

QUARTERLY REPORT for DECEMBER QUARTER, 2008

Exploration – Nowa Nowa

Drilling: The Work Plan submitted by the Company was approved at the end of October, and drilling commenced immediately. A summary of the holes completed before the Christmas break is given in the Table below.

Hole Number	Prospect	Total Depth (m)	Massive Iron Oxide intersected (m)	Top of Intersection (m)
NND08001	6-Mile	133.0		
NND08002	5-Mile	124.0	61.0	49.0
NND08003	7-Mile	57.5		
NND08004	6-Mile	126.0		
NND08005	7-Mile	83.0	43.0	0.0
NND08006	5-Mile	148.5		

There is a small percentage of pyrite (approx 5%) associated with the iron oxides in Hole NND08002.

As the company commenced the current drilling programme, it discovered that there was an access problem for most of the drill sites. With the exception of those at 7 Mile quarry, none of the historic drill sites were available to the company for drilling in the current programme. Of the planned 20 drill sites, all but eight were rejected by the Dept of Sustainability and Environment (DSE) on the grounds that vegetation would be disturbed. Half of those eight approved sites were only approved when the company moved the drill sites to locations more acceptable to DSE, but in doing so, they were moved away from the geologically ideal sites. As a result, some of the holes which have been drilled were not the “first choice” sites and in two cases ended up on the wrong side of faulting with a third on the edge of Iron Oxide mineralization.

Representations have been made to the Department of Primary Industries concerning this problem, and it appears that a solution may be achieved early in the New Year.

Geological Mapping: Geological mapping of the EL area has continued concurrently with the drilling programme.

Exploration – Wollogorang NT

Tenure: A new Mine Management Plan (MMP) for all the NT Exploration Licences was lodged with the NT Department last quarter. After some amendment, reflecting changed legislation, the MMP was approved by the NT Department, and the security bond has been established.

New Exploration Targets: Work is continuing in generating new prospects by collection of ground data, and following up geophysical anomalies identified from our airborne survey.

Work has continued in the area of Chinese Workings and Dingo Hill, north of Wollogorang station homestead, and Packsaddle to the NW of the homestead. These are breccia pipes, thought to be associated with the Packsaddle granite intrusion, which have been previously recorded. Numerous new breccias have now been identified. These are well endowed with secondary copper mineralization.

Geological mapping of these breccias continued till the “wet” season forced a close to all field operations. The results of the mapping will be compiled during the “wet”

In conjunction with the geological mapping, soil geochemical traverses were undertaken using the Niton field XRF unit. Further work was conducted at Camp Ridge prospect with this equipment.

Exploration – Ebagoola

New Prospects: Several large gold prospects have been identified on the southern EPMs. These are Lukin King, Savannah, Spion Kop, Nappabina, and Flying Fox Hill.

The geological mapping and rock chip sampling, commenced last quarter, was completed.

Ground Geophysics: The IP traverses over the larger targets which have been identified in the southern EPMs were completed. These southern areas are being targeted for “Kidston” style mineralization.

“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