HARTZ RANGE MINES PTY LTD
ACN: 084 999 413

EL 22579

6th ANNUAL REPORT

FOR THE PERIOD ENDING
28th July 2008

Submitted By

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ABSTRACT

Hartz Range Mines Pty Ltd ("HRM") has continued operations on EL22579, mostly under the Debbil Debbil Joint Venture operations, with Lagoon Creek Resources Pty Ltd ("LCR") as the operator. Previous extended wet seasons and cyclonic activity has largely prevented field access and field activity has been limited over this area.

The work over this tenement has comprised of a comprehensive helicopter-borne stream sediment sampling program of the tenement as part of an ongoing exploration targeting exercise for the area. Soil sampling has been carried out over a copper target that was identified within this tenement.

KEYWORDS: NT, McArthur Basin, Wollgorang Copper Project, Debbil Debbil Uranium Project, Branch Creek Diamond Project, copper, uranium, diamond, stream sediment, airborne geophysical survey, Landsat, SPOT.
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INTRODUCTION

Hartz Range Mines Pty Ltd (“HRM”) holds three Exploration Licences, EL10335, 22579, and 24358 at Wollogorang Station on the Northern Territory - Queensland border. HRM have divided the three EL’s in the area, based on previous work, into project areas. These are the Wollogorang Project including the Coolibah Creek Diamond Prospect, which occupies the western part of the EL and the Debbil Debbil JV Uranium Project, which occupies most of the eastern part of the EL. See Figure 1.

TENEMENT DETAILS

This tenement was due to expire on the 28 July 2008. Renewal of tenement EL22579 was granted in July 2008 and will now expire on the 28 July 2010.

<table>
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<tr>
<th>LICENCE</th>
<th>APPLICATION</th>
<th>GRANTED</th>
<th>BLOCKS</th>
<th>AREA (km²)</th>
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<td>EL22579</td>
<td>4 May 2000</td>
<td>29 Jul 2002</td>
<td>144</td>
<td>472</td>
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Native Title - Authority Certificate C2006/107 has been amended to include track construction and drill pad construction.

REGIONAL GEOLOGY

The project area is located within the Wearyan Shelf tectonic domain of the southeastern parts of the Pelaeoproterozoic McArthur Basin. The McArthur Basin is a succession of essentially unmetamorphosed sedimentary and lesser volcanic rocks, deposited largely in shallow marginal marine and lacustrine settings (see Figure 2). The tenement covers a sequence of sediments and volcanics of the mid-Proterozoic Tawallah Group which flank the northern margin of the Lower Proterozoic Murphy Inlier. The Murphy Metamorphics are a sequence of isoclinally folded greenschist facies metasediments which are unconformably overlain by a felsic volcanic/pyroclastic sequence (Cliffdale Volcanics), intruded by granite/adamellite of the Nicholson Granite Complex. The Tawallah Group overlies the igneous and metamorphic complexes of the Murphy Inlier with angular unconformity and disconformity. The Tawallah Group is the oldest group of the McArthur Basin sequence. The Westmorland Conglomerate is the oldest unit of the Tawallah Group and consists of a thick sequence (up to 1800m) of fluvial arkosic conglomerate and quartz arenite. The Seigal Volcanics conformably overlie the Westmorland Conglomerate and occurs as a series of tholeiitic basaltic lavas and minor tuffaceous interbeds along the southern margin of the project area. The McDermott Formation conformably overlies the Seigal Volcanics along the southern margin and forms a narrow, poorly outcropping unit characterised by alternating beds of shallow-water marine arenites, shale and dolostone.

The carbonate rocks of the McDermott Formation are conformably overlain by the Sly Creek Sandstone sequence which grades upwards into glauconitic sandstone named the Aquarium Formation. The conformable units encompass the majority of the project area and are characterised by a series of open folds with north-east oriented axes.

The continental Settlement Creek Volcanics conformably overlie the Aquarium Formation and consist of a series of basaltic lava flows, sills and siltstone interbeds. Exposure of the volcanics is limited and is obscured by recent alluvium denoting the Settlement Creek valley. Minor siltstone and sandstone of the Early Cretaceous Mullahman Beds overlie the Tawallah Group sediments. Soils, alluvium and lateritic deposits of Tertiary and Quaternary age mask the underlying Proterozoic lithologies along the major watercourses. (after Jackson et al, 1987 and Ahmad & Wygralak, 1989)
Figure 1 – Location Plan
Figure 2 – Regional Geological Setting
EXPLORATION CONDUCTED

Exploration by LCR on the Debbil Debbil JV covering EL22579 during the past year consisted of regional stream sediment sampling program and soil sampling program over a copper target.

Access and Infrastructure.

Re-establishment of the access road from the Savannah highway was undertaken after the wet season. This work was undertaken by Hewlitt and sons from Cloncurry, with a team staying on site all dry season to maintain the tracks.

Lagoon Creek Resources installed a new semi-permanent camp at the historic Caroline airstrip. This camp is to be used as Lagoon Creeks exploration base for its projects within the gulf region.

Hewlitt and sons were also contracted to re-instate the Caroline airstrip. This is now in regular use and has been registered with the Royal Flying Doctor Service.

Helicopter-borne Regional Stream Sediment Survey.

Lagoon Creek Resources undertook a regional stream sediment geochemistry sampling programme over the JV portions of tenements EL24358, 10335 and 22579.

A total of 109 stream sites were surveyed within in tenement EL22579, with 3 samples being collected from each location.

Each sample was sieved on site. One sample to -2mm was of around 5kg, this being used for a bulk cyanide leach. Two samples to -#80 mesh, were around 2kg each, one for multi element ICP analysis and the second duplicate should further assay be required. These duplicate samples are now in storage in Mount Isa.

The BCL and ICP samples were dispatched via courier to ALS in Townsville. Location and assay information can be found in Appendix 1. All locations are in GDA94 and can be seen in Figure 3.

Exploration by Lagoon Creek Resources on the Debbil Debbil JV covering EL22579 during the past year has been severely hampered by a combination of the record wet season and the current mineral boom presenting serious problems in the acquisition of contractors and field staff. Lagoon Creek Resources has completed its field camp construction. Hartz Range Mines have continued exploration under the same difficult conditions.
Figure 3 – Stream Sediment Locations
Soil Survey – Northwest Copper Project

In mid September 2007, a north-south soil grid was run over the two Cu pits collectively known as the NW Cu Prospect. A base line was pegged east-west, and the idea was that the known mineralised area would be sampled along lines 100m apart and at 25m centres. Samples were field sieved to -2mm, and subsequently to -80" prior to analysis. Sample are located in GDA94 and can be seen in Figure 4.

The Cu anomaly seems to be associated with elevated As, Bi (?), P and lesser Be.

A second non-coincident anomaly for Zn, Ag, Nb and Mn occurs in the SW corner of the grid. More sampling might expand it. The Zn anomaly is not anomalous for Pb.

A third Zn, Ag, Nb & Mn anomaly occurs on the eastern traverses. Its cause is presumably similar to that for the SW anomaly.

The association of Zn, Ag and more particularly Co with Mn might hint at Mn scavenging. That might eventually be the explanation for these two anomalies. Nevertheless a bit more soil sampling and geological mapping is appropriate at this stage. Figure 5 shows sample location with results.
Figure 4 – Soil Sample Locations
Figure 5 - Northwest Copper Soil samples showing results.
PROPOSED EXPLORATION

Lagoon Creek has indicated that they will be carrying out follow up stream sediment sampling, follow up geological mapping and rockchip sampling. Hartz Range intend to undertake prospecting, reconnaissance mapping, rockchip sampling and possibly an IP survey.

CONCLUSIONS

Despite the difficulties with access to the area during the last year HRM and LCR remain committed to field exploration of EL 22579 during the coming year.

EXPENDITURE (Combined for Lagoon Creek Resources and Hartz Range Mine)

Please see attached Expenditure Form

REFERENCES


Appendix 1

Stream Sediment Samples
Appendix 2

Soil Samples