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30 October 2012

Mr Ian Craig
Companies Manager
National Stock Exchange of Australia

NSX Announcement - MGT Resources Limited (NSX:MGS)

Independent Geologist's Report

Please find attached the Independent Geologist's Report which is incorporated by reference in the Replacement Prospectus dated 29 October 2012 and lodged by MGS with ASIC on that date.

On behalf of the Board of MGT Resources,

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alex M.' with a stylized flourish at the end.

Alexander Moody
Company Secretary

MINNELEX PTY. LTD.

GEOLOGICAL CONSULTING SERVICES & VALUATIONS
ABN 99 096 513 276

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20 September, 2012

The Directors
MGT Resources Limited

At the request of the Directors of MGT Resources Limited (MGT), Minnelex Pty Ltd, (Minnelex), was engaged to prepare an Independent Geological Report on MGT's tenements in Queensland. The project areas are for inclusion in a Prospectus prepared by MGT, relating to the public offer of between 5,000,000 and 10,000,000 shares at \$0.20 to raise between \$1,000,000 and \$2,000,000.

The Independent Report includes an opinion as to MGT's proposed exploration programs and budget estimates and is prepared to conform to the JORC Code of AusIMM and is in accordance with the relevant requirements and listing rules of ASX Limited, and the Australian Securities and Investments Commission (ASIC) Regulatory Guides, 111, 112 and 55. Regulatory Guide 111 provides guidance on how an expert can help security holders make informed decisions about transactions. Regulatory Guide 112 explains how ASIC interprets the requirement that an expert is independent of the party that commissions the expert report (commissioning party) and other interested parties. Regulatory Guide 55 covers the citing of experts and statements of interest.

The status and tenure of the tenements are detailed in the Solicitor's Report. A field visit was undertaken to the tin areas and the author has worked in both regional areas and is familiar with the geology and mineralisation.

The report has been prepared by R C Pyper, BSc. FAusIMM. GAICD. Consultant Geologist.
Yours faithfully



1.0 Introduction

MGT has a substantial tin project in the Mt Garnet area where targets* are ready for immediate drilling and where it is well placed to progress development opportunities in districts that have a long prospecting and mining history. Inferred Resources amounting to 112,000t of tin bearing ground have been defined at Dalcouth and Extended and historical work has indicated that substantial tonnages of low grade (0.2 – 1.0%) tin are present, possibly amounting to millions of tonnes, but which still require considerable definition drilling to locate suitable mineable areas. The project is complimented by an on-site crushing and refining plant. From the above, MGT will be carrying out extensive drilling to upgrade its target areas and to convert its Inferred and Indicated Resources to Proven Reserves so that it can supply the mill in the years ahead.

*Target Mineralisation (target tonnes and target grades) are not precise figures, being based on projections of mineralisation in drill holes and workings. The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource

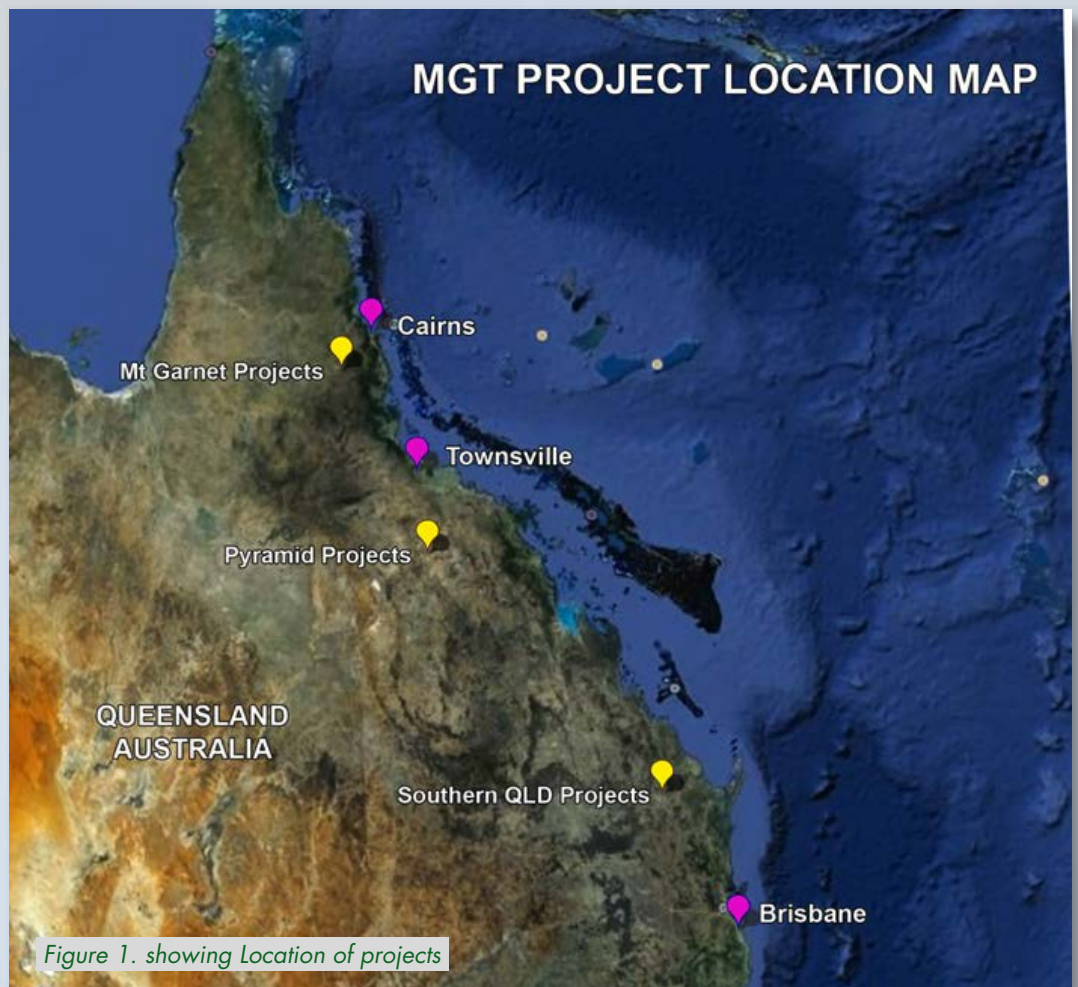
Both tin and gold have risen in price over the last few years and in the case of tin it is undergoing increased demand coupled with restricted output that has no apparent short term solution. With the increasing tin price, Australian hard-rock tin mining districts now have the potential to compete with the best in the world. The Queensland mines that were operating 100 years ago in the Mt Garnet – Irvinebank district were achieving similar ore grades at similar width of ore to modern tin mines. The Australian mines differed only in scale due to the primitive technology of the time and these old mine areas now provide targets with high grade tin lode potential.

In addition to tin, the company has a number of gold projects. The Nymbool gold project is a copper-gold “intrusive related system” where drilling has intersected large intervals of low-grade gold and minor copper mineralisation to a depth of 80 m, mostly in the oxidised zone above an IP anomaly with most of the drill holes ending in mineralisation. . A target of approximately 2.3 to 2.5 Mt of oxidised leached mineralisation has been outlined by drilling, which contains generally 0.3 - 1g/t Au and averages close to 0.7 g/t, and may be extractable by heap leaching. If deep extensions into the sulphides are found when testing the IP anomaly the target potential could be increased considerably.

MGT has three separate gold prospect areas in Southeast Queensland, Yarrol, Mt Steadman and Gooroolba. MGT aims to advance these projects with further drilling and to assess the amenability of heap leaching at Mt Steadman and of trucking higher grade gold from Yarrol:

At the Yarrol prospect an Indicated Resource have been outlined at Central Ridge and Yarrol North amounting to 273 000 t grading 1.5 g/t Au and 877 000 t grading 1.5 g/t Au, respectively, mineable by open cut. At Mount Steadman, there is a porphyry style gold and molybdenum target of 1.1-1.2 Mt that that is expected to average between 0.8 and 1.0 g/t Au.

MGT’s exploration program and budget, amounting to \$653,920 (minimum subscription) or \$1,453,920 million (maximum subscription) over two years has been reviewed and is detailed further in each section of the report. It is sufficient to meet the company’s immediate requirements to develop each project area.



2.0 Property

MGT's tenements are tabulated below.

Table 1 List of tenements

Tenement	Mineral	Ownership %	Area Ha
ML 4349 "Mt Veteran"	Tin	83.48	18.3
ML 20655 "Heads & Tails"	Tin	83.48	45.5
MLA 20547 "Summer Hills"	Tin	83.48	1,170
EPM 16948 "Nymbool"	Tin	83.48	8,200
EPM 12887 "Pyramid"	Gold, Silver	83.48	320 sq.km
EPM 8402 "Yarrol"	Gold, Silver	83.48	40,000
EPM 12834 "Mt Steadman"	Gold, Silver	83.48	40,000
EPM 15426 "Gooroolba"	Gold, Silver	83.48	50,000

3.0 Tin Projects

3.1 Introduction

MGT is a significant holder of exploration and mining tenements in southern part of the Mt. Garnet – Irvinebank region and owns the Veteran Mill, the only tin mill in the district. The Veteran Mill on Mining Leases (ML) 4349 covers an area of 18.3 ha and includes a tin smelter and tailing storage facility. The mill was originally constructed in the early 1980s and, due to a recent upgrade, now has a production capacity of up to 70,000 tpa. The collapse of the price of tin occurred soon after its completion and the mill was on care and maintenance for most of the time; the lease (ML 4349 which includes a tailing storage facility) was maintained so that mill operation can resume without any delay).

The company intends to re-start the mill, and in so doing will be able to treat the hard rock tin ore from its own (MLs) and from Mining Leases owned by others. The objective is to become the main tin producer in the district. The company has spent approximately \$4 million over the past two years to repair, refurbish and upgrade the mill from its previously inoperative condition, and on exploration. In the longer term the objective is to increase the grade and tonnes supplied to the mill by continued drill testing of targets. The focus will be on increasing the grade for better profitability. Smelting of cassiterite concentrate at the Veteran Mill site will provide additional profit margin.

The Mt. Garnet – Irvinebank district was one of the two major tin producing districts in Australia and historically Australia has been one of the major tin producing countries in the world. Alluvial tin was mined on large scale with a total production to 1972 of 117,000 tonnes (t) of cassiterite. The valleys in and around ML Application 20547 "Summer Hill" have been extensively mined using mechanised equipment but mining stopped in 1989 due to depressed prices. Hard rock tin ore was obtained from open cuts and tunnels at the Summer Hill mining area (ML Application 20547) which includes historic Dalcouth, Extended and Summer Hill mines, located 0.5 – 4 km from the Veteran Mill).

No systematic exploration of the whole potential of the Summer Hill tin field has been carried out but rather ad hoc searching for high-grade patches to fulfill the immediate requirements of the treatment facilities for cash-flow generation. The main challenge for MGT in the short term is to extend and upgrade to mineable reserves, the hard rock Inferred Resources currently defined at Dalcouth and Extended. A nearby source of ore such as this would be valuable for the Veteran Mill.

3.2 Summer Hills – MLA20547

3.2.1 Introduction

The Summer Hills lodes (MLA20547) that MGT is investigating occur in complex linear fracture zones that are usually steeply dipping. The intensity of shearing controls the size and possibly the grade of lodes. The lodes extend over an area of some 10 sq km and there are nine large and and several minor lodes that require drilling.

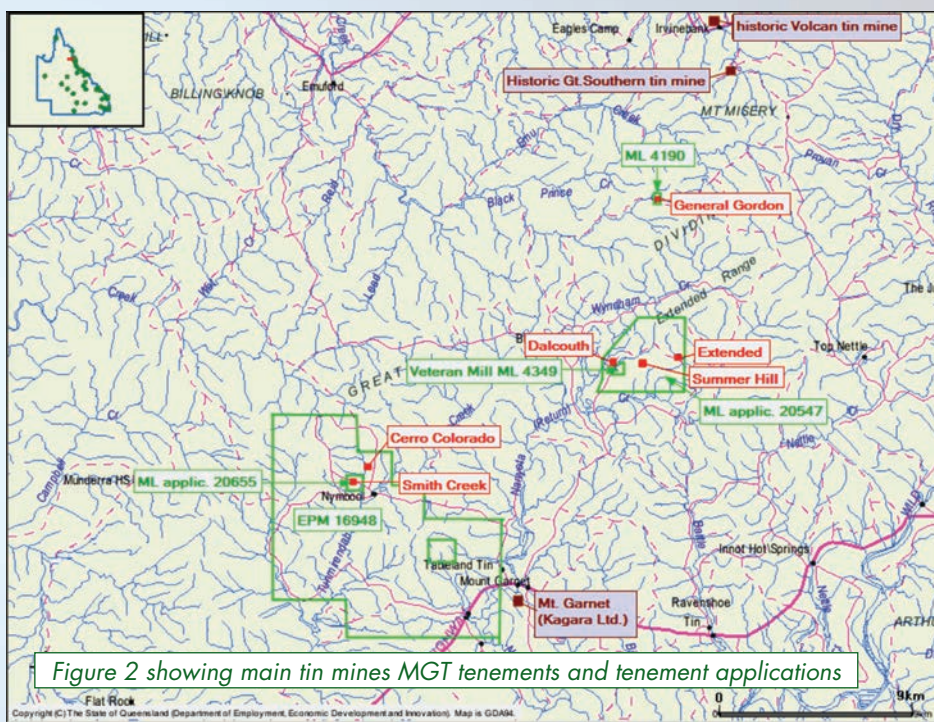
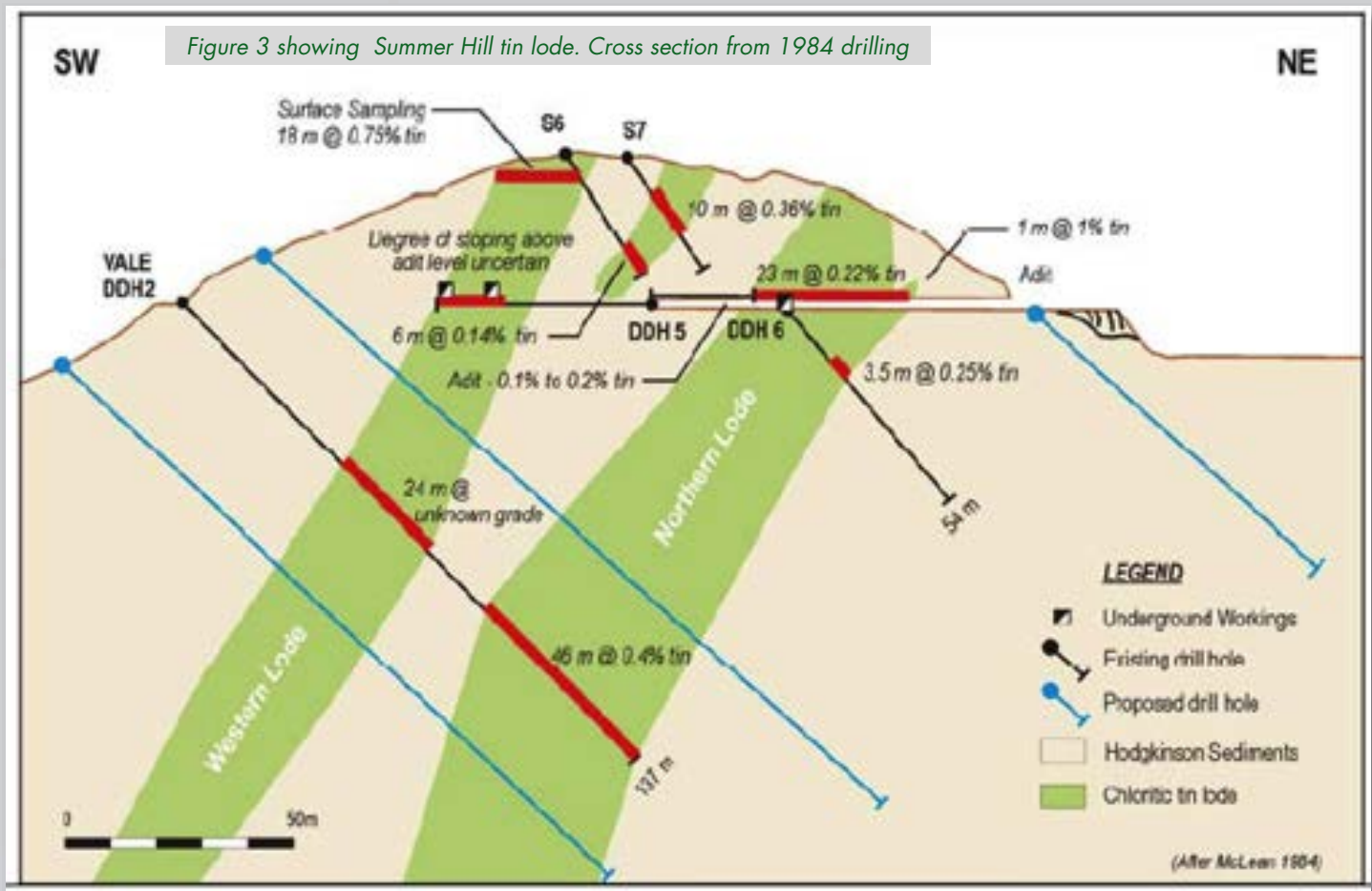


Figure 2 showing main tin mines MGT tenements and tenement applications



There is potential for finding larger bodies of higher grade (1% Sn) mineralisation at depth. To test this possibility an inexpensive ground magnetic survey is required prior to drilling. Depending on grade, tonnes and depth of any ore located by drilling, it might be possible to establish an open cut.

3.2.2 Previous Investigations

The history of the Summer Hill area is summarised as follows:

- 1880s Underground and surface workings of high grade tin
- 1940s Underground mining of Dalcouth lode
- 1960s Adits driven into both the May Day and Summer Hill lodes by Noranda Australia Pty Ltd. Six underground diamond drill holes.
- 1965 An adit driven into Summer Hill
- 1970 First hard rock mill built with mining and milling of high grade from multiple prospects. Two diamond drill holes from the surface at Summer Hill returned a best intersection of 46m grading 0.4% tin. The nearby May Day Lode mined 1% to 2% tin values.
- 1980 Mount Veteran Mill established. 20 000t of ore with a head grade of 0.7% were treated by Vancea
- 1985 Viking Lode mined
- 1986 Mount Veteran Mill placed on care and maintenance
- 1999 Tin Australia NL recommissions and upgrades Mount Veteran Mill. Mill operates as a toll treatment and tin buying facility
- 2002 Mount Veteran Mill placed on care and maintenance.
- 2004 Mill upgraded in dry processing area and tin smelter added
- 2006 Mill recommences with buying of tin ore and toll treatment

3.2.3 Geology and Mineralisation

The project area lies on the northeastern margin of the Georgetown Inlier, as defined by the Palmerville Fault, in the centre of the Atherton 1:250,000 Geological Sheet. The simplified geology of the tenement area is shown below. The Herberton - Irvinebank tin field is situated within the Hodgkinson Province of the Tasman Orogenic Zone and is bounded to the west by Precambrian metamorphic rocks. The Siluro-Devonian aged Hodgkinson Formation comprises a thick sequence of clastic marine greywacke, shales, slates and sandstones which contain locally minor volcanic and chert interbeds. It is intruded by, and overlain by extrusions of acid igneous rocks of Upper Palaeozoic age.

In the Mount Garnet district high-level granites of the O'Brien's Creek Super Suite intrude the Hodgkinson Formation. Greisen and pipe formation is common at the contacts between the Hodgkinson Formation and the O'Brien's Creek member granites. Younger, mainly extrusive, acid Volcanics form the Slaughter Yard Creek Volcanics and related porphyry dykes frequently disrupt the Hodgkinson Formation sediments.

The Hodgkinson Formation sediments are generally metamorphosed to green schist facies and display broad north-trending upright folding. At surface the lodes are distinctive with strong iron staining, from the weathering of chlorite and minor sulphide and numerous quartz veins.

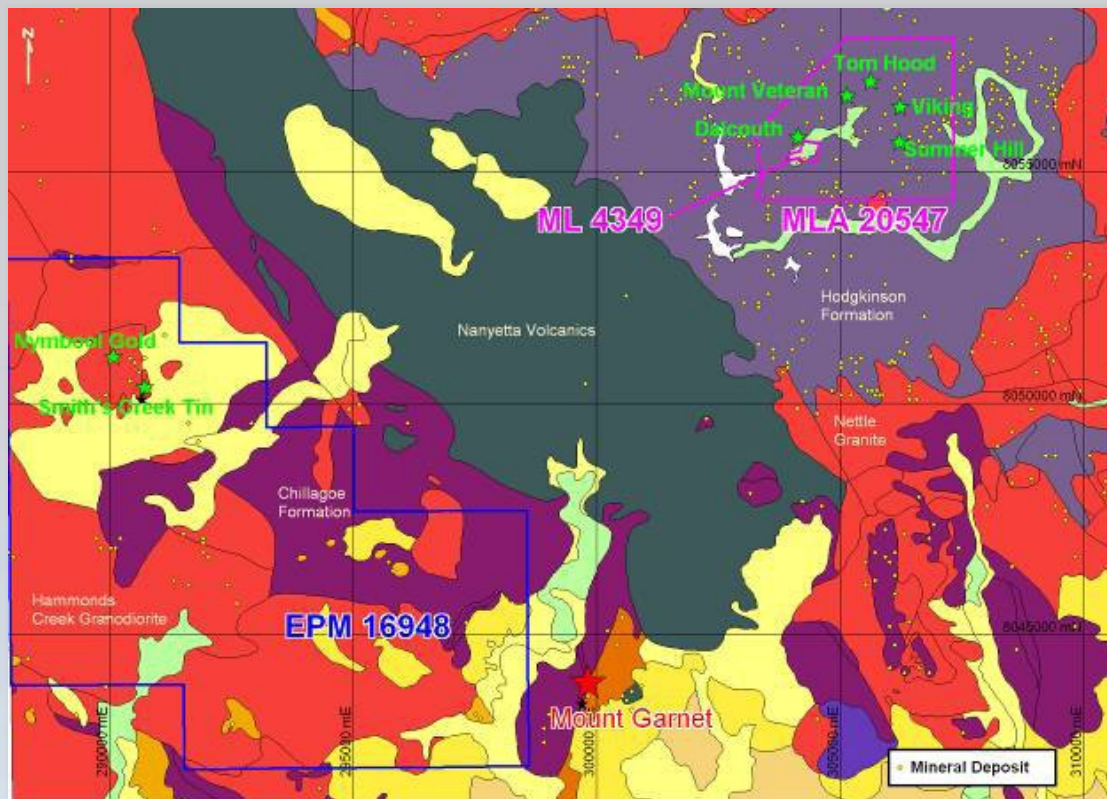


Figure 4 showing simplified geology of the Mt Garnet Area

Tin mineralisation is widespread in both the sediments and in the granites (O'Brien's Creek Super Suite). In the sediments, tin, tungsten and copper can be found in quartz veins and fluorite veins in fracture controlled fissure filling, as replacement veins and pipes and as disseminated tin generally associated with intense chlorite alteration. The lodes occur in complex linear fracture zones that are usually steeply dipping.

The tin generally occurs as fine grained cassiterite with minor sulphides when found in major lithological controlled structures within the greywacke portions in sediments overlying the granite. Larger deposits can be found at the intersections of these structures (although these intersections also host later stage stannite, pyrites and arsenopyrite). Tin is also found at the sediment - granite contacts. Higher grade tin can be found as skarns in the carbonate sections of the sediments, this tin (banded magnetite-fluorite) typically is stannite rich and contains sulphides. Tin that is associated with greisen and granite can be quite localised, showing a patchy character with tourmaline and topaz and magnetite that form in intense but local alteration zones. Deposits rich in tungsten, molybdenum and antimony are also associated with the O'Brien's Creek Super Suite. A zonation occurs ranging from tungsten within the granite batholith, outwards to tin at the margins and contact of the granite and then to base-metals, largely within the sediments.

3.3 Dalcouth and Extended Prospects.

3.3.1 Introduction

The Dalcouth deposit consists of a northwest-trending zone of several parallel mineralised structures with intense chloritisation and sericitisation and associated thin stock work quartz-cassiterite veining, with widths of up to 20 m. These mineralised zones are located between 0.3 km and 0.7 km from the Mount Veteran Plant. Host rocks are altered sediments of Palaeozoic Hodgkinson Formation containing a quartz – cassiterite vein stockwork.

Mineralisation is generally low grade and the deposits are of small scale, extending only a few hundred metres in strike length. Vein densities vary widely. The Extended deposit consists of a northwest-trending quartz-cassiterite vein set hosted in chloritised and sericitised sediments. The Extended deposit is smaller but more defined than the Dalcouth deposit. Historic underground workings extend to shallow but unknown depth. Prior to the 2010 drilling campaign a total of 40 RC holes had been drilled; mineralisation was intersected in most holes. The 2010 drilling program encountered a significant amount of mineralisation (in 8 holes) that has been incorporated into a resource model. Further exploration will comprise close-spaced drilling.

Drilling at Dalcouth in 2011 was focused on following up drill holes that ended in economic grade from previous programs and testing for extension of mineralisation at depth. The drilling programs have confirmed the presence of high grade tin intercepts. The drilling intersected significant tin mineralisation at shallow depths from both prospects within 50 m of the surface and future exploration work is focused on testing the continuity of the ore bodies and identification of new mineralised zones. Inferred Resources have been defined as shown (Table 2)

Table 2.

Dalcouth and Extended Inferred Resource			
	Vol m3	K Tonnes	Sn %
Dalcouth Extended	39,391	102.4	0.34
	3,672	9.5	0.35
Total	43,063	111.9	0.34

3.3.2 Drilling Program

The company's second drilling program consisting of 43 holes for a total of 2,461 m of RC drilling (Table 3), was designed to accomplish the following.

Extend and infill the previous drilling program on MLA 20547

Identify pods of economic mineralisation.

Test both strike and parallel extensions to the mineralised pod zones

Test other exploration targets identified by trenching and ground magnetics

Table 3. Drill Hole summary – one metre intervals greater than 1% Sn Intercepts

Hole Number	Interval and Sn Grade	Best 1m Sn Grade	Host Rock
SH03	4m @ 1.2%, 33-40 m	1.7%	
X02	2m @ 8% 25-28m	15.75%	Siliceous meta-greywacke
X02	3m @ 4.7% 37-40 m	7.59%	Qtz veined intensely altered meta-greywacke
X11	5M @ 1.0% Sn 24-29m	1.6%	Siliceous meta-greywacke
X19	3m @ 0.495%, 32-35m	0.811%	Siliceous meta-greywacke
X22	1m @ 0.1%, 43-44m	0.1%	Metagreywacke
X23	3m @ 1.681%, 57-60 m	2.39%	Qtz veined intensely altered meta-greywacke
DAL54	3m @ 1.3% 7-10 m	1.8%	Chloritic siltstone
DAL55	7m @ 1.08% 19-26,	3.62%	Chloritic siltstone
DAL65	7m @ 2.0% 15-22m	5.9%	Chloritic siltstone
DAL66	(a) 2m @ 4.7% 28-30	2.5%	Chloritic siltstone
DAL74	2m @ 1.95% -28-30	2.3%	Chloritic siltstone
DAL78	5m @ 1.2% 23-28%	4.4%	Chloritic siltstone
DAL89	5m @ 1.0% 1-6m	1.5%	Chloritic siltstone
DAL66	3m @ 0.196%, 30-33m	0.253%	Qtz veined chloritic siltstone
	3m @ 0.177%, 36-39m	0.291%	Qtz veined qtz lithic greywacke
DAL74	2m @ 0.216%, 35-37m	0.233%	Chloritic siltstone
DAL78	24m @ 0.55%, 30-54m	1.375%	Siliceous meta-greywacke
DAL90	1m @ 0.206%, 0-1m	0.206%	Sandstone
	1m @ 0.290%, 28-29m	0.290%	Chloritic siltstone
	1m @ 0.5%, 34-35m	0.5%	Chloritic siltstone
	1m @ 0.449%, 61-62m	0.449%	Siliceous meta-greywacke
DAL91	2m @ 0.148%, 0-2m	0.166%	Qtz veined chloritic sandstone
	1m @ 0.208%, 11-12m	0.208%	Qtz veined chloritic greywacke
DAL92	2m @ 0.179%, 6-8m	0.256%	Qtz lithic greywacke
DAL93	10 m @ 0.556%, 28-38m	2.28%	Qtz veined meta-greywacke
	2m @ 0.451%, 54-56m	0.521%	Qtz veined meta-greywacke
DAL94	4m @ 0.147%, 37-41m	0.22%	Siliceous meta-greywacke
MAY07	1m @ 0.249%, 0-1m	0.249%	Chloritic sandstone
MAY08	3m @ 0.189%, 31-34m	0.223%	Qtz veined meta-greywacke
VO6	3m @ 0.695% 18-21m	1.385%	Qtz veined chlorite altered siltstone

*SH - Summer Hill; DAL- Dalcouth; X02 – Extended.

The results suggest that there are opportunities to find further mineralisation and expand the resource potential at Dalcouth at depth. For example, DAL78, drilled in 2010, had 7m @ 0.93% Sn and with the 30 m extension, the hole now runs 24m @ 0.55% Sn. The average drill hole length for the 2009-2010 program was 30-40 m, some of which were angled holes. It is possible that there remains significant tin mineralisation beneath 30 vertical metres at Dalcouth

Follow up drilling on the exploration targets of Extended, Dalcouth, Veteran and Summer Hill is planned in conjunction with infill ground magnetics. Resource modelling will be undertaken once all assay results are received. The results indicate that around the previously identified pods of mineralisation there is some high grade (>1% Sn) at shallow depths (<50 m). It may be possible to incorporate this shallow mineralisation into a resource model if its grade is above 0.4% Sn. Below this figure metallurgical recovery rates diminish.

Table 4 Significant results Dalcouth Drilling – Extension of Existing Holes

Hole Number	Interval and Sn Grade	Best 1m Sn Grade	Host Rock
DAL66	3m @ 0.196%, 30-33m	0.253%	Qtz veined chloritic siltstone
	3m @ 0.177%, 36-39m	0.291%	Qtz veined qtz lithic greywacke
DAL74	2m @ 0.216%, 35-37m	0.233%	Chloritic siltstone
DAL78	24m @ 0.55%, 30-54m	1.375%	Siliceous meta-greywacke

Table 5 Significant results Dalcouth Drilling – Extension of Mineralisation at Depth

Hole Number	Interval and Sn Grade	Best 1m Sn Grade	Host Rock
DAL90	1m @ 0.206%, 0-1m	0.206%	Sandstone
	1m @ 0.290%, 28-29m	0.290%	Chloritic siltstone
	1m @ 0.5%, 34-35m	0.5%	Chloritic siltstone
	1m @ 0.449%, 61-62m	0.449%	Siliceous meta-greywacke
DAL91	2m @ 0.148%, 0-2m	0.166%	Qtz veined chloritic sandstone
	1m @ 0.208%, 11-12m	0.208%	Qtz veined chloritic greywacke
DAL92	2m @ 0.179%, 6-8m	0.256%	Qtz lithic greywacke
DAL93	10 m @ 0.556%, 28-38m	2.28%	Qtz veined meta-greywacke
	2m @ 0.451%, 54-56m	0.521%	Qtz veined meta-greywacke
DAL94	4m @ 0.147%, 37-41m	0.22%	Siliceous meta-greywacke

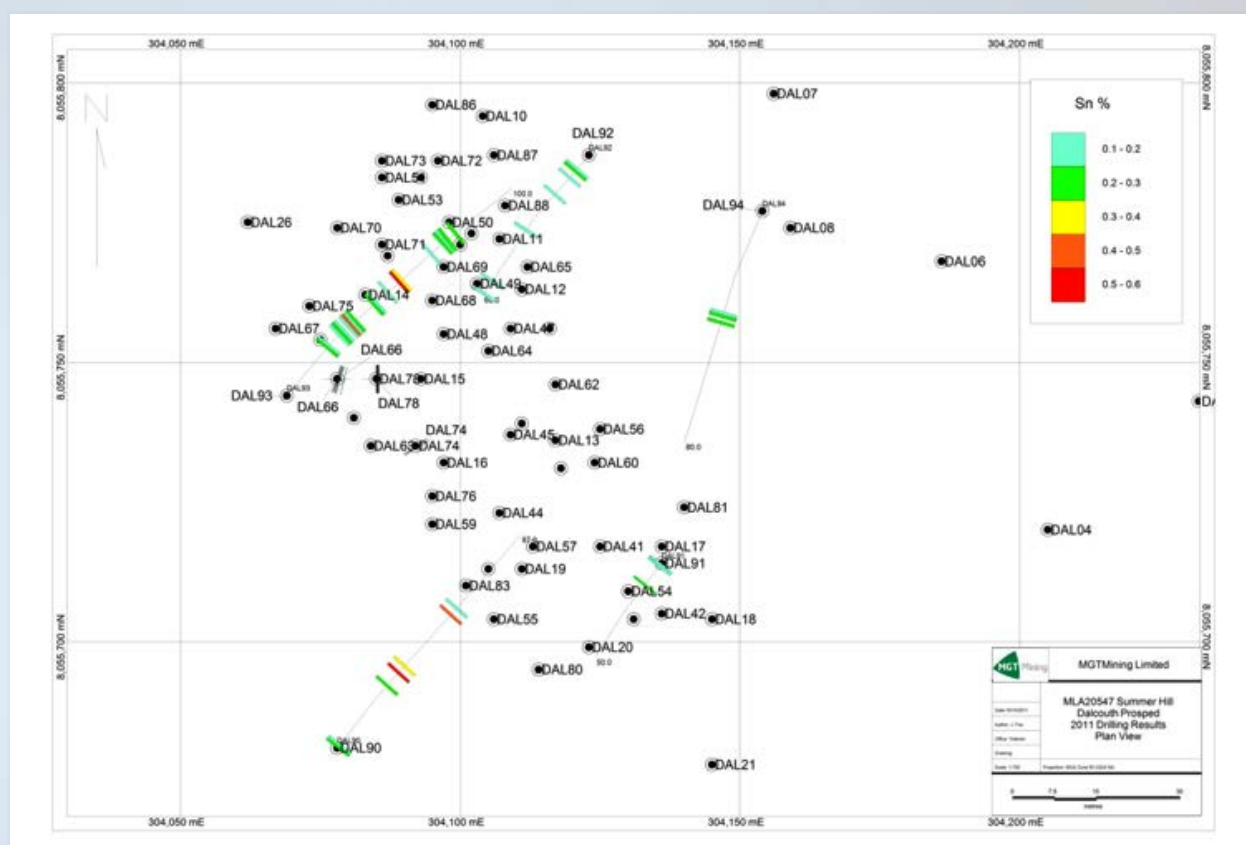


Figure 5 showing Dalcouth 2011 Drilling Assays – Plan View

Dalcouth is the most extensively drilled prospect on the MLA but has not had accurate geological data collection and analysis. The rocks that host the mineralisation at depth (meta-greywackes) are typically much harder than the near surface material and the cassiterite mineralisation is very fine grained; it cannot always be visualised under hand lens. There are opportunities to find further mineralisation and expand the resource potential to the southeast of DAL66. This area has returned significant grade and despite the lack of obvious outcrop as the ridge falls away in this area it requires follow up.

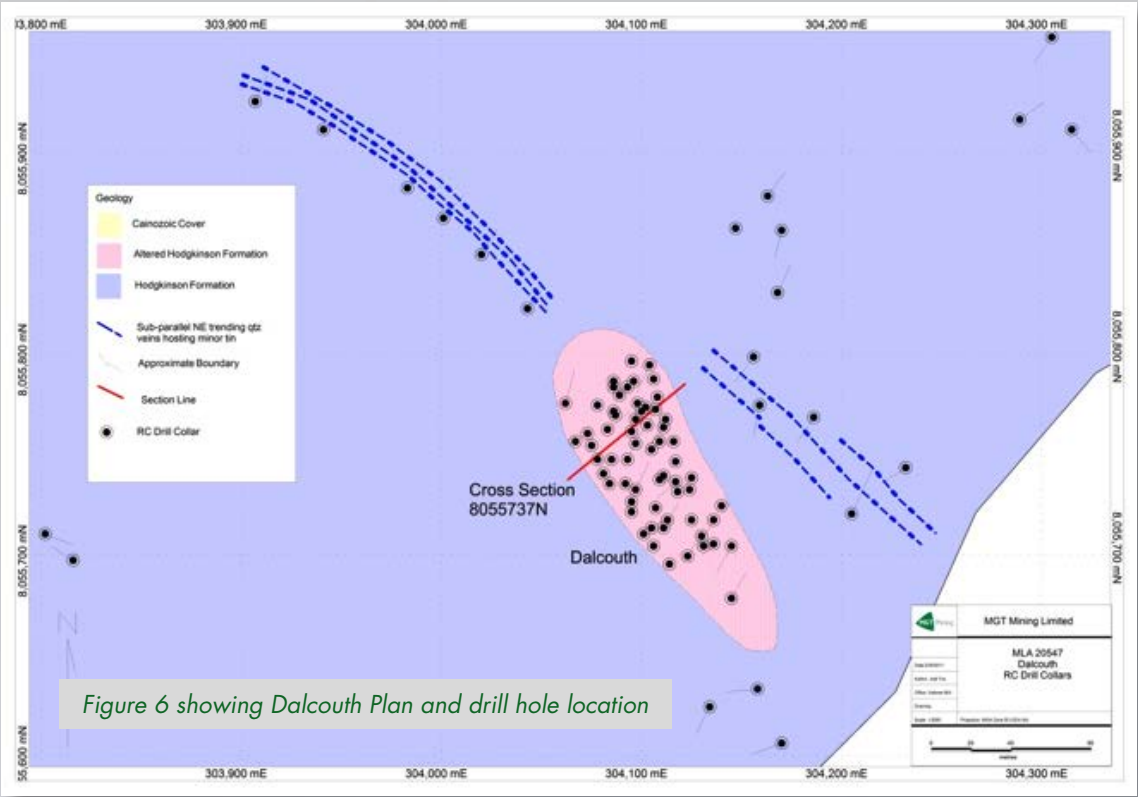


Figure 6 showing Dalcouth Plan and drill hole location

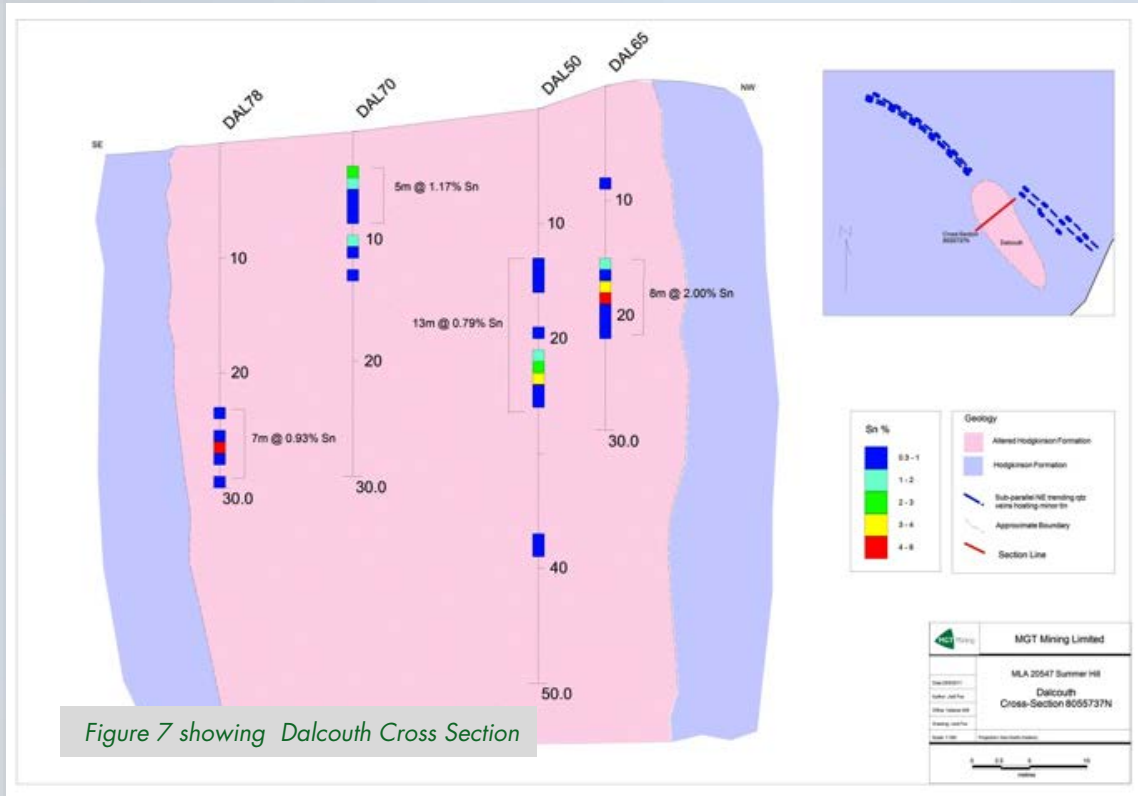


Figure 7 showing Dalcouth Cross Section

3.3.3 Extended Historic Mine

The Extended prospect is located 2.5 km from the Mount Veteran plant. The prospect hosts a mineralised zone with a width of 5m. The zone is located relatively low in the terrain, near the contact of sediments with underlying meta-greywacke, where MGT expects the best mineralisation to occur.

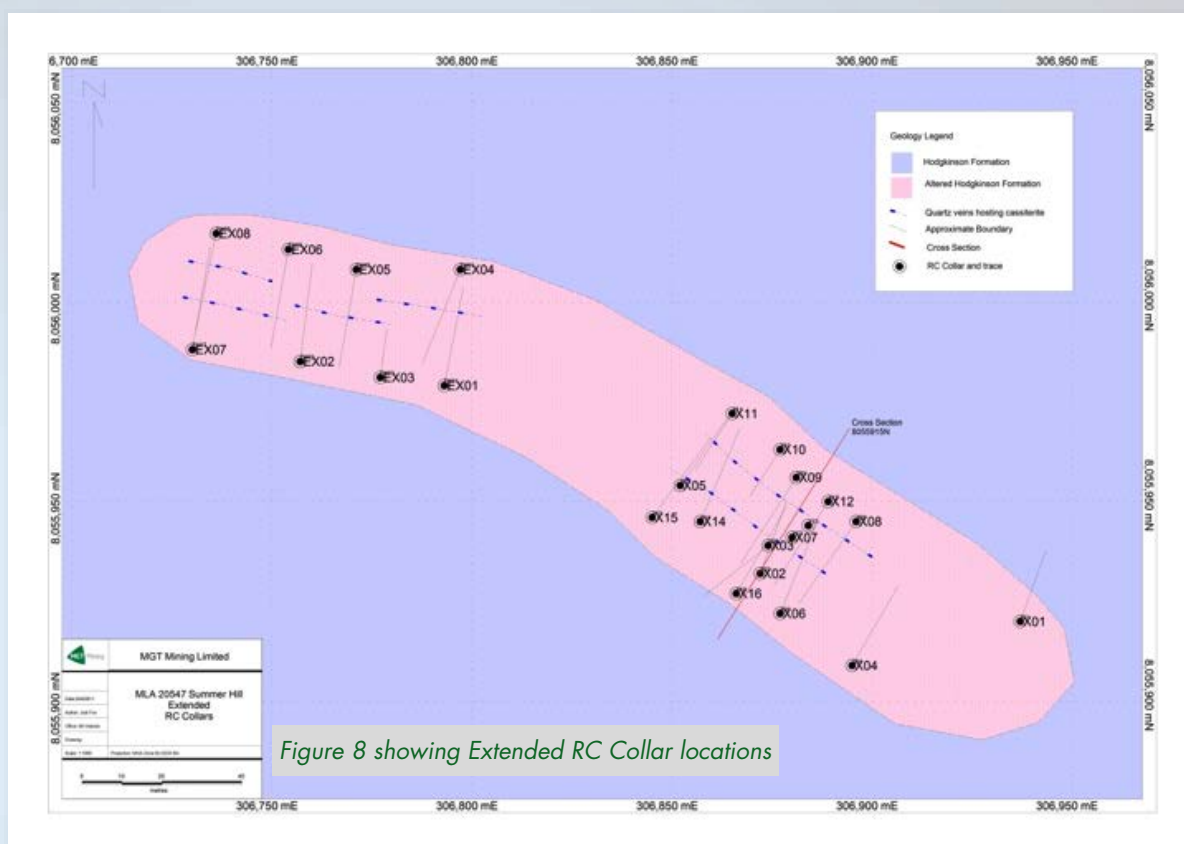
Host rocks are altered sediments of Palaeozoic Hodgkinson Formation containing quartz – cassiterite vein stockworks. Prior to the 2010 drilling campaign, 8 RC holes had been drilled, all of which intersected mineralisation. As the weathered oxide zone was being tested, most of the holes were relatively short (<30 m). The 2010 program intersected some very high-grade shallow mineralisation, including 3m at 4.78% Sn from 37m. Further exploration will comprise close-spaced drilling to define a resource.

Drilling at Extended 2011 (Table 6) was designed to test for lateral extension of mineralisation adjacent to the 2010 X02 15.75% Sn intersection and to test for mineralisation to the southeast and northwest of the general trend of the main mineralised zone.

Table 6 Significant results Extended Drilling 2011 Drilling Program			
Hole	Interval and Sn Grade	Best 1m tin Grade	Host Rock
X19	3m @ 0.495%, 32-35m	0.811%	Siliceous meta-greywacke
X23	3m @ 1.681%, 57-60 m	2.39%	Qtz veined intensely altered meta-greywacke

Drilling results were not as good as expected and suggest that there may be no extension of the mineralisation to the southeast. X19 warrants follow up; this hole was drilled underneath old workings. The best metres were in X23 which was targeting near X02. Unfortunately the cassiterite mineralisation was too fine grained to be seen and the hole ended still in mineralisation. Further geological work including prospect scale mapping is required at Extended prior to further drilling.

Given the seemingly patchy nature of the mineralisation (and depending upon further information from petrography and geological mapping) it may be worth considering drilling a grid pattern of vertical holes to 60 m vertical depth over both the EX and X areas of the prospect at close spacing.



3.3.4 Dalcouth and Extended Deposit Resource

A three dimensional interpretation and mineral resource estimation of the Dalcouth and Extended deposits was completed by Tim Callaghan of Resource and Exploration Geology. The Dalcouth deposit consists of a NW trending zone thin stock work quartz-cassiterite veining. Mineralisation is generally low grade and the deposits are of small scale, extending only a few hundred metres in strike length. Vein densities vary widely. No information on vein orientations or hosting structures was available.

The Extended deposit consists of a quartz-cassiterite vein set hosted in chloritised and sericitised sediments. The Extended deposit is smaller but more defined than the Dalcouth deposit. Historic underground workings extend to shallow but unknown depth.

Both deposits have been tested by close spaced RC drilling completed by MGT. No information was available on sampling methods or recoveries. No systematic QAQC was implemented and no independent Laboratory checks were made.

A block model was created for each deposit and Sn grades interpolated using an ordinary kriging algorithm. The contained mineral resource at a 0.1% Sn cutoff is listed below (Table 7).

Figure 9 showing Extended Cross Section

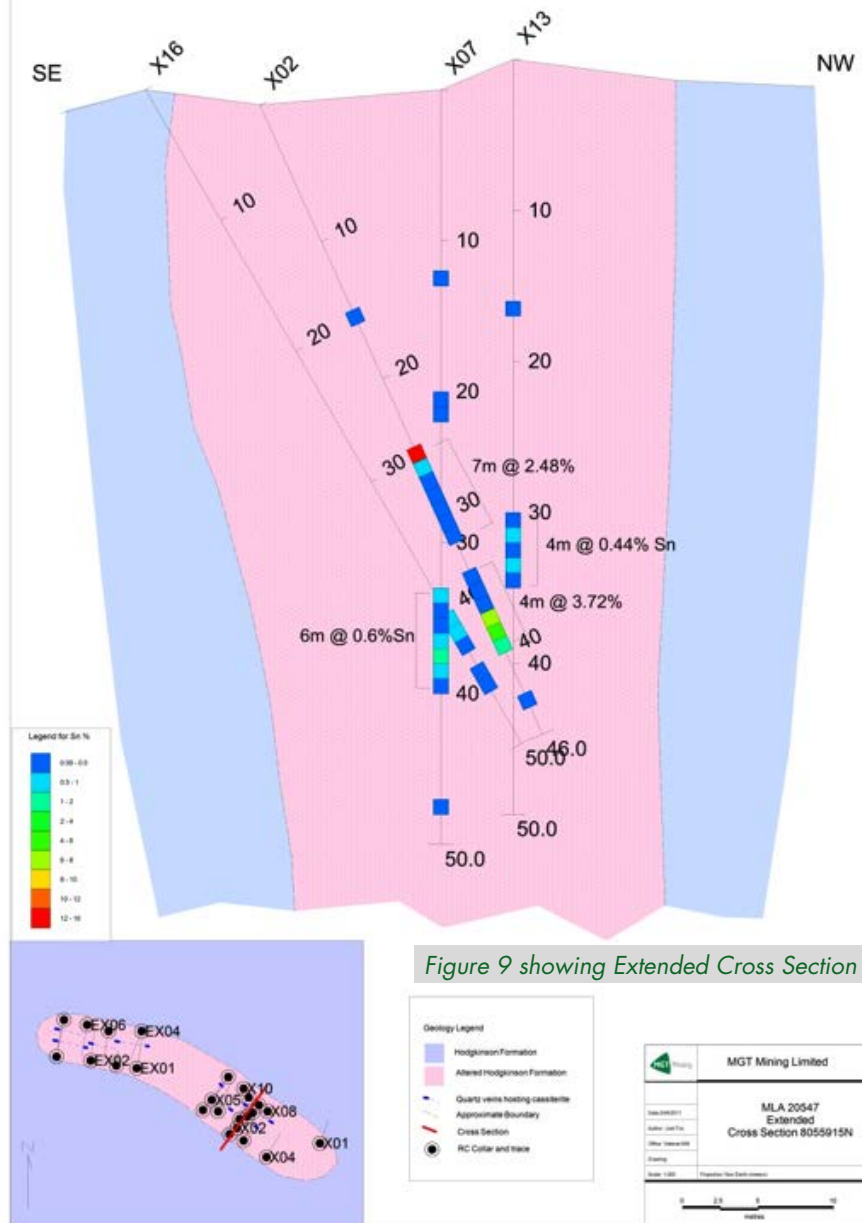


Table 7

Dalcouth and Extended Inferred Resource

	Vol m3	K Tonnes	Sn %
Dalcouth Extended	39,391	102.4	0.34
	3,672	9.5	0.35
Total	43,063	111.9	0.34

The mineral resource was classified as an Inferred Resource according to the 2004 edition of the JORC Code. The classification can be improved with increasing confidence in the data location and quality and the understanding of the geology.

Numerous small deposits of similar style are located in the district requiring additional work including compilation of historical data, geological interpretation and drilling. Several mineralised holes in close proximity to the Dalcouth Resource require follow up drilling as these will influence pit design, possibly increasing available minable resources.

3.3.5 Summer Hill Historic Mine

This prospect has also been identified as having possible bulk mining hard rock potential. Historical records show that 22,000t of tin metal has been produced from dredging alluvials within the Summer Hill area. Large chloritic lodes outcrop as resistant ridges in the project area and are known to contain 1 to 4m zones of tin bearing material. The company has conducted sample testing from the old workings with positive results for tin, gold and copper. Host rocks are altered sediments of Palaeozoic Hodgkinson Formation containing quartz – cassiterite vein stockworks.

Drilling results from the 2010 program included one hole with multiple intersections of above 1% Sn. Two further holes were completed in 2011, SH04 and SH06 and the absence of above background tin in both holes drilled was surprising given the claims made regarding surface mineralisation at Summer Hill in the historical records. The failure may be due to the patchy nature of cassiterite mineralisation across the lease; Summer Hill remains a priority target at present.

3.4 May Day Prospect

Host Rocks – Meta-Sediments of the Hodgkinson Formation

Mineralisation – Cassiterite mineralisation in both quartz veins and disseminated in pelitic and/or psammitic sandstones and siltstones

2011 results at May Day are equivocal. Three of the six holes drilled intersected sub-economic tin mineralisation over very short intervals at a vertical depth of 30-45m (Table 8). It is likely that the single metre at the top of MAY07 is the result of contamination.

Table 8	Significant Tin Intersections at May Day 2011 Drilling Program		
Hole Number	Interval and Sn Grade	Best 1m Sn Grade	Host Rock
MAY05	1m @ 0.126%, 45-46m	0.126%	Qtz veined qtz lithic greywacke
MAY07	1m @ 0.249%, 0-1m	0.249%	Chloritic sandstone
MAY08	3m @ 0.189%, 31-34m	0.223%	Qtz veined meta-greywacke

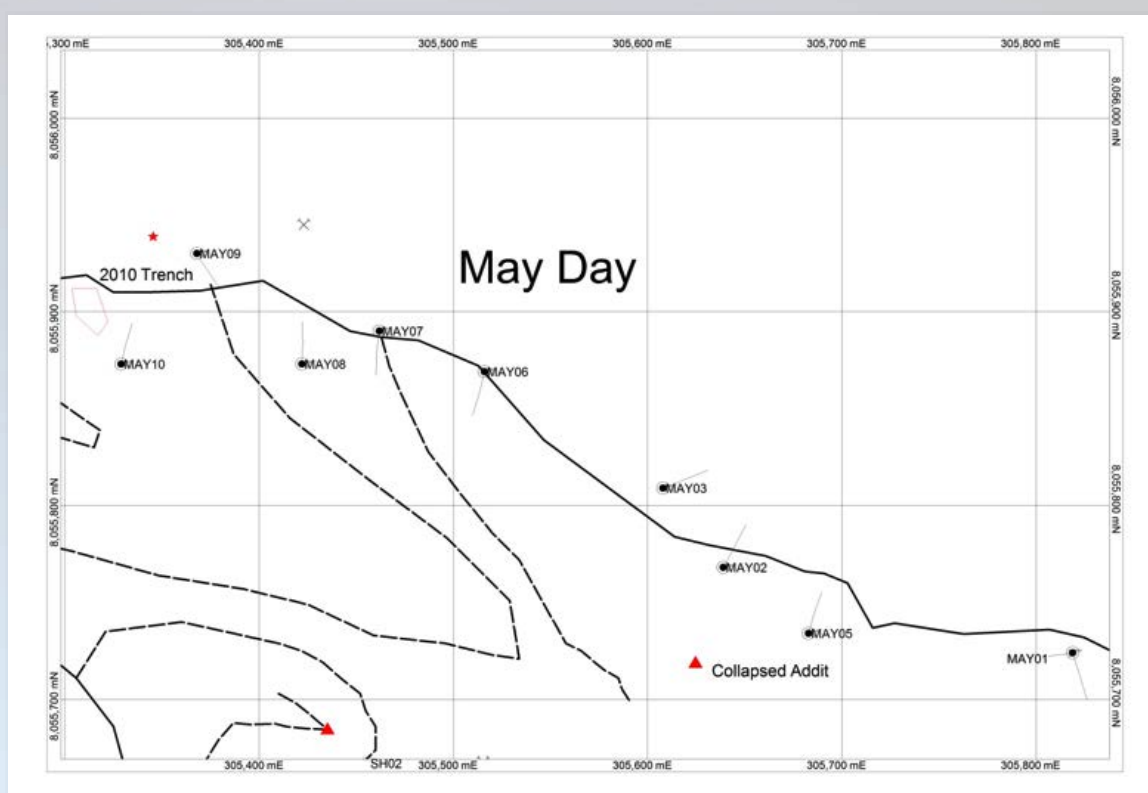


Figure 10 showing drill hole locations May Day

The likelihood of economic tin mineralisation occurring at May Day is evidenced by historical mining, old mullock heaps with visible tin and the trench dug in 2010 at the base of the ridge, which assayed tin at around 2% Sn and produced some good examples of coarse vein hosted cassiterite and medium to fine grained disseminated cassiterite.

It seems likely that near surface cassiterite has already been removed but mineralisation may be found at depth. The presence of a collapsed adit at the base of the May Day ridge suggests that historical mining pursued cassiterite mineralisation at a depth greater than 30 m. There may also be the option of exploiting mullock heaps

3.5 Veteran Prospect

Host Rocks – Meta-Sediments of the Hodgkinson Formation

Mineralisation – Quartz vein hosted cassiterite mineralisation and dissemination in siltstones and meta-greywacke. Drilling results at Veteran reflect the difficulties in attempting to accurately target mineralisation that may follow a general trend but is difficult to predict in its distribution. Two of the holes drilled were barren.

Table 9. Significant Tin Intersections at Veteran 2011 Drilling Program

Hole Number	Interval and Sn Grade	Best 1m Sn Grade	Host Rock
V05	1m @ 0.178%, 40-41m	0.178%	Qtz veined chlorite altered
	1m @ 0.136% 52-53m	0.136%	siliceous meta-greywacke
V06	3m @ 0.695% 18-21m	1.385%	Qtz veined chlorite altered siltstone
V08	1m @ 0.116% 54-55m	0.116%	Siliceous strongly chlorite altered meta-greywacke
V09	1m @ 0.132% 25-26m	0.132%	Qtz veined siliceous meta-greywacke

There is a clear northwest-trending linear zone of more intense chlorite alteration at Veteran. At the northern end of this alteration scarce remnants of coarse cassiterite mineralisation in quartz veins can be found in historic workings.

Drilling in 2011 produced the most number of tin intersections in a siliceous meta-greywacke and at considerable depth (40-50 m). The best and longest intersection was within chlorite altered siltstone just on the contact with the meta-greywacke.

Cassiterite mineralisation located to date at Veteran is patchy and mineralisation is predominantly sub-economic, however the target area is not fully tested. It appears that there are one or more steep faults at Veteran trending on 310o. Faulting has acted as a conduit for magmatic fluids possibly coming up from a relatively shallowly intruded granite. At this stage it seems that either the fluids have been low in tin or that mineralisation is at a greater depth than has been currently investigated.

3.6 Smith Ck. Historic Mine - Prospect:

3.6.1 Introduction

MGT holds 100% equity in the Smiths Creek Tin Mine within EPM 16948, where mineralisation is found as a series of quartz-tourmaline, tin-copper-tungsten rich pipes in a chlorite shear zone. The mine is 15 km by existing road from Veteran Mill. Prior to 1990s, it was not possible for companies with substantial capital and high level of expertise to apply for large EPMs in the Mt. Garnet District as the government has reserved the area for small miners that were mostly exploiting alluvial tin on small scale. Therefore potential for discovery of economic tin, copper, zinc and gold ore deposits by modern methods like stream sediment sampling and assaying by geochemical methods remained to be tested.

Historically, hard rock tin production from Smith Creek was more significant than that from mines like Dalcouth and Viking and the discovery potential for new hard rock tin deposits is probably better because granitic areas that are prospective for tin are more extensive and alluvial tin workings more widespread, indicating a larger number of sources.

3.6.2 History

In 1901 the Smiths Creek lode was discovered and from 1903 – 1909, departmental records show that about 60,000t of 4% Sn ore was produced from a lode 6 – 10 m wide, that extended from the surface to 167m, with grades up to 15% tin. At 167m, copper sulphides were encountered and reportedly the mining stopped because of a major accident leaving high grade ore behind. An additional 23,800t were won by open-cutting mineralisation estimated to have graded approximately 0.7% tin.

Later on the Goldfields Drilling Company tested the mine and intersected grades ranging from trace to 10.4% tin (widths not reported) at the 92 m level and the Geological Survey of Queensland drilled three diamond holes between 1955 and 1966 targeting possible tabular extensions with negative and inconclusive results. Past records suggest there is possibly a second body to the east.

3.6.3 Modern Exploration

In 1980, an economic evaluation by Otter Exploration NL was carried out based on an expected 250 000 t grading 1.68% tin. Otter then drilled three diamond drill holes (260 m total) to test related magnetic features but core recovery was poor and the chloritic shear zones intersected returned grades that were less than 0.1% tin.

In 1996, Strike Mining NL reviewed the feasibility of treating the mineral deposits they controlled in the Mount Garnet district. This included mining the Smiths Creek tin mine and the Adelaide block with processing proposed at the Mount Veteran Plant. On review, the projects were considered unattractive due to weak metal prices.

Smiths Creek mine has recently been gridded, soil sampled, mapped, costeamed, and ground magnetics run. The magnetic response has been integrated with geological mapping and spectral imagery (Aster) interpretation to produce a target area for drilling between the Adelaide block and the Smiths Creek Mine.

3.6.4 Geology and Mineralisation

Most historical tin mines in the area are associated with Permo-Carboniferous Granitoids overlain by Tertiary to Quaternary sand and gravel cover; these were mainly alluvial mines. Smiths Creek Mine was hard rock, exploiting a high grade tin-copper deposit which was outcropping in a small area of exposed granitic rocks.

Tin mineralisation, associated with some copper, is located in the upper part of the granite, while in overlying sedimentary rocks there is zinc-lead-silver mineralisation). The results of sampling of mine dump and the tailings (located in newly applied 'Head or Tails' ML) of the historic mill in which ore from Smith Creek was processed in period 1903 – 1909 indicate that there is significant copper sulphide present in main ore body which was mined to a depth of 167m.

Test work on flotation of the copper sulphide produced a concentrate with about 500 g/t Au and 25% Cu. This byproduct increases the chance of finding mineralisation that would be economic

The above figure shows alluvial tin workings in the light coloured patches of ground that are located downstream of Smith Creek tin mine. Other historic alluvial tin workings, which are located on other streams, must have sourced tin from other hard rock sources – as pointed out by pink arrows.

The central granite area is also prospective for tin and includes a number of other hard rock tin and tin-tungsten mines and alluvial tin mines. The geological setting is similar to that in northern granite area prospective for tin, which includes the Smiths Creek hard rock mine and alluvial tin mines.

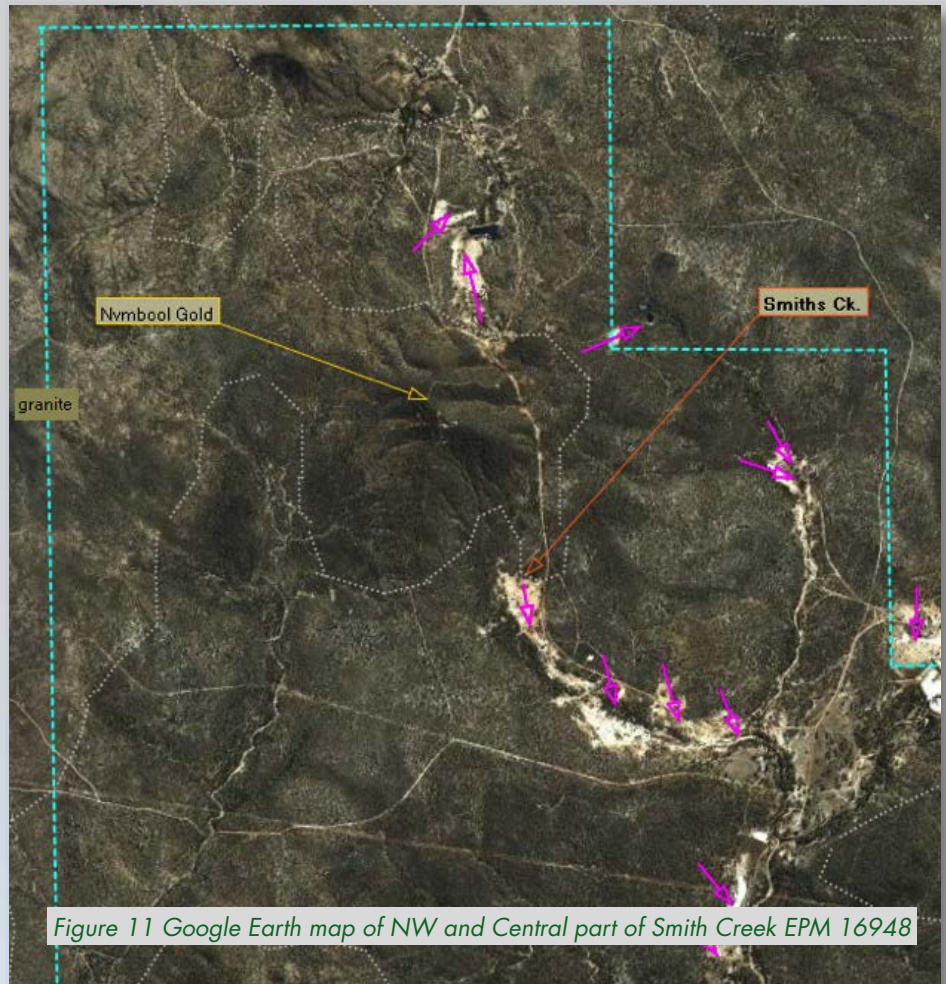


Figure 11 Google Earth map of NW and Central part of Smith Creek EPM 16948

Some recorded historical tin, copper and zinc and gold mines are in the southeast part and less than 1 km south of the southern boundary there are large ore deposits like Gillian (tin) and Rio Cerveza (magnetite), as well as historic copper and fluorite mines, which indicate potential for similar discoveries in the southwest part of EPM 16948.

3.6.5 XRL Drill Testing of Smiths Creek Target:

XRL drilled six holes in 2008 along the 300 m length of the old workings (Figure 12). Despite the large quantity of tin in the alluvial sand derived from Smiths Creek area there was only a modest amount of low grade tin in the drill holes. Most economic tin ore bodies in Mt. Garnet – Irvinebank district are vertical pipes with a diameter of 10 to 30 m and these holes are probably between the pipes, which represent targets needing precision layout.

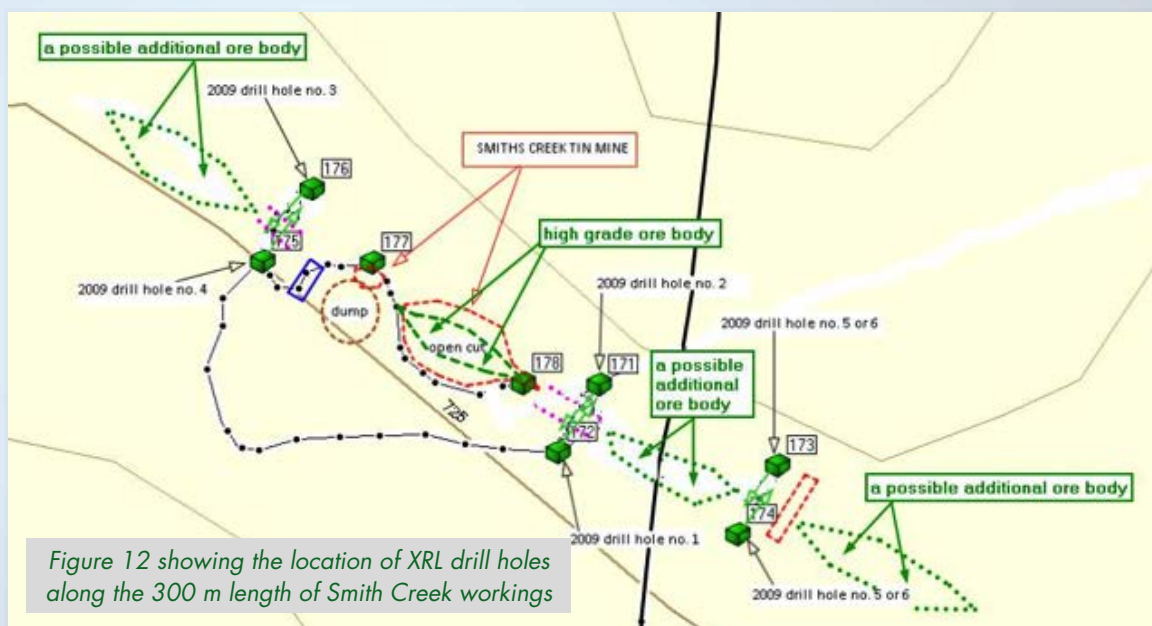
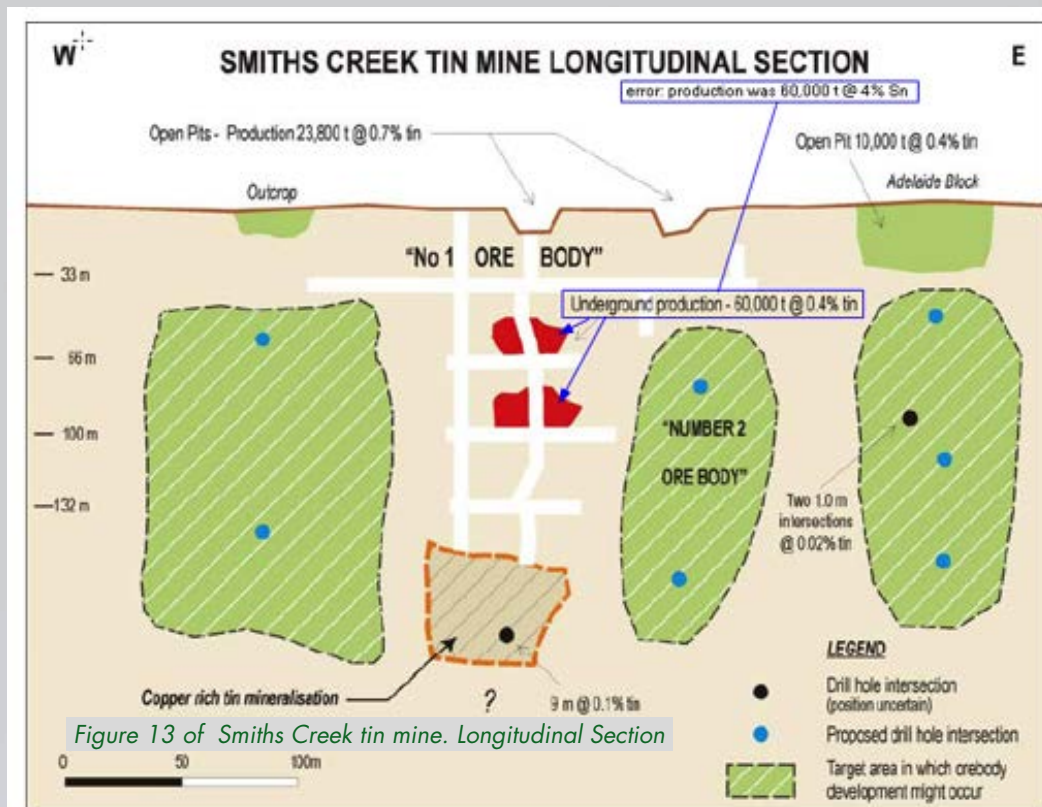


Figure 12 showing the location of XRL drill holes along the 300 m length of Smith Creek workings

The longitudinal Section below illustrates the concept of high grade ore bodies with short strike extent and great depth extent- Difficult drill targets.



The objective of the proposed drilling program is to intersect vertical ore pipes that may be present containing high grade (+1% Sn) mineralisation associated with magnetite. If the target forms a vertical cylinder with diameter of 20 m, the tonnage to depth of 60 m is about 50,000t (targets like April Fool WP28, Adelaide Block WP26 and WP27 may have such dimensions).

If the target forms a vertical cylinder with diameter of 30 m, the tonnage to depth of 75m is about 150,000t (targets like Queen WP34 may have such dimensions). Historic Smith Ck Mine produced approximately 60,000t of ore averaging 4% Sn (including small tonnage of ore with 10% Sn in initial stages) from a pipe 6 – 10 m in diameter from depth interval 0 – 167m.

3.6.6 Smith Creek Proposed Exploration:

Drill testing of Smith Creek targets (main high grade ore body and the lower grade ore body under the open pit) has become high priority with the likely association of tin with gold and copper making the target much more attractive. The following program is proposed:

Check all mine workings

Stream sediment sampling

Ground magnetometer survey

Exploration for similar mineralised zones under sand and gravel cover

A series of about 12 inclined RC holes (variable length of 50 to 100 m to determine the exact position of the main vertical high grade pipe-like ore body (5 – 10 m wide, 30 – 40 m long), and to test for shallow tin mined in open pit which produced 23,800 t @ 0.7% tin). The stopes may be filled with low grade mineralisation that can be extracted by open pit.

3.6.7 Exploration of other Tin Areas

There are several magnetic targets located within a 1 km radius of historic Smith Creek mine which warrant drill testing. In addition the following prospects near Smiths Creek are known from old workings and/or stream sediment anomalies:

Ridge

4by

Queen

April Fool

Adelaide Block mineralisation

3.6.8 Recommendations:

Total of proposed drilling in Queen WP 34 and 35 Targets is 7 holes for 495m.

Total of proposed drilling in April Fool and Adelaide Block Targets is 8 holes / 480 m.

Drilling in Queen WP 34 Target - should be undertaken first because of coincident magnetic 'bullseye' anomaly and old pits.

Queen, April Fool and Adelaide Block Targets are high – medium priority because of association of old pits with magnetic anomalies and stream sediment tin values that are an order of magnitude greater than in MLA20547.

3.6.9 Smith Creek Exploration Program and Budget

MGT plans to build up a resource inventory at the Summer Hill tin lodes and has allocated a two-year budget of \$600,000 at the Maximum Subscription, which includes Mt Veteran. This will allow 2000 m of RC percussion drilling. This will begin at Summer Hill where the targets are already clearly defined. At other lodes, surface work, mainly trenching will be assist locating shallow drill targets.

The principle lodes of Dalcouth, Mount Veteran and Viking have not been systematically tested. RC percussion drilling is planned at 25 m spacing to intersect at 15 m and 25 m vertical depth and will focus on extensions of known tin mineralisation at the principle lodes, initially.

Table 10, Summary Budget for tin projects over 24 months

Tenement	Name	Mineral	Application of funds if minimum subscription raised	Application of funds if maximum subscription raised
ML 4349	Mt Veteran	Tin	\$200,000	\$600,000
ML 20547	Summer Hills	Tin		
ML 20655	Heads or Tails	Tin	\$10,000	\$10,000
EPM 16948	Nymbool	Tin	\$193,920	\$353,920
Total			\$403,920	\$963,900

4.0 Nymbool Copper-Gold Project

4.1 Introduction

The Nymbool district falls into the province that produced Kidston in excess of 3.2 Moz Au, Mount Leyshon and Red Dome. The project area, EL16948, is within the tenements that surround the MLs of the Smiths Creek Tin Mine. The mineralisation is a copper-gold porphyry style or "intrusive related system" with a large tonnage potential at depth. The main historical interest has been around the Nymbool Gold Prospect that is associated with an IP anomaly. Drilling has intersected large intervals of low-grade gold and minor copper mineralisation, mostly in the oxidised zone above the anomaly with most of the drill holes ending in mineralisation.

There are currently 27 drill holes delineating an area of interest covering about 40 000 sq m. Deeper drilling is needed to confirm whether economic copper-gold mineralisation is present throughout the IP anomaly / target.

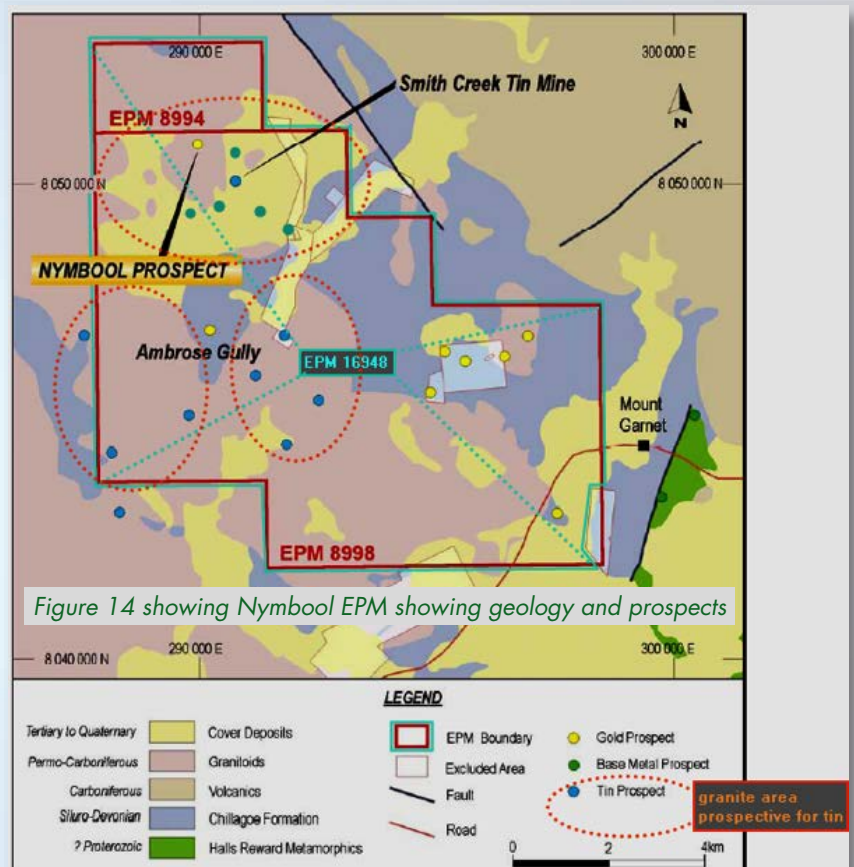
At Ambrose Gully Gold Prospect some 4 km south, elevated gold values in rock chip and soil samples also require further exploration.

4.2 Mining and Exploration History

The Nymbool Gold Prospect was held by Western Mining Corporation (WMC) under a Mining Lease Application (MLA) and prospected during 1989. After surface grid-based mapping, sampling and induced polarization (IP) surveying, WMC drilled 11 RC holes to about 50 m depth, for a total of 545m. Every hole intersected low-grade gold, some over considerable intervals eg 31m grading 0.68 g/t Au, and 27m grading 1.1 g/t Au, but it held little interest for WMC at the time.

WMC relinquished the area and in 1992, Aurelia, in a nine hole RC program, extended the low-grade gold mineralisation further to the north.

Between 1992 and 1994, Normandy Gold Exploration Pty Ltd ("Normandy"), EPM 8998, explored for bulk tonnage copper and gold mineralisation. Normandy's



exploration program included drainage geochemistry and prospecting of airborne geophysical anomalies in areas of outcrop and drill testing of aeromagnetic targets on the Palmerville Fault in areas of Cainozoic cover. Since 1994, under a farm-in agreement with Normandy, DRX explored the area for gold and base metal mineralisation.

In mid 2002 DRX purchased Normandy's interest. DRX has completed stream sediment and grid based soil sampling and geological mapping, IP surveying, RC drilling, mineral target estimates and preliminary metallurgical studies of composites of rock chips from previous drill holes. This was followed up by a dipole-dipole IP and resistivity survey, and the completion of two more RC programs.

4.3 Regional Geology and Mineralisation

The Nymbool Gold Project covers part of the Hodgkinson Province close to the west-bounding Palmerville Fault Zone, which is spatially and genetically related to some centres of economically important mineralisation in north Queensland. In the district, sediments of the basal Siluro-Devonian Chillagoe Formation, consisting of sandstone, shale and conglomerates, are intruded by numerous granitoid rocks of Permo- Carboniferous age.

Regionally, the granitoids are often hosts to the extensive tin mineralisation around Mount Garnet as well as deposits of tungsten, molybdenum, gold and base metals. Vein gold mineralisation is widespread in the sedimentary rocks and base metal skarn deposits are currently under investigation. Low-grade gold deposits similar to Nymbool are known in the district. The Triple Crown Prospect (467,000 t @ 1.5 g/t Au) situated about 7 km to the south-east is an example. The Triple Crown is not held by MGT.

Far north Queensland contains several bulk tonnage low-grade gold deposits of economic significance, which fall into the "intrusive-hosted or related" category. While these are the same style, they are quite different in details of structure and mineralogy and vary from Permian to Carboniferous age. They are described as plugs, breccia pipes and diatremes and can feature skarns. The deposits include Kidston (production to 2001 of in excess of 3.2 Moz Au, Mount Leyshon (production to 2000 was in excess of 3.0 Moz Au), and Red Dome (production to 1997 to 0.68 Moz Au). The Nymbool district falls into this gold province. (Note that the gold production figures are given only to illustrate the potential of the district).

4.4 Local Geology and Mineralisation

The principal interest in the area is the low-grade porphyry style Nymbool Gold Prospect where mineralisation is associated with a complex of felsic porphyritic rocks intruding the contact zone of two granitoids. Several felsic porphyry bodies, together with country rock granitoids, are hosts to mineralisation, but the principal host is quartz porphyry. The host rocks are cut by a northwest trending set of fractures, greisen zones and veins which, in turn, are cut by north trending shears with sheeted quartz veins, gossanous partings and narrow, quartz-fill breccias. Better gold grades are associated with intense quartz veining and pervasive or selvage silicification, but gold grades occur in all rock types.

Drilling has intersected large intervals of low-grade gold and minor copper mineralisation with most of the drill holes ending in mineralisation. There are 27 drill holes delineating an area of interest covering about 40 000 sq m.

In 2001, DRX completed a dipole-dipole IP and resistivity survey using a dipole spacing of 100 m to define zones with potential gold mineralisation at depth and adjacent to the known gold mineralisation. Three-dimensional inversion modelling of this IP data identified a number of targets.

The top of the IP anomaly is about 80 – 100 m below surface so that only the upper portion has been tested and is a high priority target for deep drill testing. The target suggested by drilling is around 2.4 Mt of oxidised leached mineralisation that contains generally 0.3 - 1 g/t Au and averages 0.6 – 0.8 g/t. If it can be extracted by heap leaching, it could pay for removal of overburden to access the potentially profitable sulphides below, which should be amenable to concentration by inexpensive flotation to produce a payable gold/copper product. For these reasons, deep holes need to test the entire IP anomaly.

The IP anomaly / target extends for 350 m in a northeast direction. The width of the anomaly / target is 150 to 300 m (average 200 m). A series of 250 m deep vertical drill holes is proposed to test this IP anomaly. If these holes confirmed that economic copper-gold mineralisation is present throughout the IP anomaly / target, some 35 Mt of mineralisation may be present within open cut depth.

The IP anomaly / target appears to be open to the northeast so that it may be possible to prove up a larger tonnage by drill testing potential extensions to the northeast. The depth extent of sulphide mineralisation remains unknown but is likely to extend to a depth greater than the 250 m reached by IP.

At both the Nymbool and the nearby Ambrose Gully, gold is closely associated with the top contact of a porphyritic biotite granite. At Nymbool, gold occurs in a fine to medium grained granite on the contact, while at Ambrose Gully, gold is associated with quartz-greisen on the contact. In both cases the contacts dip at a flat angle of less than 20°.

The bulldozing of access tracks and drill pad sites on the hilly terrain has created new rock exposures and at the Nymbool Prospect, extensive (15 m wide) areas of alteration in the granitoids and an auriferous quartz bearing zone (25 m wide and intermittently 100 m long), are known, which might represent a feeder system containing elevated gold.

4.5 Cerro Colorado

Cerro Colorado is a typical copper-gold deposit with low grades. The host rocks include a large altered porphyry intrusion with pyrite – chalcopyrite vein stockwork and disseminations. Historical work has defined a target of 2.3 to 2.5 Mt at 0.6 – 0.8% copper was defined in the oxidised zone with gold values commonly between 0.2 – 1.0 g/t Au.

4.5.1 Previous Work

Historical holes located considerable copper mineralisation; the better assay intervals included:

NYM 13: 73 – 76m (3m) averaging 0.3% Cu and 1.5g/t Au

NYM 13: 80 – 95m (15m) averaging 0.4% Cu and 0.4g/t Au

NYM 14: 95 – 103m (8m) averaging 0.4% Cu and 0.4g/t Au

NYM 17: 89 – 99m (10 m) averaging 0.8% Cu and 1g/t Au

NYM 18: 64 – 80 m (26m) averaging 0.4% Cu and 0.2g/t Au

NYM 20: 70 – 88m (18m) averaging 0.4% Cu and 0.4g/t Au

Note that the holes were inclined so that true vertical depth is less than the depth down hole)

From this work a target zone of 2.3 to 2.5 Mt at 0.6 – 0.8% copper was defined in the oxidised zone with gold values commonly between 0.2 – 1.0 g/t Au.

4.5.2 MGT Exploration

Four holes were drilled by MGT to test the primary (sulphide) zone below earlier drilling which stopped at a 50-80 m vertical depth in elevated copper and gold values. The results showed that copper-gold mineralisation extends to much greater depth but is weaker. At cut-offs of 1 g/t Au and 1000 ppm Cu the gold values averaged around 0.3 g/t and the copper 1700 ppm. Stronger copper in the upper zone are probably due to secondary enrichment under a leached cap. Hole CC03 located in the centre of the system gave the best results with 0.18 g/t Au, 0.075% Cu (0 - 250 m)

4.6 Ambrose Gully Gold Prospect

The Ambrose Gully Gold Prospect is located some 4 km south of the Nymbool prospect and has been defined by elevated gold values in rock chip and soil samples – particularly in the region of the contact between granite and sediments where the development of an extensive quartz greisen has been developed. Some early drilling in the general area by previous explorers targeted ferruginous breccia “lodes” in the sediments, but did not target the greisen zones which remain to be tested.

4.7 Exploration Program and Budget

The mineralisation at Nymbool is significant because it shows that the prospect is part of a widespread gold bearing zone with geological characteristics similar to deposits that have been successfully exploited. MGT will examine the intrusive-related gold system to search for higher-grade zones. The mineralisation has not been closed off, at depth and to the north.

In the first stage at Nymbool, two 250 m holes would be drilled to confirm that the IP anomaly is correlated with copper sulphides. Depending on results, a new IP survey to extend anomaly to the northeast and further drilling would be undertaken followed by further drilling.

At Ambrose Gully, where very little recent work has been carried out, the granitoid/sediment contact will be investigated for signs of mineralised greisenised areas.

MGT has budgeted \$193,920 in the first two years under the minimum subscription and \$353,920 under the maximum subscription for geochemistry, geological mapping and follow-up drilling.

5.0 Pyramid Gold Project.

5.1 Introduction

MGT holds EPM 12887 “Pyramid” of 320 sq km, located in the Mt. Coolon district / Drummond Basin, 150 km southwest of Bowen in North Queensland. It contains several prospects showing gold bearing epithermal style quartz veins. The region is important for high grade gold deposits of the epithermal style such as Pajingo, Yandan and Wirralie.

The EPM includes a major north-northeast trending belt of gold mineralisation developed over a strike length of 15 km, extending from the Sellheim North Prospect southwesterly through to the Madhya Pradesh - Rockpool Creek prospects in the south, with many gold prospects in between, including the main gold targets, Gettysberg and Sellheim.

Gettysberg and Sellheim were drilled in the 1990s and produced shallow high grade quartz lode gold values and low grade disseminated gold. These two prospects are unusual in that after 30 years intensive gold exploration in all parts of Australia, there are few targets with encouraging drill intersections at shallow depth that still remain to be followed up, such as these. The drilling at the Gettysberg prospect defined a significant shallow mineralized gold zone with epithermal characteristics and included 8.0 m @ 18.08 g/t gold in Hole MDRC-031.



MGT's review of exploration in the Drummond Basin shows that exploration and mine development is still at an early stage and that further major discoveries such as Pajingo can be expected. The region has included some important quartz lode and disseminated gold deposits and the company considers the basin to one of the most promising gold districts in Australia that has the potential to turn the company into a significant participant in gold exploration & mine development.

5.2 Historical work

In 1984 the Wirralie and Pajingo gold deposits were discovered and were developed as mines by 1987. Soon after this the Yandan gold deposit was discovered. Intensive detailed search in vicinity of Pajingo mine led to the discovery of the Vera and Nancy deposits and the development of new mines here, which are significant gold producers from quartz lode type ore bodies.

Examples of quartz lode gold mines in the district include:

The Scott quartz lode at Pajingo produced 1.35 Mt @ 8.86 g/t Au for 0.39 Moz Au.

The Vera and Nancy lodes at Pajingo had initial resources of 1.68 Mt @ 14.1 g/t Au and 0.8 Mt @ 12g/t Au respectively (0.84 Moz Au).

These resources were increased to more than 2 Moz Au by 2001 despite continued production. In June 2010, North Queensland Metals Ltd, announced reserves and resources of 0.8 Moz- sufficient for an additional 14 years of mining, with potential for further increases of reserves by continued drill testing of extensions.

Examples of disseminated gold deposits include:

Wirralie with 3.65 Mt @ 2.75 g/t Au (0.32 Moz Au).

Yandan with 6.42 Mt @ 1.54 g/t Au (0.32 Moz Au).

Pajingo and Vera Nancy are characterised by high-grade gold mineralisation of the low- sulphidation epithermal style: discrete high-grade shoots, containing usually fine (occasionally coarse) grained, free-milling gold and banded quartz. Alternatively the gold may be disseminated in a stock work of small veins, which can be a bulk-mining target. The resource figures are given only to illustrate the order of magnitude that well developed epithermal gold deposits can attain.

5.3 Geology

The Pyramid Project lies in the northeast of the Devonian to Carboniferous Drummond Basin, which is Devonian to Carboniferous in age. The Basin contains a north-northeast trending inlier of Late Ordovician Anakie Metamorphics. The inlier divides this region from the main area of Drummond Basin sedimentation to the west and the thick wedge of the Late Carboniferous Bulgonunna Volcanics to the east.

The host rocks in the EPM are the 'Saint Anns Formation' sediments (siltstones, and sandstones). Mineralisation at the Pyramid Project consists of epithermal quartz veins, graphite - pyrite - sericite stylonitic veinlets and breccia matrix infill. This mineralisation is only hosted in micaceous sandstones of the Saint Anns Formation.

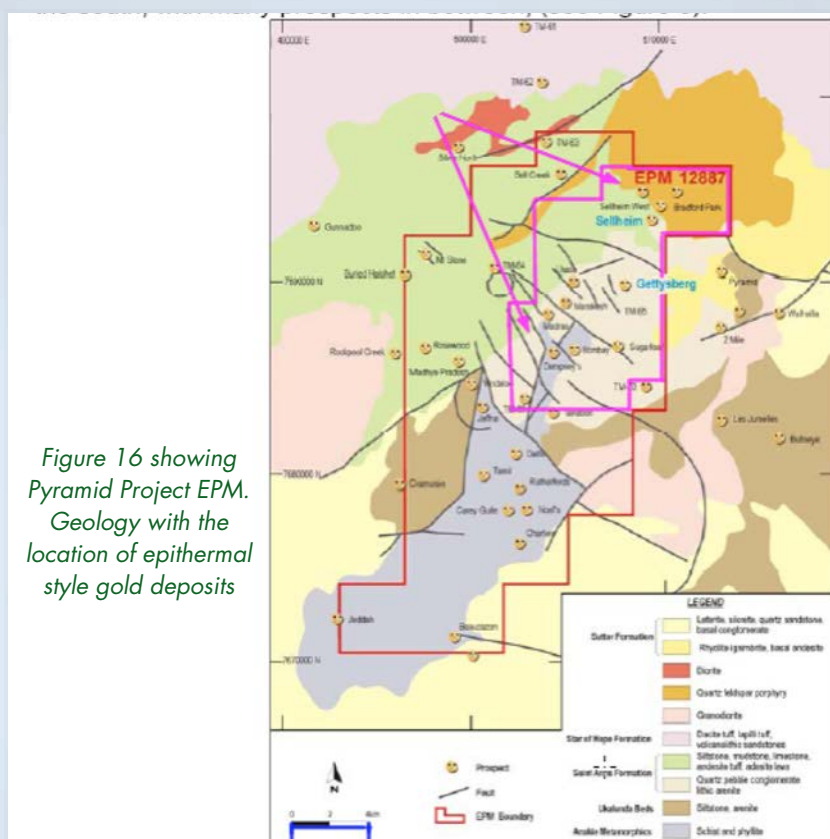


Figure 16 showing Pyramid Project EPM. Geology with the location of epithermal style gold deposits

Equivalents to the Saint Anns Formation are the hosts to epithermal gold mineralisation in the Drummond Basin at the Pajingo, Yandan, Wirralie and Twin Hills gold deposits. On this basis, considerable potential is thought to exist for the development of multiple bulk-tonnage epithermal gold deposits within sediments of the Saint Anns Formation in the Pyramid area. In the Pyramid area mineralisation also occurs within the Ukalunda Beds which underlie the Saint Anns Formation.

Mineralisation includes several styles of which the most economically significant gold mineralisation are the epithermal veins, which include the Sellheim and Gettysberg prospects. These carry free visible gold. This mineralisation is hosted within clastic units of the Ukalunda Beds and Saint Anns Formation.

5.4 Previous Investigations:

From the late 1970s, several mining companies explored the surrounding area, principally Amoco Minerals Inc, AOG Minerals Limited, Sanidine NL, Battle Mountain (Australia) Inc ("BMA") (Pajingo Gold Mine Pty Ltd), Hunter Resources Limited, Dalrymple Resources NL ("Dalrymple"), Poseidon Exploration Limited, Newcrest Mining Limited ("Newcrest") and Diatreme Limited.. Exploration was mainly directed towards locating epithermal gold mineralization.

The work has included mainly geological mapping, stream sediment surveys (BCL and pan concentrate), rock chip sampling and drilling of gold anomalous-prospects, especially those showing epithermal characteristics. Some exploration was directed specifically towards Carboniferous intrusive associated porphyry gold mineralisation.

5.5 Gettysberg Project

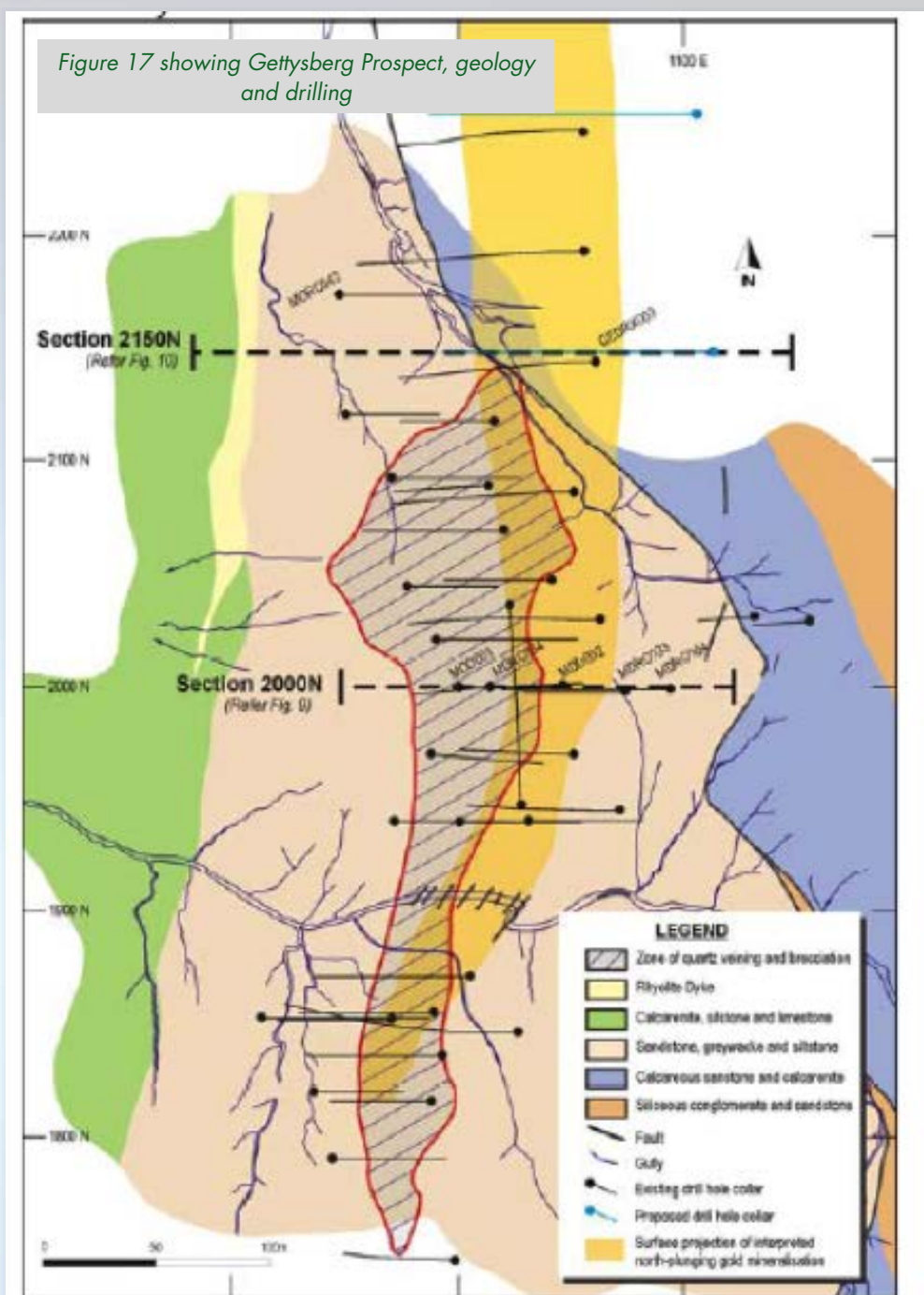
5.5.1 Introduction

Gettysberg was discovered from the follow-up of a stream sediment anomaly. Highly anomalous rock chip assays up to 2000 g/t Au were located in siliceous breccias. Soil sampling delineated a 400 x 100 m anomaly of >175 ppb Au (1500 ppb Au peak) at the Devils Den and Culps areas, trending northeast. Several zones of >50 ppb Au occur outside the main anomalous zone.

A total of 32 RC and 2 diamond holes have been completed and has included 114 m grading 0.47 g/t Au from 29 m and higher grade intersections that indicate there is good potential for continuity of gold values at greater depth. Further drilling is required to complete the initial exploration phase as the drilling only tested to a depth of 75m.

The host rocks include Saint Anns Formation of Late Devonian to Early Carboniferous age, dominated by a sedimentary sequence composed of feldspathic quartz sandstones, micaceous siltstones, thin beds of algal limestones and quartz pebble conglomerates. The equivalents to the Saint Anns Formation are the hosts to gold mineralisation in the Drummond Basin at the Pajingo, Yandan, Wirralie and Twin Hills gold deposits.

Gold is associated with sediments that are strongly sheared and altered to silicified sericitised schist. Mineralisation includes more extensive lower grade graphite-pyrite network veining and narrower but higher grade quartz vein / lode type.



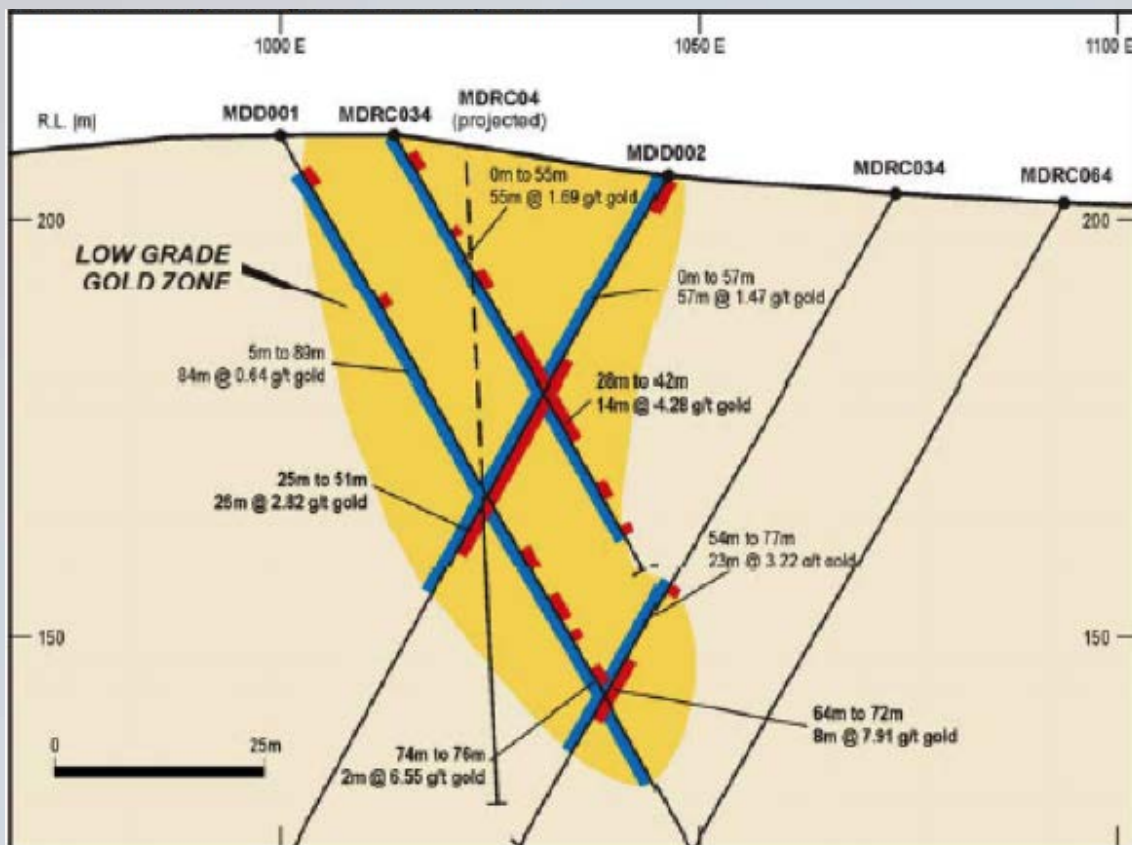
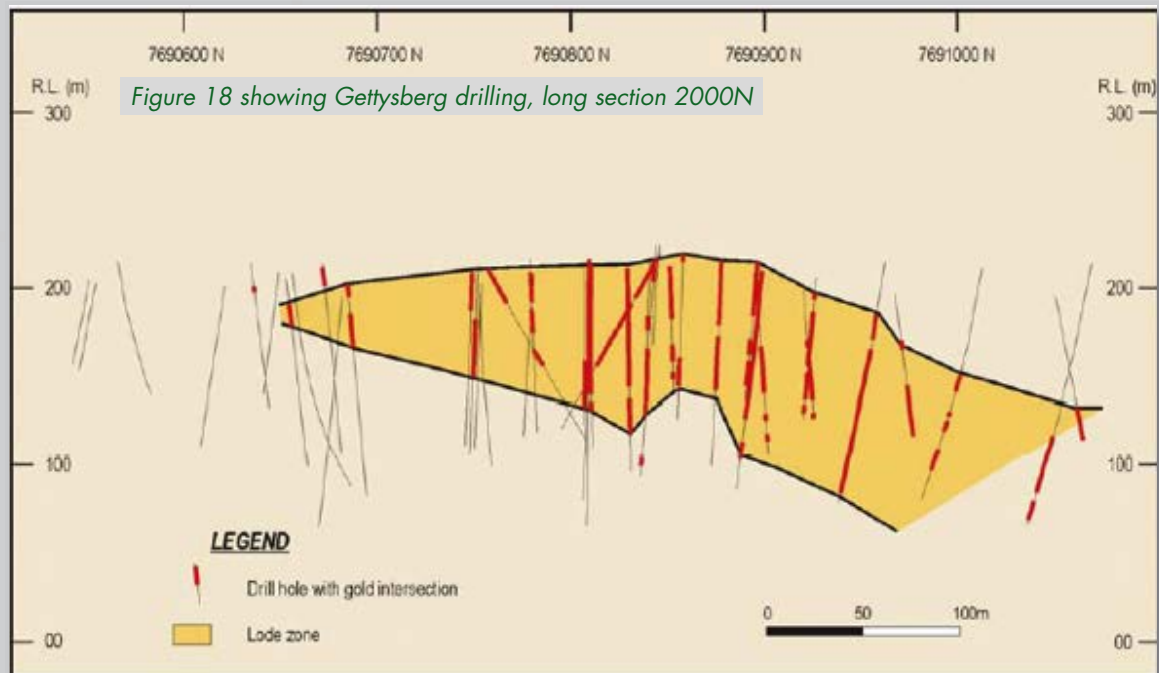


Figure 19 showing Gettysberg Drill Target, Cross section 2260N. Higher grade assays are distributed patchily and cannot be easily correlated.

5.5.2 Previous Work

Dalrymple drilled the Gettysberg prospect which was defined from follow-up stream sediment geochemical sampling and highly anomalous rock chip samples (up to 2000 g/t Au) from siliceous breccias in the general vicinity. They completed two drilling programs (comprising 32 RC holes and two cored holes). The holes intersected fine-grained micaceous quartzose sandstone and interbedded fissile siltstones. Mineralisation consists of comb/cockade quartz vein stock works and graphite-pyrite-dolomite breccia zones. Visible gold was noted in the core holes associated with a graphite-pyrite matrix.

Encouraging intersections (not true widths) from these drilling programs are listed below:-

Table 14 showing Gettysburg Prospect Drill Results

Hole No.	From(m)	To(m)	Width(m)	g/t Au
MDRCO31	0	8	8	18.08
MDRCO33	52	76	24	4.96
MDRCO34	28	42	14	4.28

In 2005, Diatreme Resources Limited (DRX) drilled eight RC holes at the Gettysburg prospect, to an average depth of about 130 m. Gold bearing zones were encountered within sericite-silica altered fine sandstone with strong graphite-pyrite network veining and jigsaw crackle breccia development. Low tenor gold mineralisation was developed over thick intersections (from 30 to 114m). This "halo" mineralisation is interpreted to plunge to the north and mineralised zones are open to the east and down-dip. Two intersections from this drilling shown below (not true widths) give encouragement for follow-up drilling:

Hole GEDRX003: 114m (29 to 143m) grading 0.47 g/t Au, and

Hole GEDRX005: 16m (77-93m) at 0.87 g/t Au.

5.6 Sellheim Prospect

5.6.1 Introduction

The Sellheim Prospect was discovered by systematic 1:20,000 scale geological mapping and rock chip sampling by Battle Mountain (Australia) Inc. in 1987

5.6.2 Geology and Mineralisation

Host rocks, alteration and structure are the same as at Gettysburg but there is less quartz veining. Mineralisation includes graphite-pyrite network veining. A northeast-trending ridge of micaceous, feldspathic quartz sandstone is present and sericite-pyrite-jarosite alteration surrounds a quartz veinlet stockwork, with surface rock chip assays of up to 2.92 g/t Au.

Battle Mountain initially drilled 9 angled RC holes (EBR-1 to EBR-9), and obtained two 10 to 20 m intersections grading 0.37 g/t Au Graham, 1989). This drilling was followed up by a further 9 deeper RC holes (EBR-40 to EBR-48) designed to test below the anomalous intersections, obtaining two 8m intersections averaging 0.7 g/t Au.

Dalrymple evaluated BMA's results and conducted soil sampling, geological mapping at 1:1,000 scale and trenching (2 trenches), indicating a pronounced soil geochemical anomaly of >100 ppb Au. A further 3 RC holes (MRDC-22 to MRDC-24) were completed by Dalrymple which also intersected mineralisation. Best results obtained were 28m @ 0.33 g/t Au (0-28m) in hole MDRC-23, which included 4m @ 1.30 (12-16m).

Dalrymple indicated the better mineralisation was associated with pyrite-sericite-silica altered, matrix supported breccia in sandstone. The breccia consists of sediment and dacite to andesite clasts/fragments supported by a quartz-sericite matrix, with both clasts and matrix being replaced by anhedral dolomite. Hydrothermal graphite is associated with the dolomite. The mineralisation would appear to be similar to stylolites observed at Twin Hills (1991). Porphyry dykes containing 5 to 10% pyrite stringer veinlets were also intersected.

Dalrymple completed a further RC hole (MDRC-60) to test for extensions to the MDRC-23 intersection (Tedman-Jones, 1993). However, this hole only intersected weak gold mineralisation over 4m.

The budget will cover closer-spaced drilling.

5.7 Proposed Pyramid Gold Exploration and Budget

The overall Pyramid budget will amount to \$190,000 at the Minimum Subscription over a two year period for approximately 2000 m of drilling on the Pyramid Prospect.

The Sellheim — Gettysburg — Marrakesh - Pradesh line of basin margin, fault prospects are considered favourable for the location of high-grade gold mineralisation. The proposed exploration program includes further geological mapping, structural analysis, refined improved soil geochemical sampling, IP - resistivity geophysical surveys and RC drill testing of targets generated. No deep diamond core drilling has been undertaken on several of these prospects.

Initial activity will be directed at the Gettysburg and Sellheim prospects which are more advanced. At Gettysburg, priority will be given to drilling at greater depths the interpreted flat plunging gold zone to the north within an envelope of low-grade mineralization and MGT has allowed between \$50,000 and \$100,000 for geochemistry, geological mapping and follow-up drilling in the first year.

6.0 Yarrol Gold Project

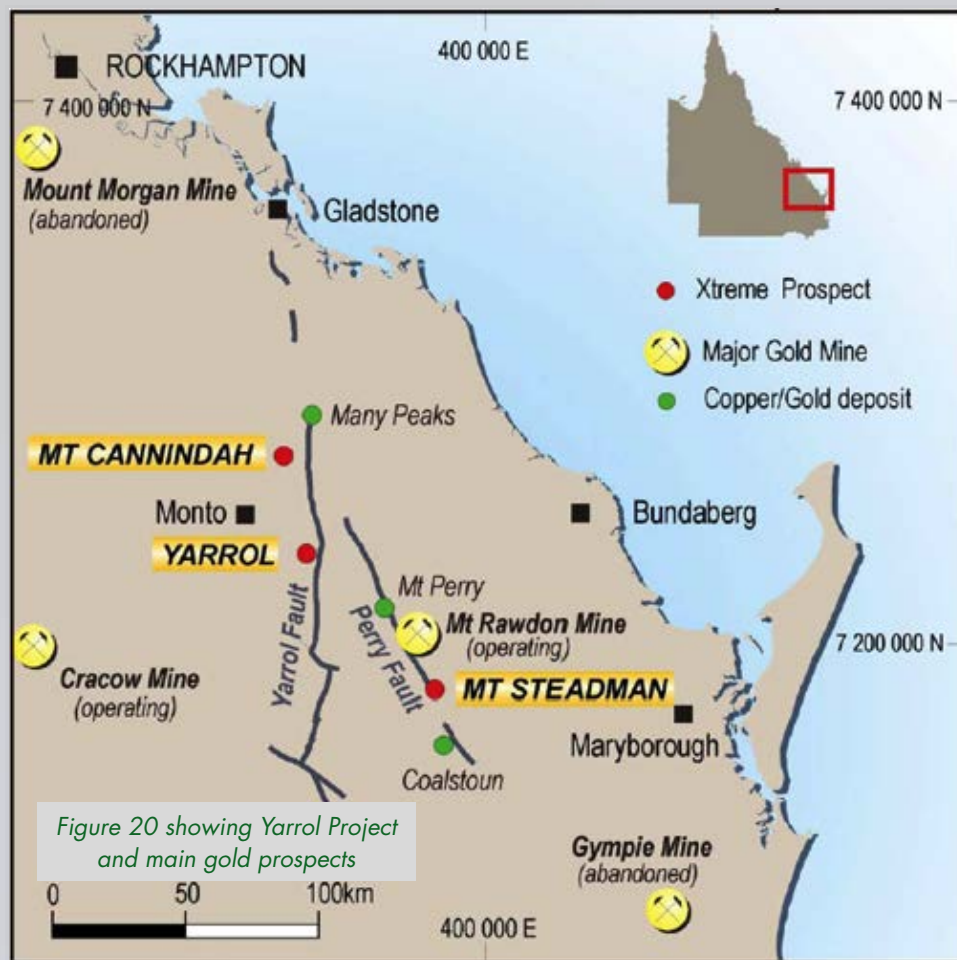
6.1 Introduction

MGT has three separate gold prospect areas in Southeast Queensland, Yarrol (EPM 8402), Mt Steadman (EPM12834) and Gooroolba (EPM 15426). MGT aims to advance these projects with further drilling and to assess the amenability of heap leaching at Mt Steadman and of trucking higher grade gold from Yarrol:

At the Yarrol prospect an Indicated Resource of 1.15 Mt @ 1.5 g/t gold is present, mineable by open cut. Porphyry style gold mineralisation here is associated with a suite of dioritic bodies.

At Mount Steadman, porphyry style gold and molybdenum is associated with various granitoids and acid dykes with gold located in a shallow dipping zone of sheeted quartz veining within the granitoids.

At Gooroolba, porphyry style gold-molybdenum requires further exploration drilling.



6.2 Geology and Mineralisation

The Yarrol project area falls within the northern New England Fold Belt, which consists mostly of a complex volcanic arc – continental margin succession related to a Carboniferous subduction complex. Granitoid emplacement was accompanied the extensional events as well as extensive Triassic volcanism. North-northwest shears, such as the Perry Fault, (see Figure 15), and northeast cross-cutting faults, dominate the structural framework. Over printing this regional fabric are north trending faults, which exhibit a strong spatial relationship with Permian to Triassic mineralisation.

Several Late Permian to Cretaceous age porphyries occur in relatively narrow zones roughly parallel to the Perry Fault. Host intrusives range from quartz diorite, granodiorite to granite/rhyolite composition. Multiple intrusions, breccias and pebble dykes are common. Mineralisation ranges from copper, copper/gold to gold. Alteration is typically quartz-pyrite-sericite assemblages, which grade outward to chlorite-clay zones. Potassic (biotite) cores are sometimes present.

The major Yarrol Fault occurs along the eastern margin of the Yarrol Basin, which is

considered to be a thrust along which serpentinites have been emplaced. Large silica-pyrite bodies also lie along this fault.

The Yarrol Basin contains sediments of Carboniferous to Permian age intruded by Permian to Triassic plutonic rocks. The largest copper porphyry in the region is Coalstoun (85 Mt grading 0.3% copper). Mount Rawdon, a large breccia pipe, (2006 reserve statement of 33.3 Mt grading 1.01 g/t gold and 3.14 g/t silver) is currently being mined.

6.3 Yarrol Gold Prospect

6.3.1 Previous Investigations

Mining at Yarrol started in the late 1800s and continued spasmodically until 1938. Production records are incomplete, but only 300t are believed to have been produced with variable high grades and a likely average grade of 10 g/t gold.

Several exploration companies, including Amoco Minerals Australia Company, Augold N.L., the Geopeko-Fawdon/Skett joint venture, Cyprus Gold Australia Corporation ('Cyprus'), Strike and DRX, have completed exploration at Yarrol since 1971.

This exploration has included:-

- Stream sediment sampling and grid controlled geochemical soil sampling.
- Detailed and reconnaissance geological mapping, trenching and channel sampling.

Central Ridge Resource

At the Central Ridge Prospect there is an Indicated Resource of 273 000 t grading 1.5 g/t Au, estimated using a bottom cut-off grade of 0.5 g/t Au and a top cut of 20.0 g/t Au. With no top cut the grade rises to 3.1 g/t Au.

Yarrol North Resource

At the "Yarrol North" Prospect there is an Indicated Resource of 877 000t grading 1.5 g/t Au (cut-off grade of 0.5 g/t Au). With a higher bottom cut-off (1.2 g/t Au) the resource becomes 431,000t of 2.1 g/t Au.

6.3.4 Proposed Exploration

Most of the drilling at Yarrol has been quite shallow (above 100 m) and only one deep diamond drill hole each has tested Yarrol North and Central Ridge. MGT intends to add to the resource inventory and deeper RC drilling is planned on the Yarrol prospect to locate extensions to the known areas of gold mineralisation.

7 Mount Steadman Gold Prospect

7.1 Introduction

The Mount Steadman Gold Prospect (EPM 12834) is situated just south of the township of Mount Perry. The tenement covers part of the Chowey Goldfield that was worked between 1880 and 1886. The Mount Steadman Mines (Mount Steadman, Venus and London) were worked mainly between 1891 and 1902, with some activity up to the 1940s.

7.2 Previous Work

Modern exploration in the Mount Steadman Gold Prospect area has been carried out by Eagle Mining, Pennzoil, Transit Mining, Metana Minerals, M. F. Davidson, Homestake Australia Ltd, Probe Resources, CRA Exploration Pty Ltd ("CRAE") and DRX. This exploration has included:-

- Drainage and reconnaissance rock chip sampling programs.
- Prospect gridding, soil geochemical sampling, rock chip sampling, geological mapping and ground magnetics.
- RC and diamond drilling.

7.3 Geology and Mineralisation

Gold is hosted by the Chowey Granite which is a relatively small polyphase stock with a core of medium to coarse-grained biotite hornblende granite, that gives way outwardly to a highly potassic (syenitic) marginal phase. Aplite, porphyry and diorite dykes intrude the granite.

The work completed outlined an area of significant gold mineralisation at the Fitzroy Prospect. Intersections from surface at this prospect include:

- 26 m grading 1 g/t Au,
- 22 m grading 1 g/t Au, 25 m grading 1.1 g/t Au and
- 29 m grading 0.9 g/t Au.

The gold was found to be associated with a moderately east dipping zone of sheeted quartz veining in the Chowey Granite. The auriferous zone varies from 4 m to 33 m in true thickness. Sericite and haematite with minor chlorite alteration is characteristic of the mineralised zone. There is no consistent association between the gold grade and the intensity of quartz veining.

The location of the drill holes and the approximate outline of the gold mineralised zone at the Fitzroy Prospect are shown in the figure below.

In early 2006, DRX completed seven RC drill holes within the EPM. These holes targeted prospects other than the Fitzroy including the "London Workings", "Steadman Workings" and "Venus Workings", however the results were disappointing. In the London Mine, gold occurs in north-trending quartz fissure veins parallel to a major regional shear direction. At the Venus Mine, the formation carried bismuth and molybdenite with fine gold occurring between molybdenite laminae. Early workers refer to stockworking related to irregular bunches of aplite.

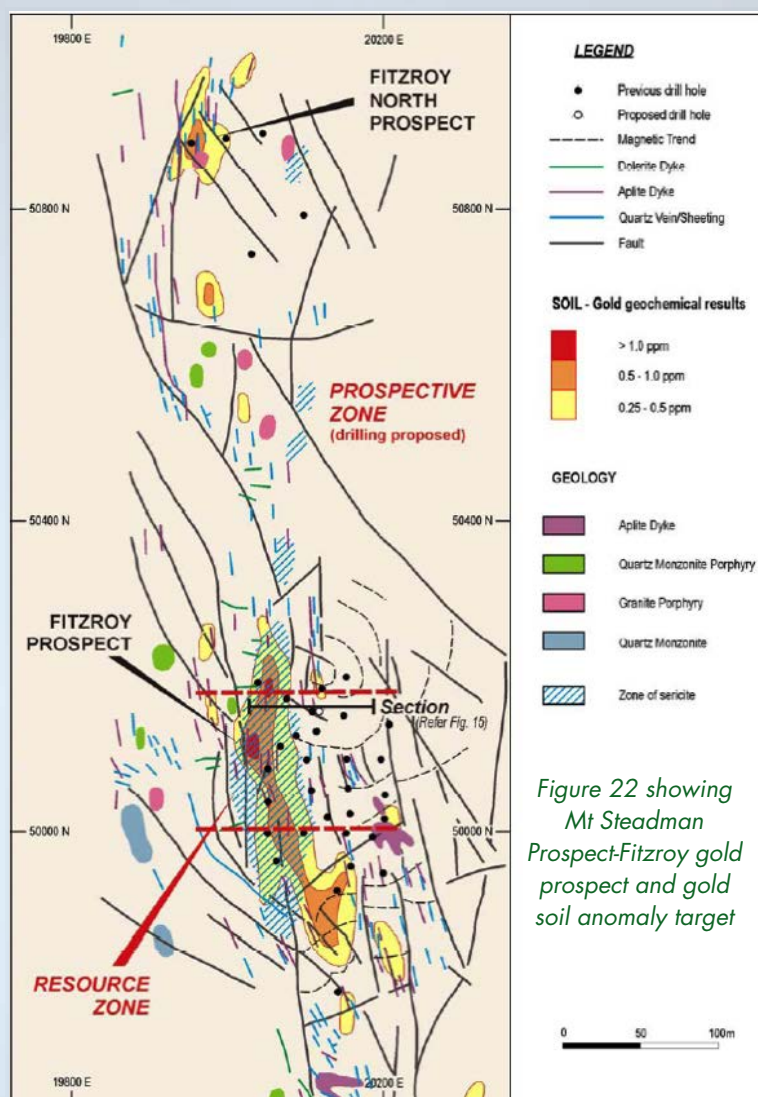


Figure 22 showing Mt Steadman Prospect-Fitzroy gold prospect and gold soil anomaly target

7.4 Target Review and Further Exploration

In 1998, at the Fitzroy prospect area, DRX applied a geological cut-off of between 0.5 to 0.7 g/t Au to the mineralisation accessible by open cut. They used the cross-section polygonal method and determined there was probably a target* of around 1.1 to 1.2 Mt grading close to 0.9 g/t Au. There are drill intersections of similar grade gold outside the present shallow defined mineralisation and there is also potential for extensions to the mineralisation along strike and at depth. A proposed hole to test for deeper mineralisation is shown on the section below.

*Target Mineralisation (target tonnes and target grades) are not precise figures, being based on projections of mineralisation in drill holes and workings. The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource

The budget for Mt Steadman will amount to \$20,000 over a two year under the minimum subscription and \$30,000 under the maximum subscription.

8.0 Gooroolba EPM 15426

EPM 15426 (of approximately 325 sq km) is located some 30 km south of Mount Perry in Southeast Queensland. The general geology is dominated by acid to intermediate volcanics and minor sediments of the Triassic Aranbanga Volcanics Group. This northwesterly-trending sequence is intruded by dacitic and rhyolitic phases of late Triassic age. Copper and gold mineralisation and old mines are common in the general area – Mount Perry in the north, Mount Steadman in the east, and Ban Ban Springs and Coalstoun Lakes to the south.

Gooroolba Budget

The area is considered prospective for intrusive related gold-copper mineralisation (including “porphyry” styles). MGT has allowed \$20,000 over a two year under the minimum subscription and \$30,000 under the maximum subscription geochemistry, geological mapping and planning follow-up drilling in the first year.

9.0 Summary Budget for Gold Projects over 24 months.

Table 15. Expenditure per tenement

TENEMENT #	Name	Mineral	Application of funds if minimum subscription raised	Application of funds if maximum subscription raised
EPM 12887	Pyramid	Gold	\$190,000	\$400,000
EPM 8402	Yarrol	Gold	\$20,000	\$30,000
EPM 12834	Steadman	Gold	\$20,000	\$30,000
EPM 15426	Gooroolba	Gold	\$20,000	\$30,000
Total			\$250,000	\$490,000

Qualifications

The person responsible for the preparation of this report is:

Mr R C W Pyper BSc, FAusIMM, GAICD. Consulting Geologist

Minnelex Pty Ltd (“Minnelex”) is a long-established geological consulting company. Its principal, Robert Pyper, is a geologist with 50 years of industry experience and twenty-five years of consulting practice in precious metals, base metals, gemstones, coal, clays, dimension stone and mineral sands. He has had extensive experience in geological reporting, resource assessment and the valuation of mineral exploration properties.

Declaration

Minnelex consents to the inclusion of this report in the form and context in which it is included. Apart from that, neither the whole nor any part of this report, nor any references thereto, may be included in, or with, or attached to, any document, circular, resolution, letter or statement without the prior written consent of Minnelex

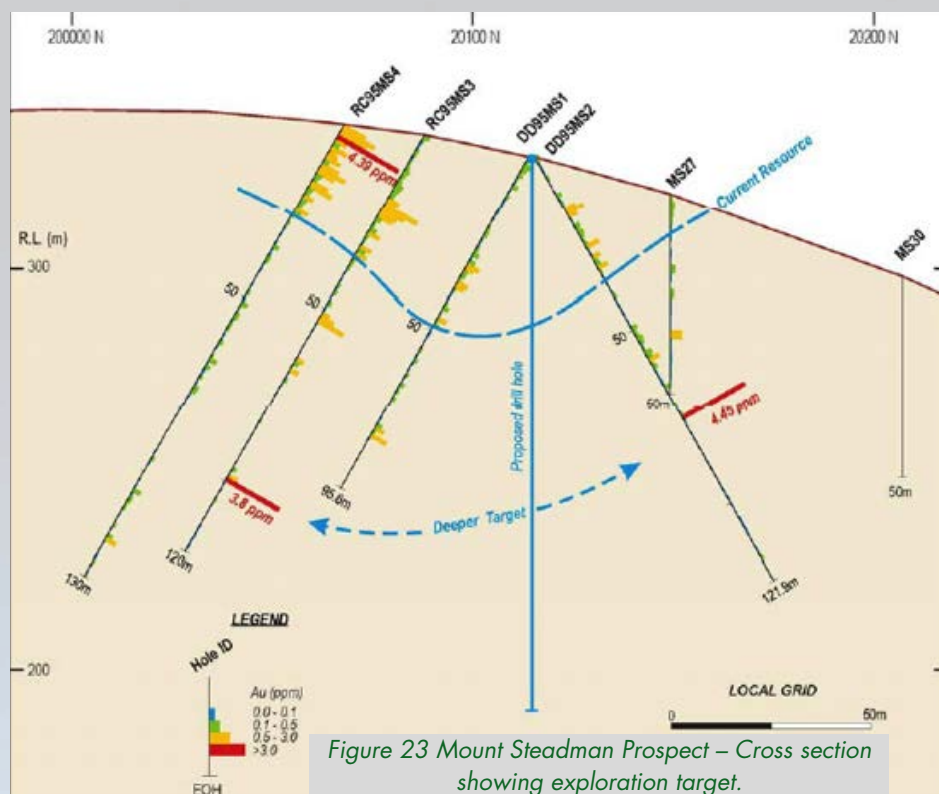


Figure 23 Mount Steadman Prospect – Cross section showing exploration target.

The information in this report that relates to exploration results and mineral resources is based on information compiled by Mr Robert Pyper, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Pyper has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Pyper consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

Disclaimer of Interests

At the date of this report, Minnelex does not have, nor has had any relationship with MGT, other than as may have occurred as a result of providing consultancy services in the ordinary course of business.

Minnelex and Mr Pyper have neither relevant interest in, nor any interest in the acquisition or disposal of, any securities of MGT. Minnelex and Mr Pyper have no pecuniary or other interest that could be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the acquisition of the mineral interests of MGT.

Neither Minnelex nor Mr Pyper has received or may receive any pecuniary or other benefits, whether direct or indirect or in connection with the preparing of this report other than normal consultancy fees based on fee time at normal professional rates plus out-of-pocket expenses.

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Glossary of Technical Terms

Terms not included in the glossary are used in accordance with their definition in the Concise Oxford Dictionary.

AAS (atomic absorption spectrophotometry) a laboratory technique for testing the amount of an element in a sample.

Alluvial deposit a mineral deposit consisting of recent surficial water lain sediments. **breccia** a rock composed of angular rock fragments.

Cainozoic an era of geologic time from the end of the Mesozoic to the present.

Carboniferous a time period, approximately 360 million to 290 million years ago.

Chalcopyrite a mineral of copper (CuFeS_2).

Chlorite a type of wall rock alteration in which chlorite +/- quartz or tourmaline forms from the passage of hydrothermal fluids.

Conglomerate sedimentary rock formed by the cementing together of water rounded pebbles, distinct from breccia.

Costean a trench usually dug to expose rock for sampling.

Cretaceous a time period, approximately 131 million to 65 million years ago.

Devonian a time period, approximately 408 million to 360 million years ago.

Dipole-dipole a method of completing an IP survey.

Dip the angle at which any planar feature is inclined from the horizontal.

Dyke a tabular igneous intrusion which cuts across the bedding or other planar structures in the country rock.

Epithermal a hydrothermal mineral deposit formed at a relatively low temperature near the Earth's surface, mainly in veins.

Felsic a light coloured igneous rock, typically containing an abundance of feldspar and quartz.

Gossan rock composed of hydrated oxides of iron that forms a superficial cover over sulphides of iron and/or other metals.

Granitoid rock similar to granite in texture and composition.

Greisen a pneumatolytically altered granitic rock composed largely of quartz, muscovite mica, and topaz.

Hematite (haematite) a mineral composed of ferric iron oxide (Fe_2O_3).

Indicated Resource a mineral resource sampled by drill holes, underground openings, or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give reasonable indication of continuity, and where geoscientific data are known with a reasonable level of reliability.

Inferred Resource a mineral resource inferred from geoscientific evidence, drill holes, underground openings, or other sampling procedures where the lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.

IP (Induced Polarisation) a geophysical exploration method which measures changes in magnetic and electrical fields induced in the earth by the application of an electrical current to the ground.

Mafic a dark coloured rock composed dominantly of magnesium, iron and calcium-rich rock-forming silicates.

Magnetic 'low' an area of low magnetic expression relative to the surrounding area.

Mesozoic an era of geologic time, from the end of the Palaeozoic to the beginning of the Cainozoic, or from about 250 to about 65 million years ago.

Metamorphic descriptive of a rock which has changed its structure and properties due to the effects of heat and/or increased pressure over time.

Ordovician a time period, approximately 505 million to 433 million years ago.

Paleo-drainage ancient drainage.

Pelite a sediment or sedimentary rock composed of the finest detritus (clay- or mud-sized particles); e.g. a mudstone.

Percussion a type of drilling method whereby the rock is broken by a hammering action into small chips.

Permian a time period, approximately 290 million to 250 million years ago.

Permo-Carboniferous an interval of geologic time covering the Permian and Carboniferous periods.

Porphyry an igneous rock with conspicuous crystals in a fine-grained groundmass.

Porphyry style deposit a well known intrusive related mineralisation style for copper and gold.

Psammite a clastic sediment or sedimentary rock composed of sand-size particles; a sandstone.

Pyrite a common iron sulphide mineral (FeS₂).

RC (reverse circulation percussion) a drilling method in which the sample is brought to the surface inside the drill rods, thereby reducing contamination. Conventional percussion drilling retrieves the sample exterior to the rods between the rods and the wall of the drill hole.

Reduced to pole (RTP) the transformation from a directional magnetic survey to the earth's magnetic field.

Rhyolite a volcanic rock composed chiefly of potassium feldspar and quartz.

Sericite a mineral; a fine grained white mica of similar composition to muscovite. Silurian a time period, approximately 433 million to 408 million years ago.

Siluro-Devonian an interval of geologic time covering the Silurian and Devonian periods. Sirotem a ground electromagnetic survey which utilizes a large transmitting loop.

Skarn a thermally metamorphosed impure limestone.

Stratabound a deposit confined to a single stratigraphic unit, it may or may not be conformable.

Stratiform said of a special type of stratabound deposit in which the desired rock or ore constitutes, or is strictly coextensive with, one or more sedimentary, metamorphic, or igneous layers.

Stylolite An irregular surface, seam or contact, usually occurring in carbonate rocks and more rarely in sandstones and quartzites and usually formed by dissolution under pressure. It resembles a suture or the tracing of a stylus.

Subduction the process of one lithospheric plate (slab of the Earth's crust) descending beneath another.

Tertiary first period of the Cenozoic era covering the time span from 65 to 2 million years ago.

Triassic a time period, approximately 250 million to 210 million years ago.

Ultrabasic said of rocks with less than 35% silica, which are dense, composed of calcic feldspars and ferro-magnesian silicate minerals.

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