BARFUSS CORPORATION
PTY LTD

HARTS RANGE PROJECT
NORTHERN TERRITORY OF AUSTRALIA

ANNUAL REPORT FOR
MINERAL CLAIMS
MCS 235, 236, 237, 238, 239, 240, 241, 242, 243, 244
FOR THE PERIOD ENDING 20th June 2007.

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Report No. MCS235-244-AnnRept-2007.doc
Date: 21 September, 2008
Licensee: Barfuss Corporation Pty Ltd
A.C.N. 006 917 666

1:250,000 MAP SHEET: Illogwa Creek SF 53-15
1:100,000 MAP SHEET: Quartz 5951

KEYWORDS: anorthosite, Harts Range, Harts Range Meta-igneous Complex, Irindina Supracrustal Assemblage, Riddock Amphibolite, ruby, vermiculite, corundum
LICENCE DETAILS:

Licence Numbers:  MCS 235, MCS 236, MCS 237, MCS 238, MCS 239, MCS 240, MCS 241, MCS 242, MCS 243, MCS 244

Project Name:  Harts Range
               (Ruby Mine & Vermiculite Prospects)

Licensee:  Barfuss Corporation Pty Ltd

Licensee ACN:  006 917 666

Licence details:

Area:  172 hectares
       (MCS 235, 236, 244 each 20 ha; MCS 237-243 each 16 ha)
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1. SUMMARY

The Harts Range Ruby Mine workings lie in the southeast of the Northern Territory, roughly 130 kilometres northeast of Alice Springs (260 km by road, via the Plenty Highway). Mining Claims MCS238-MCS244 cover the main area of the workings (the Ruby Mine Prospect) and MCS235-MCS237 extend further northwest over the same sequence of rocks and additional exploratory workings (the Vermiculite Prospect). Barfuss Corporation holds all ten adjoining Mining Claims.

The Project is in the northern Harts Range and topography is frequently rugged. Access is from the north via station tracks running south from the Plenty Highway, past the Entire Bore. Vehicle access within the leases is largely restricted to established tracks.

The lease area is underlain by gneisses and amphibolites of the Riddock Amphibolite (or “Harts Range Meta-igneous Complex”) – part of the Early Proterozoic Harts Range Group (or “Irindina Supracrustal Assemblage”) – in the eastern Arunta Block. The ruby-corundum and vermiculite occurrences are associated with discrete meta-ultramafic bodies within the “Entire Anorthosite” unit.

Previous mining at the Harts Range Ruby Mine was conducted by Mistral Mines in the late 1970s to early 1980s and was restricted to surficial shallow open excavations. The ruby-bearing rocks have not been fully excavated and are known to still contain rubies. The ruby-bearing rocks are interpreted to be within metamorphosed boudinaged ultramafic rocks. The ultramafic bodies outcrop as discrete “pods” which are interpreted to be the surface expression of boudins which may be elongate, with significant sub-surface extent and/or repetitions. Barfuss Corporation considers that there is potential for further economic ruby occurrences in these ultramafic bodies, which might be accessed by deeper excavations and/or underground mining.

The “Vermiculite Prospect” – MCS235 & MCS236 – lies 800-1,000 metres northwest of the northern-most Ruby Mine workings. In the early 1980s, Mistral Mines explored for further ruby occurrences in this area. No ruby occurrences appear to have been found, but a significant amount of vermiculite was found associated with a large meta-ultramafic body. Barfuss Corporation considers this occurrence to represent a resource which may be minable once its dimensions, extent and grade have been better assessed.

Barfuss Corporation has commenced detailed shallow drilling programs at both the Ruby Mine and Vermiculite Prospects to better locate and define potential economic resources. Compilation and review of previous data – particularly geological mapping – was conducted as a prelude to this work and produced a detailed digital GIS dataset. Shallow test drilling has commenced at both the Ruby Mine and the Vermiculite Prospect. The company has purchased a track-mounted Boart-Longyear DB520 drill rig, capable of percussion and core (diamond) drilling to depths of the order of 300-400 metres.

Barfuss Corporation has also established a base camp / site office at the site of the old Mistral Mines camp, at the north end of the Ruby Mine workings. Access tracks to, and within, the Ruby Mine and Vermiculite Prospect have been established and maintained.
2. CONCLUSIONS AND RECOMMENDATIONS

Compilation of previous detailed mapping confirmed the project’s potential. Previous mining exploited only eroded and/or outcropping ruby-bearing rock, and workings consisted of shallow surface excavations only – rarely extending more than a few metres below the original outcrop. In these excavations, the ultramafic bodies containing the ruby-bearing rock do not appear to decrease in size with depth – this suggests that significant quantities of un-exploited rock remain below the ground. Stratigraphic dip is generally shallow (often shallower than the hilly topography), suggesting that the ultramafic bodies could be mined via sub-horizontal workings, or open-cut in places, without the requirement for significant over-burden removal or shaft-sinking. In addition, many ultramafic occurrences do not appear to have been excavated at all – these may have ruby-bearing potential below surface.

At the Vermiculite Prospect, the presence of at least one sizeable vermiculite body is indicated by previous trenching, with a strike length at surface of 200 metres or more and probable width of 5-10 metres. This vermiculite zone lies on the edge of a large ultramafic body. The ultramafic is 70-100 m wide at surface – assuming its depth extent is similar, and the vermiculite zone extends to depth, there is potential for an economic vermiculite resource here (depending upon grade and quality). Other vermiculite zones are evident elsewhere on the ultramafic margin and within the body of it.

It is intended to conduct shallow (< 100 metres) drill testing at both the Ruby Mine and Vermiculite Prospects. At the Ruby Mine this work is intended to locate and define the extent, direction, dimensions and depth of the ultramafic bodies which host the ruby-bearing rock. Assessing the “grade” of these rocks is more problematical, given the apparently erratic and unpredictable distribution of the ruby-corundum, and the variations in its gem quality. It is likely that mining would have to proceed with, at best, a poor estimate of the ruby potential.

Drilling at the Vermiculite Prospect will test the extent and grade/quality of the vermiculite zone(s) below the trenching conducted to date. Some additional trenching may be conducted to assist in defining the lateral extent of the zones. Prior to any bulk sampling or test mining it is intended to identify whether the deposit is large enough – i.e. has the depth and width continuity – to constitute a minable resource.

Drilling at both the Ruby Mine and the Vermiculite Prospect has commenced.
3. INTRODUCTION

Barfuss Corporation’s Harts Range Project lies on the north side of the Harts Range in the southeast of the Northern Territory, approximately 130 km northeast of Alice Springs (260 km by road, via the Plenty Highway) (Figure 1). Mineral Claims MCS235-244 cover 172 hectares (Figure 2). The Mineral Claims cover the workings of the Harts Range Ruby Mine, which was active from the late 1970s to the early 1980s (operated by Mistral Mines NL), plus an adjoining area to the northwest where potentially-economic vermiculite occurrences have been identified. The area is in the northeast corner of the Illogwa Creek 1:250,000 map sheet (SF 53-15). The company also has extensive Exploration Licence coverage in the surrounding area, covering over 650 square kilometres.

Ruby-corundum was first identified at this location in 1978. Mining by Hillrise Properties Pty Ltd and/or Mistral Mining NL up until the early 1980s produced “several hundred kilograms of red corundum” (Lawrence, 1992). This work was very poorly documented. Mining was evidently conducted solely by bulldozer and was terminated at each site when “no more rubies could be seen at surface” (ibid.). The excavations resulting from this work were a few metres deep at best, and typically consist of little more than cuts into the existing hillside. In all the workings the dimensions of the ultramafic bodies (which host the ruby-bearing rock) do not appear to decrease with depth. More than 20 years have passed since Mistral Mining ceased operations and, since then, significant quantities of ruby have evidently been fossicked from the workings and their mullock (despite the fact that they have been continuously covered by Mineral Claims) and specimens may still be found. It is clear that the former mining operations were highly inefficient.

Very little mining appears to have continued into the early 1980s, but reasonably intensive and systematic surface exploration of the Ruby Mine and surrounding areas was conducted by Mistral Mines in this period. A local grid was established and geological mapping was undertaken (in detail over the Ruby Mine area). No drilling appears to have been conducted but costeaming was undertaken on several ultramafic bodies within and beyond the productive Ruby Mine area. It was during this period that R.W. Lawrence conducted the work that comprised his PhD Thesis for the University of Adelaide (1987).

Little or no further work was done on the mine until Barfuss Corporation conducted exploration over the area including the Ruby Mine in the 1990s, when it was covered by Exploration Licences 23365 and 9434. This work included geophysical interpretation of airborne magnetic and radiometric data (Rutter, 1995, 2001).

The general geology of the project area, and the Ruby Mine in particular, is discussed by Lawrence (1992). The region is in the eastern part of the Arunta Block and the geology is dominated by various gneisses of Early Proterozoic age. The leases lie west of the Inka mulla/Huckitta Domes (‘Huckitta Anticline’) and are underlain by the “Irindina Supracrustal Assemblage” (equivalent to the Harts Range Group), which consists predominantly of feldspar-biotite-amphibole-garnet gneisses. This assemblage has been intensely multiply deformed and now has an overall very gentle dip to the west and/or south. The stratigraphy is thus now sub-horizontal and typically outcrops sub-parallel to topographic contours. Within the Irindina Assemblage is the “Harts Range Meta-igneous Complex” (Lawrence, 1992) (equivalent to the Riddock Amphibolite Member), interpreted as predominantly metamorphosed volcanics and intrusives. This complex consists mostly of amphibolitic gneisses (“amphibolites”). Within the Harts Range Complex is the Entire Anorthosite, interpreted to be a high-grade metamorphosed anorthosite. In the Ruby Mine area (and to the north and north-west) this anorthosite is fairly continuous and up to ca. 30 m thick. (The apparent thickness in outcrop is usually greater, due to the shallow stratigraphic dip.) To the east and south, it is more discontinuous. Ruby occurrences at the Harts Range Ruby Mine are very localised within the Entire Anorthosite and occur in what appear to be “pod”-like meta-ultramafic bodies. These are interpreted to be boudins (hence pod-like in outcrop), with cross
sections generally less than ten metres in diameter (long dimensions not known). The rubies are commonly associated with small (*dimensions usually less than a metre*) altered anorthosite inclusions within the ultramafic bodies.

Barfuss Corporation intends to test for further economic ruby-corundum occurrences in these ultramafic boudins, which might be accessed by deeper excavations and/or underground mining. The company also considers the vermiculite occurrence northwest of the ruby mine (in MCS236 & MCS237) to be a potentially economic minable resource. Barfuss has commenced drill testing in both these areas.

4. WORK CONDUCTED DURING THE REPORT PERIOD

The principal field activities on the licences included

- Limited geological mapping, prospecting and specimen sampling
- General exploratory prospecting
- Vermiculite Prospect (MCS236 & MCS237):
  - planning and siting more detailed (first-pass) drill testing
- Ruby Mine Area A1 (northernmost historic excavations)
  - revision and expansion of previous detailed mapping
  - drilling of additional shallow exploratory holes
  - planning and siting further drilling
  - planning a test exploratory tunnel
- Purchase and emplacement of an explosives safe, in preparation for tunnelling work
- General maintenance of the site, site office and tracks.

Previous drilling at ‘Area 1’ of the Ruby Mine workings showed that between 2.5 and 7 metres thickness of ‘ultramafic’ rock (the host to the ruby occurrences) remains beneath the previous excavations. Geological mapping indicates that this rock also extends (and appears to thicken) into the hillside beside the workings. Further drilling is planned to test the ultramafic further east where it is “blind” – i.e. overlain by other stratigraphy and wholly un-excavated. Exploratory excavations and tunnelling are also planned.

Figure 3 shows the ‘Area 1’ site at the Ruby Mine. Figure 4 is a diagrammatic and interpretative east-west cross section showing the interpreted dip to the east of the rocks which host the ruby occurrences, with planned drill hole(s) to test the formation at depth.
5. **EXPENDITURE.**

Expenditure of $180,000 for the report period is allocated as follows:

Principal expenses:-

| Administrative and Access | - environmental clean-up  
| - site preparation  
| - marketing research  
| - report preparation  
| - general administration  
| - general overheads  
| Consultants | - field work  
| - drafting & report preparation  
| Field Work | - drilling  
| - prospecting & exploration  
| - airfares  
| - accommodation  
| - vehicle expenses  
| - fuel  
| **Total:**  $180,000  

6. **FUTURE WORK PROGRAMME.**

Exploratory drill programs have commenced at both the Ruby Mine and the Vermiculite Prospects to determine the feasibility of mining.

At the Ruby Mine, very close-spaced drilling is planned – initially to shallow depths and close to known ruby-related outcrop (i.e. selected ultramafic bodies). This drilling is intended to test for the continuation of the ultramafic bodies/boudins and to locate/confirm the direction of this continuation. Very close spaced drilling is required because of the small cross-sectional diameter (rarely greater than 10 m) of the ultramafic bodies. It is planned that drilling will be “stepped out” as a better understanding of the size and orientation of the ultramafic bodies is gained.
At the Vermiculite Prospect deeper (but still less than 100 m depth) drilling is planned to test for the continuation of the vermiculite zone(s) at depth on the margin of the large ultramafic body. At present the vermiculite has only been identified in trenches roughly 2-3 metres deep. Any estimate of a minable resource will require drill definition. Drill traverses have been planned and access tracks have been established.

Estimated proposed expenditure for the 12 months ending 20 June 2008 is allocated as follows:

Principal expenses:-

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Ross Caughey
(Flagstaff GeoConsultants Pty Ltd)
21 September, 2008

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Figure 3
Figure 4

Barfuss Corporation Pty Ltd
Harts Range Ruby Mine

"Area 1" Workings
Proposed Exploratory Tunnel Location

CROSS SECTION
West-East, looking North
(approx. 7446 871 mN)
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