

# CHAIRMAN'S REPORT

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Dear Shareholders,

As stated in previous Annual Reports, it is your Board's intention to concentrate on a small number of well researched and underutilized, mid-sized and potentially high grade mining tenements.

This year we have reviewed a large number of propositions which range from exploration licenses and mining leases owned by others domestically and offshore across an array of minerals, to a small number of potential merger opportunities. The Board is cognizant of creating a sustainable business in the longer term.

The focus of the company's attention is presently the Lyndon tenement in Western Australia.

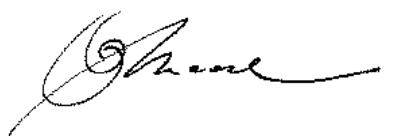
In August 2009 a mapping and sampling program was completed at Lyndon. **The results confirm the high grade pedigree** of the gold bearing system at Lyndon Mine. Grab samples from mullock dumps that came from the open pits and spoil heaps from trenches from past exploration returned **very high values from 10.9g/t, 16.25g/t and up to a maximum 81.2g/t gold** and high grade **visible gold** occurs in narrow sub-parallel quartz-filled shears in altered amphibolites. Regional mapping of the remainder of the exploration license indicates that the gold bearing structures in the Lyndon Station gold mine **may be connected with a larger hydrothermal alteration system**.

In March 2009 the company was granted an exploration license (EL) covering 10 blocks (E08/1880) of some 27 km<sup>2</sup> surrounding Lyndon Station gold mine.

In the planning process for the recent sampling on E08/1880 the Board wanted to ensure, given the potential of Lyndon's, that a larger exploration and mining project could exist. The company has made application for an Exploration License from the Western Australian Department of Industry and Resources (E08/2022) for an additional 51 blocks surrounding the original 10 blocks at the Lyndon tenement (E08/1880). This will yield the company a total of **170 km<sup>2</sup> of exploration leases**, and ensure our investment to date is protected.

The additional exploration license (E08/2022) covers a number of other high grade gold occurrences in the immediate region. These include Eric's Find and Daylight Well with old mine workings by prospectors with past production of 124 tonnes at an average grade of 40g/t gold. The new license also includes old prospects with gold grades up to 30 g/t gold. These prospects are under explored using modern day exploration technology.

Further exploration of the Lyndon Station gold mine, the hydrothermal system and the new exploration license will be directed towards discovering sufficient high grade gravity recoverable gold to establish a low cost mining operation and to exploring the potential of the region.



**Tim Moore**  
Chairman