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M E M O

To: Andrew Mc Neill
From: Jovan Silic
Re: Henty Gorge Ground EM data
Date: July 13, 2005

INTRODUCTION

A seven loop ground EM proposed (Figure 1) was planned for the Henty Gorge Prospect within the Zinfex exploration license EL 7/2001

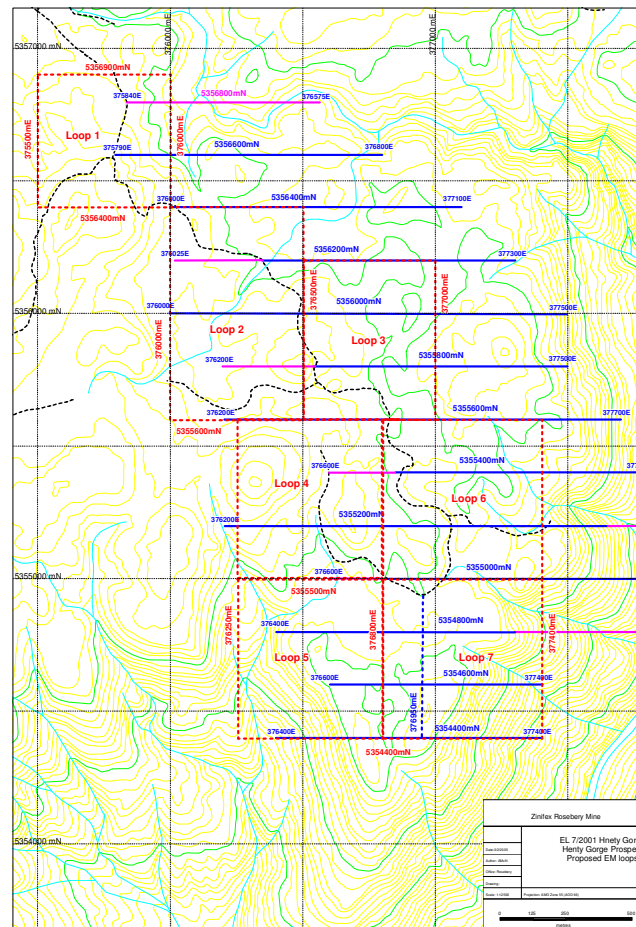


Figure 1.: Henty Gorge TDEM survey grid

Zonge Engineering using the Zonge TDEM system operating at 32 Hz and collecting data till the latest time of 6.1 milliseconds was contract4ed to survey the area. Only vertical component data was to be collected. Within the time available data from only three of the proposed seven loops was collected. It is now anticipated that the data form the remaining four loops, loops 4 – 7 will be collected next spring.

COMMENTS ON THE SURVEY RESULT

The only set of responses which could be currently attributed to bedrock conductive targets are from the Loop 3 West data set. These anomalous responses are shown in profile form in Figure 2– 4.

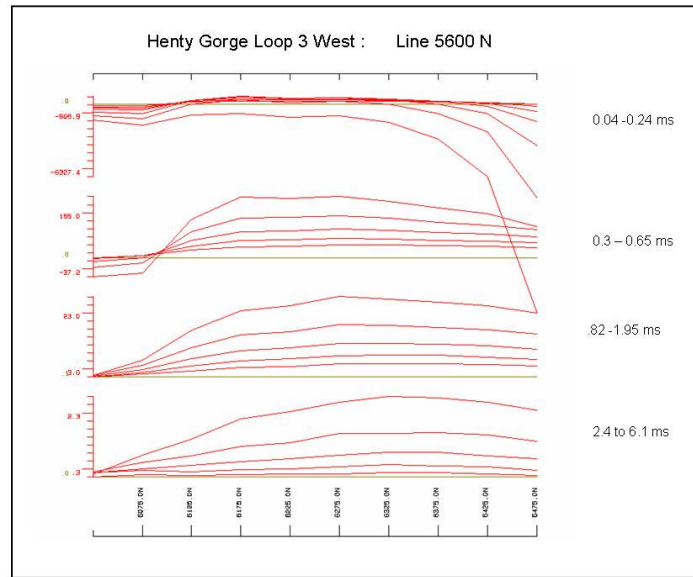


Figure 2. Henty Gorge Loop 3 West: Line 5600 N

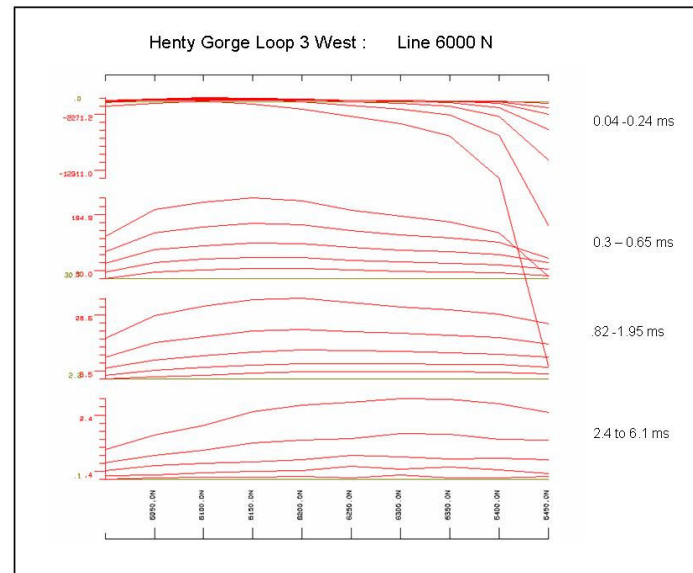


Figure 3. Henty Gorge Loop 3 West: Line 6000 N

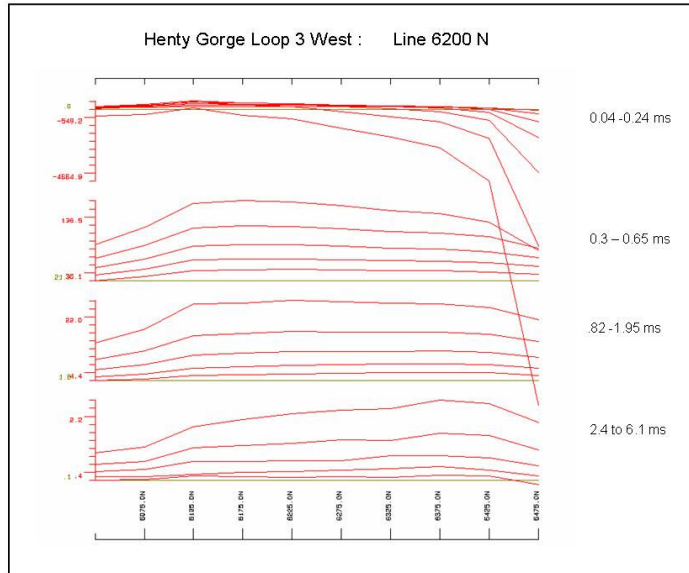


Figure 4. Henty Gorge Loop 3 West: Line 6200 N

Essentially data from line 5600 N – 6000 N appear to be outlining a possible crossover at “late times” (from 2.0 millisecond onwards). The anomalous response has not been closed off in the southerly nor in the westerly direction. As a result it is currently interpreted that the anomalous data may be indicating a conductor at a depth of about 150 meters and centred on about 6075 – 6125 E.

More concise definition of this target however will require additional data using loops with their leading edge closer to the interpreted conductor location and extending the survey coverage to the west of the current survey boundary.

CONCLUSIONS

Henty Gorge ground TDEM Survey has identified an anomalous response in the survey area. The definition of this potential bedrock target is currently incomplete and requires extending the survey coverage outside the western boundary of the current Henty Gorge grid.