MINCOR ZINC PTY LTD
GEORGINA BASIN PROJECT

Combined Annual Report
EL25089, EL25090, EL25091, EL25092, EL25093, EL25094, EL25143 and EL26933

2 October 2009 to 1 October 2010

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1 SUMMARY

The combined tenements currently comprising the Georgina Basin Project are EL25089 to EL25094, EL25143 and EL26933, and amount to nearly 6000 km^2 (Figure 1). As noted in previous reports, the project is located on the southern margin of the Georgina Basin where a succession of sedimentary rocks is prospective for MVT style Zn-Pb deposits.

In the previous reporting period, the regional soil sampling project yielded indications of possible fluid flow activity in some faults, allowing the definition of areas in which further assessment of the metal ion distribution by detailed soil sampling and ionic leach geochemistry could be conducted in order refine future targeting. More than 4 000 samples have been collected from two such areas, each 100 km^2 in extent. The chemistry from the Putta Putta area indicated low level anomalous Zn in several places, whilst the Tomahawk area analyses are still in progress. These areal anomalies may represent elevated Zn at depth and thus these areas require further work towards defining smaller targets.

To this purpose, ground geophysics in the Putta Putta area tested the application of induced potential (IP) traverses as a suitable process for more widespread subsurface mapping of conductive units. The trial using 4 lines 5 km in length has provided some indications of the depth of oxidation and possible attitude and position of fault planes. However, the high cost of this application does not favour very widespread use and other ways of reducing the target size are needed.

To refine the understanding of principal controls on mineralization, such as structure, lithology and stratigraphy, diamond drilling was planned to produce core for the exclusive purpose of determining the distribution of lithologies for the recognition of fault displacement and fold geometry. Progress was made in the drilling project in obtaining Sacred Site clearance certificates and marking out sites and tracks, no further work was possible because the high rainfall prevented access to drill sites. This work has therefore been deferred until next year.

2 INTRODUCTION

The Annual Reporting period for these tenements is 2 October to 1 October. The tenement schedule is given as Table 1 below.

The total expenditure for the group in 2009/2010 was $582303.

In the reporting period, work in the field has been severely limited by adverse weather conditions and consequent access difficulties. Exploration work completed involved the detailed sampling of the Putta Putta target area (Figure 1, 2, Appendix 1, 3), a new ground geophysics project comprising 22 km of induced polarization traverses (Figure 3) and interpretation thereof (Appendix 2), and the detailed sampling of a significant portion of the Tomahawk target.

Note that work on tenements EL25093 and EL26933 has not been possible in the reporting period because of a one year hold on all activity in these areas imposed by the Central Land Council in deference to the burial of a prominent aboriginal elder in the vicinity.

Licence	Name	Grant	Expiry	Blocks	Commitment	Current
EL25089	Arapunya	7/09/2006	6/09/2012	250	$400,000	$181,687
EL25090	Derry Downs	2/10/2006	1/10/2012	194	$50,000	$20,109
EL25091	Lucy Creek	2/10/2006	1/10/2012	422	$340,000	$304,172
EL25092	Mt Teitkens	2/10/2006	1/10/2012	296	$170,000	$25,074
EL25093	Mt Ultim	2/10/2006	1/10/2012	230	$50,000	$7,901
EL25094	Tarlton Hill	2/10/2006	1/10/2012	419	$170,000	$40,107
EL25143	Huckitta	2/10/2006	1/10/2012	8	$20,000	$3,253
EL26933	Dulcie Range	27/07/2009	26/07/2015	51	$52,000	$0
TOTAL				**3179**	**$1252000**	**$582303**

Table 1: Georgina Basin Project Tenement Schedule and expenditure.

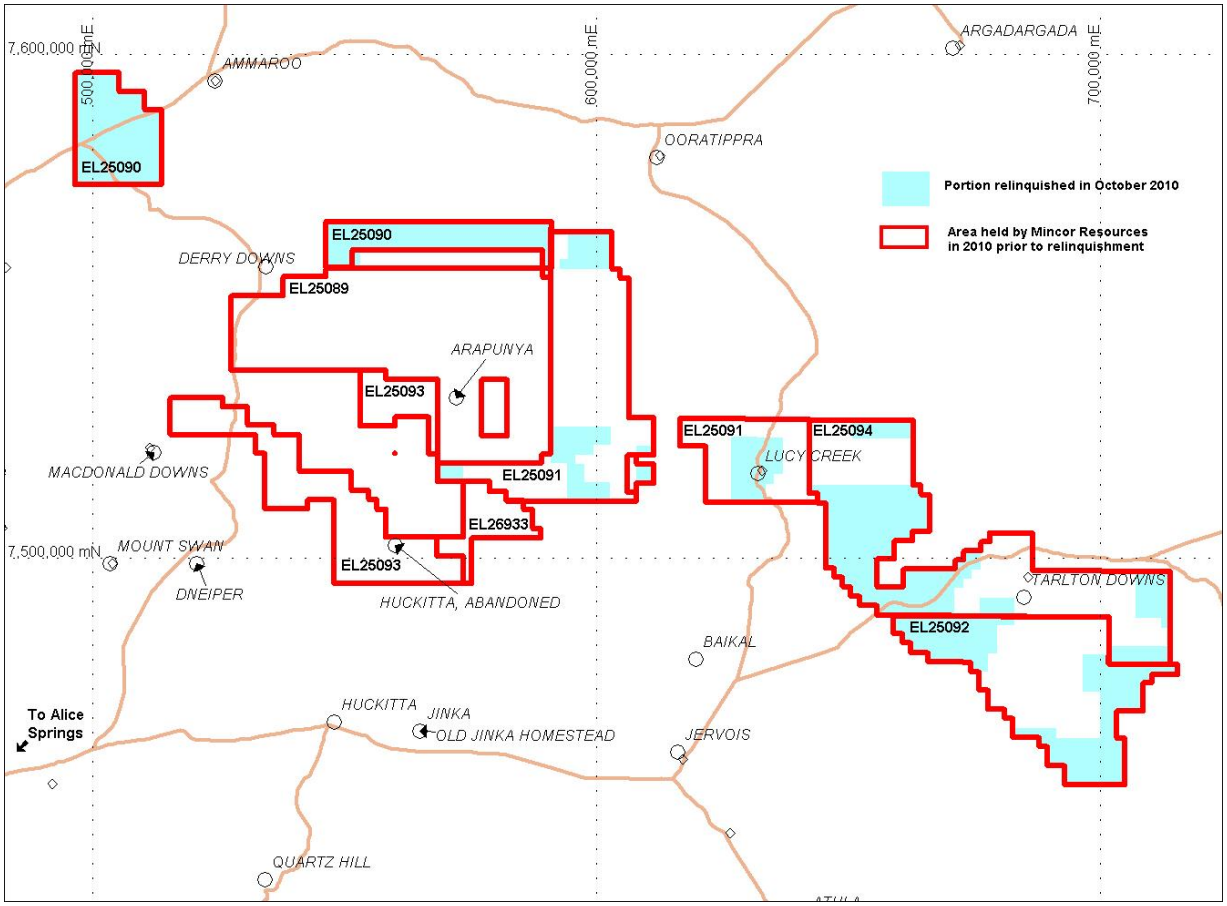


Figure 1: Location map showing Georgina tenement block.

3 LOCAL GEOLOGY AND TARGET AREAS

An outline of the geology of the Georgina Basin and of the stratigraphy and distribution of the sedimentary rocks in the present study area was provided in the previous report. The on-going work in the project is aimed at identifying areas in proximity to faults units where modelled fluid flow and favourable rock types are most indicative of mineralization potential, such as the platform/shelf deposits of the Arrinthrunga Formation and basal shale of the Arthur Creek Formation. The widely distributed soil chemistry survey provides indications of possibly more highly prospective horizons.

The considerable faulting inferred from detailed modelling of the geophysical data reported in the previous annual report represents three different principal orientations: northeast, northwest, and north-south trending. The age relations of these faults are uncertain as there appears to have been some reactivation. The earliest are likely to be the northwest trending faults, as these show apparent displacement by those trending northeast, while the north-south structures are indeterminate. The areas of greatest anomalism are typically where intersections of the faults occur.

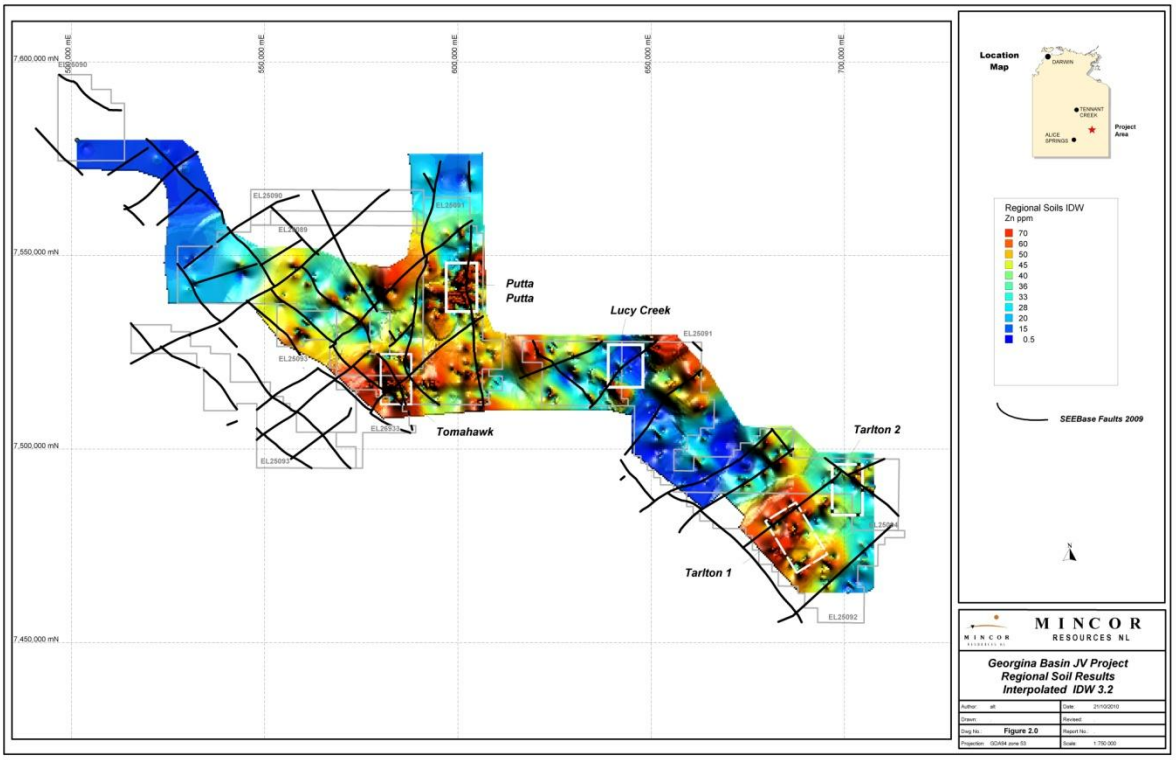


Figure 2: The inferred faults in the Georgina Project area in relation to the distribution of anomalous Zn concentration determined by Ionic Leach® analysis of soil samples. The areas of intended detailed analysis are outlined in white.

4 ABORIGINAL HERITAGE

Heritage clearances were obtained through CLC for the major activities in the reporting period: the ground geophysics programme, soil sampling and intended diamond drilling. A map of all the proposed sample sites was provided to CLC, who

then delegated an anthropologist to consult with the traditional owners. Site inspections were made to confirm that there are no sensitive sites in the areas to be studied.

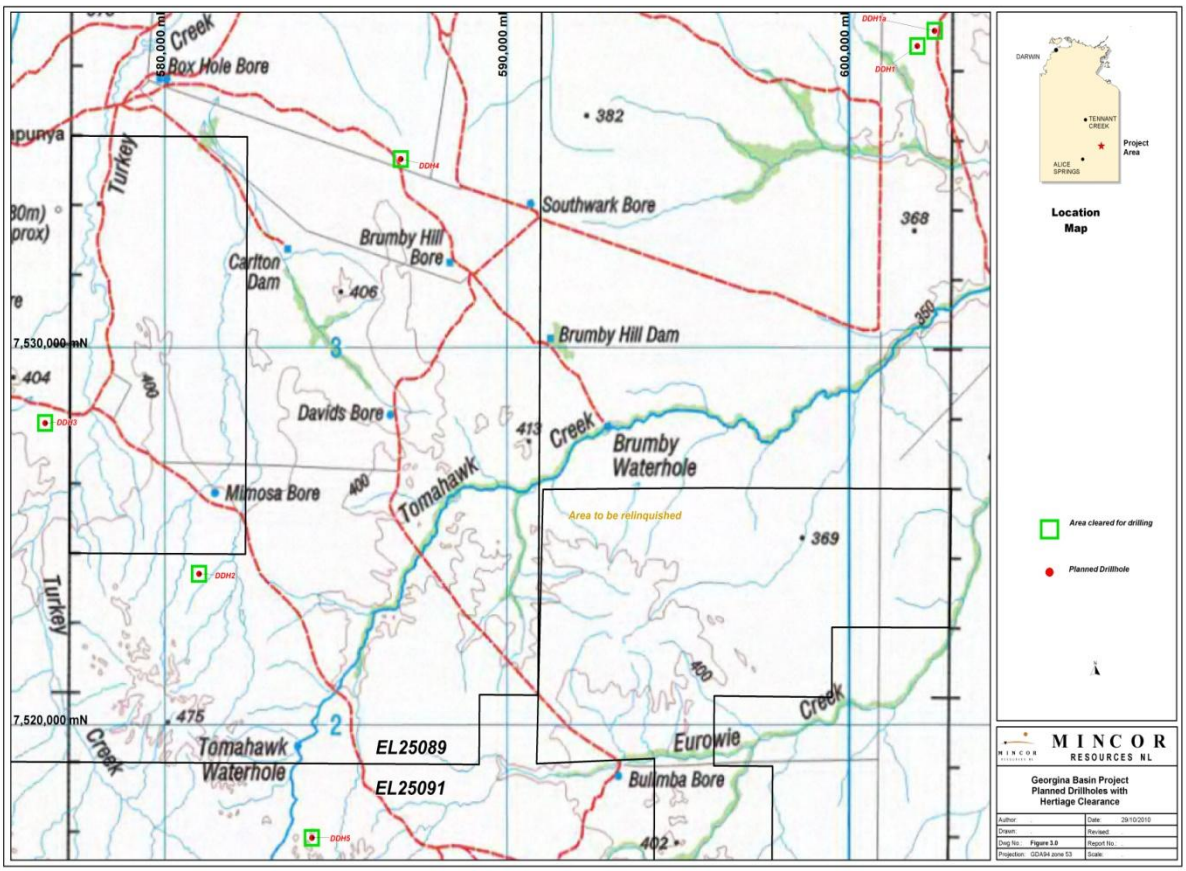


Figure 3: The location of the planned diamond drill sites, outlined in green, for which Sacred Site Clearance Certificates have been obtained.

5 EXPLORATION ACTIVITIES

Constraints on the structural interpretation and fluid flow modelling conducted earlier in the project were required to identify faults in which there was activity of solutions enriched in the base metals, and whether or not any particular generation or orientation was favoured. Seepage along faults as an indication of mineralization in depth is also a possibility that is considered in regard to all soil chemistry results.

The regional work involved sampling of soils along traverses 2 to 3 km long across the fault zones inferred in the geophysical interpretation. Results of the Ionic Leach® soil chemistry project conducted in 2008/2009 (Figure 4) provided several anomalies that coincide with the interpreted position of faults (see annual report 2008/2009). This geochemical study has not identified any particular fault generation or orientation as more susceptible to possibly fertile fluid flow, but some areas show anomalous zinc concentrations in the distribution of cation precipitation in the soil profiles. This has allowed the selection of preferred target areas based on the combination of soil

chemistry with structural and stratigraphic relations supported by the fluid flow modelling outcomes (Figure 2).

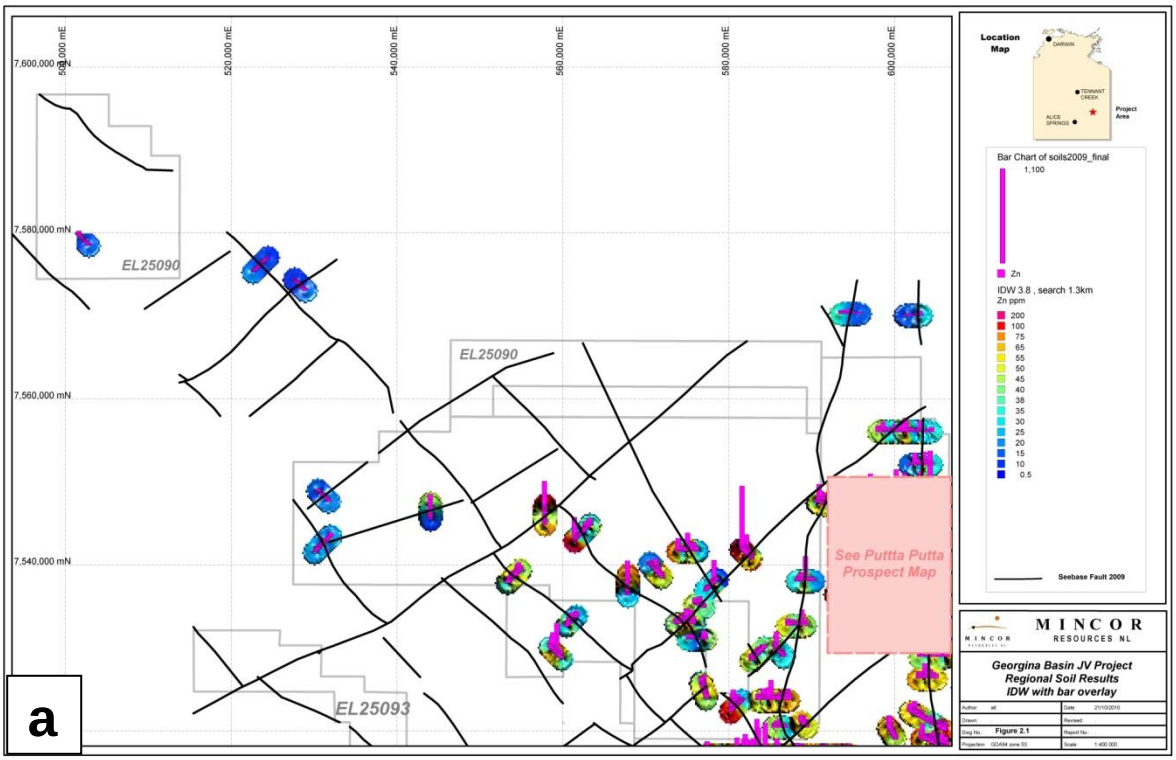
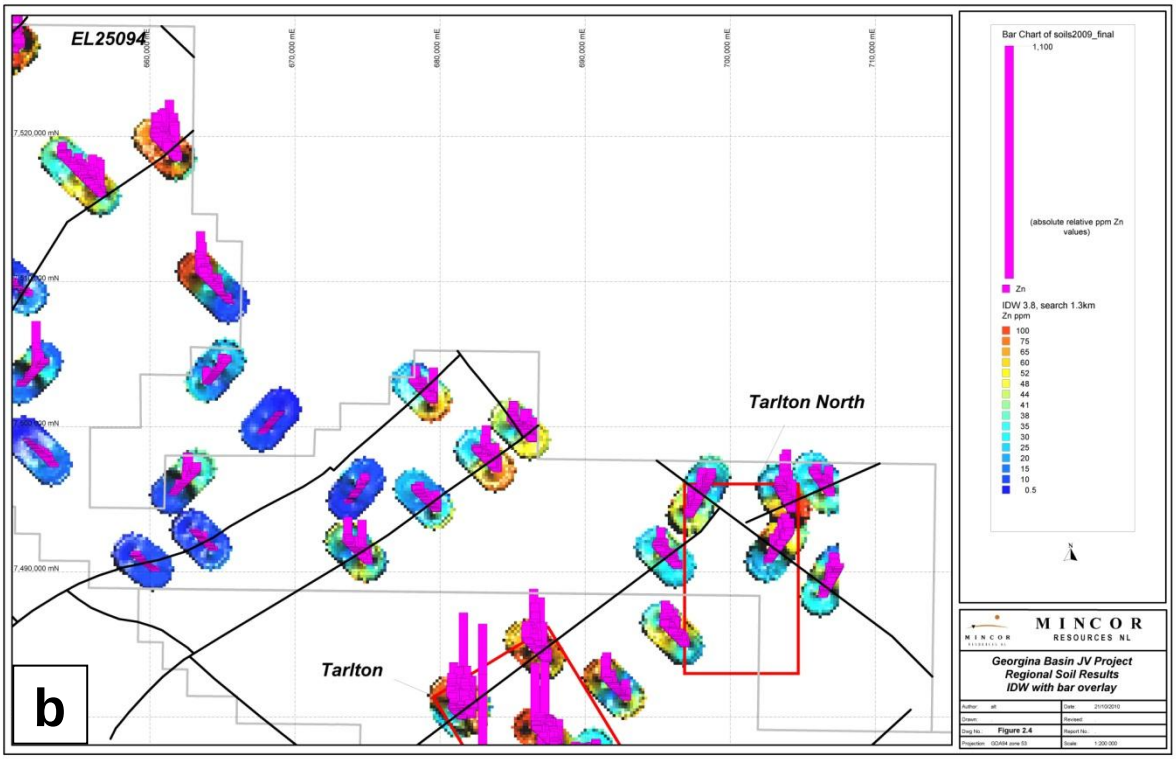
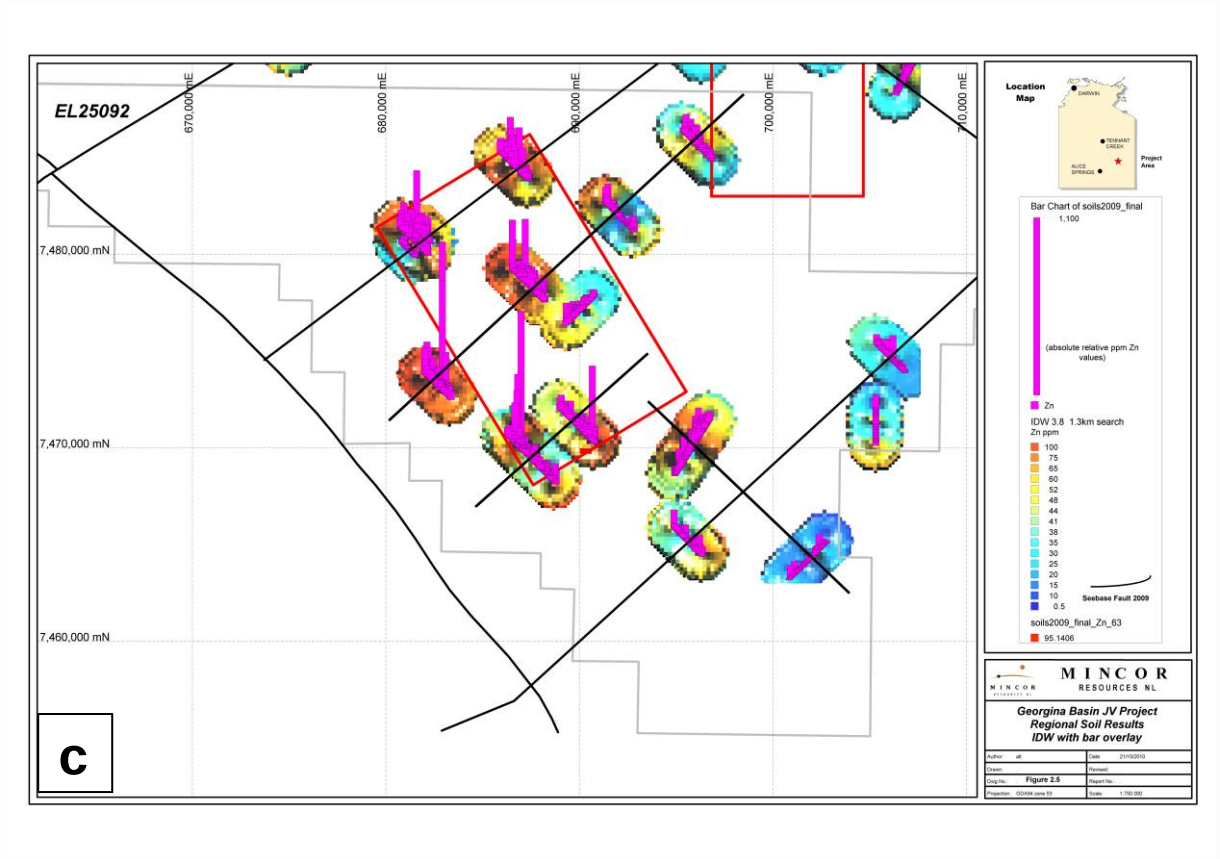


Figure 4: The location of the soil samples and measured ionic Zn concentrations on traverses across the inferred faults in the southern Georgina Basin: a. tenements EL25089 and EL25090; b. tenements EL2091 and EL25094; c. tenement EL25092.





The Putta Putta and Tomahawk target areas have been sampled on grids with 100 m spaced points on latitudinal lines 500m apart. The samples are of soil less than 1 mm in grainsize, collected at a depth of 25 cm. The Ionic Leach® analytical process used is the dissolution of cations precipitated on soil grains from mobile fluids, followed by ultra-trace analysis by ICPMS. The results for the Tomahawk area are not yet available because of difficulties in sampling and access during the adversely wet year. However, sampling of the Putta Putta area that was completed in November 2009, has yielded some interesting results (Figure 5, Appendix 1).

The attitude, orientation and nature of displacement in fault zones is critical to modelling of potential mineralization sites and it has been attempted to identify these parameters using ground Induced Potential (IP) studies comprising an orientation Dipole-Dipole Induced Polarization survey in the Putta Putta target area. This involved four traverses of 5 km across the intersection of the major N-S Putta Putta fault zone with a NE-SW fault, and close to the convergence of these faults with the NNW-trending Lucy Creek fault. This pilot survey was intended to trial IP on a local scale as a geophysical tool to assist subsurface mapping of lithological units to identify structural displacements. An overall outcome was the identification of whether or not the applied method may aid regional exploration for MVT targets. The IP survey has shown some success in mapping structures as the resistivity results defined faults and a thick conductive overburden. The chargeability data are compromised in the vicinity of the major faults, possibly by the presence of water, shales or graphite along them. A full summary of the results is provided in Appendix 2.

Further control on the modelling is the more accurate determination of relative stratigraphic depths and displacement in the proximity of the fault zones. This

requires diamond drilling to adequate depth to identify the position of stratigraphic markers relative to faults, an possibly to the geochemical anomalies produced in the soil chemistry survey. Five sites of preferred stratigraphic drilling have been selected and full Sacred Site clearance obtained for these locations.

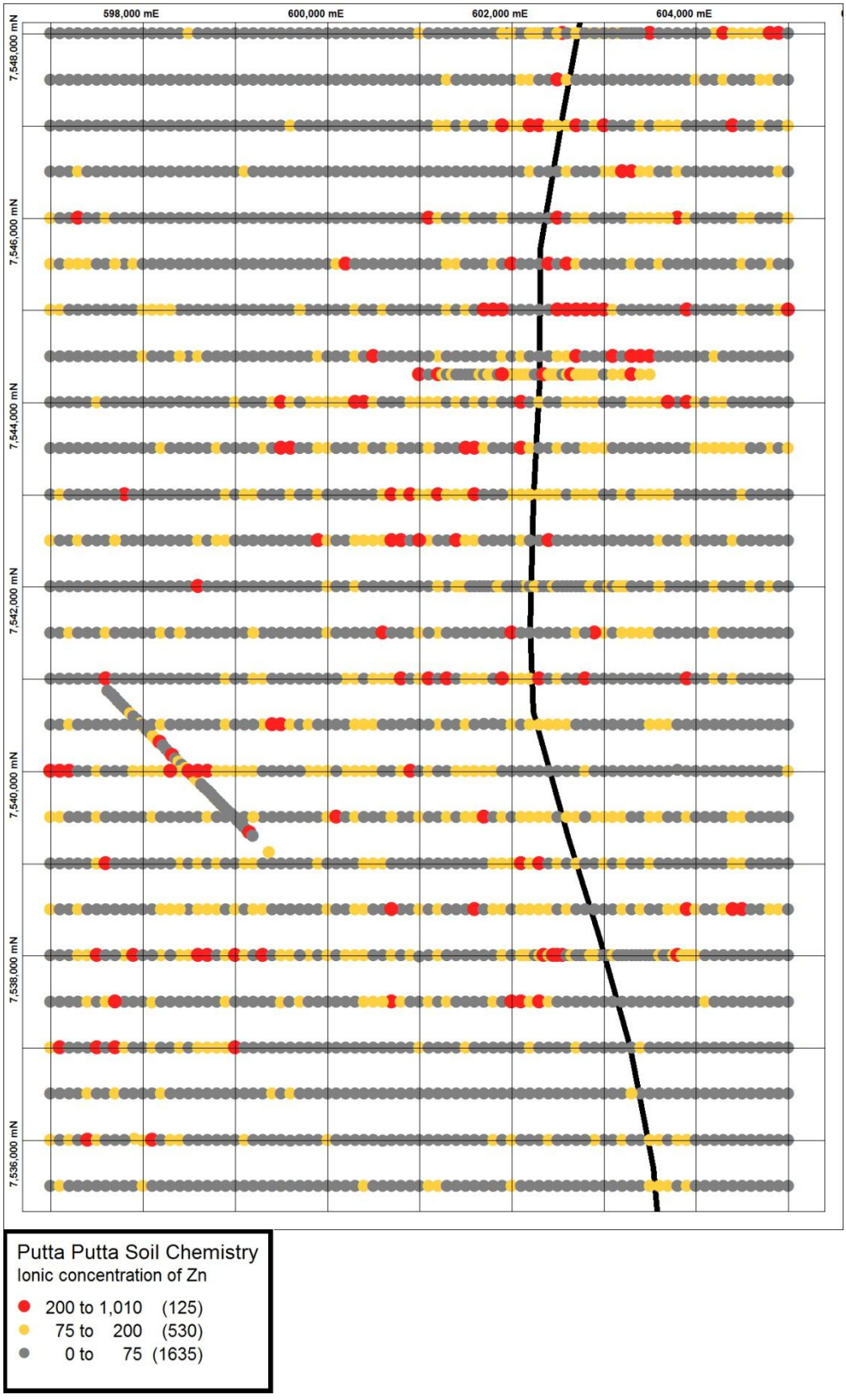


Figure 5: The location of the soil samples in the Putta Putta target area, illustrating the concentration of Zn determined by Ionic Leach. See appendix 1 for the details of this study.

6 PLANNED ACTIVITY 2010/2011

The largely conceptual Georgina Basin Project is continuing in 4 focus areas, each 100 km^2 in extent, using geochemical and geophysical methodology, together with diamond drilling control on stratigraphic relations, with the intention of identifying areas of higher potential where targeted drilling may be possible in the future. Diamond drilling to determine the stratigraphic controls will be of highest priority and this will proceed as early in 2011 as possible, bearing in mind the difficulty of access to the drillsites will be greatly reduced if suitable weather conditions allow the creeks to dry out and if remediation of the public roads to the tenements is completed. The numerical modelling of fluid flow in the modelled 3D geometry strongly constrains mineralization potential to a close proximity to fault structures, and once the most intense metal transfer zones are defined, further geophysical studies such as very detailed gravity surveys and possibly additional Induced Polarization studies. Further exploration drilling may be carried out if geochemical and geophysical indicators are strongly positive. It is hoped that the severe limitation on progress in the 2009-2010 period caused by severe weather conditions and difficulty of access to the area for much of the year will not recur in the coming year.

Appendix 1

Appendix 2

Appendix 3