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**QUARTERLY ACTIVITY REPORT  
FOR THE PERIOD ENDED 31 MARCH 2008**

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**Highlights**

**URANIUM PROJECTS**

**CHILE AND PERU**

- Extensive uranium anomalism delineated from grid controlled radiometric surveys at Llamara and Cerro Soledad projects in Northern Chile.
- New area of uranium anomalism located within the Cardones project in northern Chile.

**GOLD PROJECT**

**LEFROY GOLDFIELD**

- During the quarter Lefroy entered into an agreement with Beaconsfield Gold N.L. to sell 100% of its Tasmanian gold exploration tenements to Beaconsfield.

**CORPORATE**

- The Company had a cash balance of \$6.9 million at 31 March 2008.

## URANIUM

### **Chile and Peru - Exploration Update**

During the quarter the initial radiometric grid was extended at Llamara with infill radiometrics completed over anomalous areas. Similar work over an extensive area at Cerro Soledad was completed with significant uranium anomalism delineated. At the Cardones project general geological reconnaissance was undertaken with the objective of determining the extent of prospective lithologies with a new mineralised area discovered. Geochemical sampling was undertaken from areas of high instrument readings and from areas of visible mineralisation in all three projects with assays expected by the end of April. The results from the work to date on all three projects are considered highly encouraging.

Completion of the radiometric surveys using a differential gamma-ray spectrometer allowed meaningful statistical analysis of the uranium channel data. As a result of this processing the size and tenor of the anomalies previously reported at Llamara has been considerably increased and the anomalies define trends which reflect the topography, geology and cover.

#### **Llamara**

Infill radiometric readings were taken over anomalous areas defined in the initial survey. A total of 7 anomalous trends have been identified, defined above the 16ev ppmU value. This value corresponds to the 80<sup>th</sup> percentile value or approximately three times the background level of 5ev ppmU. A total anomalous area of approximately 63 hectares has been defined at Llamara to date with instrument derived values of up to 570ev ppmU being recorded. Four of the anomalies remain unclosed at present and all exhibit areas of visible uranium mineralisation. Details of the anomalies are shown in Table 1.

**TABLE 1**

<b>ANOMALY</b>	<b>LENGTH(M) (+16PPMEVUPPM)</b>	<b>WIDTH(M) (+16PPMEVUPPM)</b>	<b>AREA M<sup>2</sup> x10<sup>3</sup></b>	<b>MAX. VALUE EVUPPM</b>
1	200	140	27	47
2	650	155 (open)	106	570
3	500	85	47	39
4	380	380	158	154
5	120	95 (open)	16	27
6	1260	130 (open)	195	49
7	300	200 (open)	85	96

A total of 39 rock chip samples have been taken from selected areas recording >20 ev ppmU for chemical analysis. The 20evppm level corresponds to the 95<sup>th</sup> percentile level. The geochemical results will allow for a general correlation between the instrument derived uranium values and actual values.

#### **Cerro Soledad**

A total area of 16km<sup>2</sup> was covered with grid radiometrics at Cerro Soledad in three separate blocks, initially chosen because of uranium anomalism discovered previously by Essex Minerals in the early 1980's. The geology is similar to Llamara and extensive anomalism has been discovered in all three areas. The anomalies are listed in Table 2.

**TABLE 2**

<b>ANOMALY</b>	<b>LENGTH(M) (+16PPMEVUPPM)</b>	<b>WIDTH(M) (+16PPMEVUPPM)</b>	<b>AREA (M<sup>2</sup>) x10<sup>3</sup></b>	<b>MAX. VALUE EVUPPM</b>
1	700	250	133	55
2	340	380	108	82
3	290	300	65	44
4	163	35	8	23
5	210	115	19	58
6	620	150 (open)	101	78
7	165	110	19	46
8	525	230	104	69
9	680	180	108	57
10	180	80 (open)	21	44

The anomalies define extensive strike extents with Anomalies 1-5 locating along an anomalous, arcuate trend at least 4km long. Breaks in anomalism along this trend appear to be related to cover as observed in the field. In addition to the anomalies listed in the table there are many single point anomalies which could be significant and a number of anomalies remain open. To date a total anomalous area of approximately 69 hectares has been defined. A total of 46 samples have been taken for analysis.

### **Cardones**

General reconnaissance with the objective of determining the extent of the host lithologies to the uranium mineralisation was undertaken during the quarter. The results of this work indicate sufficient volumes of prospective lithologies to warrant systematic grid radiometric surveys later this year. During the reconnaissance work a new anomalous area was identified, "T1" an anomaly detected by the Chilean Atomic Energy Commission (CCHEN) some years ago. The area, while of limited extent exhibited extensive visible carnotite mineralisation and returned evU 20-100ppm.

### **Forward Programme**

During the next quarter trenching will be undertaken at Llamara and Cerro Soledad to determine the nature of the mineralisation and to better control drilling to be undertaken in July.

Grid radiometric surveys will be undertaken at Salar Grande and Pampa projects with geochemical sampling and trenching of areas selected for drilling.

Geological reconnaissance is planned to be undertaken at Garin Viejo in Chile with a view to determining the mineralisation potential.

In Peru, geological follow up and appraisal of untested uranium anomalies at Macusani will be undertaken.

### **Summary of Key Agreement Terms**

As reported previously, the Company entered into an agreement in May 2007 that, upon completion, will give it full ownership of a package of uranium exploration projects situated in northern Chile and the Macusani region in Peru ("**King Projects**").

In August 2007, the Company entered into two interrelated agreements, being:

- (a) a share sale agreement with the shareholders of King to acquire 100% of the issued capital of King (“**Share Sale Agreement**”); and
- (b) a joint venture agreement with King and the King Subsidiaries in relation to mineral assets held by King and the King Subsidiaries (“**Joint Venture Agreement**”).

The Share Sale Agreement and the Joint Venture Agreement provide an interrelated procedure by which the Company can obtain full ownership of King, or revert to a 15% joint venture interest in the King Projects.

## **Project Background**

The King Projects include six properties located in the Atacama region of northern Chile and a further property located in the Macusani district of southeastern Peru. The King Projects contain known uranium mineralisation that has been confirmed by an independent geologist contracted by the Company.

Highlights of the independent geologist’s review include:

- airborne radiometric anomalies with proven uranium mineralisation;
- potential for large strike with previous exploration suggesting uranium mineralization at one project alone extending over a strike length of 17km
- limited trenching confirming uranium mineralisation
- 600kg sample previously processed by CCHEN (Chilean Commission of Nuclear Energy) showed 95% extraction of uranium by leaching with water
- in excess of 30,000 hectares of land
- all Chilean projects have excellent logistics – close to major roads, ports, towns.

The principal targets in Chile are shallow surficial style uranium deposits, which may be amenable to heap leach treatment. Almost all of the Chilean properties target surficial uranium deposits hosted by Quaternary to Recent evaporitic-clastic marginal salt lake sediments or Plio-Pleistocene age El Diablo Formation sediments or Plio-Pleistocene El Loa Formation sediments.

### **Chilean Projects**

#### *Pampa Project*

In the Pampa Project area Arauco holds priority over an area of 5,400 hectares. Uranium mineralisation and anomalous radiometric signatures hosted by a 15m thick sequence of sediments belonging to the Plio-Pleistocene age El Diablo Formation are located over an area of at least 2.5km<sup>2</sup>.

#### *Garin Viejo Project*

In the Garin Viejo Project area Arauco has priority over one single tenement with an area of 60 hectares. The Garin Viejo Project area displays indications of uranium mineralisation associated with copper porphyry style mineralisation hosted by Lower Cretaceous volcanics and volcanoclastics.

### *Salar Project*

In the Salare Project area Arauco holds priority to concessions over an area of 5,130 hectares. Work undertaken previously suggests uranium mineralisation extending over a strike length of approximately 17km with anomalous widths of 100-200m.

### *Llamara Project*

In the Llamara Project area Arauco holds priority to concessions over an area of 4,720 hectares. Uranium mineralisation is hosted by a sequence of sub-horizontally bedded diatomites, calcarenites and lutites, pumice beds and limestones, which form part of the upper member of the Plio-Pleistocene El Loa Formation.

### *Cerro Soledad Project*

In the Soledad Project area Arauco holds priority to concessions over an area of 8,400 hectares. Mineralisation is stratabound and hosted by a sequence of calcareous siltstones, limestones and diatomites with chert intercalations belonging to the Plio-Pleistocene El Loa Formation.

### *Cardones Project (formerly Manuel Jesus Project)*

Arauco holds priority to concessions over an area of 6,505 hectares. Anomalous radiometric signatures hosted by diatomites and siltstones belonging to the Plio-Pleistocene age El Diablo Formation are located over an area of at least 1km<sup>2</sup>.

With the exception of the Manuel Jesus project and the Garin Viejo project, all the properties in Chile have received limited previous exploration during the period 1977 – 1982. No recent uranium exploration activity is reported from any of the project areas. The project areas have demonstrated Uranium mineralisation and some of the anomalies extend over many kilometres offering the potential for economic deposits to be found. A recent field visit has confirmed the existence of Uranium mineralisation.

## **Peruvian Project**

### *Rupac Project*

The Rupac Project area is located in the Macusani district of southeastern Peru in the Province of Carabaya and the Department of Puno. The project area comprises seven contiguous mining licences with a combined area of 5,100 hectares. To the northeast of the Rupac Project area beyond the town of Macusani lies the Macusani uranium province.

## **GOLD**

### **LEFROY GOLDFIELD**

During the quarter Lefroy entered into an agreement with Beaconsfield Gold N.L. ("ASX: BCD, "Beaconsfield") to sell 100% of its Tasmanian gold exploration tenements to Beaconsfield.

Under the agreement Lefroy will receive 4,145,748 Beaconsfield shares, escrowed for 12 months, and be paid a 2% gross metal royalty on all future gold production from the tenements.

The sale of the Tasmanian gold exploration tenements will allow Lefroy to concentrate all exploration effort on the recently acquired Uranium exploration projects in Chile and Peru whilst benefiting from any future production from the Tasmanian exploration tenements.

Beaconsfield have spare capacity at their nearby ore treatment plant and are planning an aggressive exploration programme and view the tenements as a key element of their growth strategy.

## **CORPORATE**

### **FINANCIAL POSITION**

At the end of the quarter Lefroy had a cash balance of \$6.9 million.

For further details contact

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Carl Swensson who is a Member of the AUSIMM. Mr. Swensson is a Director of the Company. Mr. Swensson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Swensson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.