

## QUARTERLY REPORT for MARCH QUARTER, 2009

### Exploration – Nowa Nowa

**Iron Oxide Project:** As announced at the end of February, the company completed a comprehensive review of all the previous available data relating to the project area. A field team worked through March to fill large gaps in the geological data bases for the project.

A report has been identified which related to additional drilling on the prospect, and additional metallurgical test work. Further drilling by the company has been postponed subject to location and review of this report.

To assist with the interpretation of the complex geophysical data collected, a gravity survey was commissioned to provide “regional” coverage of the Exploration Licence, and detailed coverage in the vicinity of the Central Prospect (old 5 Mile, 6 Mile and 7 Mile prospects). The data collection has been completed and interpretation is in progress.

A new prospect “Harris Creek” has been identified west of the Central Prospect. It has a magnetic signature previously thought to be caused by igneous rocks. Mapping of the prospect has revealed iron oxide outcrops at surface.

The results of the data review and subsequent detailed mapping demonstrate that the iron oxide deposits are associated with Silurian sediments and volcanics, rather than the Devonian Snowy River Volcanics as previously thought.

Negotiations with domestic users of iron oxide are in progress, with a view to generating cash flow from a mining operation while the full extent of the project is assessed.

**Epithermal Gold Prospects:** As a result of the detailed mapping recently completed, the company has recognized the top of a large hydrothermal system exposed in a quarry near Nowa Nowa. The alteration pattern associated with volcanic rocks and sediments is extensive siliceous alteration accompanied by pyrite and other sulphides. Initial sample results show anomalous gold, and a suite of base metals consistent with the type of mineralisation recognized. Further field mapping is planned to outline the full extent of the mineralisation.

This discovery has prompted further review of the data base, and revealed gold mineralisation associated with the iron oxides at 3 Mile prospect, to the SE of Central Prospect. This prospect is covered by approximately 70 m of alluvium, and is known from previous drilling. Unfortunately, the core from this drilling is lost. The suite of base metals and gold present in the volcanics suggest the possibility of a larger gold and base metal prospect. Further field investigations for a possible economic discovery are continuing.

### **Exploration – Wollogorang NT**

No field work was completed during the quarter due to the annual “wet” season. Compilation of field data continues.

### **Exploration – Ebagoola**

No field work was completed during the quarter due to the annual “wet” season. Compilation of field data continues.

Yours faithfully



Graham Reveleigh  
Managing Director