STRATUS RESOURCES PTY LTD

ANNUAL REPORT FOR

MCN 3698, MCN 4526

YEAR ENDING 2ND FEBRUARY, 2007

Report Number: SRWL0003
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SUMMARY

During 2006-2007 no work was carried out on either MCN 3698 or MCN 4526

Previous work detailed in CR19880483 annual report, entailed a 25m soil sampling grid to the immediate South of MCN 3698, the anomaly identified appears to strike north / south and may continue to MCN 3698 as the anomaly is not closed off to the north.

Work planned in the upcoming year includes geologically mapping and survey of both MCN 3698 and MCN 4526 albeit with the focus being on MCN 4526.

INTRODUCTION

As of the 18th of March 2007 STRATUS RESOURCES PTY LTD (Stratus) has accepted responsibility for the tenement package held by Ray Wooldridge, Alistair Anderson Anthony Wilkinson and formerly, Alistair Quest of the TAR Syndicate (MLN119, MLN549, MCN 3698, MCN 4526 and EL9786.)

Stratus has had insufficient time to visit, compile or investigate all the previous work conducted on either MCN 3698 or MCN 4526 at this time.

PREVIOUS WORK

There is little information available for the previous work carried out on either MCN, please refer to letter by Graham Crisp, dated 8/9/95 (CR19950607), the previous tenement holder.

WORK FOR NOVEMBER 2006

As the records of all work conducted in this reporting year has been lost, Stratus cannot provide a correct figure for the costs of the work that (if any) was carried out.

LOCATION AND GEOLOGY

MCN 3698 and MCN 4526 lie 7 km due south of the town of Pine Creek, Northern Territory, (refer Figure 1). Access is via tracks and firebreaks off the Stuart Highway, any work to be undertaken should be conducted in the Dry season, preferably after a burn-off. The Geology hosted in the MCN's is comprised entirely of the Finnis River group and is considered prospective for gold and base metal deposits.
SYNDICATE EXPERIENCE AND CAPABILITIES

Ray Wooldridge brings the services of North Australian Assay Laboratories and has 40 years experience as an analytical chemist specializing in assaying for mining and exploration companies.

Alistair Anderson has over 15 years experience in underground, exploration and open pit surveying, he has the capability to provide all surveying services required on both MCN’s

Stratus currently employs two geologists with a proven track record spanning over 30 combined years in exploration, resource definition and mining geology. Stratus Geologists are suitable qualified to generate and report JORC, SAMREC or 43-101 compliant resources.
FORWARD PROGRAM:

The aim of this work program is to define gold and or base metal resources to an indicated status on the MCN’s. The Forward Program for both MCN 3698 and MCN 4526 will focus on areas of already identified mineralization, in MCN 3698’s case, the northern extension of the anomaly identified on EL9786. Both tenements will be geologically mapped in detail. Any plans for drilling or further work will be dependent on the definition of any continuous mineralization / anomalism.

**MCN 3698**

Geological Mapping  
Vehicle usage 14 days $1,400  
Geologist 14 days $16,800

Identify and Investigate strike extensions to EL 9786 anomaly  
Vehicle usage 7 days $700  
Assay ~50 samples $1,000  
**TOTAL** $26,500

**MCN 4526**

Geological Mapping  
Vehicle usage 10 days $1,000  
Geologist 10 days $12,000

**TOTAL** $13,000

**COST ASSUMPTIONS**

Vehicle Hire: $100/day  
Assay costs, Multi-element $30/sample  
Exploration Geologist $1200/day  
Senior Surveyor $1200/day  
Field Assistant $400/day  
Drilling, Inclusive of all consumables $200/mtr

(All costs quoted exclusive of gst)