south except for the extended part of the Narrawa+Extended grid which was east-west, and were surveyed by a combination of tape and suunto compass with handheld GPS checking.

Grid spacing varied. Nominal spacings were 250m and 125m but existing 100m spaced lines around the Higgs workings were utilised. 100m spaced lines were also read on the far northwest part of the grid. The Narrawa extended grid was on 100m spacings. Existing tracks were utilised where suitable. The irregular eastings (i.e. not multiples of 100m or 50m) are due to optimal alignment with the 100m spaced lines around Higgs.

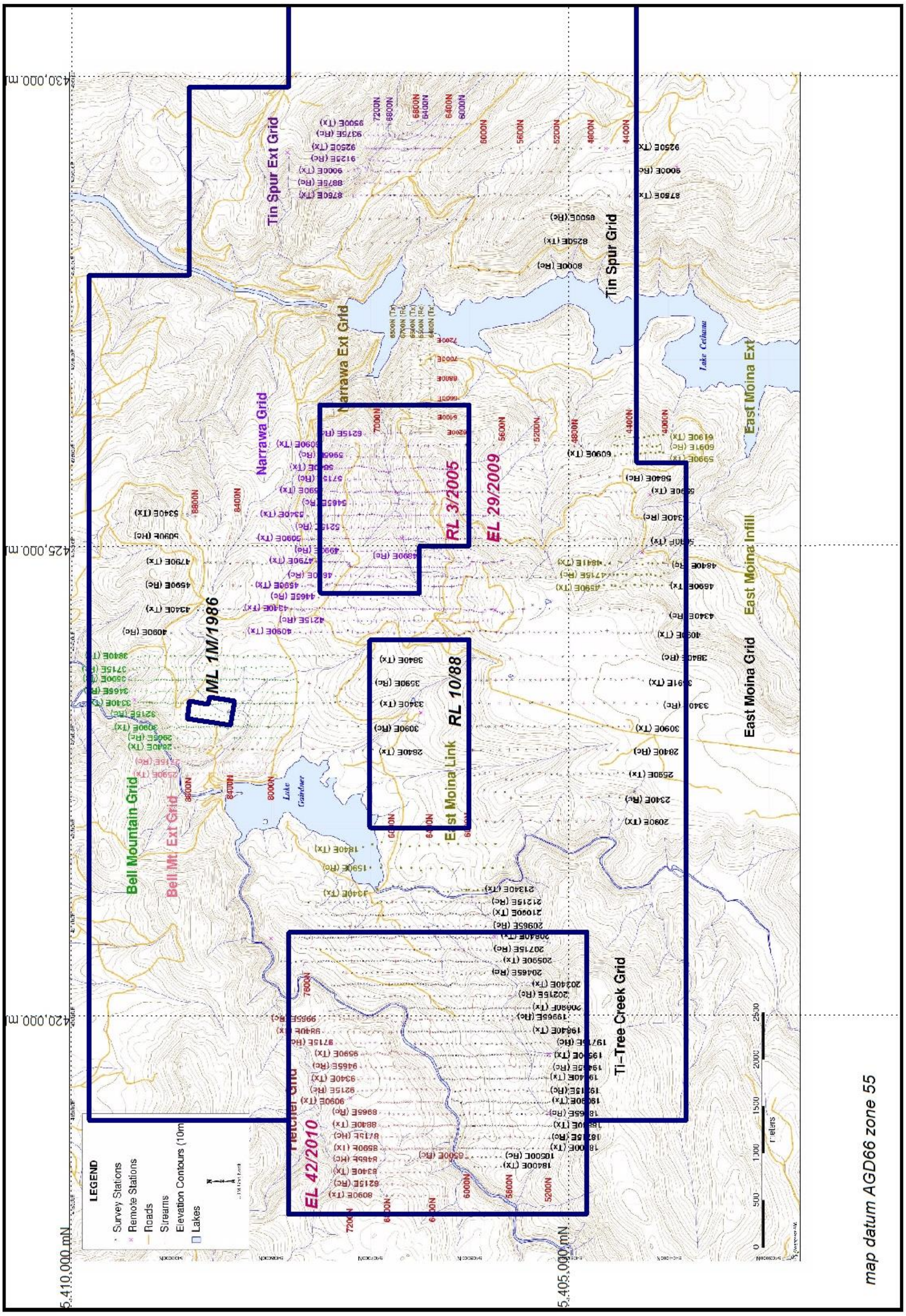

Figure 6.2: Moina Project 3D IP survey grids and tenements (this figure is also included in appendix A where small text is more legible).

6.2.2 Results

The 3D IP data is included as Appendices A1 to A8. Some of the data is included in hard-copy form whilst other data is too ungainly and has been included in digital format on CD (which also includes digital copies of that data included in hard copy).

The data is included in 8 separate folders as supplied by SJ Geophysics and detailed here:

EL292009_201209_01_3DIPdata_appendixA1/Reports contains the full logistical report for all surveying.

EL292009_201209_01_3DIPdata_appendixA/Appendix_A2_3DIPxyzData contains the raw chargeability and resistivity data in .txt format.

EL292009_201209_01_3DIPdata_appendixA/Appendix_A3_Location contains the grid survey data for all grid points used in the.

EL292009_201209_01_3DIPdata_appendixA4/Maps has .pdf images of both plan and sectional views of both chargeability and resistivity.

EL292009_201209_01_3DIPdata_appendixA5/UBCgifModels has the 3D IP inverted East models and an inverted model of the 1995 Jervois helimagnetics in format suitable for use with the application *MeshTools3D,* which is also included.

EL292009_201209_01_3DIPdata_appendixA6/3DModelsxyzCentre has the 3D IP inverted models and an inverted model of the 1995 Jervois helimagnetics in .xyz format suitable for importing into a range of 3D software.

EL292009_201209_01_3DIPdata_appendixA7/vtkModels has the 3D IP inverted models and an inverted model of the 1995 Jervois helimagnetics in .vtk format suitable for use with the application *Paraview*.

EL292009_201209_01_3DIPdata_appendixA8/Mag-inversion contains images of the inverted model of Jervois 1995 helimagnetics as colour enhanced sections and depth slices in geotiff (i.e. registered raster images - AGD66 zone 55) format as well as .pdf's. The inverted models are included in appendices A5, A6 and A7 along with the 3D IP models of that format.

A range of depth below surface (i.e. follow contours as opposed to metres above sea level) images of both chargeability and resistivity are supplied for each survey. A selection of these depth slices are shown in figures 6.3 to 6.8 for depths of 50m, 200m and 400m below the surface.

The survey has been modelled and interpreted by Peter Swiriduk of AIMEX Geophysics with some workshopping with the author. To date only a preliminary report has been received and it has been included in full as appendix A9 though portions of it relate to other Torque tenements. The interpretative report focusses on the conductivity anomalies and does not yet include discussion of a number of discrete chargeability anomalies.

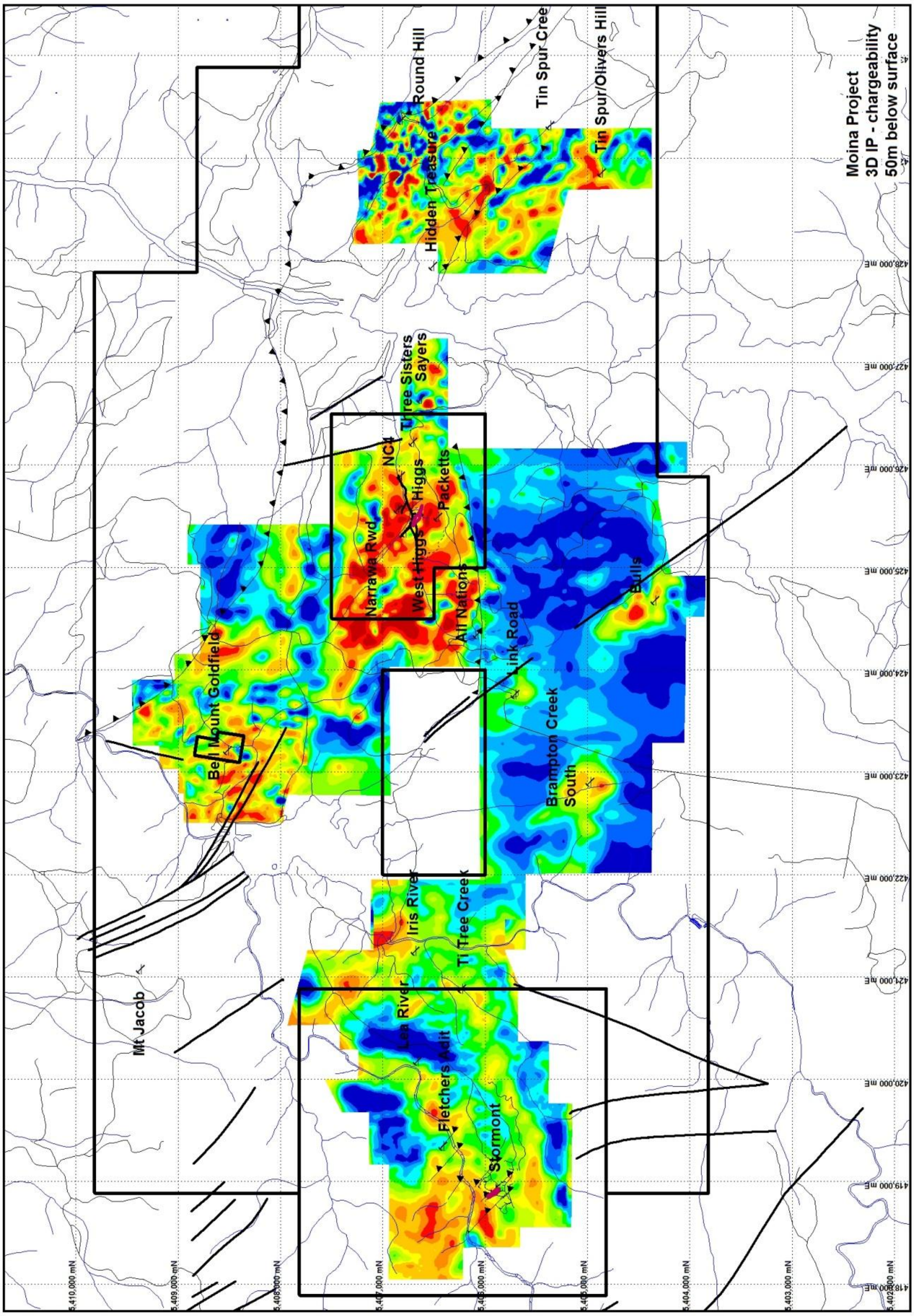

Figure 6.3: Regional 3D IP chargeability at 50m depth

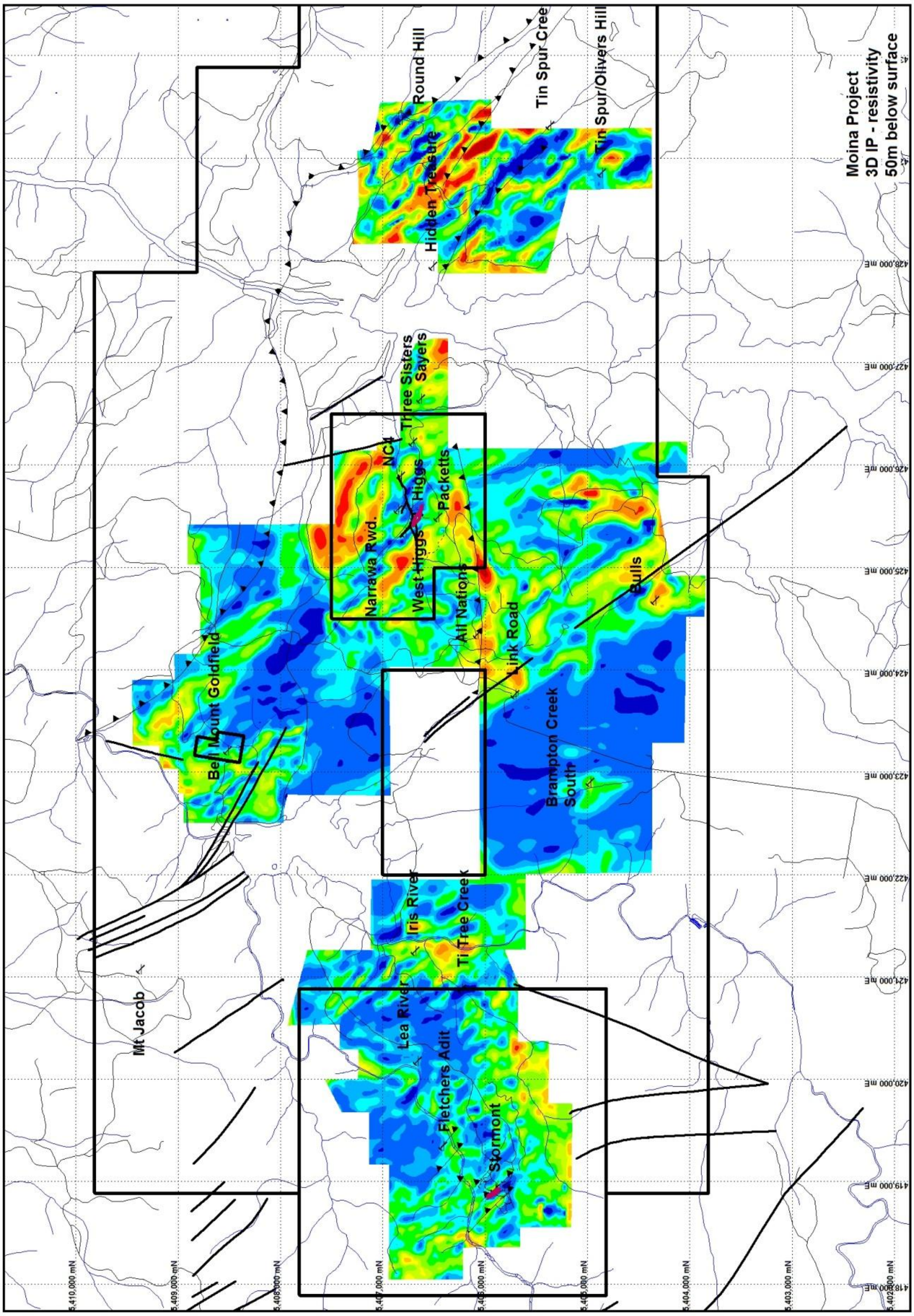

Figure 6.4: Regional 3D IP resistivity at 50m depth

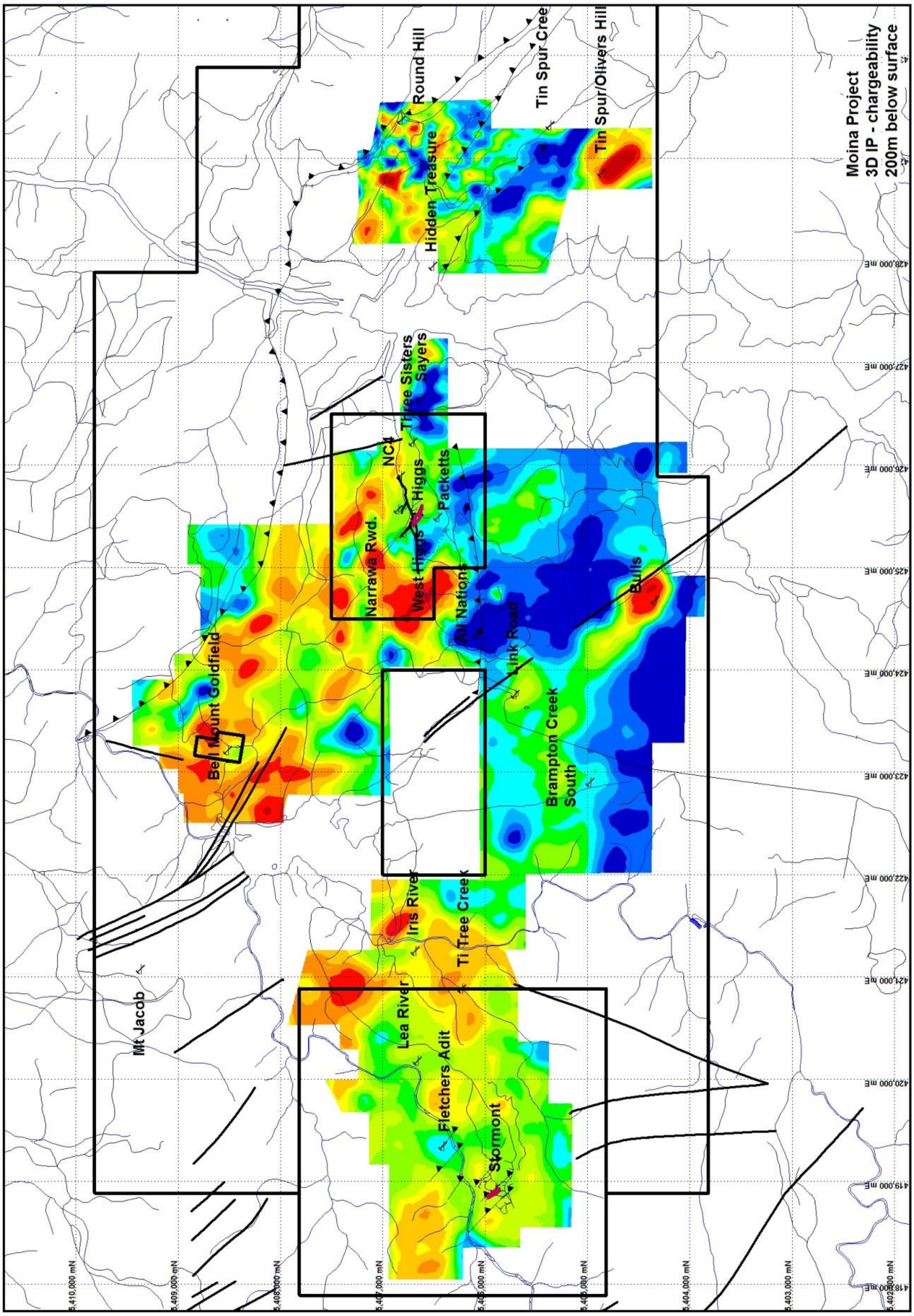

Figure 6.5: Regional 3D IP chargeability at 200m depth

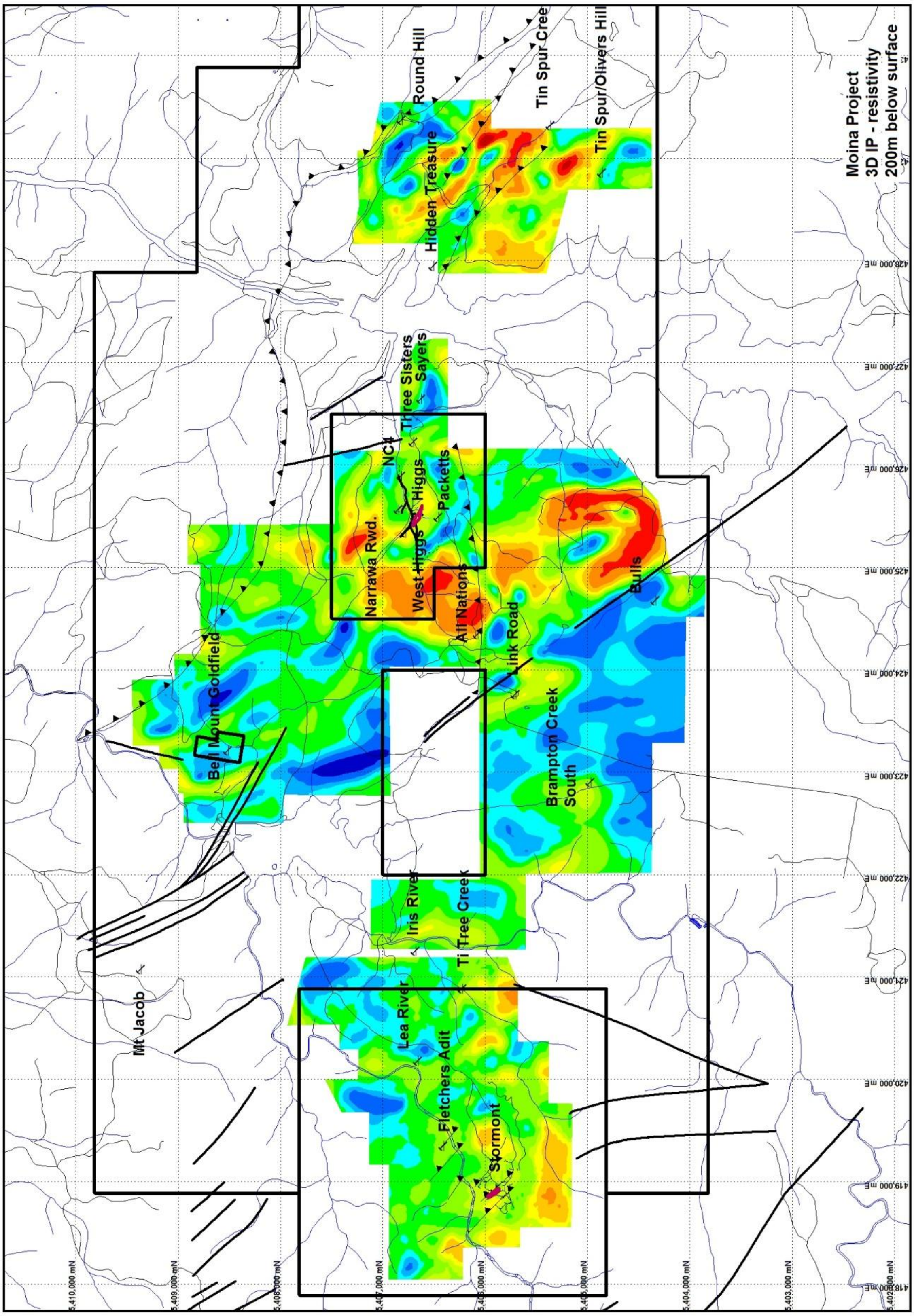

Figure 6.6: Regional 3D IP resistivity at 200m depth

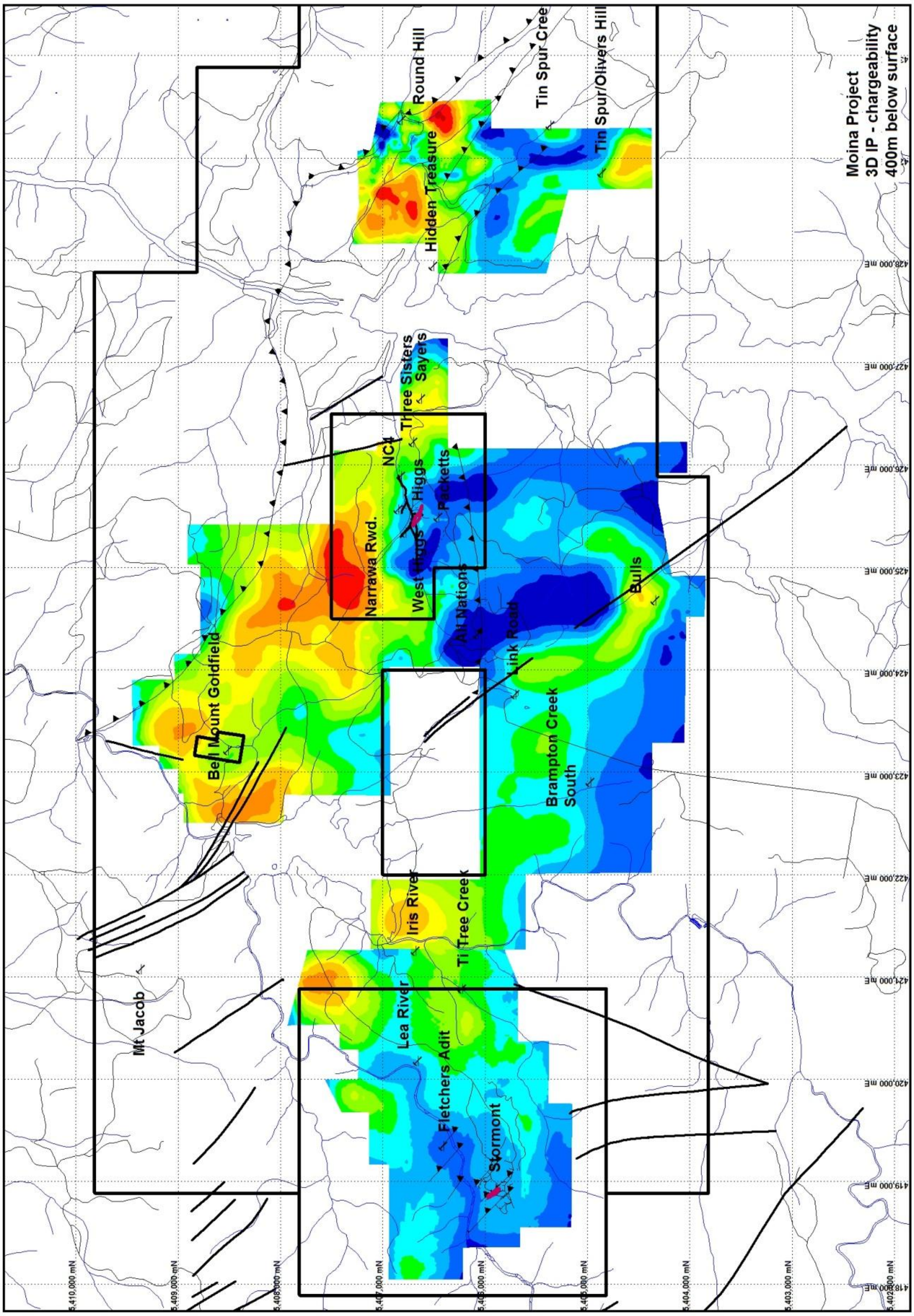

Figure 6.7: Regional 3D IP chargeability at 400m depth

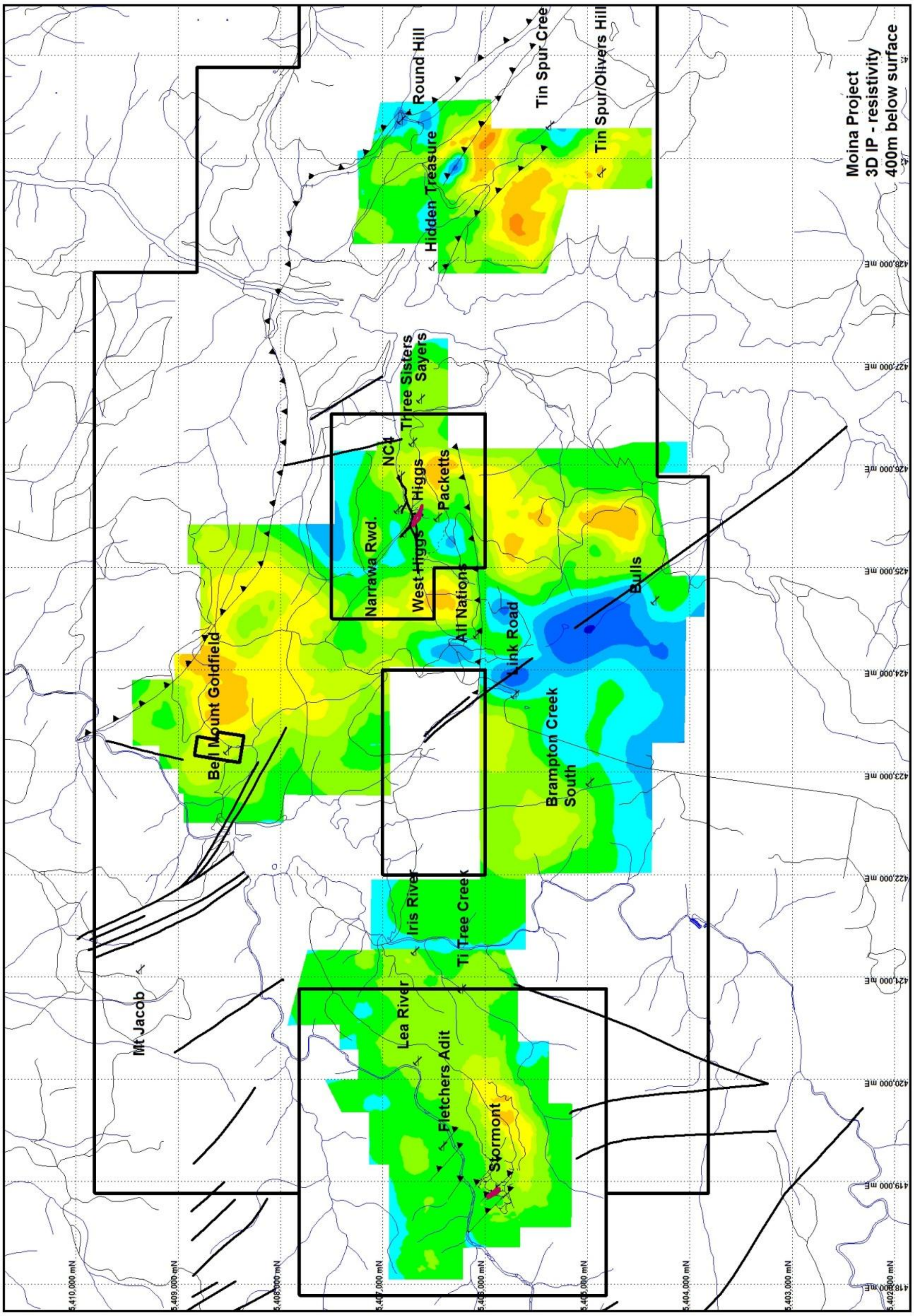

Figure 6.8: Regional 3D IP resistivity at 400m depth

6.2.3 Chargeability Anomalies

These discrete anomalies, largely defined at the 40ms/s level, represent the most compelling immediate targets in that they represent an anomalous accumulation of chargeable source. The following list is not exhaustive but first order anomalies are:

- Bulls
- Tin Spur
- Round Mtn. anomalies
- West Higgs, Narrawa Deeps, Goat Track and Narrawa North anomalies*
- Bell Mt alluvials + north Bell Mt. anomalies*
  (nb the * anomalies together help constitute the Narrawa Creek Thrust Block chargeability zone discussed further below)
- LGD1
- Iris Bridge

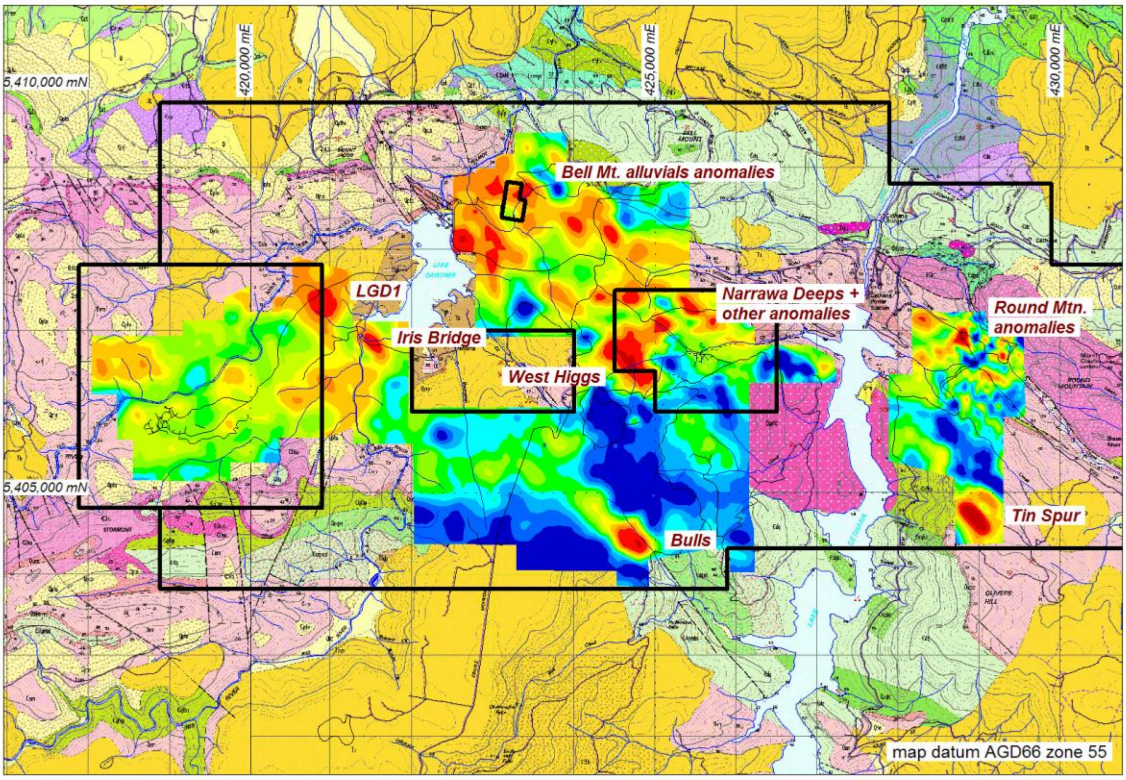

Figure 6.9: Discrete chargeability anomalies, chargeability at 200m below surface, background is Mineral Resources Tasmania's Cethana and Lea 1:25,000 geology.

Each of these has its own geological associations.

The Bulls anomaly (100+m below surface) lies on the southwestern side of the Bismuth Creek Fault in rocks mapped as Cambrian quartz+feldspar+/-biotite+/-hornblende porphyry and clastics. This anomaly was soil sampled and drilled during the year. See section 6.3.3.

The Tin Spur anomaly (150+m below surface) lies directly beneath the old Tin Spur Sn+Au workings which were apparently chasing finely disseminated mineralisation hosted in fractured, weathered sandstone in an anticline with Cambrian porphyry at its core. Historic drillhole TSD2 (113m), testing a Pb+Sn soil anomaly drilled towards the anomaly but remained in sandstones. Au assays were low except for a 5.0 g/t Au assay near the end of the hole. The chargeability anomaly would appear to correspond with the upper margin of the porphyry. This target is ready for drilling.

The Round Mtn. anomalies consist of (1) two larger, deeper anomalies with no obvious spatial relationship to known mineralisation though the possibility that the Pb+Ag+Au is remobilised from a deeper VHMS makes the anomaly beneath Machinery Creek intriguing, and (2) a number of smaller shallower anomalies of which one at least corresponds with an anomalous conductivity trend. 3D modelling of the Round Mtn. area and definition of the stratigraphic and structural settings of known mineralisation and these anomalies will shed light on all of these.

West Higgs occurs largely within RL 3/2005. It corresponds with a broad, deep magnetic high.

Narrawa Deeps occurs largely within within RL 3/2005.

LGD1 is so-named as it lies near historic drillhole LGD1 which was drilled in an attempt to test a coincident magnetics anomaly. The hole intersected magnetite veinlets in Cambrian volcanics but was not sited optimally to penetrate the chargeability high.

Iris Bridge lies on the immediate eastern side of the Iris River Bridge.

6.2.4 Conductivity Anomalies

Near surface resistivity lows (conductivity highs) define quite distinct linear trends in parts of the survey area, namely Ti Tree Creek and to the west (into EL 42/2010), the Narrawa Creek valley (in RL 3/2005) and extending northwesterly underneath the Bell Mount alluvials, and in the Round Mountain area east of Lake Cethana.

Empirically, in 2D plan view, both the Stormont Au+Bi and Higgs Au+Pb+Zn+Ag deposits (on EL 42/2010 and RL 3/2005 respectively) correspond spatially to linear conductivity highs.

In the case of Stormont the centres of the conductivity high lies beneath the deposit corresponding to either massive magnetite skarn found at the base of the deposit or perhaps more likely, shale in the upper part of the Moina Sandstone. Linear conductivity anomalies thus map out synclines, the core of which might be expected to preserve the chemically reactive Transition Beds, host to Stormont and probably Higgs.

In the case of Higgs the conductivity high corresponds with the deposit but extends along stratigraphic strike where limited drilling has confirmed the presence of semi-massive sulphides (to 10-20%) in the Higgs host unit, bound by shears. Here linear conductivity anomalies may be mapping the reactive host rocks (Transition Beds?) and/or mineralisation in this unit.

Anomalous conductivity trends elsewhere may be due to any of the above reasons. In the Ti Tree Creek area some anomalies correspond to magnetic highs suggesting magnetite may be responsible. In the Bell Mount area there is no suggestion of magnetite and the cause here is likely to be similar to that at Higgs. At Round Mtn. the conductivity trends in part correspond with the position of anticlines, the structural setting of Pb+Ag+Au mineralisation at Round Mtn (see figure 6.10).

At Bell Mt. Peter Swiriduk has defined 9 targets on 6 or 7 continuous linear trends (see figure 6.11), a number of which have corresponding chargeability highs.

In the Ti Tree Creek area 9 or 10 of the anomalies defined by Swiriduk for the whole Ti Tree Creek grid lie on EL 29/2009 (see figure 6.12). A number of these anomalies have coincident magnetic highs.

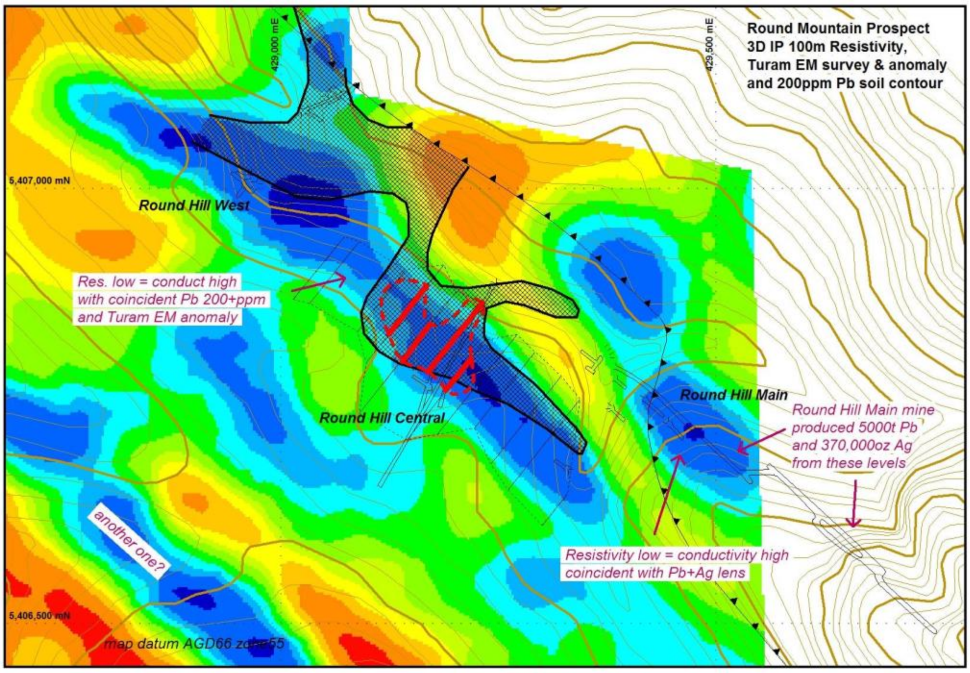

Figure 6.10: Round Mountain area resistivity at 100m depth, old workings, PB soil anomaly and Turam EM anomaly.

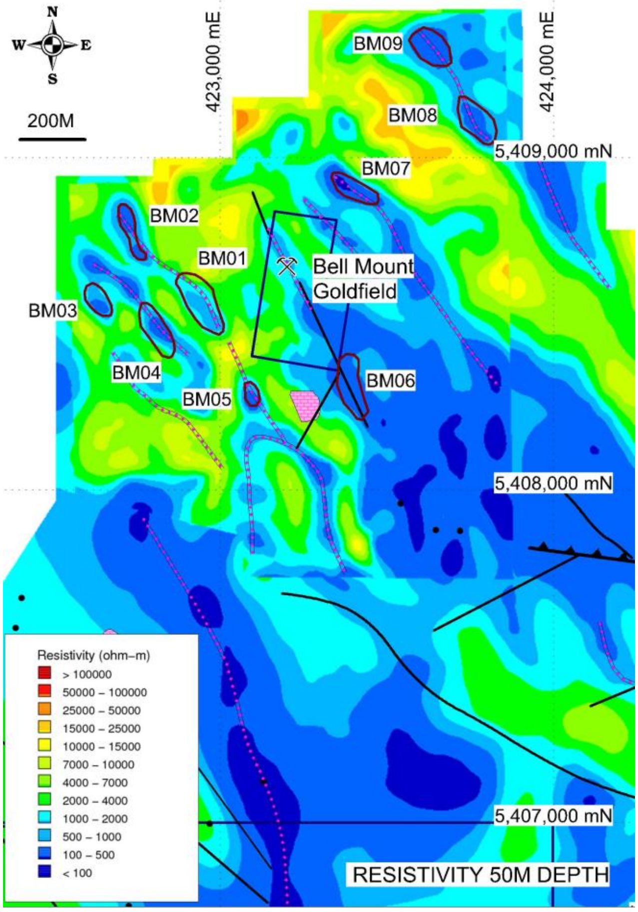

Figure 6.11: Bell Mount alluvials grid resistivity 50m depth slice and targets as defined by Swiriduk in appendix A9.

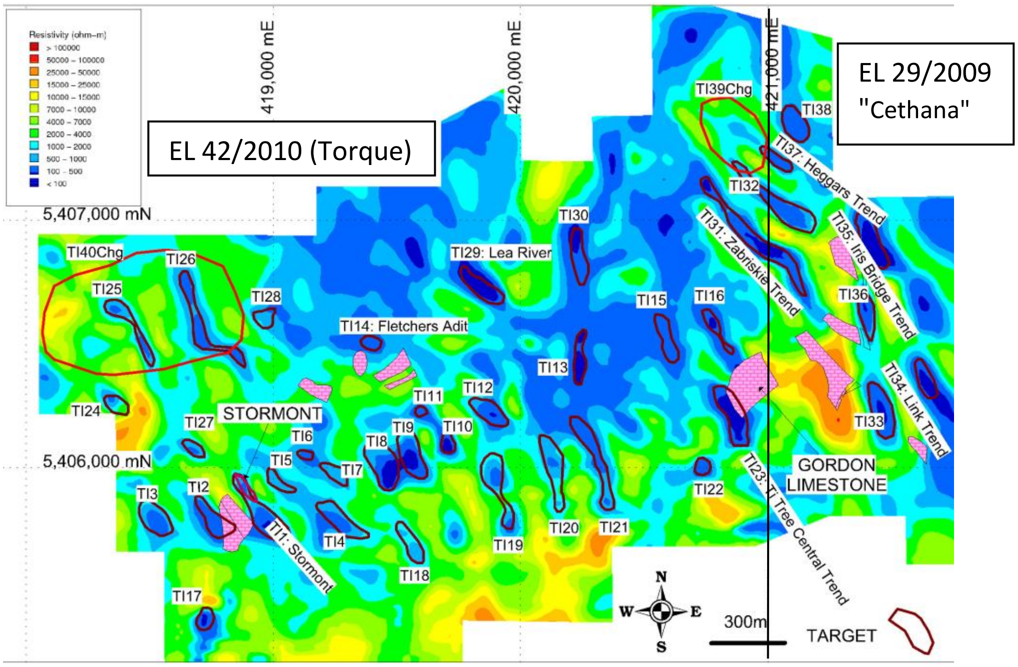

Figure 6.12: Ti Tree Creek area resistivity 50m depth slice showing targets defined by Swiriduk in appendix 9. EL 29/2009 lies east of 421000mE line.

6.2.5 Narrawa Creek Thrust Block chargeability zone

In the central north of the survey area a relatively coherent zone of elevated chargeability extends from the Narrawa Creek valley through to Bell Mount alluvials. This zone is better expressed on the regional section in figure 6.13 where it can be seen to have quite distinct north to northeast dipping upper and lower surfaces.

The upper surface corresponds to the mapped trace and interpreted position of the Machinery Creek Fault, a southwest verging (northeast dipping) thrust fault of regional significance which places Cambrian volcanics onto the Ordovician sediments which outcrop in the area of elevated chargeability.

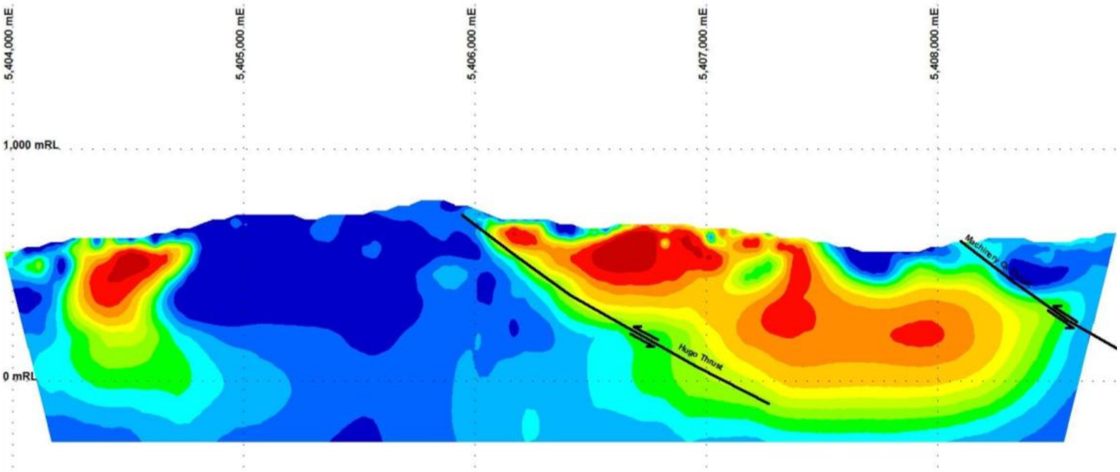

Figure 6.13: Regional 3D IP chargeability section showing thrusts and Bulls chargeability to LHS.

The lower surface may be due to one or more possibilities with a thrust fault a distinct possibility. In his drilling of the Hugo Skarn, Lindsay Newnham recognised and described a north dipping thrust fault named the Hugo Thrust. Lindsay postulated a projected eastward trace of this fault which corresponds with the southern margin of the elevated chargeability zone. Alternative explanations involving some greisenisation along the margin of the granite are possible but unnecessary and not supported by the very limited drilling which has intersected this margin.

The source of the chargeability anomalism, at least nearer surface, is within the Ordovician sediments, particularly the Moina Sandstone, and probably also underlying Cambrian volcanics. The Narrawa Creek Block is over 1km thick.

Variably jarosite stained and pyrite altered Moina Sandstone outcrops in the road cuts along the road from the Lake Barrington bridge up to the T-junction at Leary's Corner. Similarly altered sandstone is exposed in the road cut on the Lake Gairdner dam road.

A suite of jarositic pyritically altered sandstone samples were collected from the quite substantial hydro quarry just south of the Bell Mt. alluvial goldfield. These rocks all assayed below detection for gold. Historical drilling (e.g. DD82DG1 at Narrawa) has also shown generally low but sometimes anomalous gold (to 0.38g/t Au) values where the hole intersects the elevated chargeability zone.

Conversely elevated gold has been sampled from pyritic sandstones, albeit weathered, in the Packetts and West Packetts workings on the southern side of the Narrawa Creek valley, i.e. just north of the trace of the Hugo Thrust. Gold is also found in weathered, fractured sandstones at Tin Spur to the east of Lake Cethana.

The western margin of this zone of elevated chargeability is apparently truncated or bounded by the Bismuth Creek Fault though the survey only extends over part of this margin.

The eastern margin of the zone is more complex and is made more so by Lake Cethana and the break in the survey. Certainly the Machinery Creek Fault upper bound is present at the northernmost ends of the easternmost lines. A north dipping basal bound can be seen best on line 9000E meeting the surface at ~5500mN. No north dipping thrust is mapped at this point with a south dipping thrust instead.

6.3 Soil Sampling

6.3.1 Introduction

6.3.2 Country surrounding Bell Mount alluvials

Bell Mt. Goldfield

The Bell Mount alluvial goldfield has been and still is one of Tasmania's most productive goldfields, particularly regarding larger nuggets. The goldfield lies just east of Lake Gairdner and actually lies some 1.5km's distant from the Bell Mount itself further northeast.

Most of the alluvial goldfield lies within ML 1M/1986 held by Messrs Darren Cooper and Alan Malley. The author has seen some of their production with nuggets to 3oz and many over 1oz. The partners estimate around 1oz/weekend (-30 or so man hours) on average.

The alluvial goldfield lies around the headwaters of Bell Creek and its tributaries, permanent and ephemeral in open gullies which together form a ~1skm basin-like depression surrounded by a ring of hills 50-100m higher than the goldfield. The gold is found in a Tertiary aged pebble to cobble gravel basal wash which is overlain by a layer of clay with the total thickness generally <1m thick on the slopes currently being exploited by Cooper and Malley. The Tertiary sequence has a blanket form at lower elevations with the development of shallow leads higher up the slopes.

In places the gravel is unconsolidated but significant part is in a silica cemented conglomerate known as greybilly. This form can be very hard and would require crushing to be mined.

Cooper and Malley produce from the lower and middle slopes on the western side of Bell Creek. They run the gravel wash through a trammel screen to size the material with the finer material screened by metal detector. Gold in part has a sub-rounded water worn form but in part is also more sub-angular suggesting a relative proximity of source.

Pebbles in the gravel on the western side of the goldfield consist of Moina Sandstone, the rock which outcrops on the tops of the hills.

The run of two of the leads extend westerly into EL 29/2009.

As a first pass programme 232 soils were collected on 125m x 25m grid which covered the hills to the west and north of the goldfield around the ML 1M/1986. Soils were also collected on the hill to the south of Bell Creek where Mineral Resources Tasmania 1:25,000 mapping shows parallel northwest striking faults.

Soil is extremely bony (leached quartz sand) and many hand augered holes did not penetrate the Tertiary scree cover. The results must be considered with a grain of salt in that elevated numbers may be real and representing the bedrock or real and representing the Tertiary gravel/clay layer. Subdued numbers may reflecting the generally bony Tertiary gravels. Consideration will be given to "wackering" soil samples below this cover in the future.

Soil sample locations are shown in figure 6.14 and Au results in figure 6.15.

Best Au result was 8ppb Au. Other elements were analysed by Torque's own in-house XRF. Comparison against standards suggest that the assays may be being undercalled by 20-40%.

This analyses shows the hill to the south of Bell Creek to be anomalous in Sb (to 27.3, 21.8 and 20.8ppm), As (to 174, 72.3 and 58ppm) and Pb (1033, 529 and 429ppm). Anomalous Pb (882, 788 and 655ppm) is also noted in the central north of the grid corresponding with the strike extent of the Wilmot/Washington workings.

6.3.3 "Bulls" soil sampling

The strong chargeability anomaly at the Bulls prospect was soil sampled on a 125m x 25m grid with 72 samples collected and was found to be associated with anomalous Au to 57, 24 and 12ppb Au. Soil sample locations are shown in figure 6.16 and Au results in figure 6.17.

Best Au results were 57, 24 and 12ppb, all essentially coincident with the chargeability high. Other elements were somewhat elevated in support with Cu to 232, 75 and 52ppm, Pb to 719, 344 and 291ppm, and Zn to 763, 267 and 201ppm.

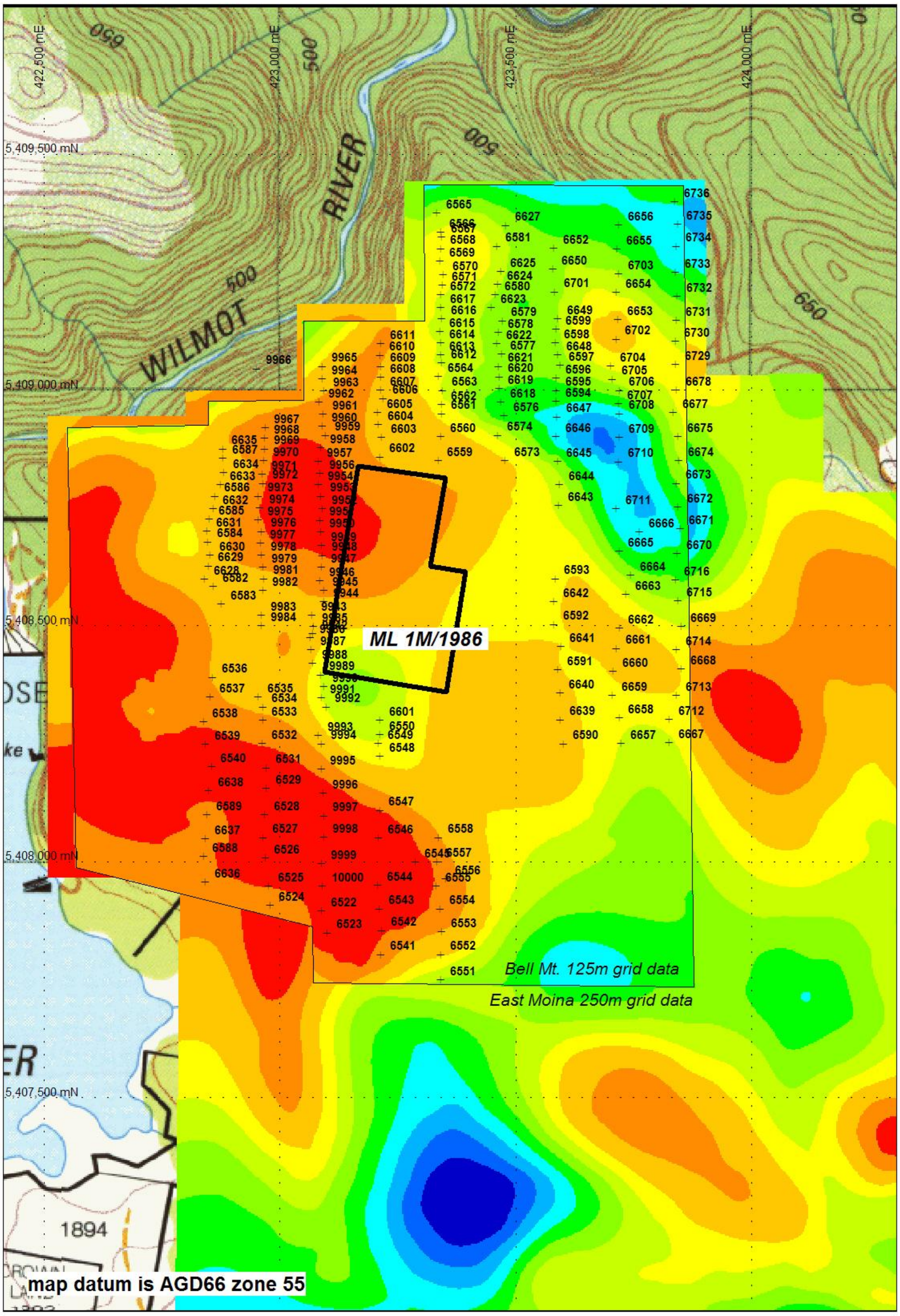

Figure 6.14: Bell Mount alluvials soil sampling sample locations on 3D IP chargeability at 200m below surface. Bell Mt. 125m spaced grid and East Moina 250m spaced grid data shown.

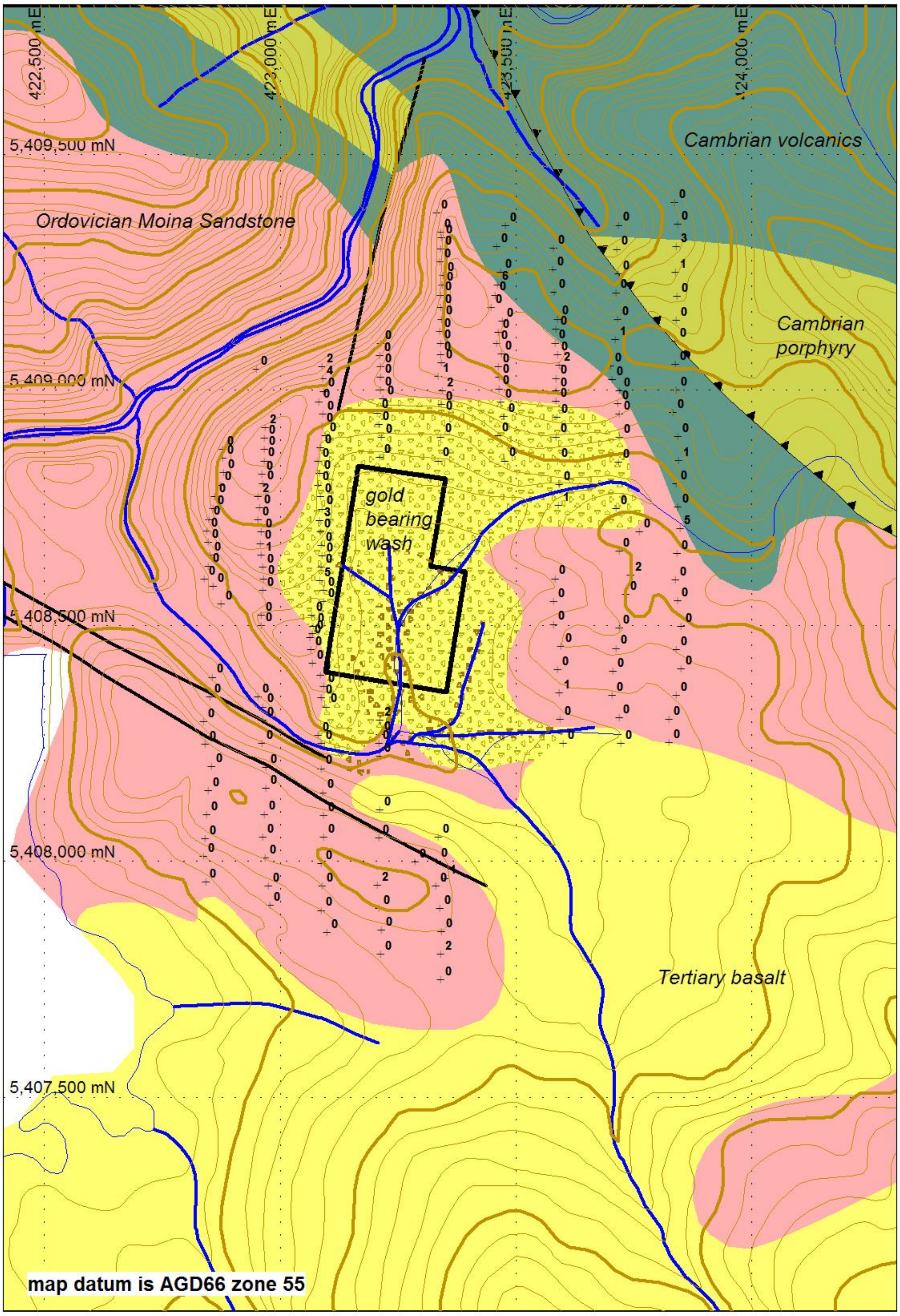

Figure 6.15: Bell Mount alluvials soil sampling Au results on geology.

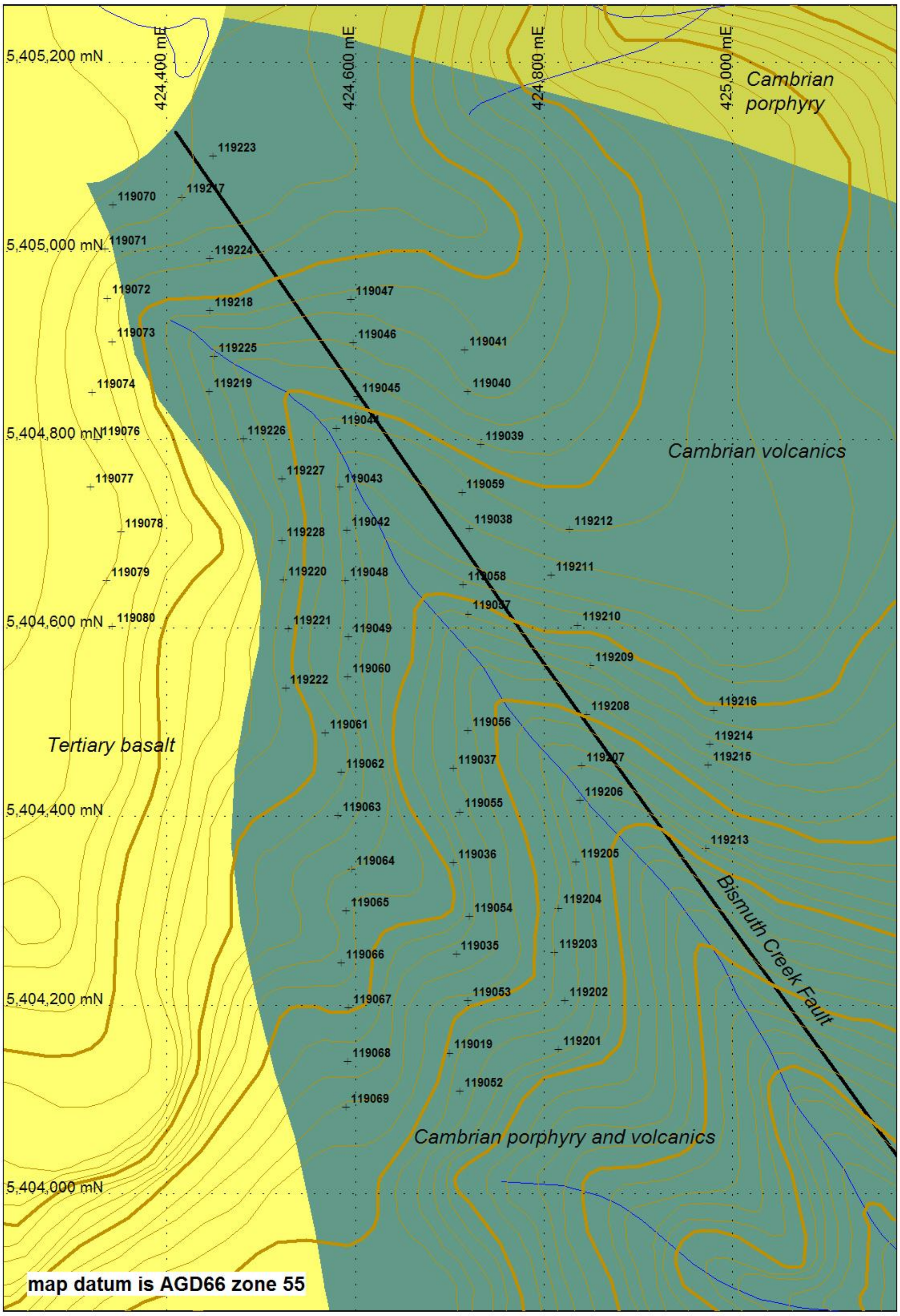

Figure 6.16: Bulls prospect soil sampling sample locations on geology.

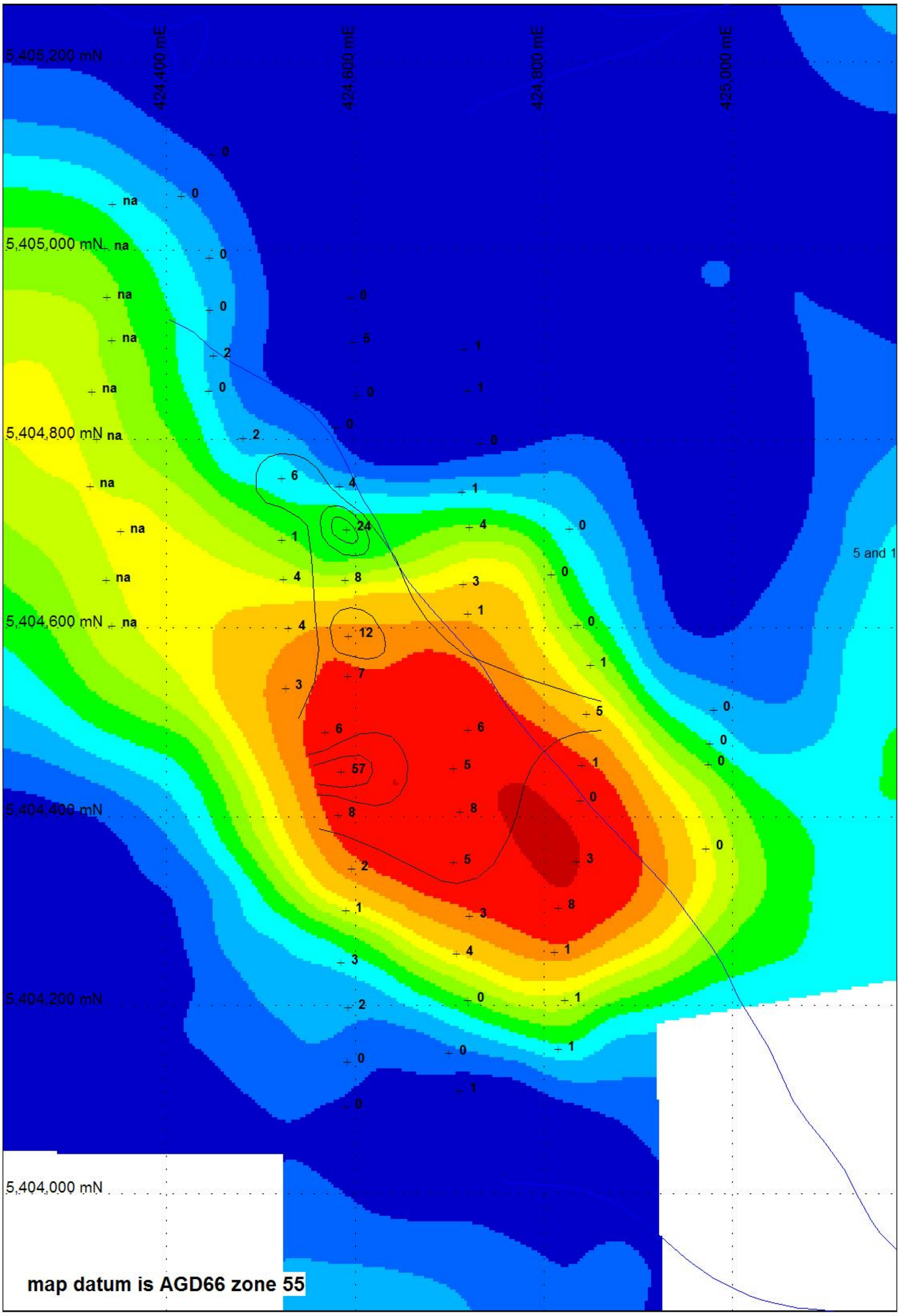

Figure 6.17: Bulls prospect soil sampling Au results on 3D IP chargeability at 150m below the surface.

6.4 Drilling

6.4.1 Introduction

In EL 29/2009 during the reporting period only the Bulls prospect has been drilled with two diamond drill holes for 183.85m. Locations of the holes are shown on figure 6.18.

Core logs are included in appendix B. Assays are included in appendix C.

6.4.2 BSD1 and BSD2 – "Bulls" Prospect Drilling

Two TT56/46 diamond drillholes were drilled by the Poltock man-portable rig into the Bulls chargeability anomaly in the central southern part of the 3D IP grid on the southwestern side of the Bull Creek Fault.

BSD1 was drilled for 117m vertically into the centre of the chargeability high penetrating the 40ms/s isosurface by about 25m. The hole has intersected a foliated, dark green, quartz+feldspar+/-hornblende phyric intrusive throughout with zones of pyrite alteration and some minor traces of chalcopyrite. Occasional skarn (actinolite, calc-silicate) assemblages are present. The unit is essentially a chlorite+pyrite altered porphyry.

Core was assayed for gold as composites of 3 to 6 samples. Individual samples were then assayed for a range of other elements by Torque's in-house XRF. Cross checks against standards indicate that assays are probably being understated by 20-40%.

Assay results are disappointing with best Au only 0.03ppm over a 4m composite. Other elements were elevated in the narrow pyrite altered zones with the following the best:

From	To	Cu (ppm)	Pb (ppm)	Zn (ppm)
65.9m	66.05m	474	178	6652
68.0m	69.0m	288	1455	1778
73.8m	74.8m	289	2827	1330
77.45m	78.2m	BDL	2827	1330

In addition 76.7m to 77.45m assayed best Cu at 1640ppm but with low Pb and Zn.

BSD2 was drilled at -60 due north towards the chargeability high but designed to pass beneath the 57ppb Au high (best) and possibly intersect more sericitic altered porphyry seen in float nearby. The hole intersected a fault at~20m and broken ground extensively below this but remained in similarly altered porphyry to BSD1. The hole was terminated at 66.85m when drilling became potentially risky to continue. BSD2 remains unsampled at the time of writing this report. The hole intersected the same weakly altered porphyry as BSD1.

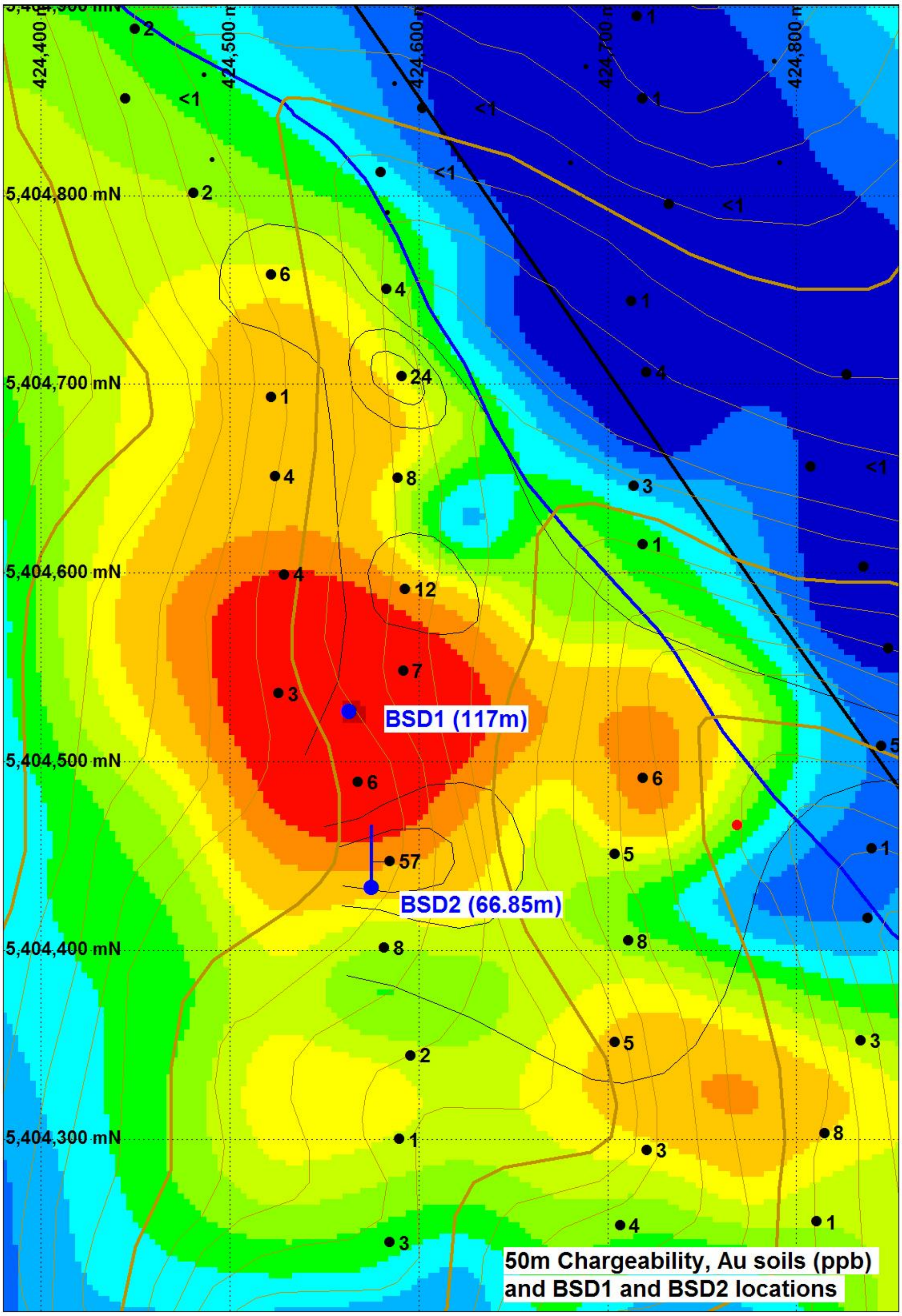

Figure 6.18: Bulls prospect showing location of BSD1 and BSD2 w.r.t. Au in soils and 3D IP chargeability at 50m depth.

7.0 Conclusions and Work Proposed for 2012/13

The 3D IP has been highly successful in defining a number of anomalies possibly representing mineralisation. Both deeper chargeability anomalies and near surface conductivity anomalies fit target models for mineralisation. Further work is justified on most of these anomalies.

Soil sampling and drilling at Bulls has not been particularly encouraging but further work investigating the alteration of the porphyry intersected in BSD1 and BSD2.

Soil sampling at Bell Mt. alluvials was hindered by inability to penetrate the Tertiary gravel. The source of the large nuggets being won down slope warrants further attention.

Work in the coming year will consist of drilling at Round Mountain, Tin Spur, Bell Mt. alluvials and Ti Tree Creek/Iris River. Further investigative work preliminary to drilling will be carried out around Tin Spur Creek (Bi soil anomalies), All Nations/Lawkemlaw (anomalous W, Sn, Mo in soils and old workings) and Sayers (anomalous Nb and Y in soils associated with pegmatites).

A minimum $100,000 has been committed to work, though this is likely to be exceeded.

8.0 Environmental Impact and Rehabilitation

8.1 Introduction

Exploration in the reporting year consisted of a number of activities, i.e. gridding, drilling and soil sampling, which each have some impact on the environment.

8.2 Gridding

The grid required for the IP survey was cut to a minimal standard. The width of the lines were required to only be wide enough for the passage of a man wearing a small back pack and to only need to remain passable for the period of the survey, i.e. nominally 6 months.

The grid did not need to be of line of site accuracy and so no trees needed felling.

It is expected that the lines will close over with natural regrowth in a relatively short period of time.

8.3 Soil sampling

Soil sampling was done by hand auger along the 3D IP grid. All holes were filled after sampling.

8.4 Drilling

The man portable, minimal impact Poltock rig was used for both holes. The Poltock rig only requires a very small drill pad area and can adjust to fit in with existing disturbance (old workings) and vegetation. Both holes have had their collars cemented according to the code of practice. Unfortunately no photos are currently available.

9.0 Expenditure

Geology	$19,913
Geochemistry	$42,325
Geophysics	$125,069
Gridding	$32,138
Drilling	$34,321
Administration	$4,351
TOTAL	$258,367