

WOOLANGA PROJECT

NORTHERN TERRITORY

SEL 25055

STRANGWAYS

ANNUAL TECHNICAL REPORT

For the period 13 June 2006 - 12 June 2007

ALCOOTA and ALICE SPRINGS 1:250 000 Map Sheets

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1. SUMMARY

Flinders Diamonds Limited (FDL) applied for SEL 25055 in the Strangways Range area to further investigate the region for the presence of kimberlitic or lamproitic diamondiferous intrusive bodies.

In 2005 FDL sold the non-diamond rights in its Strangways Project tenements to Maximus Resources Limited (MXR). SEL 25055 is included in this agreement.

During the 12 month period ended 12 June 2007 MXR has undertaken geological reconnaissance on both a regional and prospect scale over SEL 25055.

2. LOCATION AND ACCESS

SEL 25055 is located about 100 km northeast of Alice Springs on the BURT (5651), BUSHY PARK (5652), LAUGHLEN (5751) and ALCOOTA (5752) 1:100 000 map sheets. Access is via the Stuart Highway north of Alice Springs for 45 km, then east along the Arltunga Tourist Road until the southern part of the project area is reached, commencing 40 km east of the Stuart Highway turnoff. The Pinnacles Bore turnoff is another 15 km further east along the Arltunga Tourist Road. From there it is possible to access the Plenty Highway 25 km to the north via The Pinnacles – Mud Tank beef road (Figure 1).

The project area covers parts of Alcoota, Bushy Park, Mount Riddock, The Garden and Yambah pastoral leases. The Alice Springs to Darwin railway passes about 25 km west of the project area.

3. TENURE AND EXPENDITURE

SEL 25055 was granted on 13 June 2006 for a period of four years and covers an area of about 1 118 sq km.

Exploration expenditure for the 12 month period 13 June 2006 to 12 June 2007 was \$6 547.

4. NATIVE TITLE

A joint ILUA and Exploration Agreement between the Central Land Council (CLC) and FDL, satisfying all native title requirements, was executed on 13 November 2002. A subsequent Deed of Assumption between the CLC, FDL and MXR was executed on 10 October 2006. These agreements cover SEL 25055.

5. REGIONAL GEOLOGY

SEL 25055 is underlain by high grade metamorphic rocks of the Central Province of the Arunta Block. The Strangways Range Metamorphic Complex, originally a sequence of sedimentary and volcanic rocks of early Proterozoic age, was deformed and metamorphosed 1700 to 1800 million years ago by regional metamorphism and associated igneous intrusion.

The Strangways region is well known for numerous mineralising systems; the Arltunga-Winnecke goldfields, Cu-Pb-Zn deposits at Gecko, Rankins, Gumtree and Glancroil and Cu-Au deposits at Johnnies Reward, Pinnacles and Turners. Gold mineralisation at the Arltunga-Winnecke goldfields is controlled by structures formed during Palaeozoic thrusting; either in retrograde shear zones within the Arunta basement (eg., Golden Goose) or faults and breccias within the Amadeus Basin sediments (eg., White Range). The Cu-Pb-Zn deposits at Gecko, Rankins and Gumtree are massive sulphide stratabound deposits within the Arunta basement succession and are interpreted to be Broken Hill-type deposits (metamorphosed syndepositional mineralisation). The polymetallic Glancroil deposit is a late fault-hosted system. The Cu-Au mineralisation at Johnnies Reward, Pinnacles and Turners are fault-related features.

Fault- related Cu-Au and stratabound Cu (polymetallic) deposits are the prime focus of MXR's exploration program.

6. 2006-07 EXPLORATION

6.1 Regional and prospect scale geological reconnaissance

This has involved several field excursions to allow project personnel to familiarise themselves with aspects of the regional geological setting and more specific prospect geology.

6.2 Diamond exploration

Flinders Diamonds Limited has undertaken no field investigations on SEL 25055 during the period but has been undertaking an office evaluation of past diamond exploration and on-going diamond prospectivity.

6.3 Broader Project exploration

During the reporting period MXR acquired two additional tenements in the Strangways / Woolanga region, EL 9529 and EL 22759. This in turn led to a revision in the exploration strategy and program for the Strangways / Woolanga region.

EL 9529 and EL 22759 together with EL 23592 host known copper-gold mineralisation. MXR therefore decided that as a first phase in a revised regional exploration program trial airborne EM surveys would be flown over this known mineralisation. These surveys were flown in November 2006 and preliminary results are reasonably encouraging although drill testing of anomalous EM features is yet to be undertaken.

MXR proposes to undertake wide spaced EM surveys over much of SEL 25055 and SEL 25056 as the next phase of its regional exploration program. In the first half of 2007 MXR failed to engage a suitable airborne EM survey contractor to undertake this program. A contractor should be available later in 2007.

10. CONCLUSIONS

Based on the preliminary electromagnetic and magnetic data received to date over EL 9529, EL 22759 and EL 23592 the application of airborne EM and magnetic surveys as a prime regional exploration tool for Cu-Au targets appears to have merit.

The 2007-08 base and precious metal exploration program on SEL 25055 is therefore planned to comprise:

- Airborne EM and magnetic surveys
- Survey data processing and interpretation
- Geological and geochemical evaluation of anomalous features
- Follow up RC / diamond drill testing of significant electromagnetic and / or magnetic features

11. REFERENCES.

Otterman, D. W., 2005. Independent Geologist's Report in Maximus Resources Ltd Prospectus dated 8 September, 2005.

