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SULPHIDE CREEK - EL43/2004

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SUMMARY

The Sulphide Creek tenement (EL43/2004) is located 5 km south west of Queenstown in the west coast of Tasmania. The lease area contains three main prospects namely: Coupon, Anomalies 24-28, and the Davie. The tenement covers a major North-West trending fault; known as the Harvey Creek Fault, which has been considered by geoscientists as a conduit for remobilisation of gold bearing fluids in the area. This view is strengthen by the detection of gold values in geochemical samp ing in a linear trend associated with this fault at prospects like the Woody Hill, Davie, Anomalies 24-28, Coupon and Rinadeena and the Company's 2009/10 drilling at the Davie Prospect.

Since acquisition, Shree's focus has been to delineate an economically vi ble gold resource in the tenement.

The Company's goal to discover a gold resource in the enement is enhanced by the desk-top study by Hellman & Schofield (H&S). In its conclusions/recommandations H&S commented that the tenement has similarities in geological age, setting, and styles of gold mineralisation with the South Carolina Slate Belt deposits of the Haile and Ridgeway mines. ***Thus the gross exploration potential for the Sulphide Creek area could be of the order of 30-50Mt @ 0.75-1g/t gold for approximately between 0.72 to 1 million ces.***

(Note: The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the de mination of a Mineral Resource.)

During the reporting period a short field reconnaissan e along with spectral logging (to establish the hydrothermal alteration halos in the tenement) of 1075 m core from 6 drill holes using MRT owned HyLogger was carried out. Interpretation of the HyLogger data was carried out by Huntington Hyperspectral Pty Ltd (sts in spectroscopic interpretation).

Findings

- The HyLogging data offers fresh insight that should be valuable in re-thinking mineralised alteration signatures in the region.
- A spatial association is observed between the gold (Au) assays and spectroscopic signatures of an alteration mineral assemblage compris ng dickite plus hematite, minus white mica and kaolin, occurring at a boundary (gradient) in mica chemistry composition.
- Structural mapping at the Coupon and Anomaly 24-28 areas revealed an west dipping shear trend, which is poorly tested by much of the previous west directed drilling. The only east directed drill holes are either short or outside the zone of main Au anomalism. This requires drill testing

Outlook

All newly acquired information is planned to be integrated with existing data and develop a comprehensive phased program. The program will encompass geological mapping, with emphasis on structure, rock chip and stream sediment s efining Au mineralisation trends in the tenement and finally dril testing of potential targets.

1. INTRODUCTION

The geological setting of Sulphide Creek tenement (EL 43/2004) is considered prospective for structurally controlled gold mineralisation, similar to that occurring at the Henty Gold Mine. The tenement covers an area of 14 km^2.

This report summaries the work performed from 1 March 2012 to 28 February 2013.

2. AIM

To explore for economic gold resources.

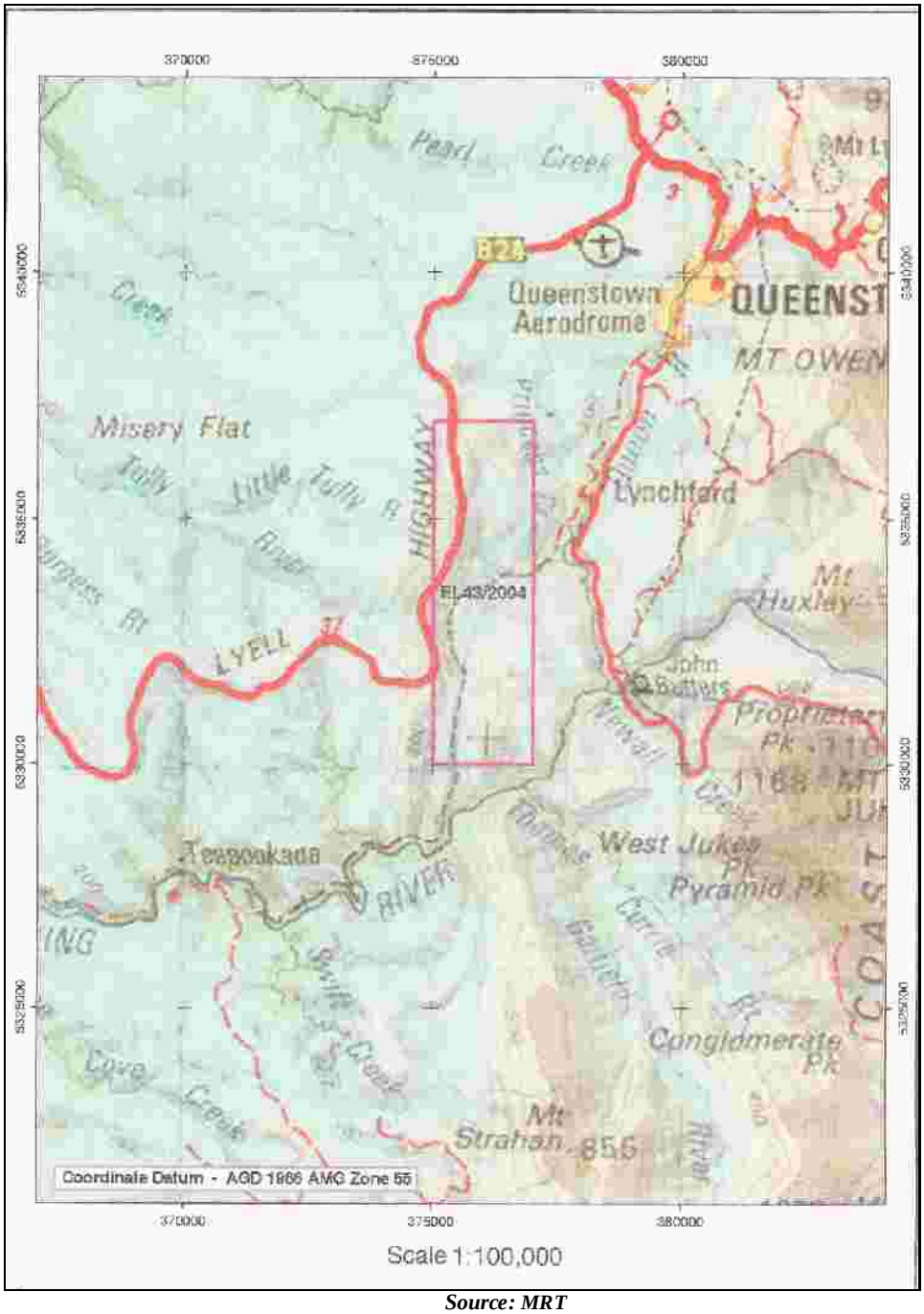
3. LOCATION AND ACCESS

The tenement is located in the vicinity of Sulphide Creek; 5 km South West of of Queenstown, West Tasmania.

From Hobart the tenement can be accessed by road to Queenstown via the Lyell Highway (260 km) or via the Murchison Highway, extending south from Burnie (176 km) and there on another 5 km south west to the tenement (Figure 1).

The other access to the tenement from Queenstown is by the West Coast Wilderness Railway (erstwhile the Mt Lyell Mining and Railway Co Ltd., railway), which enters the tenement about half way alo he eastern boundary, near Bradshaw's Timber Mill, and then heads south for bout half the Exploration Licence. The Company has permission for access between Bradshaw's Mill and the Halls Creek Siding. The topography of the tenement is deeply incised therefore rugged and is covered with thick forest, making access tracks clearance difficult.

(Note: The Wilderness Railway runs twice each day and three times in high summer. The Company has permission for limited access and use of the section between Bradshaw's Mill and the Halls Creek Siding.)



Source: MRT

Figure 1: Tenement (EL43/2004) location and acess

4. TENEMENT STATUS

The tenement EL43/2004 (Figures 1) was granted to Zinico NL on 1 March 2005 for 5 years with expiry on 28 February 2010. The Gujarat NRE Minerals Limited acquired the tenement from the Zinico NL., in January 2008 and in May 2008 sold to the Shree Minerals Limited. The tenement covers an area of 14 km^2.

The coordinate datum for the licence is based on AGD 1966, AMG Zone 55.

The tenement boundary points are defined as follows:
Commencing at the north west corner at grid coordinates 375 000 mE/5 337 000 m N thence grid east to 377,000 m E grid south to 5,330,000 m N grid west to 375,000 m E aforesaid thence grid north to the point of commencement.

5. GEOLOGICAL SETTING

5.1. Regional Geology

Regionally the Exploration Licence (EL) 43/200 is located on the eastern margin of the Henty Basin.

The Henty Basin is composed of Palaeozoic sediments and covers an area of 250 km^2 from west to south west of Queenstown, Western Tasmania. The stratigraphy column of the region consists of Deni on Group conglomerates and sandstones overlain by Gordon Group limestones, mudstones and shales. The Gordon Group, possibly, is transitional with the over lying Eldon Group shales, quartzites and siltstones. The stratigraphic column is generally 3,000 to 4,000 m thick.

The basin margins are strongly faulted by the Firewood Siding Fault to the north, Teepookana Fault to the south and Harvey Creek Fault to the east. The Harvey Creek Fault, which traverses the tenement along its length is a geological enigma and may reflect a zone of a series of faults along a subsiding basin margin or an offset/detachment fault of either the Firewood Siding Fault or the Great Lyell Fault, which are in close proximity and appear to be older than the Harvey Creek Fault.

The Henty Basin is underlain by Mount Read volcanics w ich outcrop to the north, east and south east, and has suffered two periods olding. The first period of folding produced a series of upright north west trending folds with 30°NW plunge, whereas the second event prod ced shallow west, north west trending folds.

5.2. Local Geology

The geology of the tenement and environs is complex and poorly undestood. The area lacks good outcrops and marker horizon(s). The tenement is underlain by a N-S striking sequence of Paleozoic sediments (Figure 2), regionally dipping west.

The western part of the tenement is underlain by Devonian Bell Shales and Florence Quartzites, and the eastern part by Silurian and upper Ordovician sediments, mainly quartzites, shales and limestone of the Rinadeena and Crotty Formations. A sliver of Cambrian Tyndall Group felsic volcaniclastics occurs in the south east sector.

The structural setting at the licence is complicated with seemingly numerous faults. A major north-south striking fault, the Harvey Creek Fault, with sinistral movement passes through, more or less, the middle of the tenement (Figure 2). The three known prospective gold areas in the

tenement; Coupon, Anomalies 24- 28 and the Davie Prospect, occur in close proximity to the Harvey Creek Fault with the Coupon prospect hosted by the Ordovician siliclastics and carbonates. The Tyndall group unit appears to follow an inferred splay fault in the direction of the Harvey Creek Fault.

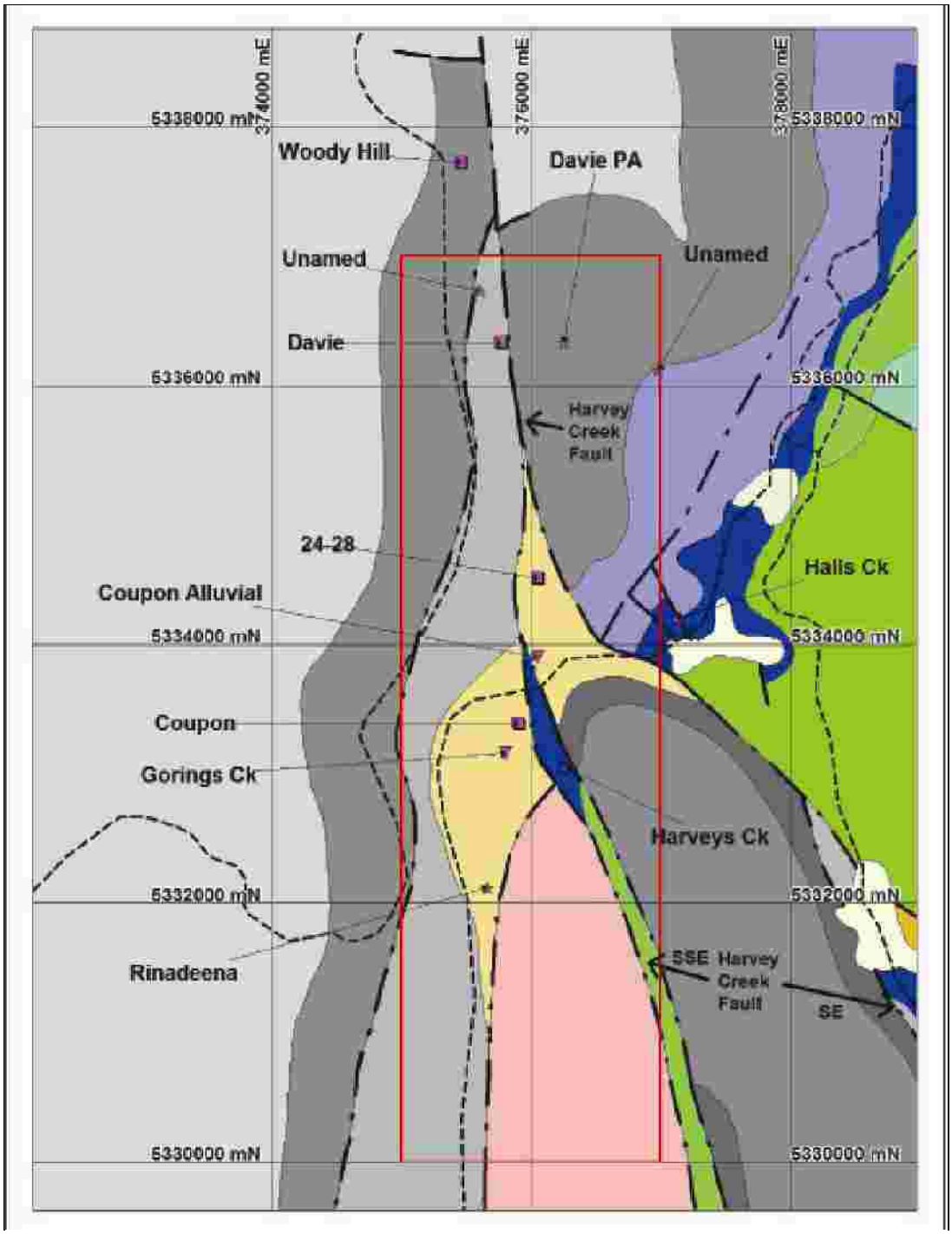


Figure 2: Tenement (EL43/2004) geology with prospects

6. PREVIOUS EXPLORATION

Exploration on the land covered by tenement EL43/2004 and environs dates back to 1880. Since then various organisations have explore he area. The work performed by these organisations is briefly summarised below:

6.1. Early Prospecting and Mining - 1890 to 1920

During the copper rush of the 1880´s it is highly likely that the Harvey Creek was prospected (as all rivers and creeks in the istrict) leading to the prized discovery of copper-gold mineralisation at Mt Lyell. Several historic gold mines and prospects have been recorded f om the area, e.g. Princess, Ltnchford and King River mines. Available information suggests that these workings were minor and confined to narrow quartz veins and exploited by shallow shafts and adits. The reported low gold production could be due to the reporting procedures of the time.

Besides Mt Lyell, the following dicoveries within and adjacent to EL43/2004 were made during this period:

6.1.1. Woody Hill Gold Mine

The mine is located about 4 km north of Coupon Prospect, just outside the nothern EL43/2004 boundary. The mine was worked from 1887 to 1907 and as per records produced 4.6 kg of gold from 265t ore @ recovered grade of 17.6 g/t gold. The gold was mined from two adits developed along narrow quartz veins within Siluro-Devonian quartzites adjacent to the Harvey Creek Fault.

6.1.2. Davie Workings

Davie is believed to be located approximately 1.25 km south of Woody Hill Mine and adjacent to the Harvey Creek Fault. The records are poor, but the workings appear to have been substantial, consisting of several shafts and adits developed on quartz reefs.

6.1.3. Coupon Workings

Coupon is situated approximately 4.25 km south of Woody Hill Mine on a ridge between Harvey's and Goring's creeks. At least six tunnels, plus shafts and winzes were developed into gold-bearing limonitic zones. Production records as noticed from other areas of this vintage are incomplete, in the year 1913, 32t of ore was extracted @ recovered grade of 12 g/t gold.

6.1.4. Rinadeena Reward Claim

The exact location of this claim is not known, but des riptions place it near Halls Creek at the saddle of the Abt Railway. The prospect was mined for antimony; a significant indicator for exploring for Carlin-style gold mineralisation. Workings consisted of a 120m long adit driven into black pug (a common weathering product of Ordovician Gordon Limestone).

6.2. Pickands Mather 1965 to 1968

Modern exploration can be considered to have commenced in the mid-1960´s with regional stream geochemical sampling by Pickands Mather International throughout western Tasmania. Samples were assayed for base metals, not for gold. No anomalies were identified.

6.3. Trikon & EZ- 1981 to 1987

Trikon International Limited (Trikon) acquired tenure over the area in March 1981 as Special Prospecting Licence 806 (SPL806) and subsequently joint ventured the tenement to Electrolytic Zinc Company of Australasia Limited (EZ). EZ carried out a stream sediment and rock-chip-sampling program with a Carlin-style exploration model in mind. A number of tungsten anomalies were detected by the stream sediment survey; the presence of tungsten is considered significant in the exploration for gold in the structurally active sedimentary basins.

The tenement (SPL806) lapsed in 1984, but was re-issued to Trikon as EL9/84. Re-interpretation of EZ geochemical results was performed. The outcome was encouraging, and subsequently a stream sediment-sampling program was undertaken, which identified a number of gold anomalies in tributaries of Halls Creek.

Additionally, a magnetic anomaly in the south-eastern part of the tenement was investigated with grid-based mapping, soil geochemical sampling and ground magnetic surveys, which located a wedge of Cambrian volcaniclastics. Geophysical modelling and geological interpretation resulted in recognition of the major Harvey Creek Fault. This was a significant outcome.

The Harvey Creek grid was extended 5 km north covering a portion of the Harvey's Creek Fault Zone, with 9.2 km of grid lines established initially at 200 m to l000 m spacing. Hand-augered B-C horizon soil samples were collected at 20m spacing, for a total of 155 samples. The sampling detected several substantial gold-arsenic anomalies adjacent to the Harvey's Creek Fault over a 3km strike length. The principal anomalies were designated Coupon, 24-28, and Davie.

Rock sampling returned a number of significant values including 16g/t gold (Au), 0.44% arsenic (As) from limonitic quartz float at Anomaly 24-28, up to 4 g/t gold from rock-chips at Coupon, and 3.48 g/ gold and 0.62% arsenic from siltstone **at** 1415N.

The original Coupon workings were discovered during line cutting. Accessible adits from Coupon were channel sampled. Better results included 6m @ 1.4g/t gold from adit 2.

6.4. Montroyal & Cyprus 1988 to 1990

In October 1987, Montroyal Mining NL acquired EL9/84 from Trikon and subsequently farmed the tenement out to Cyprus Gold Australia

Corporation (Cyprus) in May 1988. Cyprus regarded the area as prospective for Carlin-style, as well as for high-grade vein style and Henty-style structurally controlled gold mineralisation.

Cyprus in-filled the Harvey Creek grid with a further 16.5k m of line cutting at 50 m to 300 m spacing and collection of 600 hand-augered soil samples at 25m spacing. The sampling confirmed the presence of three gold-arsenic anomalies defined previously by Trikon. The Coupon anomaly was shown to extend over 400 m x 150 m, with soil samples generally in excess of 0.1g/t gold and l00 ppm arsenic. Rock chip samples returned up to 2l g/t gold

Gold-arsenic anomalism at Anomaly 24-28 extended over a 400 m **x** 75 m area, with float samples returning up to 16 g/t Au and 0.44% arsenic. The Davie anomaly was defined over 400 m **x** 100 m, with arsenic soil values to 0.56%. Gold to 14 g/t was recovered from grab samples from old workings.

Due to ease of access, the Coupon anomaly was targeted for drilling. Excavated access tracks over the anomaly were mapped and channel sampled, highlighting widespread anomalous gold-arsenic in intensely veined and fractured sediments. Anomalism was commonly associated with limonitic weathering, probably after pyrite-arsenopyrite.

Cyprus drilled a total of 13 RC holes at Coupon, for a total of 737m. Due to drilling difficulties, most holes were abandoned prior to reaching target depths, the deepest hole being to only 82m. Best results were from hole CRC3 which retuned 24m at 1.1g/t gold and 0.25% arsenic from 16 m.

Strong levels of arsenic anomalism were encountered in several holes, but had no significant gold intercepts.

Cyprus withdrew from the joint venture in 1990

6.5. Perilya – Noranda - 1991 to 1992

Following Cyprus' withdrawal, a Perilya Mines NL - Noranda Pty Limited consortium farmed into the tenement in early 1991.

Perilya-Noranda completed infill of the Harvey's Creek grid to 200m line spacing or closer over a 4km length. Soil sampling south of the Coupon anomaly demonstrated gold-anomalism up to 0.17 g/t extending up to 300 m from the main workings. Additional sampling north and south of anomaly 24-28 failed to define any substantial new targets.

Detailed remapping of the Coupon area resulted in subs antial revision of the geological structure and mineralisation controls. Perilya-Noranda recognised the Coupon area as comprising steeply east-dipping quartzite and siltstone occurring on the eastern limb of a northwest-trending anticline. A number of northwest trending shears and faults, with dips of 30 to 80° northeast, disrupt the sedimentary package. These structural

zones are characterized by intense shearing, quartz veining and limonite development (after pyrite-arsenopyrite). Perilya-Noranda regarded most of the mineralisation as confined to these shear zones, with lesser and patchy mineralisation pervading sediments adjacent to these structures (Newnham 2000).
Comprehensive channel sampling of access tracks at Coupon returned several significant gold zones including 5 m at 5.76 g/t, 8 m at 2.32 g/t, 25m at 2.00 g/t and 10 m at 1.45 g/t.
Re-logging of drill chips, and careful analysis of gold-bearing intervals in CRC3 indicated disseminated pyrite-arsenopyrite in quartz veins within a siltstone-shale sequence.

A diamond hole LT91-1 was drilled in an attempt to test one of the postulated mineralised shear zones. Drilling difficulties resulted in abandonment of the hole at 61m depth. Perilya-Noranda then withdrew from the project (Newnham 2000).

6.6. Goldstream - 1993 to 1995

In January 1993, Montroyal's parent company, Goldstream Mining NL entered into a farm-in agreement with Titan Resources NL. A three-hole diamond-drilling program (total 536m) was conducted to further test the anomalous gold-arsenic zone at Coupon for fine-grained sedimentary hosted gold. Drilling encountered elevated gold-arsenic within strongly leached limonitic sandstone, although core recoveries were poor in gener l, however, results were disappointing, with only one sample assaying over l g/t gold.

From this program it was concluded that the significant gold-arsenic mineralisation previously obtained in surface sampling and in hole CRC3 was controlled by an east-trending shear zone. Newnham (1995) reports that surface channel sampling in the vicinity of this fault returned >l.0 g/t gold over 100 m strike length. Sediments immediately north and south of this fault are variably gold-arsenic anomalous, particularly the leached limonitic sandstone unit intersected south of the fault.

A further three holes were drilled to test the hypothesis that mineralisation potential was highest in the fault zone and Limonitic sandstone unit. Drill hole LYN4 intersected a 70 m zone of intensely leached limonitic sandstone anomalous in gold-arsenic. Best result within this zone was 8m at 1.24 g/t gold.

To test the limonitic sandstone unit at depth, four additional diamond holes were drilled for a total of 1021 m. Results of this program were disappointing, and it was concluded that mineralisation of economic significance is confined to the east-west fault.

Newnham (1995) estimated that "potential may exist in this area of 200,000 to 300,000 tonnes of mineralisation per 50 vertical metres, possibly grading in the 1 to 3 g/t gold range." As this did not meet corporate objectives, the license was relinquished.

6.7. 1996 to 1999

Since surrender by Goldstream in 1995, no exploration work was carried out at the gold anomalies (Coupon, Anomaly 24-28 and Davie) within the current Sulphide Creek tenement (EL43/2004). However, exploration to the south and east was undertaken by RGC (EL2/94) and Aberfoyle - CRAE (EL47/83).

6.8. ASARCO 1999 to 2002

The company ASARCO Exploration Company Inc. (ASARCO) explored the area under Exploration Licence (EL) 15/99 (Lynchford) from 15 October 1999 to September 2002. Initially the area was granted for a period of 5 years. The license covered an area of 35 square kilometres.

ASARCO´s aim in acquiring the tenement was to explore for disseminated sediment-hosted gold style deposits (Nevada-style, USA).

The work included cutting of an access track from the Strahan Road to the northern end of the anomaly and then 1950m of grid comprising 200m long cross lines over a baseline oriented north west-south east, geological mapping, rock chip (46) and C horizon soil sampling (79) at 25m spaced sample sites with analyses at Analabs Pty Ltd in Burnie for Cu, Pb, Zn, Sb,etc.

Based on this work Newnham Exploration Services (2001) concluded that the area is gold anomalous and recommended drilling of three inclined diamond drill holes to test the gold and arsenic geoch l anomalism. The recommendation were not in line with ASARCO corporate goals and thus the Company reliquished the tenement in 2002.

6.9. ZINICO 2004 - 2008

The tenement EL43/2004 was granted to Zinico NL on 1 March 2005 for 5 years. Gujarat NRE Minerals Limited acquired the tenement from the Zinico NL. in January 2008 and in May 2008 sold to Shr e Minerals Limited. (Note: The work by Zinico is sumarised below. For details reader is refered to reports submitted by Zinico (Zelos Resources NL) to MRT.

During 2004/05 Zelos Resources NL (Operator) drilled three HQ diamond holes for 350.5 m and carried out drilling associated tasks; track and d ill site preparation, sampling, geological logging, reporting, etc.

Drilling commenced on Friday 9th December 2005. Low Impact Diamond Drilling Specialists Pty Ltd of Burnie/Queenstown carried out the drilling using 10 hrs day shift; 5 days a week.

The first hole (DDDH1) was drilled to 136 m and terminated in a fault zone, 14m short of the targeted depth. The target was eached and gold mineralization found. Drilling intersected mineralised fine grained metamorphosed siliceous sediments with an accompanying quartz vein stockwork system.

DDDH2 was terminated at 145.5m depth in fresh rock still in gold mineralization, 5.5 m short of the targeted depth.

DDDH3 was terminated at 69m depth because of bad drilling conditions.

6.10. Exploration 2006 - 2007.

Field work during this period was minimal. The only work performed was tiding up drill sites and access tracks. Additionally, follow up drilling was planned to assess the lateral extent of the gold mineralisation interescted in 2004/05 drilling. The planned drilling owing to priority exploration activities and field work on other projects, was postponed for the 2006/07 season.

Additionally, desktop study of information on the Davie, Anomalies 24-28 and Coupon prospects was undertaken.

6.11. Exploration during 2007 - 2008.

The available data was reviewed and a field program for the summer was prepared. This entailed visits to Anomaly 24-28 and Coupon prospect for reconnaissance, orientation of past work and some follow up outcrop sampling.

Other company projects ranking higher in urgency were given priority. This coupled with shortage of field staff resulted in no field work being carried out in the reporting period.

6.12. Shree Minerals - 2008 - 2009

Shree Minerals Limited purchased the tenement from the Gujarat NRE Minerals Limited in May 2008.

The only work carried out during the year was a field visit to the western flank of the ridge at the Davie Prospect for selecting a suitable access track route. Addtionally, a visit was made to the office of Shree's geological consultancy company for discussing the alternate access, ore genesis and planning of a revised exploration programme.

6.13. Shree Minerals - 2009 – 2010

Planning of drilling and related logistics, including pprovals from MRT, selection of drilling and helicopter contractors, up grading the existing access track to the Davie Prospect drill sites and preparation of pads, etc. The drill rig was trasported by helicopter and a total 391 m diamond coring was undertaken via 2 holes (SCDDH4 and 5).

6.14. Shree Minerals - 2010 – 2011

During the report period following two types of activites were carried out:

6.14.1. Sampling and analysis of core drilled during 2009/10

A total of 356 samples (346 core and 11 rock chips) were analysed for gold only. However, pulps were retained, for future additional analytical work as warranted.

At sulphide Creek gold mineralisation is associated with iron oxide veining and pervasive silicification (Plate 1). The following principal alteration styles were identified:-
Pervasive silicification (mostly of weak intensity)
Semi-pervasive and veined cream coloured silica (+/-carbonate /calc-silicate?)
Sericite veining / foliation (+/- fine-grained pyrite?)
Quartz +/- FeO stockwork
Quartz veining

Plate1: Stockwork with ferruginous veins in drill core - Davie Prospect

The drill confirmed the presence of low-grade gold mineralisation to greater than 180 m depth (Table 1); a highly encouraging result for tenement potential.

Table 1: Davie Prospect Significant Gold Intersections

Hole ID	**Location (m)**			**Gold**
	From	**To**	**Interval (m)**	**Grade g/t**
SCDDH4	19.00	37.50	18.5	0.50
Includes	**25.00**	**34.50**	**9.5**	**0.66**
	31.50	**34.50**	**3**	**1.26**
SCDDH5	37.00	51.00	14	0.52
	159.00	169.00	10.00	0.83
Includes	**164.00**	**167.00**	**3.00**	**1.29**
	181.00	183.00	2.00	0.60

6.14.2. Desk top study

The Company commissioned Hellman & Schofield to undertake a data compilation and geological review of all available information from the Sulphide Creek tenement EL 43/2004 and environs. The Consultant has

generated a list of exploration targets for gold miner sation and also has proposed drill holes.

6.15. Shree Minerals -2011-2012

During the report period in addition to examining the finding of Hellman & Schofield's study completed during previous year a d sk-top study of all available airborne survey data from the area was carried out.

6.15.1. Hellman & Schofield's study

The study suggested that there is a large zone of diffuse mineralisation including pervasive silica alteration associated with a complex fault pattern immediately proximal to the Harvey Creek Fault.

The study further suggested that the lack of tightly controlled high-grade gold mineralisation and the broad low-grade mineralisation intersected in the tenement consistently suggest that there is exploration potential for a series of low-grade gold deposits in the tenement area. On similarit es with the South Carolina Slate Belt deposits of the Haile and Ridgeway mines one can say that there could be possibility in the ten ment area for a *gross exploration potential of the order of 30-50Mt @ 0.75-1g/t gold for approximately between 0.72 to 1 million ounces.*

(Note: The potential quantity and grade is conceptual in nature, and that ther has been insufficient exploration to define a Mineral Resource that it is uncertain if further exploration will result in the determination of a Mineral Resource.)

6.15.2. Geophysical study

To enhance Hellman & Schofield's study suggestion a study of all available airborne geophsycal data from Sulphide Creek and envir ns was carried out Dr Cowan of Cowan Geodata Services.

Cowan in his study used both radiometric and magnetic data and suggested the following 6 targets and recommended that the suggested target need to be reconciled with the Hellman & Schofield interpreted new geological map.

Table 2: Sulphide Creek Geophysical Targets

Target ID	Location (m)		Target		Target Support		
	Easting	Northing	Priority	Type	Magneti c	Fault	Potassium
SC-001	376800.0	5332600.0	Moderat e	Cu-Au	subtle	Yes	High
SC-002	377100.0	5331400.0	Moderat e	Cu-Au	subtle	Yes	High
SC-003	377100.0	5330800.0	Moderat e	Cu-Au	subtle	Yes	High

SC-004	376200.0	5334400.0	Low	Pb-Zn	subtle	Yes	High
SC-005	375800.0	5333300.0	Low	Pb-Zn	subtle	Yes	High
SC-006	375700.0	5331800.0	Low	Pb-Zn	subtle	Yes	High

7. WORK PERFORMED

During the reporting period following activities were performed.

7.1. Hyperspectral study of cores

Background

The Sulphide Creek tenement contains three principal prospects: Davie, Anomaly 24-28 and Coupon. In 2009/10, the Company drilled 3 diamond drillhole at the Davie Prospect. These holes intereste two gold intervals (Table1). To enhance its exploration efforts by understanding area's gold mineralisation process(s) the Company decided to use CSIRO developed HyLogger to get spectral properties of tenement's inte cted mineralogical sequences (lithologies) in drill cores.

Study approach

The exercise was aimed to characterise the iron oxide, hydrous (clay) and anhydrous silicate mineralogy of all drill cores from the tenement. For this MRT owned HyLogger was used. Spectroscopic sample resolution was ~8x18 mm sampled every 8 mm along the core. The HyLogging system collects 125 samples per metre of core (before masking). Digital imagery with a resolution of ~0.2 mm was acquired simultaneously with the mineral spectroscopy.

Data interepretation was carried out by Huntington Hyperspectral Pty Ltd (Specialists in spectroscopic interpretation).

Due to poor core condition and work pressure on MRT HyLogger, out of 14 drillhole cores (1877 m) only cores from 6 drill holes (1075 m) could be logged and interpret ted (Table 3). Study results are appended in Appendices II and III.

Table 3: List of proposed diamond drillholes for HyLogger

		Location (m)		
Prospect	**Hole ID**	**From**	**To**	**Holes logged & Interpreted**
Davie	SCDDH1	0	136	
Davie	SCDDH2	0	146	SCDDH2
Davie	SCDDH4	0	191	SCDDH4
Davie	SCDDH5	0	200	SCDDH5
Coupon	Lyn001	0	199	
Coupon	Lyn002	0	199	
Coupon	Lyn003	0	138	Lyn003
Coupon	Lyn004	0	187	Lyn004

Coupon	Lyn007	0	213	Lyn007
Coupon	Lyn009	0	268	
Total			**1877**	

7.1.1. Study findings

- Past studies have made little reference to clay minera ogy. The HyLogging data offers fresh insight that should be valuable in re-thinking mineralised alteration signatures in the regi n.
- A spatial association is observed between Au assays and spectroscopic signatures of an alteration mineral asse age comprising dickite plus hematite, minus white mica and kaolin, occurring at a boundary (gradient) in mica chemistry c ion (Figure 3).

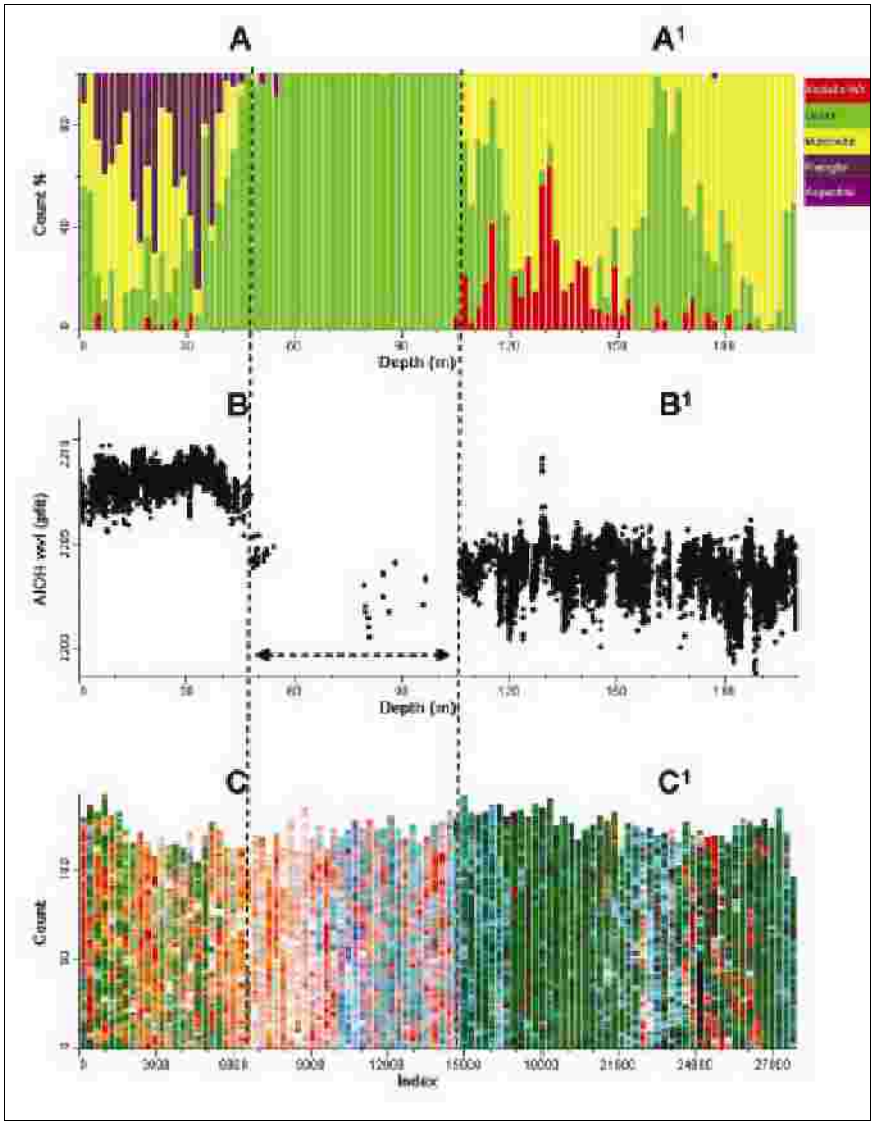


Figure 3: Spatial display of mineralogy and Au distribution in SCDDH5

(Figure 3A: Intensity of iron oxide development

Figure 3B: Weighted Au assay distribution)

- Quartz mapping was found ambiguous. There are definite quartz spectral patterns that relate spatially to the broader Au-bearing intervals. However quartz signatures are strongly influenced by the clay and goethite development. Away from clay/goethite development indices of pure quartz are indicative of multiple quartz (+/- carbonate) vein events.
- The major newly-defined dickite +/- iron oxide zones are interpreted to be structurally controlled fluid pathwa and important vectors to future mineralisation search.
- White mica (sericite) is considered a regional or distal ffect, whereas dickite plus goethite is considered a proximal ctor, especially where they appear most intensely developed rvasive structures. Sharp boundaries in white mica chemistry s est a lithological rather than alteration control.
- No evidence of alunite, pyrophyllite or topaz, also found in the high sulphidation parts of the Mt Lyell and Henty mineral systems, was noticed.

7.1.2. Recommendations

- XRD Validation of the dickite versus kaolinite is recommended. Dickite can form through diagenetic processes but is considered here to be hydrothermal, and because of its extensive elopment, little previous recognition and strong association wit ssays validation is recommended to refine the local alteration model.
- Further analysis is required of the silica signatures which are known to be influenced by grain size and surface scatt ing effects. The observed variation in quartz development is confus d by structurally-controlled core breakage and the strong clay / goethite development leading to a distinctive distorted silica ignature and an *apparent* relative reduction in quartz in the mineralised zone
- Further analysis is required of the silica signatures which are known to be influenced by grain size and surface scattering effects. The observed variation in quartz development is confus d by structurally-controlled core breakage and the strong clay / goethit development leading to a distinctive distorted silica ignature and an *apparent* relative reduction in quartz in the mineralised zone

7.2. Field observations

The geological field work at the tenement was undertaken between the 11th and 14th December 2012. The work included reconnaissance geological mapping, where possible rock chip sampling. Due to work pressure at analytical lab, MRT HyLogger a detailed report is in preparation and will be submitted in the coming months. However, during field visit significant observations were made, which are as follows:

- Structural mapping at the Coupon and Anomaly 24-28 areas revealed an west dipping shear trend, which is poorly tested by much of the previous west directed drilling. The only rected drill holes are either short or outside the zone of ma n Au anomalism. This requires drill testing.
- Areas visited have poor rock outcrops and thus where outcrops were available, small rock chip samples at relatively regular intervals were collected. In all 78 samples were collected for Hylogger analysis, 17 grab and composite rock chip samples for multielement analysis. All of these were duplicated with a Hylogger sample for comparison.
- A section along ABT railway line cuttings was mapped. A key rail cutting starting from the Coupon access showed moderat to steep west dipping shear – related foliation; similar to Davie. A number of quartz vein orientations were identified. These included a relatively flat dipping sheeted vein orientation, whic may have been in part what was previously targeted. In the Coupon area most outcrops on track banks are overgrown by moss. Regardless, relatively extensive outcrop was viewed and sampled. A well developed stockwork quartz zone was observed in variable ferruginous sediment at the hill top.
- A significant ~15 x 4 x 4 meter working and 2 partly flooded adits were located on the western side of the Coupon Prospect; Goring's workings.
- Stockwork veining was located on a spur to the north o and lining up with the Coupon through Anomaly 24-28 trend. A soil anomalous zone previously interpreted to run NW from the northern end of Coupon was visited, but no rocks were located in this soil anomalous area, moreover, pan sampling of creek sediments on the potential NW extension returned no visible Au.
- Alluvial and trench workings were located in the Anoma y 24-28 area. The northernmost of these yielded strongly ferruginous sheared (possible sericitic and chloritic?) rock, which was sampled. From foliation and topographic morphology it appears t ave an east dip. The Cowan SC004 anomaly area was passed along the ridge line, but no outcrop was seen from this brief perusal.

8. PROPOSED WORK

The work carried out during the reporting period (spectral analysis of cores from Davie and Coupon prospects and field observations) has unlocked some significant information, like Au assays and spectroscopic signatures of an alteration mineral assemblage comprising dickite plus hematite, minus white mica and kaolin, occurring at a boundary (gradient) in mica chemistry composition, presence of an west dipping shear trend, which is poorly tested by much of the previous west directed drilling.

In view of this and previous Au intersections (presenc of gold mineralisation beyond 183 m establish in 2009/10 drilling - Table 1) at Davie Prospect, the Company is planning to intigrate the newly acquired information with existing data and develop a comprehensive phased program. The program will encompass geological mapping, with emphasis on structure, rock chip and stream sediment sampling and defining Au mineralisation trends in the tenement and finally drill testing of potential targets.

9. REFERENCES

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APPENDIX I

List of appended digital data files

1. EL432004_201302_01_Digital_Files.txt
2. EL432004_201302_02_Annual_Report.pdf
3. EL432004_201302_03-Appendix-II_HyLogged Mineralogy Report - Davie Prospect.pdf
4. EL432004_201302_04_Appendix-III_HyLogged Mineralogy Report - Coupon Prospect.pdf

APPENDIX II

HyLogged mineralogy of three drillholes from the Davie Prospect
EL 43/2004, Western Tasmania

By:

Huntington Hyperspectral Pty Ltd
34 CRAIGLANDS AVENUE, GORDON- NSW 2012, AUSTRALIA

REPORT DATED SEPTEMBER 2012

APPENDIX III

HyLogged mineralogy of three drillholes from the Coupon Prospect EL 43/2004, Western Tasmania

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REPORT DATED NOVEMBER 2012