

APPENDIX 1**ACTUAL AND PROPOSED TRANSACTIONS TO ARRIVE AT PRO-FORMA
UNAUDITED BALANCE SHEET**

Actual and proposed transactions adjusting the 31 May 2006 balance sheet in the unaudited pro-forma balance sheet:

- (a) The issue of 30,000,000 ordinary shares at 20 cent each pursuant to the Prospectus to raise a gross \$6,000,000;
- (b) The payment of 31 May 2006 accounts payable of \$72,717;
- (c) The payment of further expenses of the public issue totalling an estimated \$546,000 and expensed against issued capital;
- (d) The completion of the acquisition of tenement assets from Asarco and Yamarna for the consideration of 7,150,000 shares at 20 cents each (\$1,430,000) and the further payment of \$175,000 cash (funds of \$125,000 have already been paid);
- (e) The completion of the acquisition of mineral tenements from Terra for the consideration of 3,000,000 shares at 20 cents each (\$600,000) and the further payment of \$nil cash (\$100,000 already paid prior to 31 May 2006, that included an extension payment of \$50,000);
- (f) The payment of other statutory costs (including stamp duty) estimated by the Directors of the Company not to exceed \$223,000 and expensed; and
- (g) The issue of 1,000,000 shares to the Broker to the Offer at the deemed agreed value of 7 cents per share and the cost of \$70,000 treated as a capital raising cost.