



Haoma Mining NL

A.B.N 12 008 676 177

Registered Office & Head Office:

Level 1, 401 Collins Street, Melbourne, Vic., 3000, GPO Box 2282U, Melbourne, Vic., 3001.

Telephone (03) 9629 6888, Facsimile (03) 9629 1250

Email: haoma@roymorgan.com Website: www.haoma.com.au

(This document corrects Haoma's September 2007 Quarter Activities Report to the ASX)
November 5, 2007

Company Announcements Office
Australian Stock Exchange
Level 45, South Tower, Rialto
525 Collins Street
MELBOURNE VIC. 3000

Dear Sir,

ACTIVITIES REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2007
HIGHLIGHTS

- **Group Consolidated Result** – Haoma Mining's unaudited consolidated financial result for the three months ended September 30, 2007 was a before tax loss of \$1.22 million after interest of \$0.49 million, depreciation and amortisation of \$0.15 million and group exploration, development and test work expenditure of \$0.47 million.

- **Bamboo Creek Plant on Care and Maintenance while the Laboratory operates for Research & Development purposes** –

Since September 21, 2007 test work has continued at Bamboo Creek to extract gold from previously stripped loaded carbon. To date 4.75 tonnes of previously stripped loaded carbon with an average gold grade of 315 g/t (expected gold from loaded carbon less barren carbon, 1,254 grams) has to date produced 2,026.1 grams of gold (this amount of gold will increase further as we are still awaiting additional gold "outturns" from AGR Matthey). Only a small amount of gold (51g/t) was measured on the barren carbon. [Note: 1]

In addition to the test work producing significantly more gold than measured on the 4.75 tonnes of carbon; other tests on Bamboo Creek carbon measured more nickel and other metals than measured by traditional assay methods.

The latest tests at Bamboo Creek have enabled Consultants to Elazac Mining and Haoma Mining to understand scientifically why this so. In addition they became aware that the grades of other metals are also underestimated.

As with previously reported tests the latest result shows that the grade of gold is underestimated by the traditional Fire Assay Method. (3.36 g/t compared to 2.03 g/t)

Table 1: (Note: All assays were analysed by ALS Laboratories).

Assay Comparison	Au g/t	Ag g/t	Ni ppm	Zn ppm
25 gram Fire Assay and ICP	2.03	1.60	2,581	2,203
Elazac Gold Fire Assay Method and ICP	3.36	1.71	2,033	2,111

Note: The gold result from the New Elazac Fire Assay Method is based on the average grade obtained from 18 samples.

¹ The report comparing the gold produced with the assayed gold grade of the carbon before being stripped was prepared by Mr Peter Cole, Haoma's metallurgical consultant. Mr Cole consents to the inclusion of the information in the context in which it appears.

Perth Office:

Suite 22 Piccadilly Square 7 Aberdeen Street, Perth, W.A. 6000

Tel: (08) 9325 4899

Fax: (08) 9221 1341

CONTENTS

1. Group Consolidated Result to September 30, 2007.
2. Operations at Bamboo Creek and Normay, Western Australia.
3. Exploration Activities in Western Australia.
4. Exploration Activities in Queensland.

1. GROUP CONSOLIDATED RESULT TO SEPTEMBER 30, 2007

Haoma Mining NL Consolidated Profit & Loss	2006/07 1st Qtr (\$m)	2006/07 Year End June 30 (\$m)	2007/08 1st Qtr (\$m)	2007/08 Year End June 30 (\$m)
Operating revenue	0.06	0.21	0.14	0.14
Operating profit before interest, depreciation, amortisation and exploration and development costs	(0.30)	(3.46)	(0.11)	(0.11)
Interest	(0.37)	(1.76)	(0.49)	(0.49)
Depreciation & amortization	(0.15)	(0.61)	(0.15)	(0.15)
Exploration, development & test work	(0.67)	(2.04)	(0.47)	(0.47)
Operating profit (loss) before tax	(1.49)	(7.87)	(1.22)	(1.22)

Bamboo Creek Processing Plant				
Gold Production (ozs)	-	108	22	22
Gold sold (ozs)	-	108	22	22
Av. Selling price (\$/oz)	-	\$810	\$860	\$860
Bamboo Creek silver prod'n (oz)				
Silver Production (ozs)	-	170	2	2

1.1 Haoma's Group Consolidated Result

Haoma Mining's unaudited consolidated financial result for the three months ended September 30, 2007 was a before tax loss of \$1.22 million after interest of \$0.488 million, depreciation and amortisation of \$0.154 million and group exploration, development and test work expenditure of \$0.47 million.

1.2 Funding of Group Operations

Since February 2007 funding for the Company's operations has been provided by Haoma's major shareholder, Leaveland Pty Ltd. Leaveland has confirmed that until further notice it will fund the company's cash flow requirements while the Bamboo Creek Plant remains on care and maintenance.

At September 30, 2007, the principal debt to Leaveland was \$21,386,285. Haoma has approved payment of interest to Leaveland at the 30 day commercial bill rate plus a 2% margin. Interest on the debt will accrue until such time as the company is in a position to commence interest payments. Interest accrued for the 3 months from July 1 to September 30, 2007 was \$487,945.

1.3 Forward Gold Sale Contracts

No future gold production is currently sold forward.

2. OPERATIONS AT BAMBOO CREEK, WESTERN AUSTRALIA

2.1 Test Work at Bamboo Creek Laboratory

Since [Haoma's September 21, 2007](#) Report test work has continued at Bamboo Creek on stripping the gold first loaded on carbon in late 2006.

Results to October 30, 2007 from stripping gold from 4.75 tonnes of gold loaded carbon have confirmed beyond doubt the result reported on September 21, 2007 that more gold than measured by the traditional assay method as loaded on carbon can be extracted into gold bullion.

On [September 21, 2007 Haoma's Shareholders](#) were advised that initially one tonne of carbon, with a gold grade of 320 g/t (by the traditional acid digestion Aqua Regia assay method) had to that date produced 800 grams of gold with gold remaining on the carbon measuring 149 g/t.

Since September 21, 2007 test work has continued at Bamboo Creek to extract gold from previously stripped loaded carbon. To date 4.75 tonnes of previously stripped loaded carbon with an average gold grade of 315 g/t (expected gold from loaded carbon less barren carbon, 1,254 grams) has to date produced 2,026.1 grams of gold (this amount of gold will increase further as we are still awaiting additional gold "outturns" from AGR Matthey). Only a small amount of gold (51g/t) was measured on the barren carbon. [Note: ¹]

In addition to the test work producing significantly more gold than measured on the 4.75 tonnes of carbon; other tests on Bamboo Creek carbon measured more nickel and other metals than measured by traditional assay methods.

Background to Gold Extraction Problem

On [February 12, 2007, Haoma advised the ASX](#) that ore processing at the Bamboo Creek Plant had stopped and the Plant had been placed on care and maintenance. Haoma's February 12, 2007 release advised Shareholders that since the end of December 2006 Haoma Mining had experienced serious problems extracting the gold (measured from samples taken during processing) into "gold bars".

The Bamboo Creek ore processing method implemented late last year was successful in extracting the gold from ore into a cyanide solution and loading that gold onto carbon. Unfortunately at the same time there were major problems in the gold stripping circuit which meant the gold on carbon could not be stripped from the carbon to produce gold bars. The gold reconciliation (measured as gold being loaded onto the carbon against gold bullion produced) did not balance.

It was also pointed out in the December 2006 Quarterly Activities Report that longer term funding of Haoma was unlikely to be available until it could be shown that the amount of gold produced from processing different test ore parcels through the Bamboo Creek Plant was about the same as measured from Plant samples when subjected to the Elazac Assay Method cyanide leach tests in the Bamboo Creek Plant Laboratory or another laboratory. (See [Item 2.2 in December 2006 Quarter Activities Report](#)). [Haoma December 2006 Quarterly Activities](#).

¹ The report comparing the gold produced with the assayed gold grade of the carbon before being stripped was prepared by Mr Peter Cole, Haoma's metallurgical consultant. Mr Cole consents to the inclusion of the information in the context in which it appears.

Present Bamboo Creek Gold Production

Stripping of gold from the remaining 3 tonnes of gold loaded carbon will be completed in the first 2 weeks of November. In addition gold will be stripped from the 2 tonnes of carbon which is currently being used to extract gold from the cyanide solution which has for 7 weeks been recirculating through the Bamboo Creek Vat. The Bamboo Creek Vat contains 20,000t of coarse low grade Bamboo Creek ore which was loaded into the Bamboo Creek Vat late last year.

Test Work

Tests at Bamboo Creek over more than 10 years have shown beyond doubt that some Pilbara ores contain significantly more gold than measured by traditional Fire Assays or Aqua Regia Assays.

Recent tests at Bamboo Creek on bulk samples processed through the plant have shown that more gold can be produced than measured on the carbon by traditional assays. See [Chairman's Address to Haoma's 2006 Shareholders Annual General Meeting held on December 12, 2006](#).

The latest tests at Bamboo Creek have enabled Consultants to Elazac Mining and Haoma Mining to understand scientifically why this is so.

While conducting these tests at Bamboo Creek on bulk ore samples and loaded carbon our Consultants became aware that the grades of other metals are also underestimated.

Table 1 below compares Bamboo Creek drill core assays by traditional methods (Fire Assays for gold and ICP for other elements) with a new Elazac Assay Method to measure gold in Pilbara ores. The drill core was from 4 diamond drill holes from the surface covering 21.66 metres in total.

As with previously reported tests the latest result in Table 1 shows that the grade of gold is underestimated by the traditional Fire Assay Method. (3.36 g/t compared to 2.03 g/t)

During the Quarter a series of floatation tests were conducted on the drill core. The results showed most of the sulphides, gold and silver were recovered in the concentrate fraction.

Test work is continuing on whether the nickel can be easily separated from the relatively high arsenic in the ore (arsenic grade 0.1-0.2% As).

Table 1: (Note: All assays were analysed by ALS Laboratories)

Assay Comparison	Au g/t	Ag g/t	Ni ppm	Zn ppm
25 gram Fire Assay and ICP	2.03	1.60	2,581	2,203
Elazac Gold Fire Assay Method and ICP	3.36	1.71	2,033	2,111

Note: The gold result from the New Elazac Fire Assay Method is based on the average grade obtained from 18 samples.

Directors advised shareholders in [Haoma's March 2007 Quarterly Report](#) that at Bamboo Creek previous drilling results indicated about 1 million tonnes of 0.8% Ni assayed by traditional methods.

In addition to the above, 1996 drilling at Bamboo Creek by BHP obtained wide intersections (up to 60 meters wide) of low grade nickel (0.1-0.2% Ni) indicating significantly more tonnes of low grade nickel ore.

During the current Quarter test work at Bamboo Creek is continuing on developing a laboratory assay method which will determine the true grades for gold, silver, nickel, zinc and other metals.

These tests will be conducted on a number of different Bamboo Creek and other Pilbara ores.

3. **EXPLORATION AND EVALUATION ACTIVITIES IN WESTERN AUSTRALIA**

3.1 **Bamboo Creek (M45/480, M45/481, M45/723, M45/781, M45/874, E45/2097, P45/2242, P45/2243, P45/2244, P45/2227, P45/2301, P45/2342, L45/72, M45/1153, M45/1154, M45/1155, E45/2982)**

During the Quarter several small rock chip sampling programs were conducted on the Bamboo Creek Tenements. Samples were collected from a variety of locations, including northwest of the Bamboo Creek processing plant along the Bamboo Creek Shear, within the vicinity of Nuggets Gully (P45/2342). A total of 8 rock chip samples were collected from ultramafic and mafic host rocks which showed possibilities of hosting similar style Au mineralisation to that of the Prophecy/Perseverance Deposit, these were assayed at the Bamboo Creek laboratory.

The results of the sampling are shown in the Table 2 below.

Table 2:

Sample Reference	GDA94 Easting	GDA94 Northing	Type	Au ppm	Ag ppm
NG-01	206234	7685994	Rock Chip	0.15	0.33
NG-02	206209	7685969	Rock Chip	0.13	0.40
NG-03	206197	7685945	Rock Chip	0.09	0.36
NG-04	206183	7685921	Rock Chip	0.00	0.23
NG-05	204602	7686546	Rock Chip	0.00	0.34
NG-06	204771	7686572	Rock Chip	0.10	0.28
NG-07	204862	7686519	Rock Chip	0.00	0.26
NG-08	206171	7685856	Rock Chip	0.06	0.28

Table 2 of exploration results was prepared on October 22, 2007 by Ms Sandra McKenzie who is a Competent Person under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and she consents to the inclusion of the information in the form and context in which it appears. Ms McKenzie is a member of the AIMM and has relevant experience in relation to the exploration activities.

During August a short traverse of sampling was completed in response to alluvial gold being discovered on part of the Bamboo Creek exploration tenement. Sampling was conducted across several lithologies which were assumed to be the origin of the alluvial nuggets. Samples were analysed at both the Bamboo Creek laboratory and ALS Perth. The results returned showed slightly elevated levels of gold in 3 samples (See Table 3 below), further work will be required within this area including geological mapping and further sampling.

Table 3:

Sample Ref.	GDA Easting	GDA Northing	Type	Au g/t	Ag g/t	As g/t	Mn ppm	Ni ppm	V ppm
S070	209883	7679371	Rock Chip	0.00	0.05				
S071	209888	7679368	Rock Chip	0.14	0.00				
S072	209919	7679377	Rock Chip	0.30	0.18				
S073	209936	7679377	Rock Chip	0.00	0.01	2.40	1480	121.50	218
S074	209944	7679385	Rock Chip	0.00	0.01	0.40	1430	114.50	234
S075	209950	7679403	Rock Chip	0.00	0.02	2.00	1050	22.40	34
S076	209981	7679422	Rock Chip	0.00	0.05	428.00	1970	107.50	211
S077	210011	7679429	Rock Chip	0.01	0.12	1420.00	4600	406.00	538
S078	210088	7679538	Rock Chip	0.00	0.07				
S079	215080	7679395	Rock Chip	0.69	0.17				

Table 3 of exploration results was prepared on October 22, 2007 by Ms Sandra McKenzie who is a Competent Person under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and she consents to the inclusion of the information in the form and context in which it appears. Ms McKenzie is a member of the AIMM and has relevant experience in relation to the exploration activities.

A total of 45 samples were collected on the Bamboo Creek tenements, to the south and south east along the Bamboo Creek shear at the margins of the Mount Edgar Granitoid Complex, in an area of granitic embayment. This sampling was conducted as a first pass in an effort to establish the existence of a Spinifex Ridge style of molybdenum mineralisation. No molybdenum was encountered however one sample showed elevated levels of silver, as seen in Table 4 below. Follow up sampling will be conducted during the current Quarter.

Table 4:

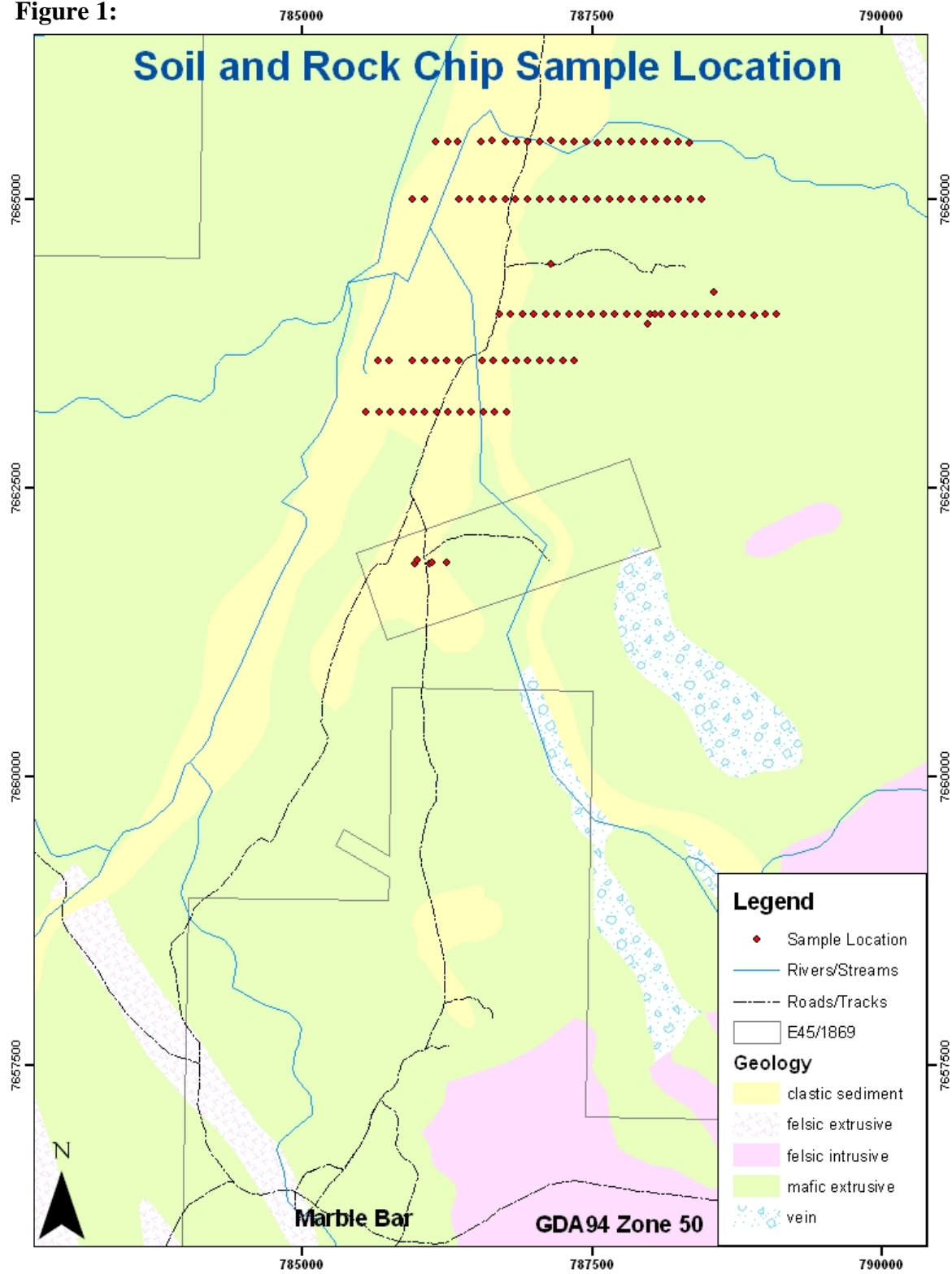
HOLE ID	GDA Easting	GDA Northing	Type	Au g/t	Ag g/t	As g/t	Mo ppm	Ni ppm	Pb ppm
2097R-037	215275	7678700	Rock Chip	0.075	11.00	0.00	3.00	5.00	92.00

Table 4 of exploration results was prepared on October 22, 2007 by Ms Sandra McKenzie who is a Competent Person under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and she consents to the inclusion of the information in the form and context in which it appears. Ms McKenzie is a member of the AIMM and has relevant experience in relation to the exploration activities.

3.2 Marble Bar (E45/1869)

During August a widely spaced soil sampling program was conducted on Tenement E45/1869. A total of 104 samples (9 rock chip and 95 soil samples) were collected on a 500m X 100m grid, samples were sieved to -80 micron (on rock outcrop, rock chip samples were taken). The samples were sent to ALS Perth for multi analysis, none of the samples showed any interesting anomalous results. Figure 1 below shows sample positions with the tenement.

Figure 1:

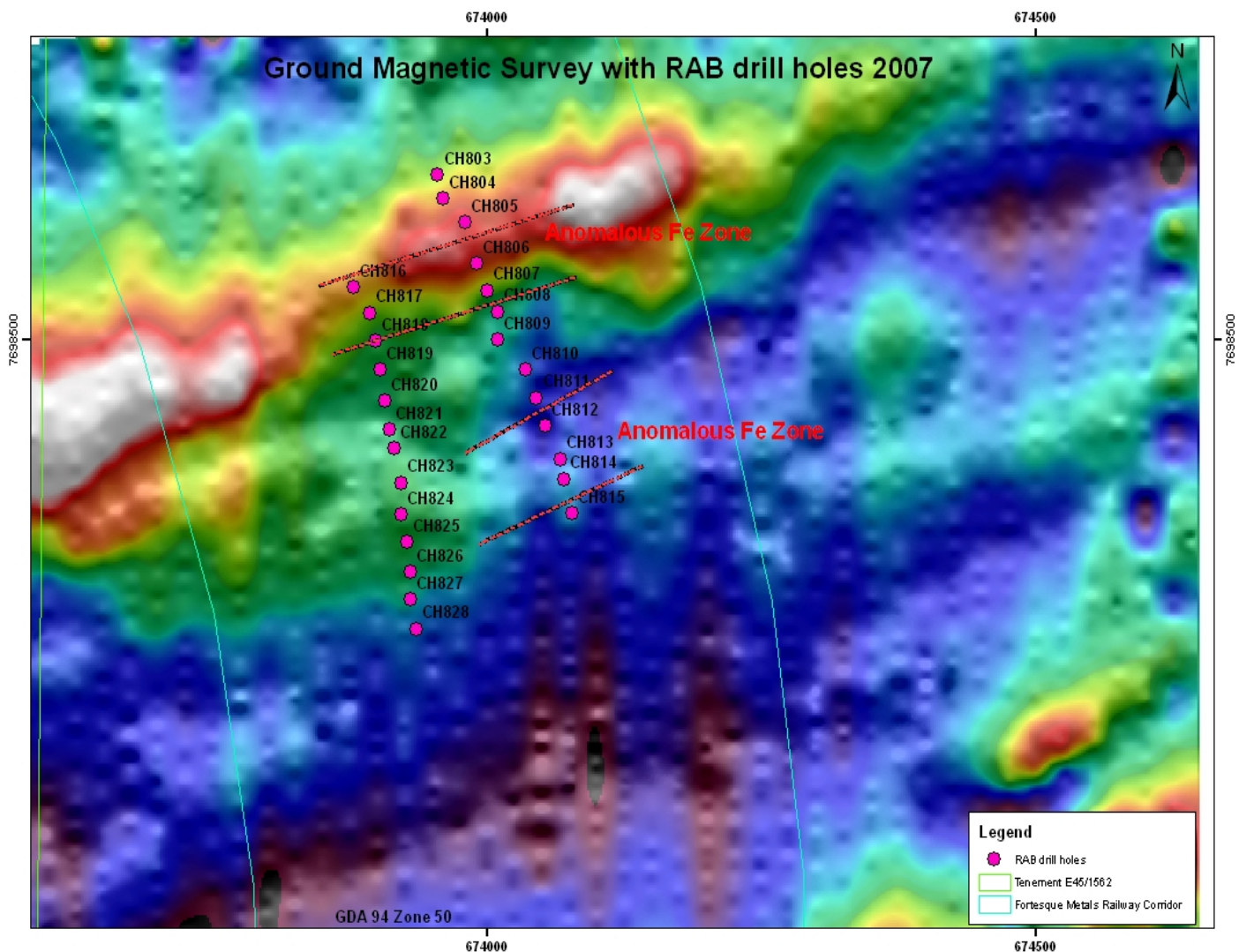


3.3 Cookes Hill (E45/1562, M45/1005, 1031, 1032, 1033, 1034, 1035, 1036)

In July 2007, Haoma Mining NL in conjunction with Fortescue Metals Group initiated a small RAB drilling program within the new railway corridor which crosses the E45/1562 tenement, in the Cookes Hill/Indee area of the West Pilbara. The purpose of the investigation was to:

- Look for lead (Pb)/Zinc (Zn) /Silver (Ag) geochemistry of the DeGrey Mining Orchard Tank Prospect style of mineralisation.
- Look for any other anomalous geochemistry.

Figure 2: Ground Magnetic Survey and RAB Drill Hole Locations



A total of 26 vertical RAB holes (as shown on the magnetic survey map above) were utilized initially to probe through the alluvial cover. The program involved a total of 545m of drilling with an average hole depth of 20m. Samples were collected at 1m intervals. Surface alluvial intervals were left at the drill site while all other samples were sent to Australian Laboratory Services (ALS) in Perth for analysis for Ag, As, Ca, Co, Cu, Fe, Mg, Mn, Mo, Ni, P, Pb, S, Sb, W and Zn.

Significant anomalous iron results were returned from 7 holes with one hole returning weakly anomalous copper, results are presented in the Table 5 below:

Table 5: Significant Intercepts

HOLE	HOLE DEPTH	FROM	TO	INTERVAL (m)	Fe %	Cu ppm
CH806	23	9	12	3	19.68	1160
CH807	17	8	12	4	18.79	
CH812	29	5	14	9	22.36	
CH813	23	7	10	3	24.10	
CH814	23	5	8	3	19.13	
CH816	20	10	12	2	21.20	
CH817	23	8	13	5	27.30	

Table 5 of exploration results was prepared on October 22, 2007 by Ms Sandra McKenzie who is a Competent Person under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and she consents to the inclusion of the information in the form and context in which it appears. Ms McKenzie is a member of the AIMM and has relevant experience in relation to the exploration activities.

The iron grades tend to have a relationship to the bottom of the colluvium and the top of mafic intrusions suggesting the anomalous geochemistry is related to an old palaeo-surface gravels and/or iron cap rock of mafic intrusions. The weakly anomalous copper is probably related to secondary enhancement from the underlying mafic intrusion. The northern iron anomaly has a distinct relationship to a magnetic high with the southern anomaly not having any such signature.

Further test work on the drill hole samples were carried out at Bamboo Creek and show that part of the higher grade anomalous zones are magnetic, this has implications for increasing the iron grade of the material with beneficiation.

Further samples assayed by ALS Perth have shown the low grade iron associated with low grade aluminium (>5%) and silica (>15%) which is not conducive to the production of exportable ore. The diagram below shows the drill holes in cross section with the anomalous iron zones highlighted.

Figure 3: Eastern RAB Drill Line - Southern Portion

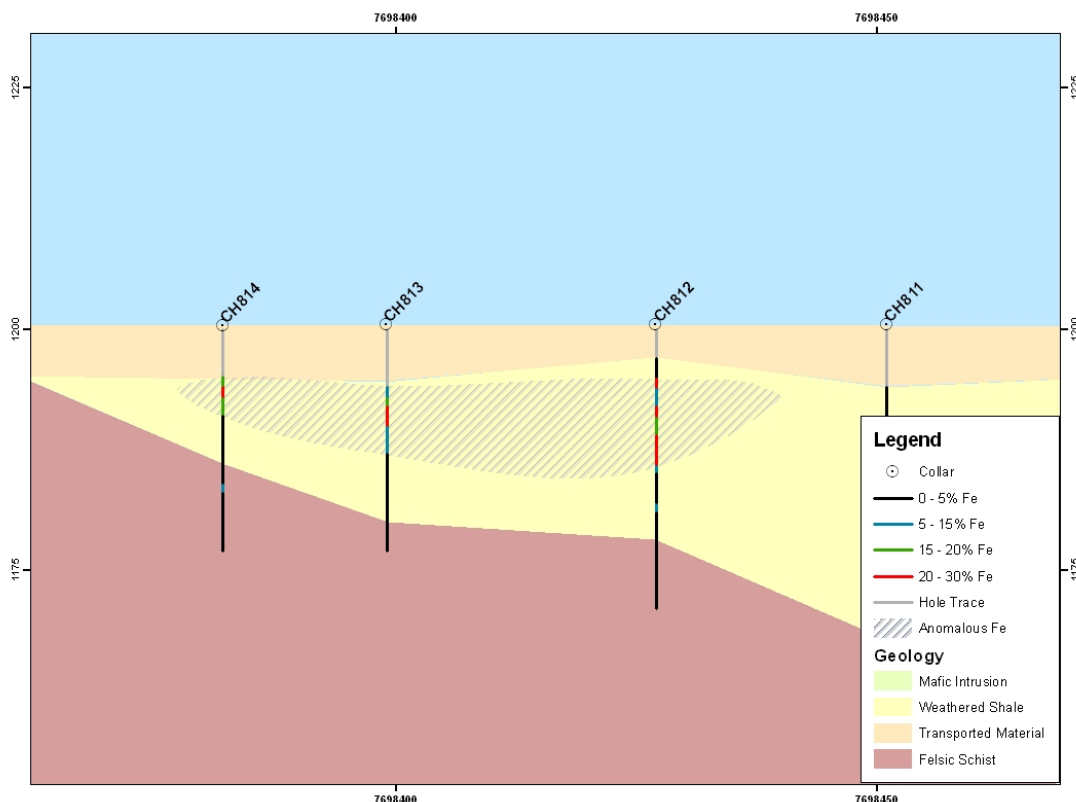


Figure 4: Eastern RAB Drill Line - Northern Portion

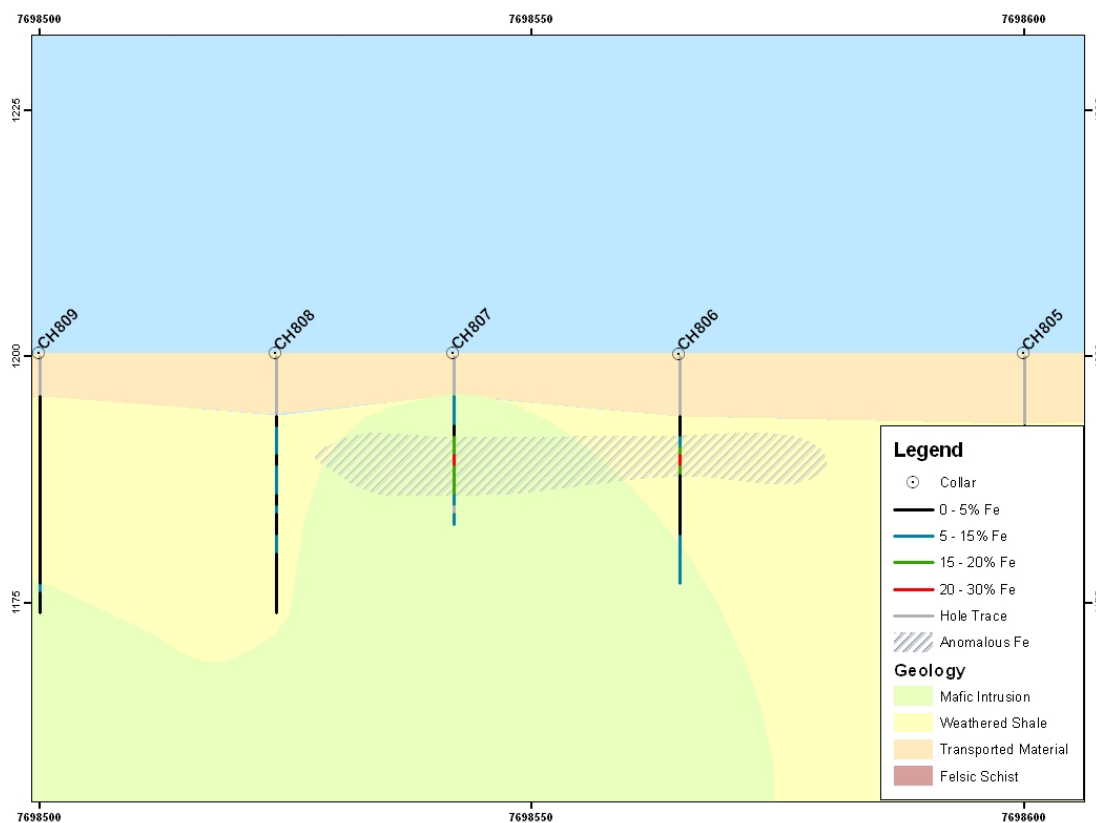
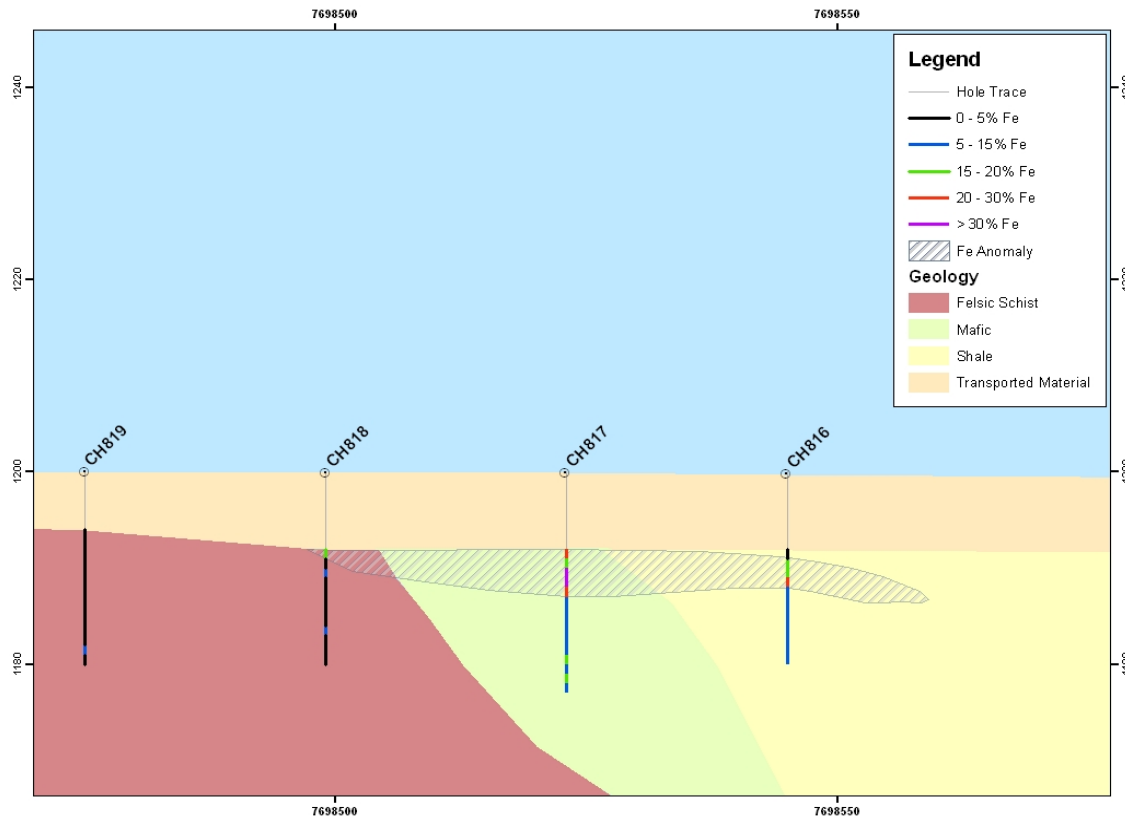


Figure 5: Western RAB Drill Line - Northern Portion



3.4 **Nickol Bay–Karratha (M47/577, M47/435, M47/127, M47/421, M47/401, M47/87, M47/455)**

A brief site visit was conducted to the Nickol Bay tenements in Karratha during September, with sampling being conducted on several of the tenements.

The old workings and scrapings on tenements M47/87, M47/401, M47/421 and M47/127 were sampled for gold. The only sample to return significant gold values was sample NB-005 which had a grade of 7.60 g/t Au. The result is shown in Table 6 below:

Table 6: Samples from Old Workings

Sample	GDA Easting	GDA Northing	Au g/t	Ag g/t	As g/t	Ca %	Cr ppm
NB-005	497680	7705782	7.60	0.8	10	0.06	21

Several outcrops of Banded Iron Formation (BIF) were encountered on tenement M47/455. Two of the small outcrops were sampled returning high iron percentages, with low aluminium percentages. Significant results are listed in Table 7 below:

Table 7: Outcrop Samples – M47/455

Sample	GDA94 Easting	GDA94 Northing	Au g/t	Ag g/t	Al %	As ppm	Fe %	P ppm	S %
NB-009	499601	7707669	0.01	0	1.28	321	50.40	1470	0.03
NB-010	499618	7707646	0.00	0	3.11	296	47.60	1250	0.04
NB-011	499556	7707618	0.00	0	0.06	21	1.67	30	0.01
NB-012	499617	7707555	0.20	0	0.44	893	52.40	1160	0.05
NB-013	499618	7707519	0.00	0	0.35	558	56.50	1630	0.02
NB-014	499568	7707532	0.07	0	2.95	1280	45.80	1590	0.07
NB-015	499531	7707524	0.13	0	1.01	556	50.00	1350	0.10

Tables 6 and 7 of exploration results were prepared on October 22, 2007 by Ms Sandra McKenzie who is a Competent Person under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and she consents to the inclusion of the information in the form and context in which it appears. Ms McKenzie is a member of the AIMM and has relevant experience in relation to the exploration activities.

Figure 6: Nickol Bay Tenement - M47/455, Banded Iron Formation (BIF)



Figure 7:

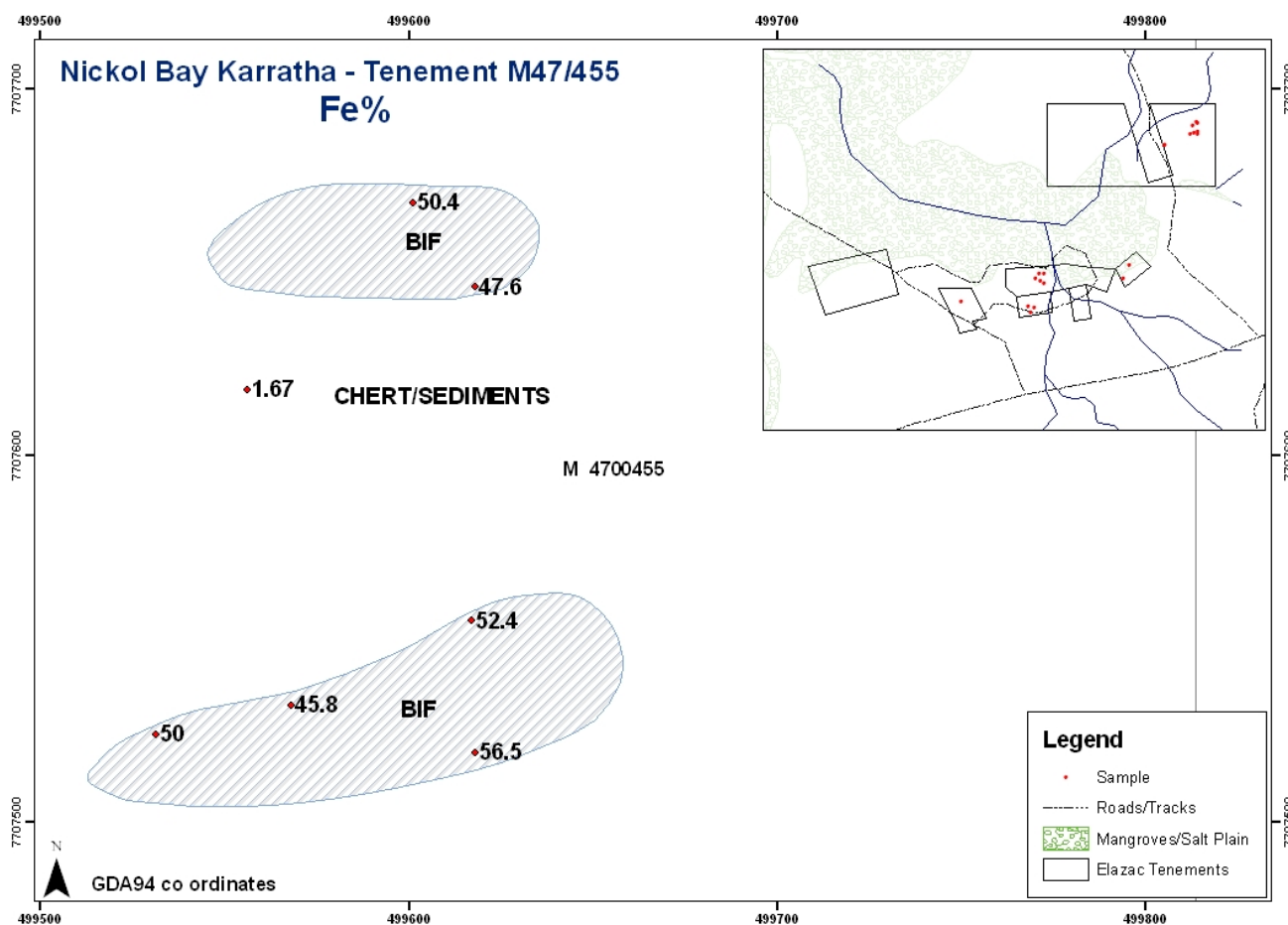


Figure 7 above shows the known extent of the BIF, however mapping was not conducted during the September site visit. Mapping during the current Quarter is expected to increase the extent of the ore body.

3.5 Daltons Joint Venture (E45/2186, E45/2187) – Haoma 25%, Giralia 75% (Includes 100% Haoma M45/780, M45/847, P45/2292 – 2298)

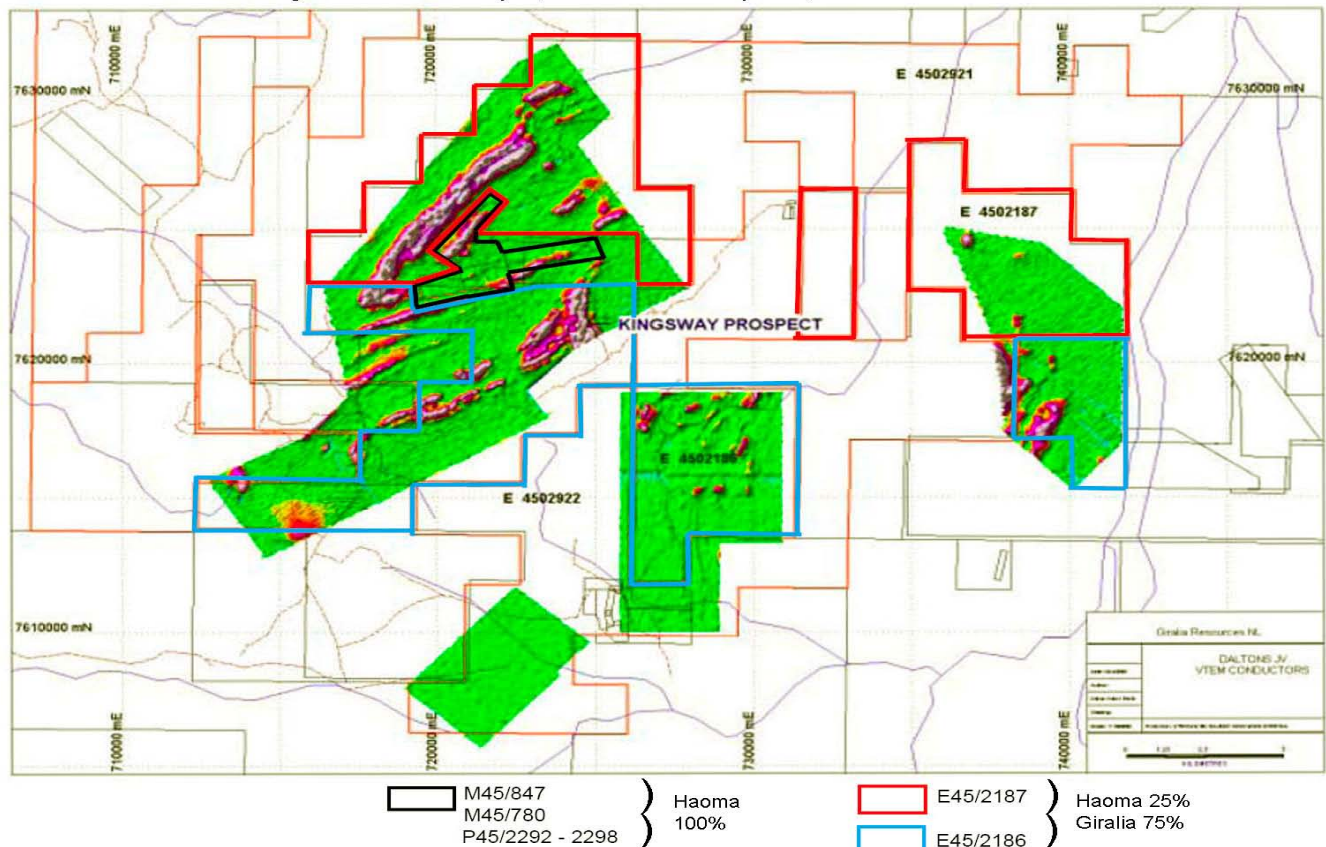
Haoma holds a 25% interest at the Daltons Nickel Joint Venture with Giralia Resources NL (75% interest). The Daltons nickel Joint Venture area is located 150 kilometres south of Port Headland in the Pilbara Region of Western Australia. Haoma has retained the right to all gold/silver and tin/tantalum mineralisation.

Giralia has provided the following report in respect of activities for the Quarter ended September 30, 2007.

“Field follow up is planned for the upcoming quarter of the major detailed (1,479 line kilometre, 150 metre line spaced) VTEM airborne electromagnetic survey flown by Falconbridge over the Daltons property in late 2006, just prior to its notice of withdrawal from a farm-in agreement at Daltons following its takeover by Xstrata. The final processed VTEM data indicates over 100 first rank conductors. Many of the conductivity features are associated with ultramafic units, and are prospective for nickel sulphide mineralisation.

A review of the iron ore potential of the Dalton's Joint Venture tenements continued during the quarter.”

Figure 8: Daltons Area: VTEM (late time conductors) - (Haoma 25%, Giralia 75% and 100% Haoma tenements in black)



3.6 Linden Tenements (E39/293, E39/379, E39/428, M39/385, M39/386, M39/387, M39/500, M39/629, M39/649, M39/650, M39/780, M39/781, M39/782, M39/794, M39/785, P39/2974, P39/2975, P39/2976)

In May, 2006 Haoma entered into an agreement to sell its Linden tenements to Deepstrike Resources Ltd. Consideration for the sale was \$500,000 plus a placement of shares when Deepstrike Resources successfully completes an IPO and subsequent ASX listing. In May and August 2006, Haoma received a deposit and a first payment totalling \$150,000. The balance of sale proceeds (\$350,000 cash and \$1 million shares) was due November 1, 2006.

In January 2007, Haoma and Deepstrike completed a Deed of Variation to allow further time for the completion of the payment of the purchase price. The Deed of Variation includes the sale of Haoma's Second Fortune Mining Camp for \$275,000.

Haoma will receive a placement of shares in respect of the \$1 million non-cash component.

On August 13, 2007 a notice of default was served on Deepstrike Resources. Negotiations are proceeding with a view to negotiating a new agreement.

4. EXPLORATION ACTIVITIES IN THE RAVENSWOOD DISTRICT - QUEENSLAND

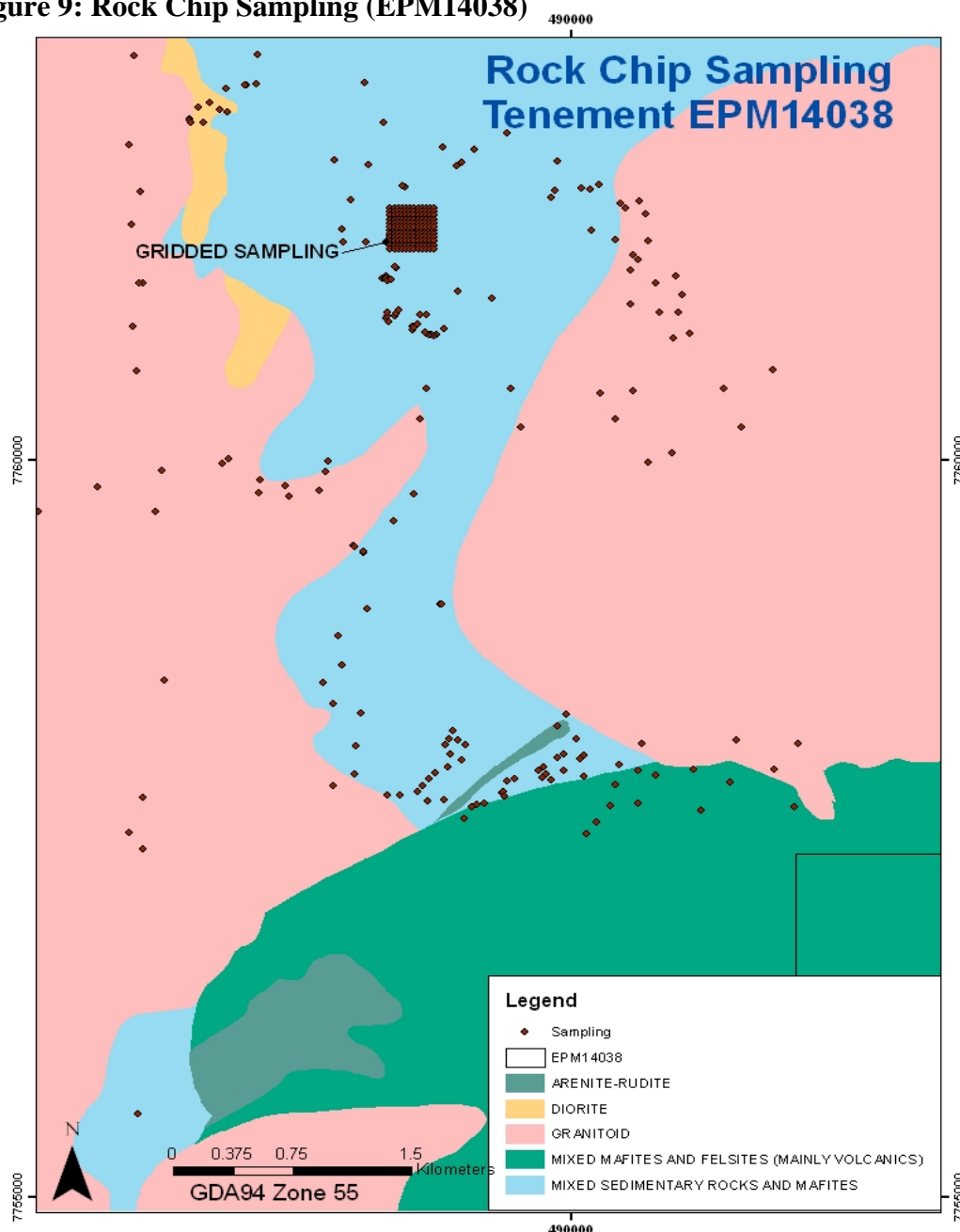
4.1 Ravenswood District Tenements

During the Quarter fifty percent of EPM14038 and EPM14297 were relinquished in accordance with Queensland Mines Department regulations. Areas kept were those considered the most prospective for gold and/or base metal mineralisation. Results highlighted a **significant new lead (Pb) and silver (Ag) anomaly (175m x 50m) which is still open to the south west.**

4.2 Mt Canton Prospect (EPM 14038)

The Mount Canton North Prospect was extensively sampled during the recent rock chip sampling programme and included areas to the south east of Mount Canton North and both sides of the Burdekin Dam highway to the Carse O'Gowrie Homestead. A small sector to the south and east of the Carse O'Gowrie Homestead with an area draining from the eastern side of Mount Canton is yet to be sampled. Figure 9 below shows the extensive areas which have been sampled to date.

Figure 9: Rock Chip Sampling (EPM14038)



A grid sampling program was initiated over a previously reported anomalous lead (Pb) sample (Sample R7122 – 1.14% Pb). Results highlighted a **significant Pb and silver (Ag) anomaly (175m x 50m) which is still open to the south west**. In the current Quarter grid sampling will be extended in the south westerly direction. Significant results returned from the sampling program are tabulated in Figure 10 below:

Figure 10: Rock Chip Sample Locations (EPM14038)

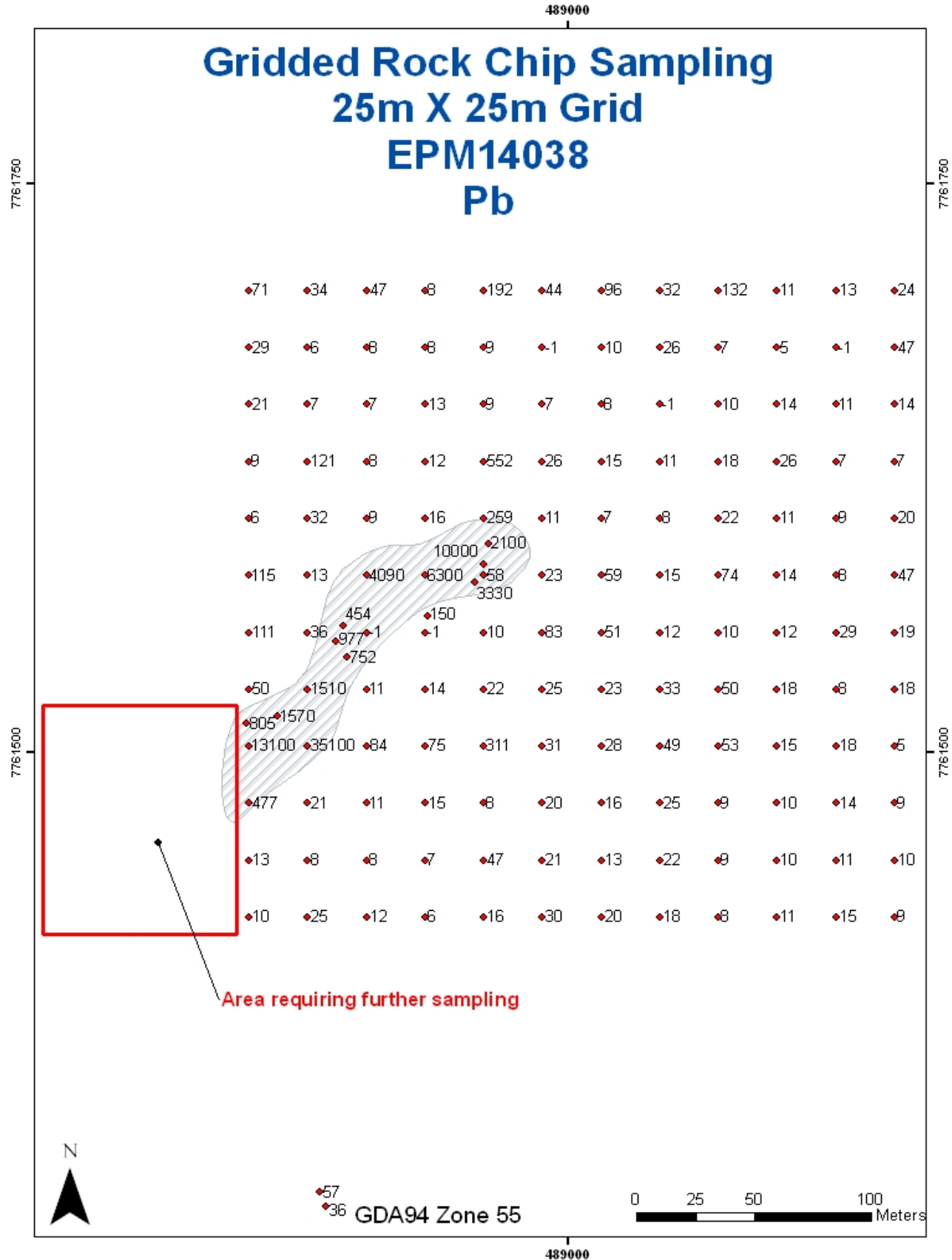


Table 8: Mt Canton – Significant Pb and Ag Results from Rock Chips

Sample Number	GDA Easting	GDA Northing	Au g/t	Ag g/t	As g/t	Cu ppm	Pb ppm	Zn ppm
R7115	488863	7761513	0.00	1	4	114	805	53
R7116*	488876	7761516	0.00	2	-1	103	1,570	26
R7118	488901	7761549	0.00	6	25	271	977	25
R7119	488906	7761542	0.00	6	19	480	752	68
R7121*	488960	7761575	0.01	8	11	276	3,330	139
R7122*	488964	7761583	0.00	16	8	146	11,400	65
R7123*	488966	7761592	0.00	5	7	138	2,100	62
R7163	489309	7762017	0.00	2	69	276	865	626
R6985	488889	7761528	0.00	5	27	32	1,510	32
R6996	488864	7761503	0.00	18	9	784	13,100	158
R6997	488889	7761503	0.06	31	28	501	35,100	101
R6940	488964	7761628	0.00	12	11	285	552	63
R6962	488914	7761578	0.00	3	-1	156	4,090	43
R6963	488939	7761578	0.02	10	8	818	6,300	178
* These samples previously reported in the June 30, 2007 Quarterly Report, see Section 4.3 – Table 7.								

Table 8 of exploration results was prepared on October 22, 2007 by Ms Sandra McKenzie who is a Competent Person under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and she consents to the inclusion of the information in the form and context in which it appears. Ms McKenzie is a member of the AIMM and has relevant experience in relation to the exploration activities.

4.3 Burdekin Gold (EPM 14297)

During the Quarter a sample and drill hole validation programme commenced in the Burdekin Gold Tenement to check historical sample assays and historical drill hole locations. The programme commenced in the historic Carstens Gold Mine area followed by the Brook Creek area which included the historic Bismark Mine. The prospects covered include: Three Sisters, Three Sisters Regional (including several unnamed prospects), Town Creek, St Paul's, Whistling Duck, Magpie Regional, Galena Lode, Carstens, Brook Creek and South Carstens.

Sampling was completed with the exception of the more remote locations, a selection of which will be sampled at a later date. All samples were sent to SGS Townsville for analysis and assayed for Au, Ag, As, Cu, Mo, Pb and Zn.

Several sites were not sampled as there were no visible outcrops within 100 metres of the previous significant results. For this reason the previous rock chip results could not be verified.

Figure 11: Sample locations (EPM14297)

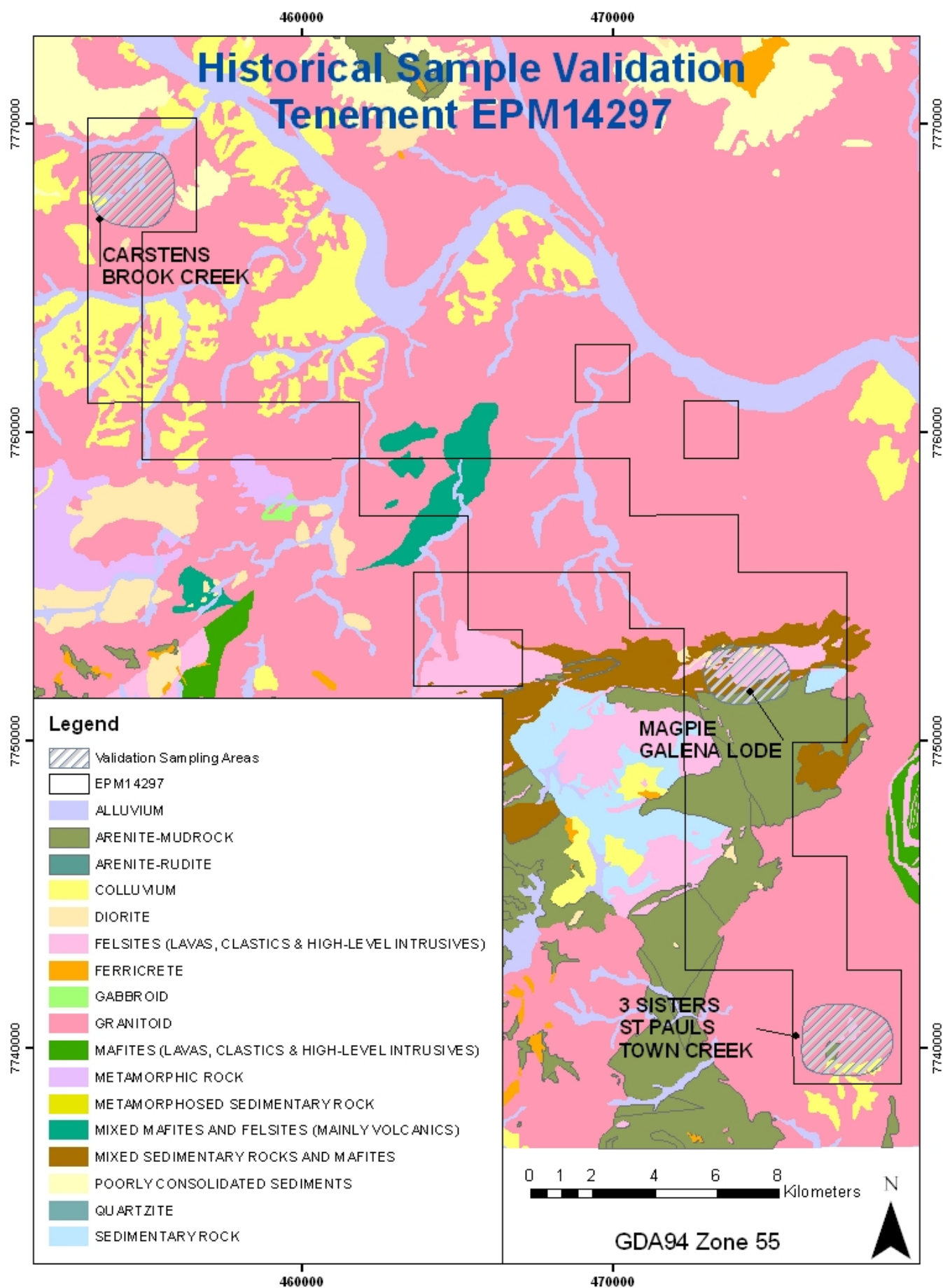


Table 9: Comparison between Historical and New Rock Chip Assays

Original Sample	AMG Easting	AMG Northing	Au g/t Original	Au g/t New	Ag g/t Original	Ag g/t New	As g/t Original	As g/t New	Cu ppm Original	Cu ppm New	Pb ppm Original	Pb ppm New	Zn ppm Original	Zn ppm New
E84624-625	453201	7768518	11.32	<0.01		<1		4		<2		7		110
E84601	453138	7768672	218	<0.01		<1		<2		<2		<5		4
E84596	453114	7768663	7.82	<0.01		<1		<2		<2		<5		5
E84598	453072	7768642	5.28	<0.01		<1		<2		3		<5		11
E84593	453008	7768617	10.4	<0.01		<1		<2		17		<5		3
E84606	453016	7768607	6.56	<0.01		<1		<2		283		6		5
E84605	452970	7768599	8.11	<0.01		<1		<2		<2		<5		6
E84607	453007	7768813	5.38	<0.01		<1		<2		28		<5		<2
CAR/041/1	453843	7768180	3.57	0.11	2.7	<1	64.1	<2	309	236	1940	977	3440	3200
CAR/107/1	455462	7767169	0.64	<0.01	90	<1	53.9	23	103	81	10700	105	60	425
CAR/090/1	455303	7767366	4.25	0.02	5.8	4	131	30	166	135	4650	1800	424	2030
CAR/086/1	455000	7767124	6.75	0.02	2.6	<1	408	3	42	30	1250	24	179	127
CAR/130/1	455370	7769358	2.58	3.64	17	12	4.2	3	11200	1150	9120	4680	40	49
BC/002/R	455208	7767404	5	<0.01	5.7	<1	475	<2	213	5	3	18	639	6
CAR/183/1	454318	7766391	31.1	0.8	11.7	2	25.4	10	468	528	2010	1290	1.30%	1.85%
CAR/178/1	453750	7766964	0.41	0.29	11.4	3	4	24	1680	178	13600	831	27	672
E84631	453334	7768558	34	2.68		<1		6		25		167		160
E86986	453707	7768848	7.34	2.42		5		59		168		897		175
E86995	453814	7766857	21.2	0.02		<1		<2		389		52		178
E86996	453831	7766851	7.74	0.38		<1		11		687		406		576
E86985	453682	7766851	20.9	8.35		36		7		885		279		26
E86999	453877	7766837	9.29	1.26		<1		31		368		76		204
E86982	453745	7766820	7.92	0.23		<1		6		270		350		151
E87000	453875	7766391	3.89	0.03		<1		<2		9		8		54
E86991	453782	7766891	11.7	1.69		4		50		290		205		296
E87000	453875	7766713	3.89	0.05		<1		9		136		767		351
CAR/184/1	454181	7766883	10.8	0.26	2.7	<1	81.1	<2	867	5	185	11	175	63

Table 9 of exploration results was prepared on October 22, 2007 by Ms Sandra McKenzie who is a Competent Person under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and she consents to the inclusion of the information in the form and context in which it appears. Ms McKenzie is a member of the AIMM and has relevant experience in relation to the exploration activities.

To date only forty percent of the new samples assayed by SGS Townsville indicated similar or elevated levels of gold or other mineralisation with the remainder showing little to no correlation between the original result and the new sample result.

A reason for the difference is because all new samples were taken from insitu outcrop either within old workings or surface zones exposing veins or alteration. This differs from the original sampling program which was taken only from old dumps and scrapings. The group of sample results showing no correlation to the original sample assay will require a site visit to determine the veracity of the original sample results.

Approximately 30 samples are still outstanding from SGS Townsville. When received a follow up program will be commenced in the numerous locations where significant results were obtained.

Yours sincerely,



Gary C Morgan
CHAIRMAN