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MINING LICENCE 5391 – CLUNES PROGRESS REPORT

Drilling continues at Clunes

In this Report –

1. Comment is given about the purpose of Holes CD06-4 and CD06-5, and their location on MIN 5391.
2. Analyses are provided for that part of CD06-3 just below the basalt, and
3. Analyses are listed for Hole CD06-2 – these are for 2 splits off the sample, with the second (recent) set of analyses run to confirm the apparent association between gold and sulphides, rather than with quartz

1. **Holes CD06-4 and CD06-5** (site approx 270m south of the site for CD06-1)

The encouragement from holes CD06-1, 2 and 3 led to a decision to investigate the southern part of MIN 5391. A site 65 metres south of the old Port Phillip South shaft, and near the east boundary of MIN 5391 enabled hole CD06-4, drilled westward at -60° to surface, to pass across most of the width of the property. This hole was completed at 220.6m hole depth on 17 November 2006. In drilling, this hole cut through quartz at the anticipated positions of the Old Man Vein and Robinson's Vein. Details later, when analyses are to hand. Hole CD06-4 was extended well beyond Robinson's vein, for the purpose of correlating rock characteristics in drill core with the ground gravity geophysical data.

Hole CD06-5 will also drill to the westward, from the same site, depressed at -77° to surface. This hole is about to commence. Its purpose is to investigate the eastern side of MIN 5391 at a distance of about 270 metres south of hole CD06-2, for the presence of sulphides in slate and/or sandstone. Hole CD06-5 should also intersect the Old Man Vein about 35 metres down the dip of the vein from where intersected in hole CD06-04.

2. **Analyses, Hole CD06-3**

Analyses are available for the interval from just below the basalt (25.8m) down to 82.5 metres hole depth. The reported analyses are generally low in gold, except for an anomalous zone between 68.5 and 80.9 metres (details not reported here) and the following

Down hole interval (m)	Gold (g/t)
25.8 – 26.3	3.0
26.3 – 26.8	14.3
26.8 – 29.5	Low values
29.5 – 30.0	3.9
30.0 – 30.6	12.1

Readers will recall that in the Report of 17 October 2006 the analyses for the near-surface section of hole CD06-1 were similarly encouraging, in the two intervals 34.3m to 36.6m, 39.7 to 40.9

3. **Hole CD06-2, the sub-sample analyses**

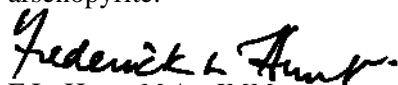
Analyses are available for two splits of the same cut core from the second diamond drill hole at Clunes. The "First Report" are those analyses mostly reported on 27 October 2006. The sub-split "A" results were received on 13 November 2006, and are set out in the original tabulated form to

enable ready comparison with those previously reported results.
The encouraging results continue

Tabulated results – a summary (Hole CD06-2 only)

Down Hole interval (m)	Gold (g/t) First Report	Gold (g/t) Sub-split A	Comment
36.7 – 37.4	2.0	n/a	Consolidated fill
37.4 – 38.0	5.2	n/a	Consolidated fill
88.2 – 89.0	8.1		Slate
113.7 – 114.5	0.7	3.2	White quartz
114.5 – 115.0	0.6	0.5	White quartz
115.0 – 115.5	Trace	Trace	White quartz
115.5 – 116.3	11.9	5.7	Sandstone with dissem sulphides
116.3 – 117.0	0.4	Trace	Sandstone with dissem sulphides
117.0 – 117.8	Trace	0.1	Sandstone, fractured
117.8 – 118.6	2.7	2.7	Slate, dissem sulphides
118.6 – 119.4	0.2	0.2	White quartz
119.4 – 120.0	Trace	Trace	White quartz
120.0 – 121.0	0.6	0.6	Slate, fractured
121.0 – 121.5	5.9	5.3	Slate with dissem. sulphides
121.5 – 122.1	7.3	6.6	Slate with dissem. sulphides
122.1 – 122.7	7.6	3.6	Slate with dissem. sulphides
122.7 – 123.7	1.7	1.7	White quartz
128.0 – 130.4	12.8	8.8	Cavity, broken slate
130.4 – 130.9	2.0	0.7	Slate, iron oxides
136.0 – 136.8	3.4	5.0	Slate, dissem sulphides
179.9 – 180.8	11.6	11.9	Slate
180.8 – 181.4	14.0	15.0	Shear in slate
181.4 – 182.0	7.8	8.5	Sandstone, sheared
182.0 – 182.7	6.5	6.6	Laminated qtz, slate, pyrite
182.7 – 183.4	11.6	11.6	Laminated qtz, slate, pyrite
183.4 – 184.0	13.6	14.2	Sandstone & slate (broken)
184.0 – 184.8	2.2	4.6	
184.8 – 185.6	7.3	11.1	
185.6 – 185.7	6.5	7.4	
185.7 – 186.6	0.7	0.7	
186.6 – 186.7	3.2	3.3	
189.2 – 189.8	6.0	3.1	

Note: The interval 178 to 186 metres appears sheared throughout. Sulphide mineralisation includes pyrite and arsenopyrite.


F.L. Hunt M AusIMM

This Public Report of Exploration Results may be of use to investors. The results given in the above table can be placed in perspective by reference to the February 2006 prospectus of the Company, and to the web-site of the Company.

The information in this Public Report that relates to exploration results is based on information compiled by F.L. Hunt, who is a Member of the Australasian Institute of Mining and Metallurgy and is a director of the company.

F.L. Hunt is a person competent to make such a Public Report, as is defined in the 2004 Edition of the "Australasian Code for the Reporting of Exploration Results."