

**PARTIAL RELINQUISHMENT REPORT FOR
MINERALS EPM 14188**

**TENEMENT NAME – Laura
PROJECT – Charters Towers**

For the period covering 18 May 2007 to 19 May 2008

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TABLE OF CONTENTS

DESCRIPTION	PAGE
Summary	
1.0 Introduction	4
2.0 Location and Access	4
3.0 Tenure	4
4.0 Regional Geology	5
4.1 Local Alteration Styles	6
5.0 Summary of Exploration for Reporting Period	7
5.1 Previous Exploration	7
5.2 Data Review	7
5.3 Aster Data review	7
5.4 Land Access Issues	12
6.0 Conclusions	12
References	13
<u>List of Figures</u>	
Figure 1 Location of EPM14188 - Laura	9
Figure ASTER mineral Mapping over Mt Leyshon Deposit	10
Figure 3 ASTER Map EPM14188 Laura	11

SUMMARY

This Partial Relinquishment Report describes all work carried out on EPM 14188 (Laura) for the annual period ending 18 May 2008.

EPM14188 (Laura) was originally granted to Newmont Exploration Pty Ltd. The holder of EPM14188 at the start of the reporting period was Echelon Resources Limited (Echelon). Echelon has since changed its name to Fusion Resources Limited (Fusion).

Prior to the approval to transfer the tenement along with EPM10203 was part of a joint venture originally formed between Leyshon Resources Limited and Newcrest. In 2005 Leyshon transferred its rights and obligations of the Joint Venture to Fusion. On 1 November 2006 Newcrest notified Fusion that it wished to withdraw the EPM from the Joint Venture.

Exploration at EPM14188 (Laura) is aimed at two types of gold deposits in the area:

- Bulk tonnage low grade porphyry gold type targets ie Cadia and Round Mountain, Mt Leyshon Style
- High grade porphyry gold type targets ie Ridgeway.

Exploration also took into account other style of mineralisation included are Charters Towers style or Ravenswood vein style deposits.

Exploration carried out during the reporting period includes:

- Analysis of data received from Newcrest
- The Final Report of the ASTER mineral mapping and alteration interpretation over EPM14188 was received.

Project Overview

This Annual Report describes all work carried out on EPM 14188 (Laura) for the annual period ending 18 May 2008.

The exploration has focussed on two types of gold deposits in the area:

- Bulk tonnage low grade porphyry gold type targets ie Cadia and Round Mountain, Mt Leyshon Style
- High grade porphyry gold type targets ie Ridgeway.

Exploration also took into account other style of mineralisation included are Charters Towers style or Ravenswood vein style deposits.

EPM 14188 (Laura) was granted to Newcrest Operations Limited on 19 May 2004, the tenement was approved for transfer to Echelon in August of 2007.

2.0 Location and Access

EPM 14188 (Laura) covers an area of 96km² and is located approximately 30km South of Charters Towers and adjacent to the Mt Leyshon Gold Mine. Access to the EPM is gained by Bluff Road, Mountain View Road and Mt Leyshon Road; from these various station tracks provide access to the prospect area.

The EPM is located within Charters Towers 1:100,000 Sheet 8157, and within 1:250,000 sheet SF55/02.

The area is lightly wooded typical of open tropical savannah of the dryer northeast Queensland region.

3.0 Tenure

At time of grant the EPM 14188 (Laura) comprises 79 sub blocks covering approximately 261km² within the Lolworth – Ravenswood Block of North Queensland. EPM 14188 was granted 19th May 2005 to Newcrest Operations Limited.

BIM	Block	Sub-Block held at time of grant
CLER	172	s, t, u, y
CLER	173	q, r, s, t, x, y
CLER	242	k
CLER	243	a, b, c, t, f, g, h, j, k, l, m, n, o, p, t, u, z
CLER	245	c, d, f, g, h, j, l, m, n, o, q, r, s, t, u, v, w, x, y, z
CLER	246	v
CLER	315	e, k, p, u
CLER	316	a, b, c, f, g, h, j, k, l, m, n, o, p
CLER	317	a, b, c, d, e, f, g, h, j, k, l, m, n, o, p

CLER 318 a

In July of 2006 approval was give to vary the sub block reduction and therefore maintain the holding at 79 sub blocks. On 14th August 2007, the EPM was reduced by 19 sub blocks or 24% to the 60 sub blocks. On June 5th 2008 a further 50 sub-blocks were relinquished from the tenure leaving a total of 10 sub-blocks (currently) held. The currently held sub blocks are listed below.

BIM	Block	Sub-Block
CLER	245	j, l, m, n, o, q, r, s, v, w

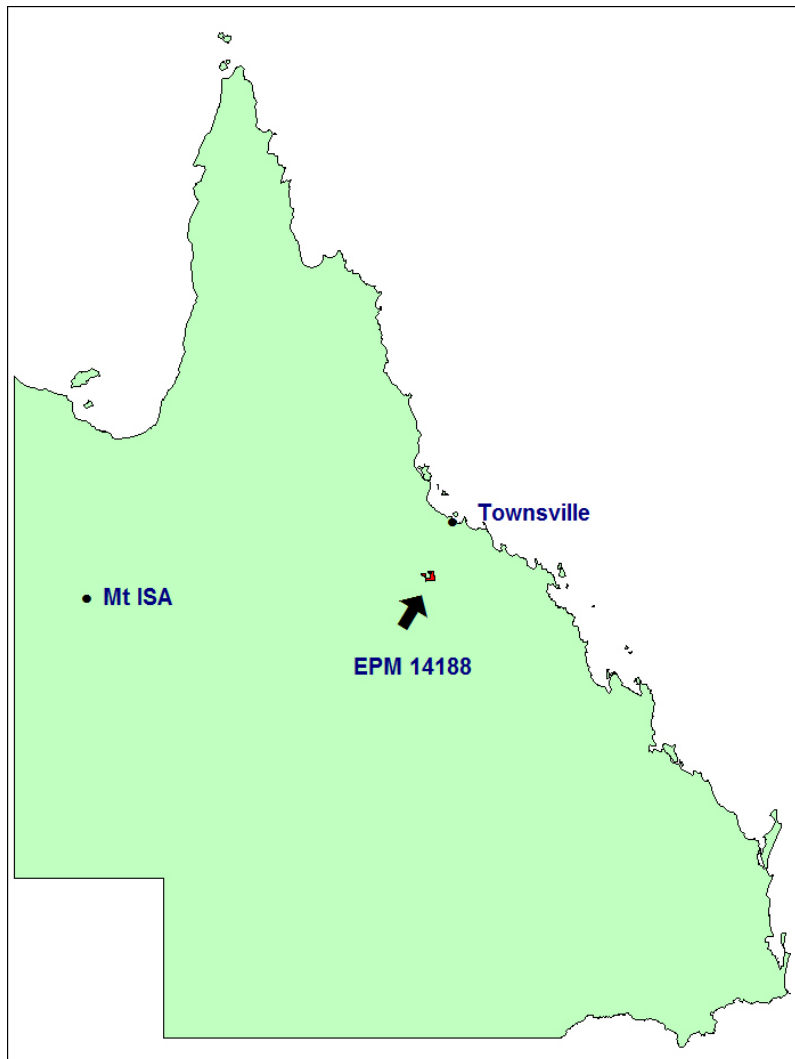


Figure 1 Location of EPM 14188 Laura

4.0 Regional Geology

The tenement area covers part of the Lolworth-Ravenswood Block. The oldest area is the Seventy Mile Range Group of Cambro-Ordovician age. This sequence can be sub divided into four formations, the oldest to the youngest being the Puddler Creek Formation rhyolites, andesites and sediments of the Mt Windsor formation, siltstones and minor intercalated bimodal volcanics of the trooper Creek Formation and finally, the sediments for the Rollston Range Formation.

In general the Seventy Mile Range Group strikes east-west and dips at a moderate angle in a southerly direction. The syn-genetic massive sulphide deposits are associated with the rhyolites members of the Mt Windsor volcanics. The Pd-Zn, Ag, Cu, Au deposits occur at the Thalanga Mine, Highway-Reward, Magpie and Liontown prospects/mines.

The volcano-sedimentary package was intruded by granodioritic, granitic and lesser diorite rocks during the Ordovician and Siluro-Devonian Periods. These multi staged intrusives formed an east west trending body that is referred to as the Ravenswood Batholith.

Gold mineralisation is know to be associated with structurally controlled mesothermal veins that occur at numerous prospects within the district, the most notable being the Charters Towers veins system. These veins have been dated at various ages raging form early Devonian to Silurian. The historical production from the vein system is approximately 7Moz.

During the Late Devonian to early Carboniferous Period, the north-south trending Drummond Basin back arc basin formed. The lithologies of the Basin sequence were well documented by Olgers (1972); where he divided the sequence into three cycles based on volcanic and sedimentary activity. The First cycle "Cycle 1" lithologies include the andesitic and rhyolitic intrusives, volcanics and sedimentary sediments which host epithermal gold mineralisation at the Yandan, Wirralie, Pajing and Mount Coolan mines. The initial age of this mineralisation was 340 – 345 M yr (early Carboniferous). A distinct series of east –west trending faults form at the contact between the Drummond Basin and Lolworth-Ravenswood Block (LRB). The outliers of the Drummond Basin rocks unconformably over lay the LRB rocks with in the immediate area of the EPM.

The third stage of significant gold mineralisation in the LRB is associated with rhyolitic to dioritic igneous intrusives and extrusive for Permo-Carboniferous age. These include;

- Breccia hosted gold at Mt Leyshon Gold Mine, the Welcome Pipe, Mine Mt Wright Mine, Town Creek prospect and Plateau Prospects
- Stockwork vein and lode style mineralisation at Buck's Reef, Nolans and Sarsfield prospects

Permo-Carboniferous igneous activity falls on linear northeast trending corridors. These have been well documented in the literature as the Mt Leyshon, Keelbottom, Mt Robins and Pajingo trends. The strong north east trend probably represents crustal scale vertical transform faulting, most likely to be associated with the creation of the Drummond Basin via back arc extension.

Interpretation of available data indicates that the strong northwest and northeast trend is important in localising the ore deposits at the Mt Leyshon Gold Mine. It is the intersection points of these major faults where it is likely to find economically viable gold mineralisation.

Tertiary cover sequences occur as extensive post mineralised cover sheets over the Drummond Basin sequence, both locally and within the tenement area and mask much of the LRB west of Charters Towers. The cover sequences include the following:

- Southern Cross Formation, aged as early as 53 Ma (Henderson and Nind, 1994)
- Campaspe Beds, and fluvial sediments aged between 3.8 Ma to 1.35 Ma (Pliocene)
- Basalt aged as young as 12,000 years (Henderson, per comm.)

4.1 Local Alteration Styles

EPM 14188 Laura is located adjacent to two mined deposits, Highway Reward (VHMS) and Mt Leyshon (Intrusion related) and within the Charter Towers district where substantial quantities of gold have been mined from orogenic quartz vein deposits. The nature of hydrothermal alteration related to these deposits styles is discussed

VHMS Deposits

Highway – Reward is a volcanic hosted massive sulphide system where synvolcanic sills and cryptodomes hosting Cu-Au mineralisation have invaded wet poorly consolidated silts, sand and pumice breccia. Mineralisation is manifest as massive pyrite containing chalcopyrite in near vertical pipe like bodies cross cutting the host volcanic rocks. Alteration progresses from central quartz sericite +/- pyrite zones, giving way to zones of chlorite +/- anhydrite +/- gypsum, chlorite-sericite-quartz and finally chlorite-sericite distal to ore. The outermost alteration grades into lithofacies that have altered to various background assemblages of feldspar, hematite, sericite, quartz, epidote and carbonate (Doyle, 2001).

Fault hosted Quartz Vein Au Deposits

Ore zones within veins are everywhere composed of comb and/or gray quartz calcite and/or ankerite and bands of clusters of fractured pyrite that are spatially associated with galena, sphalerite or chalcopyrite. Low grade or barren vein sections on the

other hand are mainly composed of milky buck quartz. Gold related hydrothermal wall rock alteration in these systems is symmetrically zoned, displaying proximal sericite-ankerite and distal epidote-chlorite-hematite assemblages (Kreuzer, 2005).

IRGD Au Deposits

The Mt Leyshon deposit is hosted by a breccia associated with a series of Permian rhyolitic to andesitic sub-volcanic rocks. Potassium feldspar and biotite were found to be associated with an early formed Cu-Mo stock, and are found at depth.

5.0 Summary of Exploration for the Current Term (19 May 2007 to 18 May 2008)

5.1 Previous Exploration

The previous exploration carried out on EPM 14188 is comprehensively covered in the annual report for EPM 10203 by Kays (1997). This reports summaries all work carried out on the two EPM that made up the original Joint Venture (EPM 14188 and EPM 10203). Prior to this exploration is covered by Beams (1990).

There is a substantial amount of information available in the form of geophysical surveys work (1996 helimag survey, gradient array IP), geological mapping and multi element soil sampling with rock chip geochemistry, RC and Diamond drilling centred on geochemical anomalies and existing prospects.

5.2 Data Review

Historical and recently received data review has been on going. The aim of the review is to identify suitable drill targets within the tenement.

Several areas still appear to be inadequately tests and will require follow-up work.

5.3 Aster Data Review

ASTER, the Advanced Space borne Thermal Emission and Reflection Radiometer, was launched in 1999 by NASA and Japan's Ministry of International Trade and Industry. Acquiring reflectance data from the visible to the thermal infrared at moderate spatial, spectral and radiometric resolution, ASTER provides earth scientists with an excellent data source to map surface materials on the earth.

ASTER is a satellite that has three instruments for measuring radiation in the Visual and Near InfraRed (VNIR), ShortWave Infra Red (SEIR) and Thermal InfraRed (TIR)

Global Ore Discovery undertook an investigation comprising ASTER mineral mapping and interpretation over EPM14188. The aim of the investigation was to characterise the alteration systems within the EPM using proprietary mineral mapping procedures. Distribution and mineral abundance maps were created from the processing of the data and The interpretation of these aided in both characterising

the known alteration systems and identifying additional area of probable hydrothermal alteration.

A single ASTER image was used for this study, from which an Area of Influence (AOI) was used for processing.

Mineral Distribution Maps were created which show areas where there is a higher probability of finding Fe-oxide, kaolinite, muscovite, pyrophyllite, alunite, chlorite, epidote, carbonate and silica. Mineral Abundance Maps were created which assisted in interpreting the “strength” of the ASTER responses. The interpretation of these aids in both characterising the known alteration systems and identifying additional area of probable hydrothermal alteration.

Alteration Styles associated with VHMS Deposits

The observed ASTER response consists of strong silica and muscovite anomalies (Figure 2). Here alunite and kaolinite is weakly developed, and these might possibly be related to supergene oxidation of sericite and pyrite alteration zones. The propylitic response is not evident; however the rocks in this zone are quite dark, which limits ASTER's ability to resolve the chlorite absorption feature.

Alteration styles associated with fault hosted quartz vein Au deposits

Ore zones within the veins are everywhere composed of comb and/or gray quartz, calcite and/or ankerite and bands or clusters of fractured pyrite that are spatially associated with galena, sphalerite or chalcopyrite. Low-grade or barren vein sections, on the other hand, are mainly composed of milky buck quartz. Gold-related hydrothermal wall-rock alteration in these systems is symmetrically zoned, displaying proximal sericite–ankerite and distal epidote–chlorite–hematite assemblages (Kreuzer, 2005b).

Alteration styles associated with IRGD Au Deposits

The Mt Leyshon (48 Mt @ 1.3 g/t Au) deposit is hosted by a breccia associated with a series of Permian rhyolitic to dioritic subvolcanic rocks. Study of unweathered material suggests that the Au is associated with quartz, chlorite, sericite, carbonate, and sulfide assemblages (Morrison et al., 1987; Wormald et al., 1991).

Potassium feldspar, and biotite were found to be associated with an early formed Cu-Mo stock, and are found at depth (Scott, 1992).

According to Andrew et al. (1992), the weathered zone consists of a blanket up to 60 m thick and zoned vertically from alunite through jarosite to hematite at the surface, however Scott (1992) provides evidence that alunite was also deposited by the mineralising hydrothermal fluids.

The results from ASTER Mineral Mapping over Mt Leyshon are presented much broader muscovite response is observed associated with more intense kaolinite zones. Peripheral propylitic alteration is also apparent. The kaolinite is considered to

be a secondary alteration effect and is produced by the supergene oxidation of pyrite, and the associated hydrolysis of primary lithological and alteration minerals.

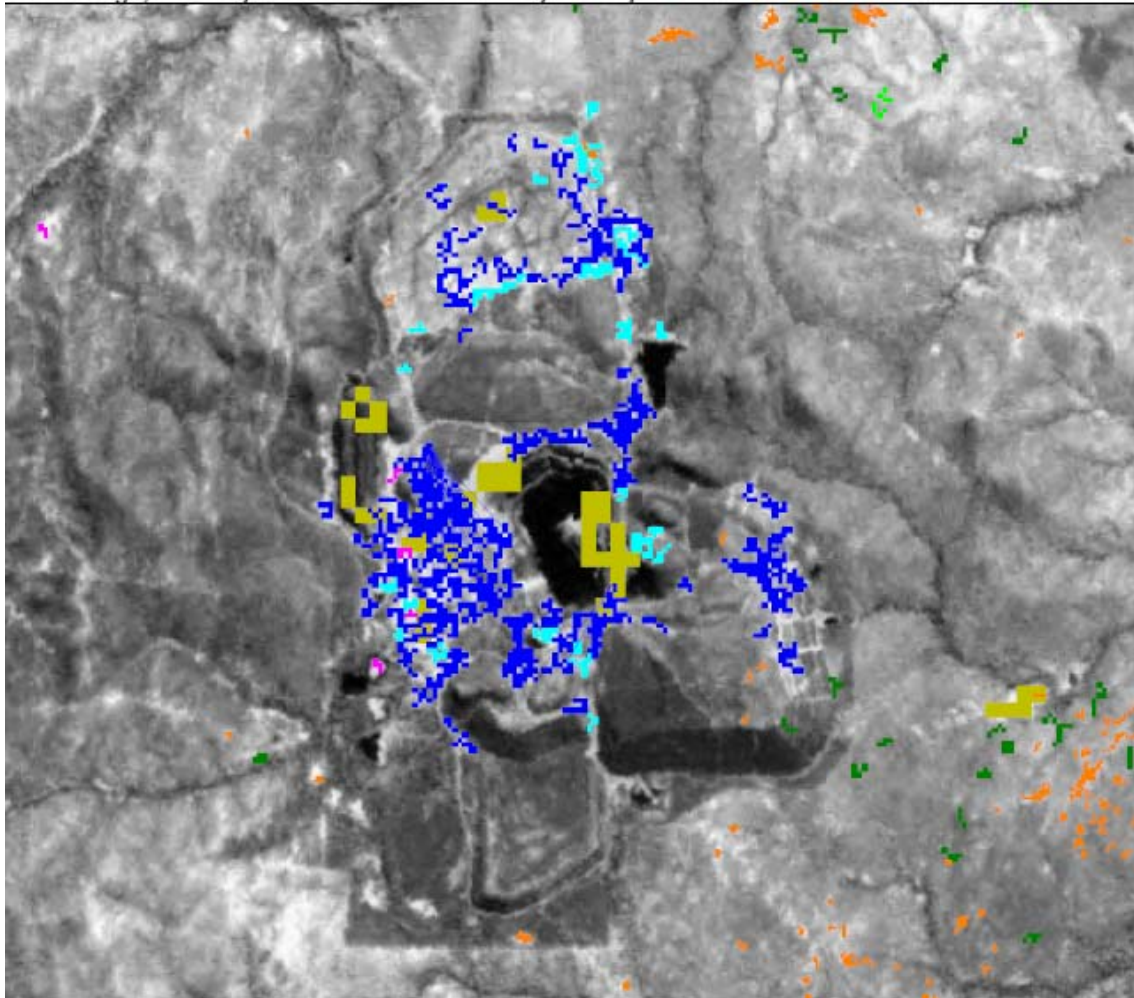


Figure 2 ASTER mineral Mapping over Mt Leyshon Deposit

Muscovite – dark blue, Kaolinite – cyan, weak alunite – magenta, Propylitic alteration – green and Fe-oxide – orange.

Post mineral landscape evolution and weathering

The two processes of weathering and post-mineral sedimentation can significantly diminish ASTER's ability to detect hypogene alteration systems. These processes have worked in concert in the landscape of the Charters Towers region where there is a long and episodic history of post-Palaeozoic fluvial (and minor lacustrine) sedimentation and weathering. Deep weathering of both the fluvial sediments and the basement in the Charters Towers region has formed the duricrust, red earths and, to a lesser extent, yellow earths that are present today.

A number of false anomalies are apparent in the ASTER Mineral Mapping results due to these processes. For example, large diffuse Fe-oxide responses exist that are primarily due to weathering processes, and these anomalies may be responsible for masking lower-tenor Fe-oxide responses related to oxidation of sulphides (e.g. pyrite)

in the phyllic alteration zones of Mt Layshon . Silica responses also form diffuse, dendritic or other characteristically fluvial patterns as a result of post-mineral fluvial sedimentation.

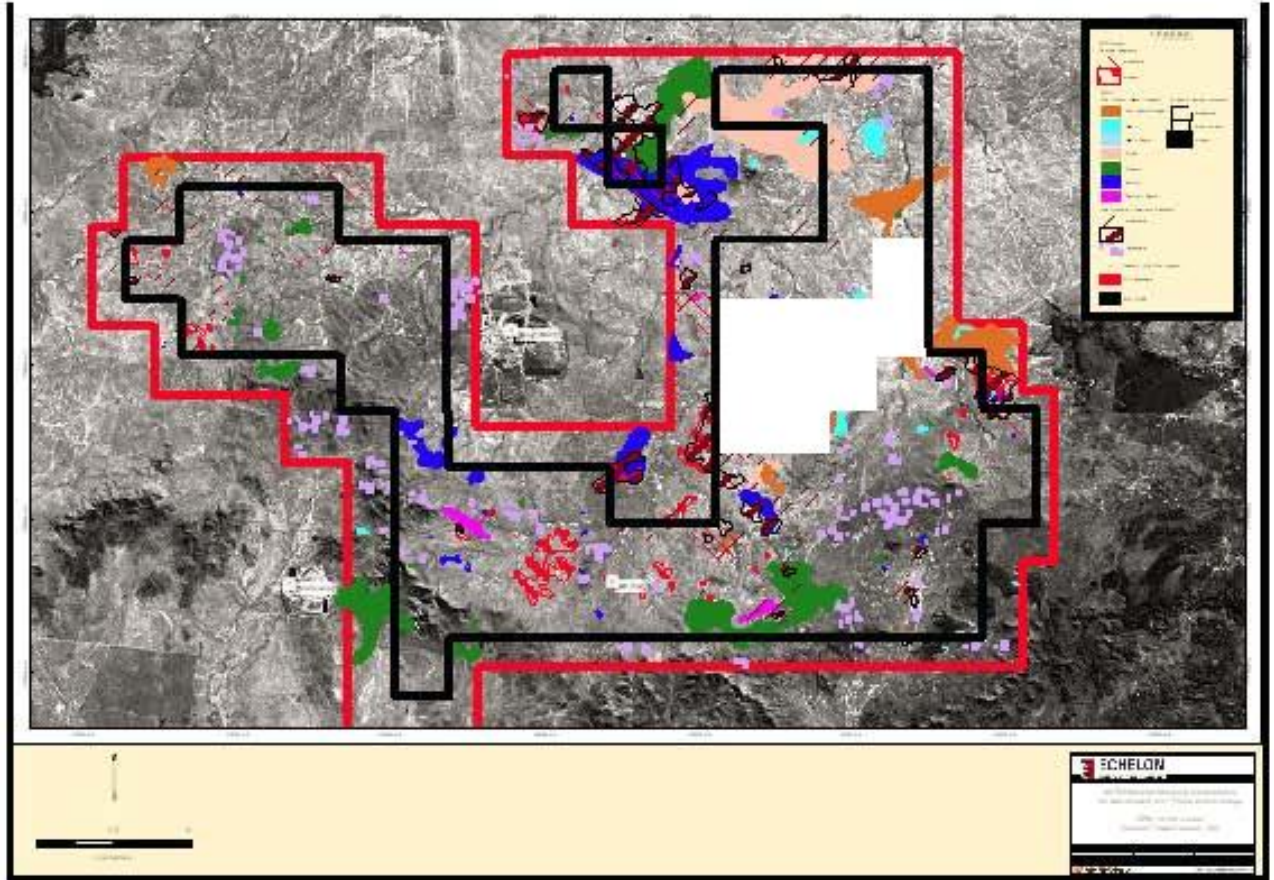


Figure 3 ASTER Map EPM14188 Laura

Conclusions

Conclusions made by this report include:

- Both Cu-Au VHMS and Intrusion-Related Au deposits exhibit large, zoned alteration halos with mineralogy to which ASTER is sensitive, and has successfully mapped at Highway and Mt Leyshon.
- The phyllic zones of these deposits present the most readily identifiable Mineral Map responses. In these zones the hydrothermal alteration systems have deposited strong silica and sericite, and super gene effects have subsequently resulted in the alteration of sericite/pyrite/potassium feldspar/biotite to alunite and kaolinite.
- Background metamorphic assemblages (especially in the Seventy Mile Range Group) and cover sequences will obscure ASTER responses from hydrothermal alteration, especially for propylitic assemblages. Propylitic

alteration may therefore be more diagnostic of mineralisation systems to the north of the EPM in the rocks of the Lolworth-Ravenswood block where the lighter colour of the rocks facilitates a better chlorite & epidote responses.

The results from the ASTER data were incorporated into an integrated targeting study that included geochemical, geophysical and structural/sytratigraphic synthesis for the purpose of prioritising the alteration anomalies Presented in Figure 2, and for follow up filed programs. Unfortunately due to complication on ground exploration activities for the reporting period had to be postponed.

5.4 Access to Land

Fusion has been unable to enter the land and conduct exploration activates as the Pastoral Lease Holders have refused our requests.

Fusion is currently negotiating with the Pastoral Lease Holders in regards to access. Fusion is also discussing with Mr Ben Johns from the Department of Mines and Energy on ways to move forward regarding on ground exploration activities.

As such Fusion was unable to conduct on ground activities during the reporting period.

6.0 Conclusions

Newcrest withdrawal from the tenement has not discouraged Fusions' view that the tenement is prospective for porphyry style gold mineralisation.

It is the opinion of Fusion that this area has not been fully explored. Fusion has been unable to conduct field exploration activities due to the ongoing negotiations with pastoral land holders.

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