BARFUSS CORPORATION PTY LTD

HARTS RANGE PROJECT
NORTHERN TERRITORY OF AUSTRALIA

ANNUAL REPORT FOR
EXPLORATION LICENCE
EL 25063

FOR THE PERIOD ENDING 19th NOVEMBER 2009.

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Flagstaff GeoConsultants Pty Ltd
Date: 28 June, 2011
Licensee: Barfuss Corporation Pty Ltd
A.C.N. 006 917 666

Target Commodities: copper, gold, tungsten, thorium, uranium, rare earth elements, gemstones, muscovite

1:250,000 MAP SHEETS: Illogwa Creek SF 53-15
1:100,000 MAP SHEETS: Quartz 5951
Datum / Zone: GDA94 / MGA zone 53
KEYWORDS: Harts Range, Arunta Block, Harts Range Group, Riddock Amphibolite, uranium, thorium, rare earth elements, copper-gold, niobium, tantalum, yttrium, samarskite, muscovite

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LICENCE DETAILS:

Licence Number: EL 25063
Project Name: Harts Range
Licensee: Barfuss Corporation Pty Ltd
Licensee ACN: 006 917 666

Licence details:

Area: 40.77 square kilometres*
within 15 square graticular units
(1 minute x 1 minute longitude/latitude)

* actual area, excluding Mineral Claims and EL25764 (formerly RO1357), is 35.69 square kilometres.
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DIGITAL REPORT FILES

EL25063_2009_A_01_ReportBodyText.pdf
EL25063_2009_A_02_FileList.txt
EXECUTIVE SUMMARY*

Exploration Licence 25063, plus licences 24552 and 25430, comprise Barfuss Corporation's Harts Range Project, covering more than 700 square kilometres. The licence was granted on 20 November 2006. Underlying geology through most of the area consists of high-grade metamorphic rocks of the Arunta Block, including the Harts Range Group (part of the Late Proterozoic to Cambrian Irindina Province), with older Aileron Province rocks in the east ("Entia Dome"). Field activity to date has included reconnaissance mapping, extensive rock-chip sampling and detailed ground spectrometer surveying in a number of areas of interest. Detailed air-borne geophysical surveying is planned. A significant number of prospects have been identified. In EL 25063, these include several pegmatite dykes with very strong uranium-niobium-yttrium-tantalum-(REE) mineral enrichment (e.g. “Bobs” prospect, and “Pearly Gates” to the north) (assays over 7% uranium). Prospectivity for other minerals is indicated by, for example, the Harts Range Ruby Mine and a near-by vermiculite prospect (surrounded by this licence). A number of prospects within the area of EL 25063 are now covered by Mineral Claims held by Barfuss Corporation, and include areas of copper-gold anomalism, thorium-rare-earth anomalism and trace copper-tungsten anomalism. During the current reporting period, field work – and therefore "numerical" results (sampling, drilling, surveying) – was largely prevented due to a protracted legal dispute with the company's principal former financial backer resulting in all funds earmarked for on-ground activity being "frozen". This dispute was not concluded until late in the reporting period, when Barfuss Corporation was finally able to bring the matter to court, whereupon the parties rapidly settled out of court, largely in Barfuss' favour. Barfuss Corporation is now free to spend its own funds on its projects and/or seek other funding or partners. The company regards the project as highly prospective and is keen to resume significant exploration activity on it. Discussions with a number of prospective joint venture partners had begun even before the legal dispute was settled.

* This Technical Report has been prepared and submitted a significant period after the reporting period and the report due date.

Group Technical Reporting was approved for ELs 24552, 25063 and 25430 in December 2009 (group GR-132/09), with a group technical reporting period of 22 February to 21 February, with report submission date of 21 March each year. A Group Technical Report was duly submitted for the year up to 21 February 2010, but Barfuss Corporation mistakenly inferred that individual Technical Reports would not be required for periods (such as that covered by the current report) which were substantially covered by this Group Report period. This error is now being rectified.

The Expenditure Report for the period covered by the current Technical Report was submitted with the Group Technical Report (group GR-132/09) for the period ending 21 February 2010.
1. SUMMARY

Barfuss Corporation's Harts Range Project is comprised of EL 24552, ELs 25063 and 25430, EL application 25764, and a number of Mineral Claims within the area of ELs 25063 and 25764. The total area under title or application is approximately 720 square kilometres, of which EL 24552 comprises the bulk, at 642 square kilometres. EL25063 is the second largest, at about 41 square kilometres.

The Harts Range Project lies in the southeast of the Northern Territory, roughly 100 to 140 kilometres northeast of Alice Springs (170 to 260 km by road, via the Plenty Highway). Access to EL 25063 is from the north via station tracks running south from the Plenty Highway, past the Entire Bore. Topography is frequently rugged. Vehicle access is largely restricted to established tracks.

The project as a whole covers much of the central Harts Range, which is dominated by gneisses and amphibolites of the Riddock Amphibolite, part of the Harts Range Group (formerly considered Early Proterozoic, now Late Proterozoic to Cambrian), in Division 2 of the eastern Arunta Block. The project also covers adjacent rocks, predominantly schist, gneiss and some calc-silicates which also belong to the Harts Range Group. To its east, EL 25063 also overlies the older Bruna and Entia Gneisses on the western flank of the “Entia Dome” (Arunta Division 1).

The Harts Range was a major area of pegmatite-related mica mining in the early 20th century. Other mining in the project area has generally been very small scale, targeting semi-precious gem minerals. Base metal mineralisation has been identified at a number of locations in the region, including the Jervois copper mines, ‘Copper Queen’ and related copper prospects, Oonagalabi copper-lead-zinc deposit, and the Molyhil (tungsten-molybdenum) mine. The area is also prospective for uranium, rare earth elements (REE), vermiculite and garnet sand. Power Nuclear Corporation of Japan (PNC) explored the area for uranium in the 1990s. Recent activity has included that of Mithril Resources Limited at its Huckitta Project (mostly south-east of the Barfuss Harts Range Project) where significant copper-cobalt and nickel-copper sulphide mineralisation is being investigated.

The Harts Range ruby deposit was found in the late 1970s and mined from then into the early 1980s by Hillrise Properties and Mistral Mines. Barfuss Corporation has mineral claim coverage of the ruby mine, which is surrounded by EL 25764, and has its site office and camp located there.

In addition to gemstones, and base and precious metals, the Harts Range is also prospective for a variety of industrial minerals. The Mud Tank vermiculite mine is 25-30 km to the west, and a garnet sand resource has been identified by Olympia Resources at Aturga Creek. Other potential garnet sand and vermiculite deposits are known in the area. Barfuss Corporation has a vermiculite-rich deposit within its Ruby Mine mineral claims, within the Riddoch Amphibolite unit, and considers that there is potential for more such mineralisation within the project area.
Barfuss Corporation Pty Ltd
Exploration Licence EL 25063

Annual report for the period ending 19th November, 2009.

Barfuss Corporation has conducted a substantial amount of non-invasive work on EL 25063. Several areas have been subject to reconnaissance investigations, including mapping, rock-chip sampling and ground spectrometer surveys. The area of EL25063 was investigated previously by Barfuss Corporation and several specific prospects are now covered by some of the company’s Mineral Claims. Much of the work on the licence has been adjacent to these prospects and this work has identified some anomalies needing further investigation. "Bobs Prospect" is of particular interest. It was originally identified by PNC in the 1990s but received minimal investigation, as it lay outside PNC’s licences. High-grade radioactive mineralisation has been identified here and is 1.6 kilometres along strike from similar mineralisation found in the adjoining Barfuss Corporation Exploration Licence. Rock-chip assays include some highly anomalous results. This work is documented in detail in previous Annual Reports.

Very little work was conducted in the current reporting period. Since late 2007, the company was in a protracted legal dispute with its principal financial backer, who is based the USA. All funds intended for exploration expenditure were legally “frozen” at the start of this dispute, which effectively halted all proposed field operations and other exploration-targeted work until the dispute was resolved. Legal and contractual details have prevented Barfuss Corporation spending its own funds on the project or seeking other funding or partners. Barfuss Corporation was finally successful in bringing the matter to court in late 2009, whereupon the parties rapidly settled out of court, largely in Barfuss’ favour.

This matter has been discussed elsewhere between Barfuss Corporation and the Northern Territory Government Department’s Titles Division, and is not the subject of this report.

Despite the legal dispute discussed above, the company has continued with a certain amount of field and other exploration activity. Expenditure attributable to EL 25063, apart from office studies and general research, includes costs involved in several site visits, general prospecting, and project maintenance.

Proposed work for the coming reporting period is as it was for the current one. The company plans to fly a detailed geophysical survey (magnetic and radiometric) over much or all of the project area. This will help identify areas warranting more detailed investigation, and will aid in the geological interpretation of areas already of interest. A low-level, helicopter borne, 50-metre-line-spaced magnetic and radiometric survey is planned.

In addition to the proposed survey, certain prospect areas warrant more immediate field investigation. Among these are

- In the east of the licence:- The area between the Cusp prospect (EL24552) and Bobs prospect (EL25063). These two prospects contain high-grade uranium-niobium-tantalum-yttrium-REE (rare earth element) mineralisation hosted by similar pegmatite bodies, along strike from one another. The intervening 1.6 kilometre strike length has not yet been investigated.
- In the southeast of the licence:- A very thick tourmaline-bearing pegmatite returned anomalous assay in very minor reconnaissance sampling in the previous period. Assays were elevated in a similar suite of elements to the Cusp and Bobs mineralisation.
- In the southwest of the licence:- Historic open-file reports document trace uranium mineralisation associated with pegmatite at the old Spriggs Camp mica mine. This site has not yet been investigated by Barfuss Corporation.
- In the west of the licence:- Traces of copper and tungsten anomalism were identified by previous sampling, associated with a calcisilicate unit.
- In the north of the licence:- The “Pearly Gates” prospect (identified by PNC in the 1990s) lies about 1.5 kilometres north of EL 25063, in Barfuss EL 24552. It hosts similar mineralisation to Cusp and Bobs prospects, and the pegmatite it is associated with runs southwest-northeast. The area along strike from this, in EL 25063, may be prospective.
2. INTRODUCTION

Barfuss Corporation’s Harts Range Project is comprised of

- EL 24552  (642.1 square kilometres)
- EL 25063  (40.77 square kilometres)
- EL 25430  (32.37 square kilometres)
- EL (application) 25764 (6 square kilometres)
- Mineral Claims MC 24748-24761 & 25308-25310  (621 hectares)

The exploration licences are contiguous and the MCs are within the area of ELs 25063 and 25764 (Figure 2). The company also has granted Mineral Claim coverage of the Harts Range Ruby Mine (MCS235-244, 172 hectares) which is also surrounded by EL 25764.

The Harts Range Project lies in the southeast of the Northern Territory, roughly 100 to 140 kilometres northeast of Alice Springs (170 to 260 km by road, via the Plenty Highway) (Figure 1). Topography and terrain in the Harts Range is frequently rugged, with relief up to 300 to 400 metres in some areas. Access is predominantly from the north via station tracks running south from the Plenty Highway. The rugged terrain generally restricts vehicle access to established tracks.

The lease area is underlain by gneisses and amphibolites of the Riddock Amphibolite, plus adjacent schist, gneiss and some calcsilicate, which are all, part of the Harts Range Group (formerly considered Early Proterozoic, now Late Proterozoic to Cambrian), in Division 2 of the eastern Arunta Block. To its east, EL 25063 also overlies the older Bruna and Entia Gneisses on the western flank of the “Entia Dome” (Arunta Division 1).

The Harts Range has probably received less modern minerals exploration than many parts of Australia. It is best known for unusual mineral occurrences, including semi-precious gemstones, commonly in or related to pegmatite dykes which are common in much of the area. The region is popular with fossickers. It was a major area of pegmatite-related mica mining in the early 20th century, with crystals of mica and other minerals up to metres in diameter. Other mining has generally been very small scale, targeting semi-precious gem minerals. Small-scale base metals mineralisation occurs in several areas, however, and some larger deposits have been identified. Base metal mineralisation in the region includes the Jervois copper deposits, to the northeast, the Molyhil Mine (scheelite-molybdenite (tungsten)) and the Oonagalabi copper-lead-zinc deposit.

Most recently, copper-gold mineralisation was investigated by Tanami Gold NL at its Copper Queen group of prospects in 2001-2005 (following earlier work by Kinex at its White Hill Dam prospect in 1984-1987), and Power Nuclear Corporation of Japan (PNC) explored the area for uranium in the 1990s (company reports are listed in the References at the end of this report). The Copper Queen prospects are now mostly within Barfuss Corporation’s Harts Range Project, in the southwest corner of EL 24552. Other recent activity has included that of Mithril Resources Limited at its Huckitta Project (mostly south-east of the Barfuss Harts Range Project) where significant copper-cobalt and nickel-copper sulphide mineralisation is being investigated.

The Harts Range ruby deposit was found in the late 1970s and mined from then into the early 1980s by Hillrise Properties and Mistral Mines. Barfuss Corporation has mineral claim coverage of the ruby mine, which is surrounded by EL 25764, and has its site office and camp located there.
In addition to gemstones and base and precious metals, the Harts Range is also prospective for a variety of industrial minerals. The Mud Tank vermiculite mine is 30 km west of EL 24552, and Chambigne Garnet has identified a substantial garnet sand resource in the lower Spriggs and Entire Creeks east of EL 24552. Other potential garnet sand and vermiculite deposits are known in the area. Barfuss Corporation has a vermiculite-rich deposit within its Ruby Mine mineral claims, within the Riddock Amphibolite unit, and considers that there is potential for more such mineralisation within the project area.

3. WORK CONDUCTED DURING THE REPORT PERIOD

As noted in the Summary section of this report:

Very little work was conducted in the current reporting period. Since late 2007, the company was in a protracted legal dispute with its principal financial backer, who is based the USA. All funds intended for exploration expenditure were legally “frozen” at the start of this dispute, which effectively halted all proposed field operations and other exploration-targeted work until the dispute was resolved. Legal and contractual details have prevented Barfuss Corporation spending its own funds on the project or seeking other funding or partners. Barfuss Corporation was finally successful in bringing the matter to court in late 2009, whereupon the parties rapidly settled out of court, largely in Barfuss’ favour.

This matter has been discussed elsewhere between Barfuss Corporation and the Northern Territory
Government Department’s Titles Division, and is not the subject of this report.

Despite the legal dispute discussed above, the company has continued with a certain amount of field and other exploration activity. Expenditure attributable to EL 25063, apart from office studies and general research, includes costs involved in several site visits, general prospecting, and project maintenance.

The principal of Barfuss Corporation Pty Ltd, Mr Uwe Barfuss, has been obliged to neglect his other business interests owing to the demands of this legal dispute, and has incurred very substantial legal costs in seeking to resolve the matter and resume active exploration of the licence by its holder, Barfuss Corporation. These expenses are not attributable, however, to the tenement’s statutory expenditure requirements.

Several visits have been made to the project, but active field work has been largely restricted to traditional prospecting. The company paid $170,000 during the prior period, for some of the geophysical equipment required for the proposed detailed helicopter-borne geophysical surveying of the whole project area.

4. EXPENDITURE.

Active exploration of EL 25063 was severely restricted during the reporting period owing to legal matters discussed in previous sections of this report.

Costs associated with on-going maintenance of the project and field activities are not insubstantial, however, and expenditure of $53,850 for the period is documented in the Expenditure Report for the period, submitted with the Group Technical Report (group GR-132/09) for the period ending 21 February 2010.*

* Refer to the footnote to the Executive Summary at the front of the current report.
5. WORK PROGRAM FOR THE NEXT TWELVE MONTHS.

The principal work planned is a detailed helicopter-borne radiometric and magnetic survey. At commercial geophysical contract company rates, Barfuss has been quoted in the order of $1,000,000 for the planned survey (for the whole of the Harts Range Project). For such a large, expensive, survey, Barfuss considers the purchase of its own equipment to be an economical alternative. The company is also in joint venture and investment discussions with a number of companies and individuals.

In addition to the proposed survey, certain prospect areas warrant more immediate field investigation (Figure 2). Among these are:

- In the east of the licence:- The area between the Cusp prospect (EL24552) and Bobs prospect (EL25063). These two prospects contain high-grade uranium-niobium-tantalum-yttrium-REE (rare earth element) mineralisation hosted by similar pegmatite bodies, along strike from one another. The intervening 1.6 kilometre strike length has not yet been investigated.
- In the southeast of the licence:- A very thick tourmaline-bearing pegmatite returned anomalous assay in very minor reconnaissance sampling in the previous period. Assays were elevated in a similar suite of elements to the Cusp and Bobs mineralisation.
- In the southwest of the licence:- Historic open-file reports document trace uranium mineralisation associated with pegmatite at the old Spriggs Camp mica mine. This site has not yet been investigated by Barfuss Corporation.
- In the west of the licence:- Traces of copper and tungsten anomalism were identified by previous sampling, associated with a calcsilicate unit.
- In the north of the licence:- The “Pearly Gates” prospect (identified by PNC in the 1990s) lies about 1.5 kilometres north of EL 25063, in Barfuss EL 24552. It hosts similar mineralisation to Cusp and Bobs prospects, and the pegmatite it is associated with it runs southwest-northeast. The area along strike from this, in EL 25063, may be prospective.

Work may include drilling – using the drill rig purchased by Barfuss Corporation in 2006 – and possible costeasting.

Estimated expenditure for the coming period is $100,000, as documented in the Expenditure Report for the period.

Ross Caughey
(Flagstaff GeoConsultants Pty Ltd)
28 June, 2011

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REFERENCES

Caughey, R. (Flagstaff GeoConsultants Pty Ltd.)
- 2002 to 2010: various unpublished reports for Barfuss Corporation Pty. Ltd.


