

Gemtree

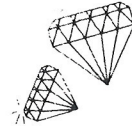
Gateway to the Gemfields

P O Box 8895, Plenty Highway
via Alice Springs NT 0872

Ph: 08 8956 9855 Fax: 08 8956 9860

Email: gemtree@gemtree.com.au Web: www.gemtree.com.au

ABN: 46 449 439 602



Mining Registrar
Minerals & Energy Titles Division
GPO Box 3000
DARWIN NT 0801

25th April 2007

ANNUAL REPORT: Mineral Claim 251 - Gunnister P/L & Woolanger P/L

Since we purchased Gemtree in April 2006 - which included the transfer of the above garnet lease - the following brief summary should indicate to you the care undertaken by us of the site for the last twelve months.

The lease is used exclusively for garnet fossicking and daily guided tours are offered to the site where continuous fossicking just below the surface takes place. The revenue from these tours is part of the Gemtree overall operation and is mostly concentrated on the cooler months of the year.

Visiting regularly allows us to closely observe the condition of the lease.

We have long term plans to use our backhoe to clean up the fossicking area behind us to allow rehabilitation of the area.

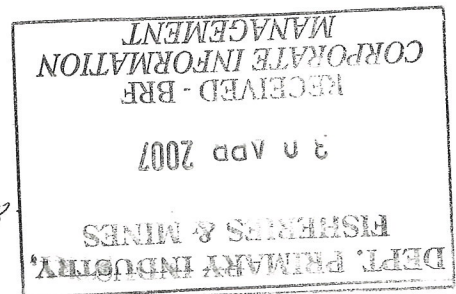
Carmel Chalmers

Gemtree Proprietor and Director/Secretary of Woolanger P/L & Gunnister P/L

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