

BARFUSS CORPORATION PTY LTD

HARTS RANGE PROJECT
NORTHERN TERRITORY OF AUSTRALIA

ANNUAL REPORT FOR
EXPLORATION LICENCE
EL 24552

FOR THE PERIOD ENDING 25th AUGUST 2009.

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

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

1:250,000 MAP SHEETS: Alcoota SF 53-10, Huckitta SF 53-11,
Alice Springs SF 53-14, Illogwa Creek SF 53-15

1:100,000 MAP SHEETS: Riddoch 5851, Delny 5852, Quartz 5951, Dneiper 5952

Datum / Zone: GDA94 / MGA zone 53

KEYWORDS: Harts Range, Arunta Block, Harts Range Group, Riddock Amphibolite,
Copper Queen, Kongo, copper-gold, uranium, thorium, rare earth
elements, niobium, tantalum, samarskite, ruby, muscovite

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LICENCE DETAILS:

Licence Number:	EL 24552
Project Name:	Harts Range
Licensee:	Barfuss Corporation Pty Ltd
Licensee ACN:	006 917 666
Licence details:	
Area:	642.1 square kilometres

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DIGITAL REPORT FILES

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EL24552_2009_A_02_FileList.txt

EXECUTIVE SUMMARY*

Exploration Licence 24552, plus licences 25063 and 25430, comprise Barfuss Corporation's Harts Range Project, covering more than 700 square kilometres. The licence was granted on 26 August 2005. 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") and west (Strangways Metamorphic Complex, including younger deformation in the Gough Dam Schist Zone). 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. These include:- rare earth element ("REE") prospects (+thorium, +/-uranium), principally the "Spinifex Gully" group of prospects in EL 25430, extending into EL 24552 (assays up to 11.9 % REE, 1140 ppm uranium, 4.72 % thorium); the extensive "Copper Queen" group of copper-gold prospects, investigated previously by Tanami Gold NL, mostly in EL 24552 but extending into EL 25430; two meta-ultramafic bodies ("Plug 1" and "Plug 2") in the west of EL 24552, with indications of nickel-chrome (+/- platinum-palladium) anomalism (reconnaissance assays 0.2-0.27 % nickel over 125 metres); and several pegmatite dykes in the east of EL 24552 and EL 25063 with very strong uranium-niobium-yttrium-tantalum(-REE) mineral enrichment ("Bobs", "Cusp", "Malex", "Pearly Gates" prospects) (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 EL 25764) and the Oonagalabi copper-zinc prospect, a couple of kilometres south of EL 24552. 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 concluded after 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.

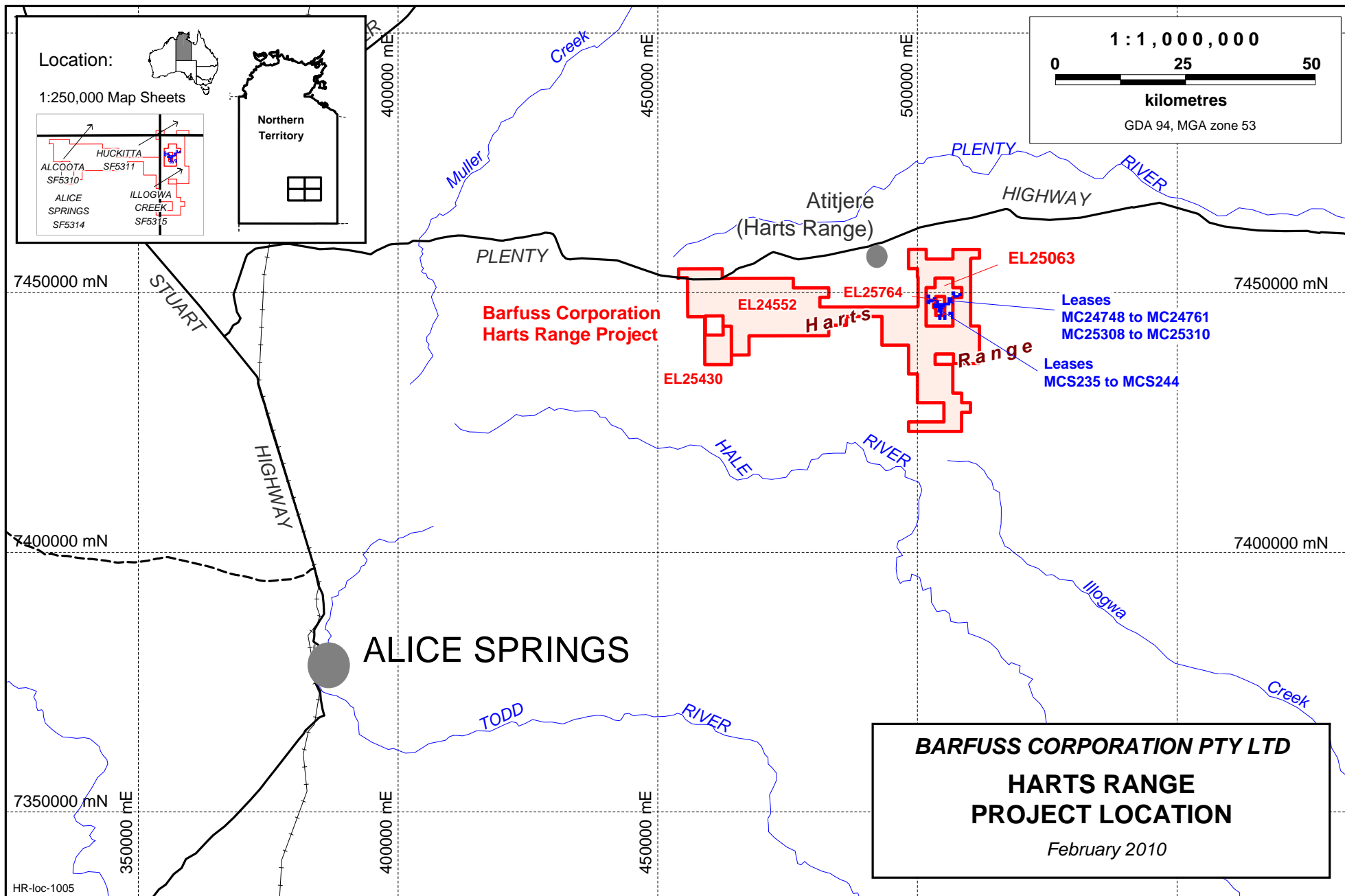


Figure 1

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.

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). The project covers much of the central Harts Range, which is dominated by the Riddock Amphibolite Member of the Proterozoic Arunta Block. The geology includes other high-grade metamorphics, predominantly gneisses, of Divisions 1 and 2 of the Arunta Block. Topography is frequently rugged.

The Harts Range was a major area of pegmatite-related mica mining in the early 20th century. Other mining in the lease area has generally been very small scale, targeting semi-precious gem minerals. High-grade copper-gold mineralisation was investigated by Tanami Gold NL at its Copper Queen group of prospects in 2001-2005, and Power Nuclear Corporation of Japan ("PNC") explored the area for uranium in the 1990s. The Oonagalabi copper-lead-zinc deposit, just south of EL 24552, was extensively investigated in the 1970s. The Jervis copper deposit(s), more than 100 km to the northeast, occurs in similar or related rocks to those in some parts of the tenement area and were mined intermittently from the 1960s to 1980s. The Molyhil (tungsten-molybdenum) mine also lies to the northeast. 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 Riddock Amphibolite unit, and considers that there is potential for more such mineralisation within the project area.

Barfuss Corporation has conducted a substantial amount of non-invasive work on the Harts Range Project leases. Several prospect areas were identified in different areas of the licences. Investigations included analysis of available geophysical data, geological mapping, rock-chip sampling and ground spectrometer surveys. Several areas were identified as significantly prospective, requiring further investigation. Rock-chip assays include some highly anomalous results. Numerous areas have been subject to reconnaissance and more detailed investigations, including mapping, rock-chip sampling and ground spectrometer surveys. Identified mineralisation and anomalism includes copper-gold, rare earth elements (REE), uranium, thorium and nickel. 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

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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. Access and water sources for proposed drilling have been investigated and muscovite samples from historic mine sites have been sent to Germany for assessment for possible high-end chemical/pharmaceutical use.

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 northeast of the licence:- The "Pearly Gates" prospect was identified by PNC in the mid-1990s but has not yet been investigated by Barfuss Corporation. It is in the northeast of EL 24552, between the old Eastern Chief mica mine and Mt Bruna (several kilometres from each). PNC reported euxenite crystals (inferred to be similar to the mineralisation at Cusp and Bobs) "in two distinct ellipsoidal pegmatoid bodies" and "five uranium anomalies (up to 3,000 cps) along a . . . pegmatite dyke of more than 500m in length".
- In the west of the licence:- The Spinifex Gully prospect is part of the Spinifex Gully group of prospects, most of which are in the adjoining EL 25430. Spinifex Gully was the first investigated by Barfuss, but has received less attention than the others. The area appears highly prospective for thorium-REE mineralisation. It is adjacent to the Copper Queen group of copper-gold prospects (formerly of Tanami Gold NL).
- In the west of the licence:- Tanami Gold's Copper Queen group of copper-gold prospects is also now mostly within EL 24552.
- In the west of the licence:- "Ultramafic Plugs 1 & 2" have received only cursory field investigation by Barfuss Corporation. Corundum crystals found at Plug 1 may indicate potential for gem-quality material (sapphire or ruby). Reconnaissance sampling of Plug 1 also indicates potentially extensive nickel-chromium anomalism.
- In the east of the licence:- A new ruby occurrence has received only cursory investigation to date.

2. INTRODUCTION

Barfuss Corporation's Harts Range Project is comprised of

- EL 24552 (642 square kilometres)
- EL 25063 (41 square kilometres)
- EL 25430 (32 square kilometres)
- EL 25764 (application) (6 square kilometres)
- Mineral Claims MC 24748-24761 & 25308-25310 (621 hectares)

The exploration licences are contiguous and MCs are within the area of ELs 25063 and 25764. 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). The project extends roughly 50 km east-west and 10 km north-south, except at the eastern end where it is just over 30 km north-south. It covers much of the central Harts Range, which is dominated by the Riddock Amphibolite Member of the Arunta Block.

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, part of the Early Proterozoic Harts Range Group, in Division 2 of the eastern Arunta Block. The project also covers adjacent rocks, predominantly schist, gneiss and some calcsilicates which also belong to the Harts Range Group. In the southwest of EL 24552 are older Division 1 metamorphic rocks (Strangways Metamorphic Complex).

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. The Jervis copper deposits, more than 100 km to the northeast, occur in similar or related rocks to those of the Harts Range Project. Copper mineralisation was first identified at Jervis in the 1920s, but not properly recognised and mined (by a number of open cuts) until the 1960s and later. There is also scheelite (tungsten) mineralisation in the Jervis area and at the Molyhil Mine (scheelite-molybdenite) closer to the Harts Range Project. The Oonagalabi copper-lead-zinc deposit, just south of the centre of EL 24552, was extensively investigated in the 1970s.

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). Tanami Gold followed-up anomalous copper-gold-silver-platinum-palladium results from PNC's surface sampling and found very extensive and high grade, though narrow and probably discontinuous, copper-gold mineralisation in what is now the southwest corner of EL 24552. The company was discouraged by its first round of RAB drilling in late 2001, however, and shifted its focus to other parts of its extensive Northern Territory tenement holdings. Little more work, and no more drilling, was done in the Copper Queen area. The lease was relinquished in 2005.

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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 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 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 Riddock Amphibolite unit, and considers that there is potential for more such mineralisation within the project area.

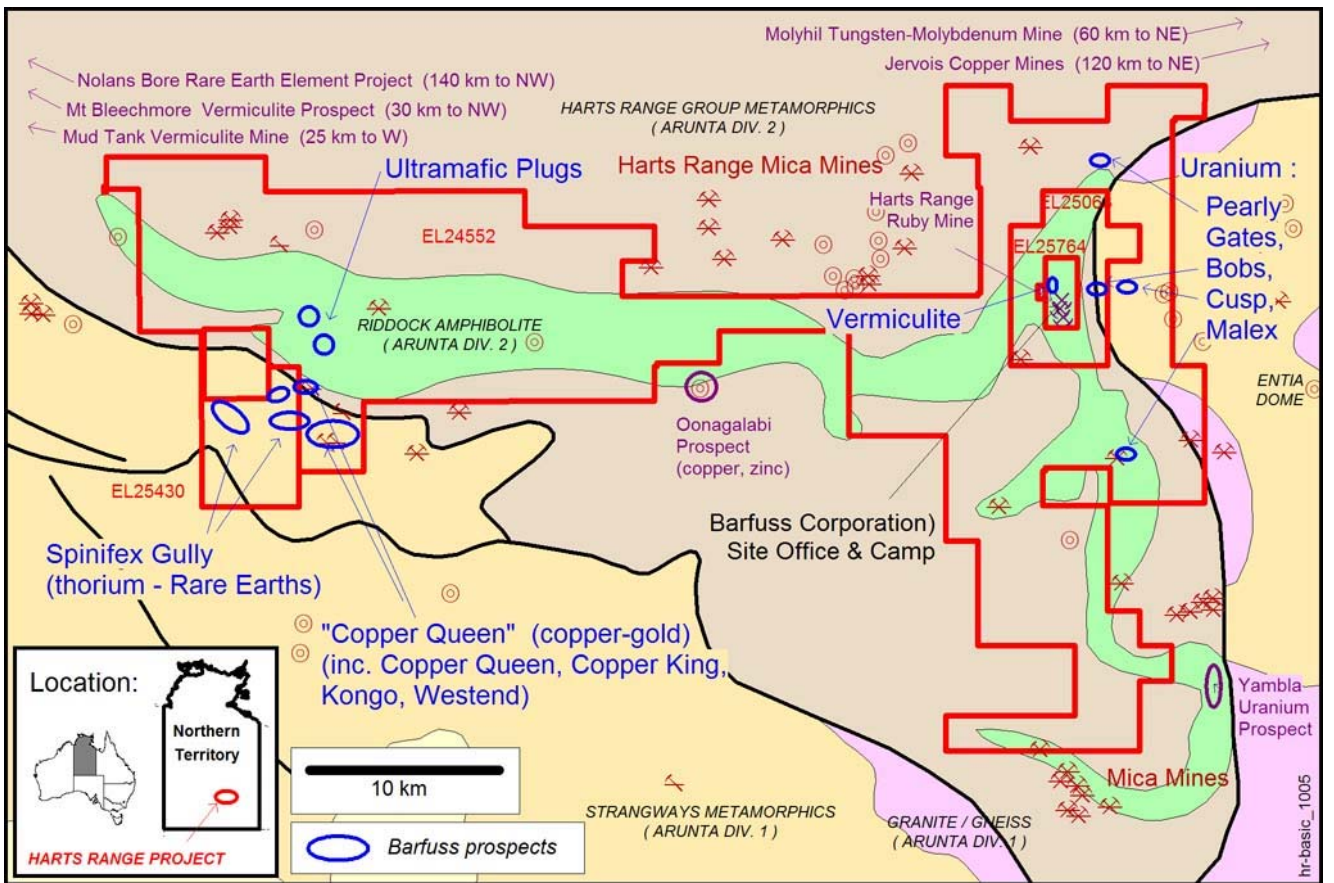


Figure 2

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. Access and water sources for proposed drilling have been investigated and muscovite samples form historic mine sites have been sent to Germany for assessment for possible high-end chemical/pharmaceutic use.

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. The bulk of this expense is attributable to EL 24552.

4. EXPENDITURE.

Active exploration of EL 24552 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 \$71,650 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.
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- In the east of the licence:- A new ruby occurrence has received only cursory investigation to date.

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

Estimated expenditure for the coming period is \$200,000, as documented in the Expenditure Report for the period.

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

Disclaimer

Flagstaff has prepared this report based upon information believed to be accurate at the time of completion, but which is not guaranteed. Flagstaff makes no representation or warranty as to the accuracy, reliability or completeness of the information contained in this report and will not accept liability to any person for any errors or omissions or for losses or damages claimed as a result, directly or indirectly, or items discussed, opinions rendered or recommendations made in this report, except for statutory liability which may not be excluded.

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* *Open file company reports sourced from the Northern Territory Mineral Industry Reports Management System (IRMS) (<http://apps.minerals.nt.gov.au/irmsmin/>).*