

## CHAIRMAN'S REPORT

Dear Shareholders,

During the past year the company continued its strategy of pursuing well researched, under utilised exploration targets with a focus on gold. Although other projects are constantly reviewed, the effort in the last year has been to prepare the Lyndon Station tenements for a drill program.

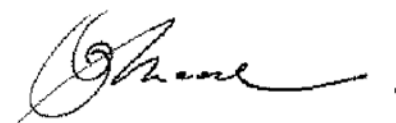
In March and April 2010 the company completed a capital raising of \$1,204,900 to fund its ongoing exploration work. The capital raisings comprised a Share Purchase Plan (SPP) where each of the shareholders of the Company were given the opportunity to subscribe for up to \$10,000 worth of new shares in the Company at an issue price of \$0.013 per share, this SPP raised a total of \$294,900. The Company indicated that it would use the funds raised from the SPP to establish drill targets, to commence drilling and for the Company's working capital requirements. As insufficient funds were raised pursuant to the SPP to meet the Company's abovementioned purposes, the Board subsequently determined that it was in the interests of the Company to undertake share placements priced at \$0.013 per share with attaching options, this share placement raised a total of \$910,000. The above capital raisings together with cash on hand increased the Company's cash holdings to \$1,270,000 at that time, with the potential for a further \$1,400,000 being available if all options exercised.

The 100% owned Lyndon tenements are located in the Gascoyne Region of Western Australia approximately 300km northeast of Carnarvon and cover four contiguous tenements (3 granted, 1 application) of 652 square kilometers. The Heritage Surveys, Program of Works and other statutory requirements although time consuming were completed on time for the drilling program conducted in September 2010. The Lyndon project comprises a number of target locations that have shown the following previously reported gold results from rock chip sampling:

Location	Gold (Au)
Lyndon Bettina	Up to 46.5 g/t
Eric's Find	Up to 19.4 g/t
Broken Thumb	Up to 7.8 g/t
Thirty Bob Well	Up to 2.9 g/t
D'Arcy's Copper	Up to 2.2 g/t
Bettina East	Up to 1.83 g/t

Prior to the Company's involvement this was greenfields project as none of the targets had been tested by drilling except for some undocumented scout holes from 1990 in the Lyndon Bettina mine. The first of the reverse circulation drilling of the targets was completed in September 2010 under the guidance of the company's consultant geologist Dr. Angus Collins.

Further exploration of the Lyndon tenements is planned along with a continuing program of review of other exploration projects with a focus on gold.



**Tim Moore**  
Chairman