



## QUARTERLY ACTIVITY REPORT – September 2007

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### SUMMARY

- In the last quarter the company completed 30 aircore drillholes totalling 1,843m.
- Best assays include 2m at 1.31g/t Au and 2m 3.3g/t Au.
- Drill chips from Little Revere show alteration dominated by hematite with lesser pyrite±arsenopyrite±chlorite±silica. This alteration is considered distal to the major alteration system described below.
- An airborne geophysical survey covering 12,325 line-km and 550km<sup>2</sup> was completed by UTS Geophysics at 50m line spacings.
- This survey defined a 16km long magnetic anomaly interpreted to represent a major alteration system called the Greater Revere Alteration Zone (GRAZ).
- The GRAZ was generated by deep basinal fluids migrating along a thrust fault and exhibits prospective fault structures.
- Iron enrichment within these basinal fluids has affinities with IOCG deposit models and the size of the system highlights an unusual degree of prospectivity given that no drilling has been undertaken in the GRAZ.
- Given this prospectivity, the company concludes that there is potential to discover a giant ore deposit.
- Work planned for the next quarter is aimed at generating deep drilling targets at two localities within the GRAZ:
  - 200 shallow auger holes to test the base of hardpan at Donald Well
  - Geochemical sampling over iron-enriched rocks at Little Revere.

### Aircore Drilling

A 30 hole programme of aircore drilling was completed over the Doug's Find (E51/802) and Little Revere (E51/1079) prospects. Table 1 lists significant intersections with gold and arsenic assays. Hole locations are shown on the attached figure.

The target at Doug's Find was the Doug's Find reef where previous drilling had intersected significant gold mineralisation, e.g. 02DFRC007: 28-32, 4m at 33.62g/t Au and 02DFRC015: 32-36, 4m at 24.46g/t Au.

Two holes intersected the reef structure but reported low grade gold values e.g. 07DFAC001: 28-38, 10m 218ppb Au, 5ppm As and 07DFAC003: 48-60, 12m 246ppb Au, 9ppm As.

**Table 1: List of Significant Intersections, Dougs Find-Little Revere Aircore Drilling, 2007.**

Hole_id	N_GDA94z50	E_GDA94z50	From	To	Width	Au_ppb	As_ppm
07DFAC001	7131167	700571	28	38	10	218	5
07DFAC003	7131124	700576	48	60	12	246	9
07LRAC006	7127069	701358	22	26	4	330	350
			58	64	6	248	573
07LRAC007	7126825	701116	32	36	4	106	143
			42	52	10	214	820
07LRAC008	7126848	701102	4	8	4	227	360
			32	38	6	418	420
			52	60	8	473	470
incl			56	58	2	1310	760
07LRAC015	7127697	702423	36	42	6	102	6
07LRAC019	7127773	702149	24	36	12	103	80
07LRAC023	7127497	701659	38	40	2	3300	147
			56	60	4	320	99

Note: intersections based on 4m at >100ppb Au, except where high grade.

The target at Little Revere was the down-dip and strike extensions of the Reef Two bonanza quartz vein where a bulk sample of 80kg reported a head grade of 1195g/t Au and 6.3g/t Ag.

In terms of gold mineralization, the assay results were disappointing but logging of the drill chips provided useful geological information including:

- mudstone-siltstone lithology
- presence of flat-lying quartz reef structures
- a distal alteration assemblage including dominant hematite and lesser pyrite, arsenopyrite, chlorite and silica
- deep weathering (80-85+m) where none of the holes reached blade refusal.

### Airborne Geophysical Survey

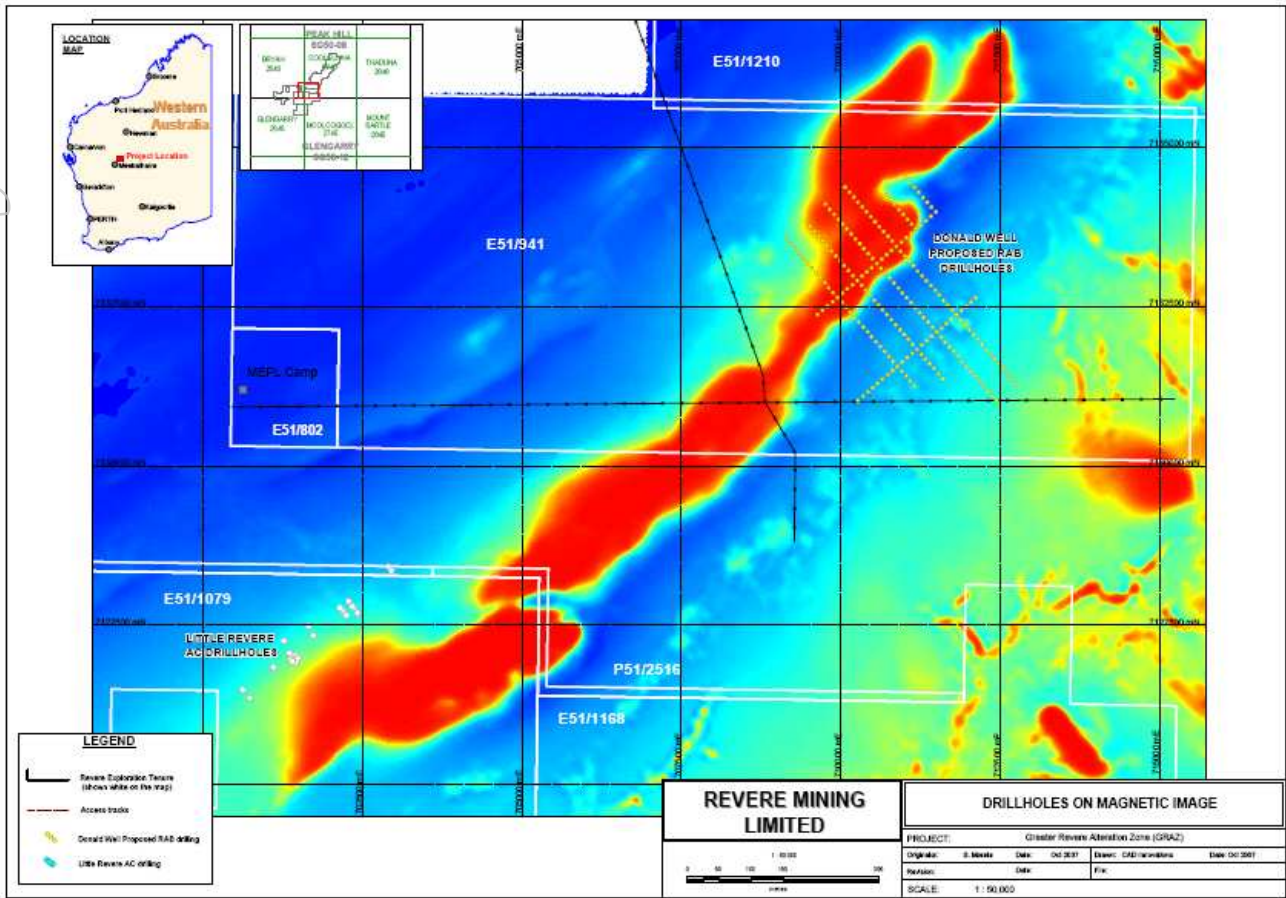
An airborne geophysical survey covering 12,325 line-km was completed by UTS Geophysics at 50m line spacings. The survey defined a 16km long by 1.6km wide magnetic anomaly interpreted to represent a major alteration system (Fig. 1). This system has been called the Greater Revere Alteration Zone (GRAZ). The GRAZ most likely consists of magnetite±pyrrhotite±hematite and was generated by deep basinal fluids migrating along a high permeability conduit within a thrust fault or decollement referred to as the South Boundary Fault. The survey clearly defines the GRAZ as being located northwest of the South Boundary Fault. The alteration system exhibits prospective fault structures in a number of places. Iron enrichment within these basinal fluids has affinities with IOCG deposit models. The size of the alteration system and the fact that it has never been drilled highlights an unusually high degree of prospectivity.

### Proposed Exploration

Proposed exploration during the next quarter will focus on shallow drilling and geochemical surveys within the GRAZ to define deep drilling targets for early 2008 which is consistent with proposals in the prospectus.

**Donald Well (E51/941)** where a 200+ shallow auger drilling programme is planned to sample the base of hardpan over extensive low-level maglag gold anomalies once environmental and Aboriginal heritage clearances have been completed. Grid spacing will be 400m by 100m.

**Little Revere (E51/1079)** where a maglag survey will be undertaken over an iron-enriched area adjacent to the South Boundary Fault.



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