Digirock Pty Ltd
for

Mallee Gold Corporation Ltd (Operator)

ANNUAL TECHNICAL REPORT

~~OSCAR RANGE~~ PROJECT
P63/1322

~~June~~ 2007

Held by Mallee Gold Corporation Ltd

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Location and Access

P63/1322 is situated approximately 570km east of Perth and about 30km SSE of Norseman in Western Australia (Figure 1). It is situated at the northern end of Lake Dundas in a topographically flat area. Access to the tenement is via mine, exploration and station tracks from the sealed Coolgardie-Esperance Highway. The tracks can be impossible to traverse via vehicle when the ground is wet. No tracks lead directly to the tenement as it is situated entirely within the bounds of Lake Dundas.

The tenement is situated on the Norseman (SI 51-02) 1:250,000 map sheet, and on the Norseman (3233) 1:100,000 sheet.

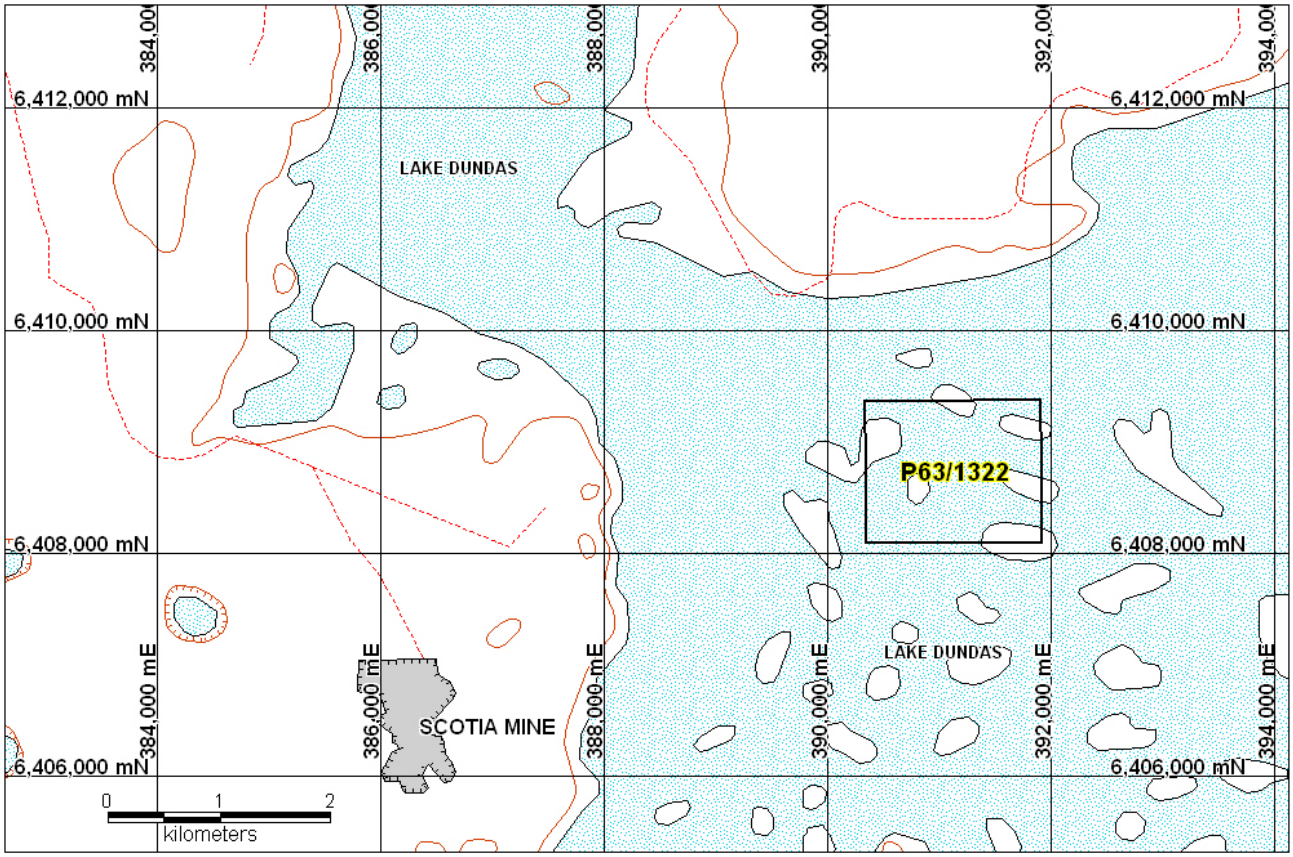

Figure 1 Location of P63/1322, showing the tenement outline (black), 50m topographic contours (brown), sealed roads (solid red lines), station tracks (dashed red lines) and creeks and water courses (blue lines and areas). Coordinates are presented in MGA Zone 51 (GDA94).

Tenure

Tenement P63/1322 is held and operated by Mallee Gold Corporation Ltd. The tenement is 199.42Ha in area. It forms one of number of tenements that comprise Mallee Gold Corporation's Norseman Project.

Regional Geology

P63/1322 is located near the southern end of the Archaean Norseman-Wiluna greenstone belt, which is highly endowed in gold and nickel mineralisation. The tenement covers granitic and gneissic rocks which form part a suite of plutonic complexes which are ubiquitous across the Yilgarn Craton. The volcanic, intrusive and sedimentary rocks that comprise the greenstone

belts were largely deposited during a significant phase of extension that initiated at about 2700 Ma. However, at Norseman, the greenstone belt rocks are considerably older, with felsic volcanic rocks dated at about 2960 Ma. Subsequent deformation, which predominantly occurred during the westward accretion of the Norseman-Wiluna Belt, and other terranes to the east, onto the a large continental land mass (now termed the Barlee Terrane). The widespread granitic complexes, of which P63/1322 overlies one, were intruded into across the Yilgarn post-cratonisation.

The Norseman area is highly endowed with gold and contains Australia's longest running gold mine, which to date has produced over 5.5Moz Au from the Mararoa-Crown (Main Reef) and North Royal reefs. The gold is typically hosted in narrow, high-grade quartz veins.

Local Geology

Basement rocks under P63/1322 comprise Archaean granite and gneiss, which is not exposed anywhere within the tenement. The basement is entirely overlain by lacustrine sediments of Lake Dundas.

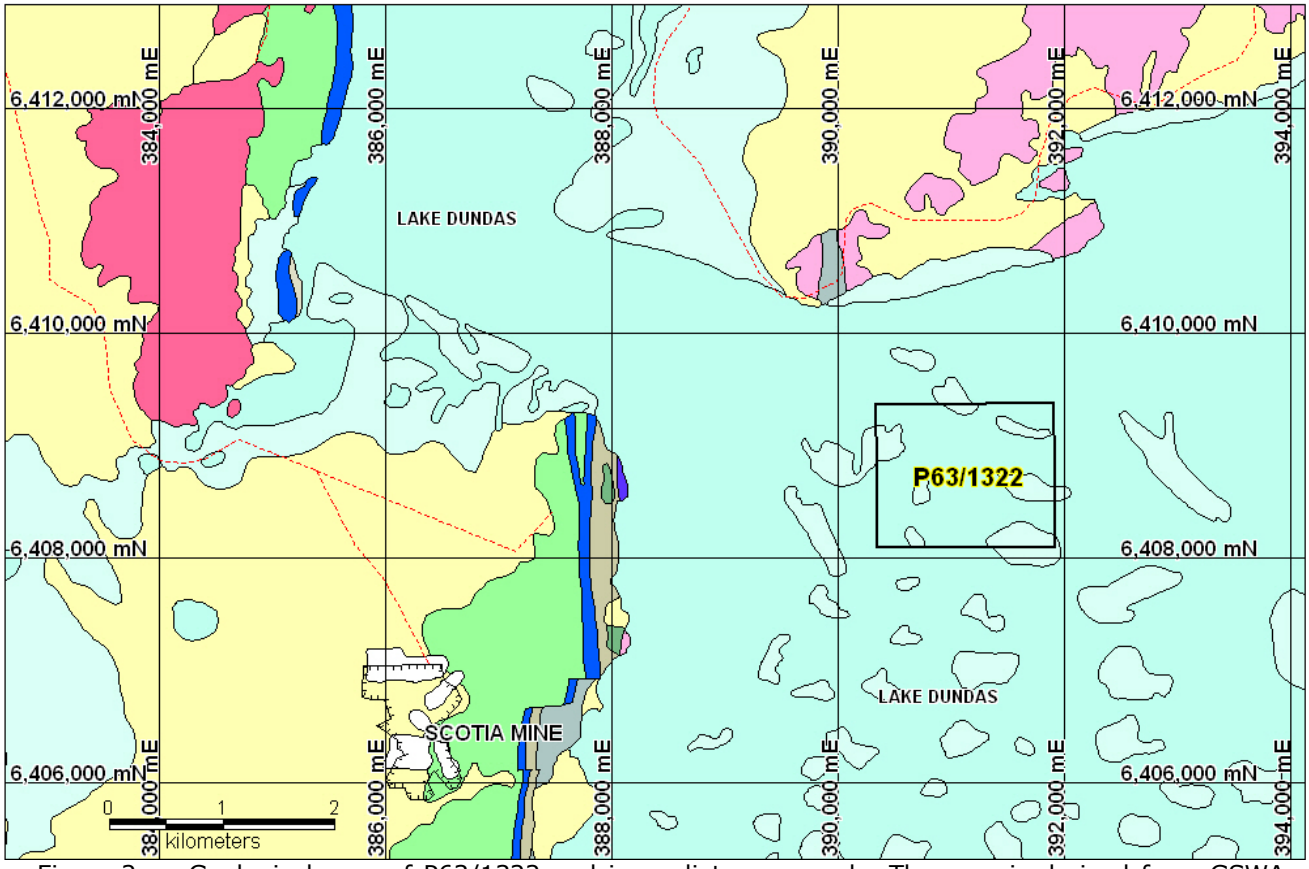

Figure 2 Geological map of P63/1322 and immediate surrounds. The map is derived from GSWA Norseman 1:100,000 Geological Series map (3233) as presented in the Geological Survey of Western Australia's East Yilgarn Geoscience Database (GSWA Report 78). Coordinates are presented in MGA Zone 51 (GDA94).

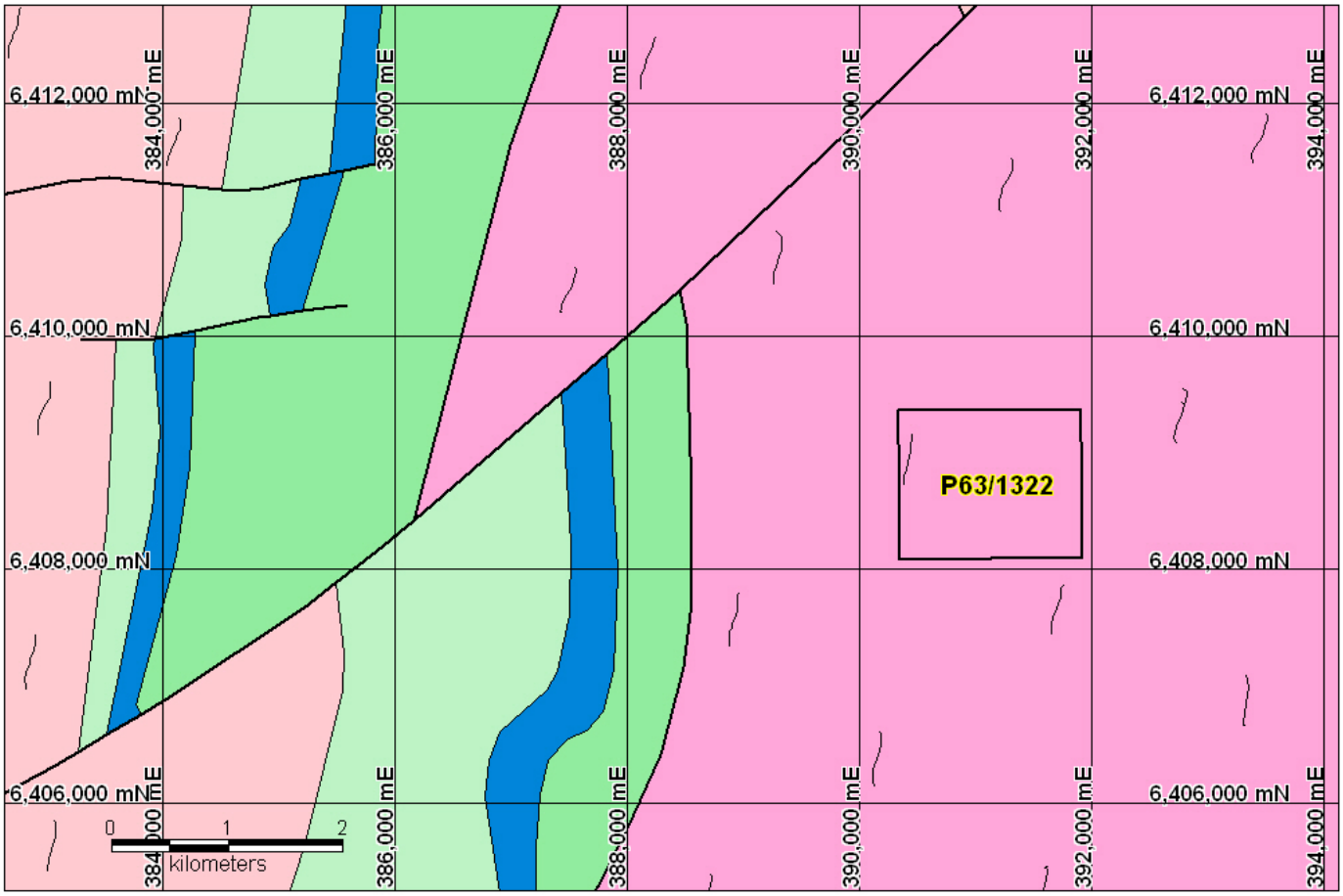

Figure 3 Interpretive geological map of P63/1322 and immediate surrounds. The map is derived from GSWA Norseman 1:100,000 Geological Series map (3233) as presented in the Geological Survey of Western Australia's East Yilgarn Geoscience Database (GSWA Report 78). Coordinates are presented in MGA Zone 51 (GDA94).

Topography

P63/1322 overlies Lake Dundas and consequently has a very flat topography.

Previous Exploration

Despite it's proximity to Norseman, no previous exploration could be identified on the tenement despite an exhaustive search of the GSWA Wamex database.

Work Completed

Digirock Pty Ltd (geological consultants) were contracted to review the project and to undertake planned exploration.

No on-ground work could be completed due to the lake containing water for most of the reporting period due to a very wet and extended summer cyclone season. Work undertaken was as follows:

Open File Data Compilation

An online search of available Mineral Exploration Open File reports was conducted on the MPR web site to determine if work has been completed on the tenement. No reports were located which had any exploration results on P63/1322.

Existing Data Compilation

Available data on the project area consisted of publicly available data, including GSWA 1:250,000 Geological Series Maps and Department of Land Information (DLI) 100,000 topographic data.

This information was compiled into a GIS dataset.

Geophysical Data Acquisition

Gridded aeromagnetic and radiometric (uranium, thorium, potassium and total count) data were purchased from Fugro Airborne Surveys Pty Ltd. The data form part of their 200m-spaced Eastern Goldfields Multiclient Dataset.

The geophysical data are currently being interpreted to assist target generation.

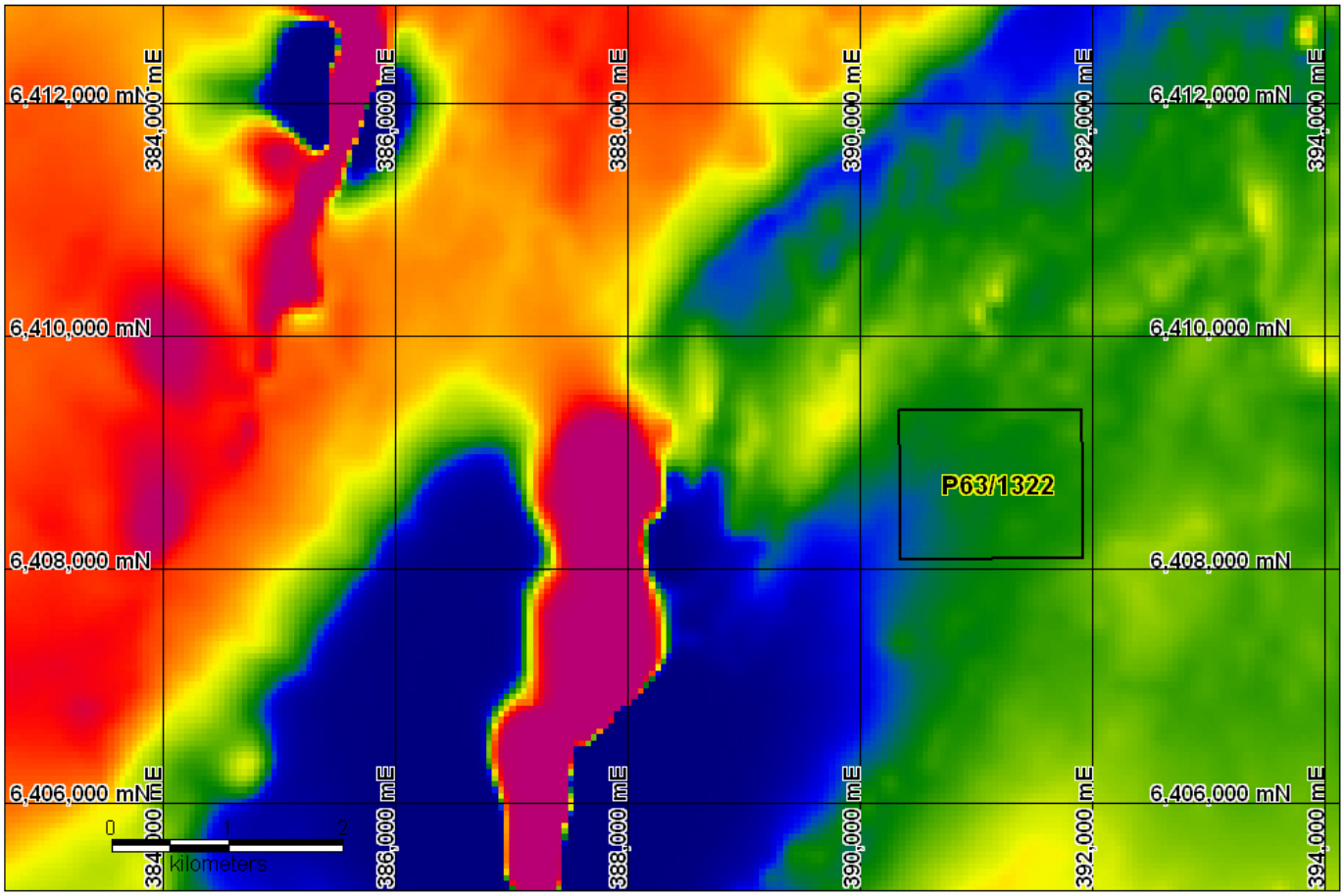

Figure 4 Aeromagnetic image (TMI) of P63/1322 and its surrounds. The data is derived from gridded 200m-spaced aeromagnetic data that forms part of Fugro Airborne Surveys 200m-spaced Eastern Goldfields Multiclient Dataset. Radiometric data (U, Th, K and total count) also formed part of the purchased data. Coordinates are presented in MGA Zone 51 (GDA94).

Project Reviews

P63/1322 is currently under review. As part of this review existing data was compiled and the purchased geophysical data converted into GIS data layers.

At the time of writing this Annual Technical Report, CSA had not completed a completed report on their review of the tenements. However, meetings and field reconnaissance (see below) with CSA revealed that the tenement has very limited potential to host economic Pb-Zn mineralisation.

Conclusions and Recommendations

Given the lack of exposure on and lack of greenstone belt rocks, there should not be any ground-based exploration undertaken until a thorough aeromagnetic interpretation is undertaken.