SUMMARY

Work completed on the Rosebery East area during the period under review comprised 1365m of diamond drilling in five holes on three prospects and geological mapping and sampling and reconnaissance exploration in three other areas.

A DIGHEM III airborne EM survey was flown over the Rosebery East area to give an immediate lead into areas of higher probability for ore discovery. A high frequency was used to enable the contoured resistivity map to indicate areas of less resistive sedimentary horizons within the main volcanic sequence. The survey produced 225 discrete EM responses, including 19 discrete bedrock conductors, and showed that, in general, the Rosebery East area is made up of highly resistive rocks. Several discrete zones of low resistivity were identified, including Mt. Black, Murchison River, Stitt Valley and White Spur areas.

At CUTTY SARK, two diamond drill holes (total of 848m) tested an IP anomaly and weak, but persistent zinc with minor lead soil anomaly to the south of massive sulphide clasts hosted by a dacitic lithic pyroclastic. Only minor mineralization was intersected - mainly veinlet sphalerite within strongly altered dacitic pyroclastics and lenses of fine grained epiclastic sediments. The soil geochemical anomaly appears to be adequately explained by the tenor and location of the mineralization intersected (best assay 5.2m at 0.14% Pb, 0.32% Zn).

The regularity of the geology along the 500m of strike suggests that it is unlikely that major stratigraphic and/or mineralization changes could exist. The strike extensions of the sequence are untested and remain highly prospective as the source of the clasts of massive sulphide has not been located. The only available strike extension available to the Joint Venture is to the north, partially beneath Lake Rosebery. The gold potential of the Cutty Sark workings is largely untested and further work in this area is recommended.

At BOBADIL, one hole was diamond drilled to test a strong zinc soil anomaly and a broad, strong IP anomaly. The only significant mineralization intersected was minor veinlet sphalerite within black shale lenses - best assay 20m of 0.32% Zn.