

QUARTERLY REPORT for DECEMBER QUARTER, 2007

Corporate

The loyalty options foreshadowed in the IPO prospectus were issued to shareholders in November 2007 on the basis of one option for every two shares held on 5 November 2007, the record date. The offer was underwritten. Uptake of options by existing shareholders exceeded 95%. The options commenced trading in December at 27 cents per option.

Option holders have exercised 168,357 options as at 31 December 2007.

Exploration – Wollogorang NT

Field work continued during the quarter. The programme has the following objectives;

- Ground follow up of the airborne radiometric anomalies,
- Grid and conduct Induced Polarization (IP) geophysical surveys on four identified targets
- Geological mapping and rock chip sampling of the gridded areas for the IP surveys
- Conduct Time Domain Electromagnetic (TEM) surveys over the diamond targets at Branch Creek.
- Commence drilling at Double J prospect.

TEM geophysical surveys were carried out on the diamond prospects, Branch Creek and Nebunga, on the copper prospect, Masterton Ridge and on the Calvert Hills Exploration Licence to the west of Wollogorang Copper Project. The table below summarises the work completed.

Prospect	No of Lines	Line metres Surveyed
Nabunga & Branch Ck	16	24,900
Masterton Ridge	2	2,800
Calvert Hills	1	2,000

Three of the four grids surveyed at the diamond prospects show irregular circular shaped depressions under 40 m of transported alluvial cover. The anomalies will be tested by RC drilling.

The results for Masterton Ridge and Calvert are still being interpreted. The raw data indicated that the method was suitable for Masterton Ridge where IP had been unsuitable.

Ground follow up of the airborne radiometric anomalies is making good progress. The airborne anomaly is located on the ground and given a prospect name. The area of the anomaly is gridded and scintillometer readings and rock chip samples taken for assay. A total of six grids have been established. Grids are often extended to completely cover the radioactivity. A total of 525 rock chip samples were collected to date.

Assay results have been received for just over half the samples submitted. Elevated uranium assays have been recorded on all grids, confirming that the uranium is anomalous and is the cause of the radioactivity. Numerous samples have assayed 10 ppm, and results

have ranged up to 70 ppm. Geological mapping has confirmed that the anomalies occur in the Gold Creek Volcanics, and local geology is providing an understanding of possible drill targets.

The copper prospects where IP anomalies were recorded last quarter were prepared for drilling. Preparation on the 7 Mile prospect was hampered by storms which preceded the wet making the building of roads impracticable. The late arrival of the drill rig further curtailed the proposed drilling programme.

Two drill holes were completed into Double J IP anomalies 1 and 2, as these were the only accessible targets available when the rig arrived. The table below summarises the hole details.

Hole No	Prospect	Target	Hole TD
WGD07001	Double J	IP anomaly @ 100m depth	152.5m
WGD07002	Double J	IP anomaly @ 150m depth	245.5m

Hole 1 intersected visible copper mineralisation in the basal units of the Wologorang Formation, as expected. Hole 2 however, intersected copper mineralisation in the upper units of the Settlement Creek Volcanics, which underlie the Wologorang Formation. This represents an additional copper target to those previously sought. While all samples have been submitted for assay, no results have been received to date.

Ebagoola Project – Queensland

All the work completed has been on EPM 12119, as the company awaits the Queensland Department to deal with the four larger Exploration Permit applications.

A total of 11.5 line km of IP surveys were completed on five prospects, as detailed in the table below.

Prospect	Number Of Lines	Length of Lines	Line m
Queenslander Group	10	500	5000
Marks Reef	5	500	2500
Random	4	500	2000
Never Mine	2	500	1000
Last Hit	2	500	1000
Total	23		11500

Results are still being interpreted, but indicate that strong anomalies exist either side of the main quartz filled shear at all prospects, which supports the exploration model as described in the IPO prospectus. Additional IP surveys are planned for next field season.

Mapping and surface sampling of seven prospects was completed. A small number of the assay results have been received, with significant assays of 7.7 g/t Au and 2.2 g/t Au from Good Luck and Last Hit prospects respectively.

Diamond drilling was commenced in late November, and temporarily suspended for the “wet” season just before Christmas. Drilling will recommence as soon as the project area is accessible, probably in April.

Holes completed to date are listed in the table on the next page.

Mineralisation was logged in every hole (except EBD07003), being more intense in some holes and less intense in others, but all completed holes recovered sulphide mineralisation. All the holes were split and the half core has been submitted for assay. Results are expected in January, 2008.

Drill Hole ID	Prospect Name	Depth m	Remarks
EBD07001	Queenslander North	119.6	
EBD07002	Queenslander North	92.4	
EBD07003	Queenslander	5.4	Hole abandoned
EBD07004	Queenslander	92.1	
EBD07005	Queenslander	101.7	
EBD07006	True Blue	74.6	
EBD07007	Random	100.1	
EBD07008	Marks Reef	89.4	

Other Areas

During the Quarter, the company was offered, and signed a Memorandum of Understanding to acquire the Wateranga Iron Ore project. After careful consideration of all the data presented, the company declined to exercise its option.

Conclusion

The exploration programmes progressed well, and a considerable amount of new data was collected before to onset of the tropical “wet” season. These data will be interpreted and compiled during the wet, and field work, based on these results, will be recommenced as soon as the project areas are accessible after the wet.

“The information in this Announcement that relates to Exploration Results is based on information compiled by Graham Reveleigh, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Reveleigh is the Managing Director of Gulf Mines Limited, and has sufficient experience which is relevant to the style of Mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr. Reveleigh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears”.

Yours faithfully



Graham Reveleigh
Managing Director