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## TENEMENT PACKAGE ACQUISITION ENHANCES GOLD COPPER POTENTIAL FOR PHILLIPS RIVER PROJECT

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### Fast Facts

Cap Structure	Mar 2010
Issued Shares	362Mil
Market Cap	A\$24.0Mil
Cash + Investments	\$3.0Mil

### Directors

Hamish Bohannon	Chairman
Steve Norregaard	Managing Dir.
Joe Totaro	Non-Exec Dir.
Andrew Czerw	Executive Dir.
Tony Martin	Non-Exec Dir.

### Company Highlights

- Substantial resource base
- Diversified commodities
- Aggressive exploration
- Proven management
- BFS well advanced



### PRP Resource Base

- 13.97 Mt
- 901,000 oz gold
- 9.9 Moz silver
- 89,000 t copper
- 123,000 t lead
- 74,000 t zinc

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### Highlights

- Tectonic acquires 100% interest in significant and highly prospective copper and gold landholding extending +10km NNW from Kundip

### Newly acquired tenement holding features;

- Immediate opportunity to convert remaining Copper Gold at historic Mt Desmond mine to a JORC compliant resource
- Several advanced Copper & Gold prospects – drill ready
- Numerous underexplored grass roots prospects
- Majority of tenement subjected to little modern systematic exploration
- Significant geological, geophysical and geochemical data base inherited
- Tenement holding increases to 578km<sup>2</sup>, up from 406km<sup>2</sup>

The company is pleased to announce, subject to certain conditions being satisfied, that it has acquired from Pioneer Resources Limited (ASX:PIO, Pioneer) a strategic package of 172 sq.km of tenements highly prospective for gold and copper adjacent to its existing portfolio of ground in the Ravensthorpe region of Western Australia. (Refer Figures 1 and 2 at rear)

As consideration, Tectonic will issue to Pioneer 500,000 two year options in Tectonic at a 10% premium to the 30 day VWAP and grant a 1.5% NSR royalty for all commodities other than iron ore and manganese. On completion Tectonic will have significantly increased its position as the major tenement holder of highly prospective gold copper endowed ground in Ravensthorpe.

Pioneer retains its rights to iron ore and manganese which is subject to a separate agreement with Mineral Resources Ltd. In the event Mineral Resources Ltd elect to withdraw these rights will revert to Tectonic in return for a NSR royalty of 3.5% on iron ore or manganese, payable to Pioneer on any production from these commodities.

In what is considered to be an excellent outcome for both companies, Managing Director Steve Norregaard said “ *This deal provides further confidence to the Company that its Phillips River Project, as initially contemplated, is only just the beginning.*”

*Tectonic are the first modern exploration company to consolidate the majority of the historic Ravensthorpe to Kundip mining district” he said*

With both companies realizing the strategic importance of a consolidated tenement package, Tectonic for the first time, has gained access to most of the extensive number of gold and copper occurrences in the district, with some already drilled to the extent resources can be established.

*“This is seen by both companies as a means to expedite Tectonics’ return to being a miner and a long term major player in the revival of mining in the Ravensthorpe region, with Pioneer participating through its retained royalties.”* Said Mr Norregaard.

The newly acquired tenements (See Table 2 at rear for complete listing) represent the northern continuation of the highly prospective Achaean greenstone belt, locally known as the Annabelle Volcanics along strike from Tectonic’s Kundip mineral resource (738,000 oz gold and 24,400 copper tonnes). The company now controls the majority of the 560 historical mining operations within the Ravensthorpe district (See Figure 1 at rear).

The key highlights in the tenement package, the subject of proposed work programs, are as follows.

## **ADVANCED RESOURCE TARGET**

### **MT DESMOND**

- Convert crown pillar drilling to a JORC compliant resource
- Determine open pit mining potential
- Exploration – target strike extensions
- Exploration – target parallel structures

### **Crown Pillar**

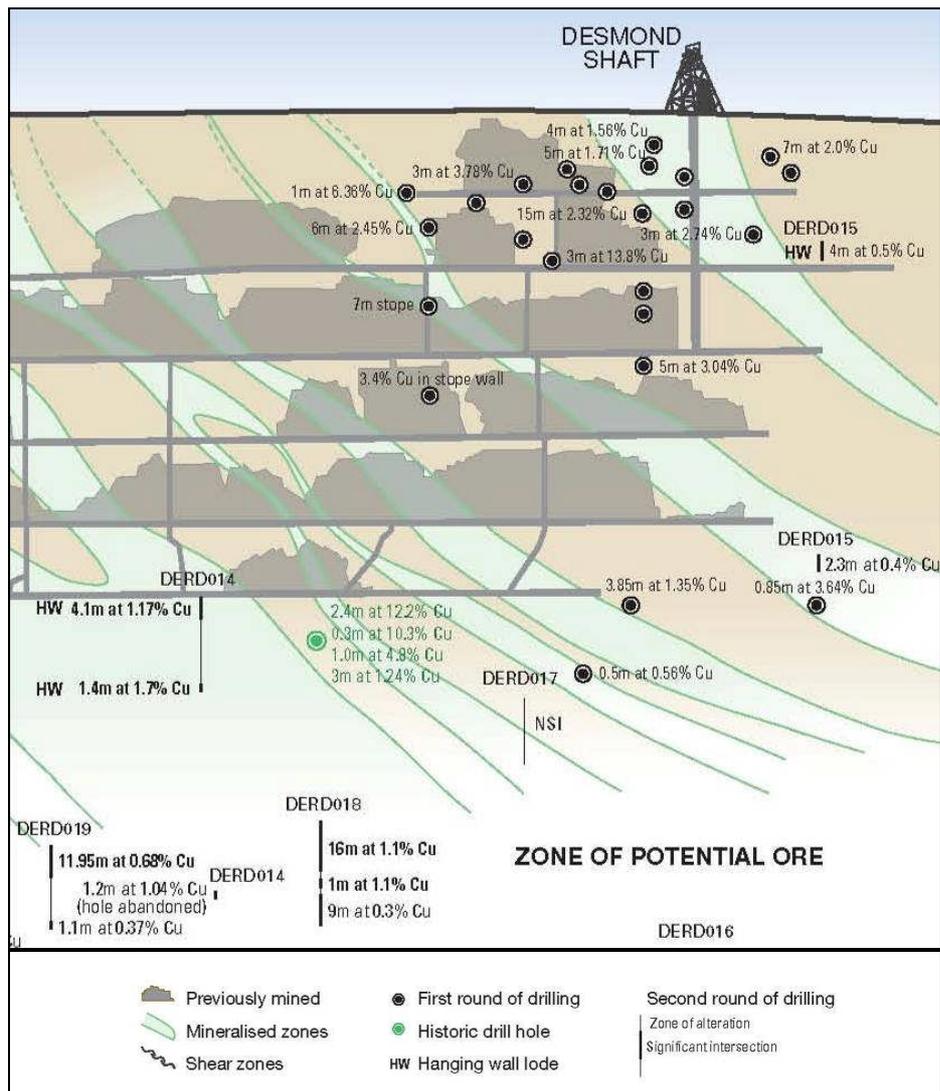
Historically, the first phase of mining (1901-1920) conducted across the Mt Desmond – Elverdton line of lode produced 41,000 tonnes of ore grading 7.8% Cu. This high grade near surface supergene copper ore remains a high priority target for inclusion in the crown pillar resource (see figure 3 below).

The Mt Desmond Crown Pillar contains significant copper mineralisation which displays immediate open pit mining potential. (Refer figure 4 below) To ascertain this potential the company will immediately complete JORC compliant resource estimation. Upon completion, a mining study will be commissioned to determine the economics and financial returns involved in exploiting this resource. Significant crown pillar drill intersections include;

- ELV12      3m    @    13.8% Cu    4.3g/t Au
- DER01      6m    @    2.45% Cu    9.7g/t Au
- DER05      5m    @    2.04% Cu    1.0g/t Au



**Figure 3: Looking North - Mt Desmond shaft in background, crown pillar mineralisation exposed in old working in foreground.**



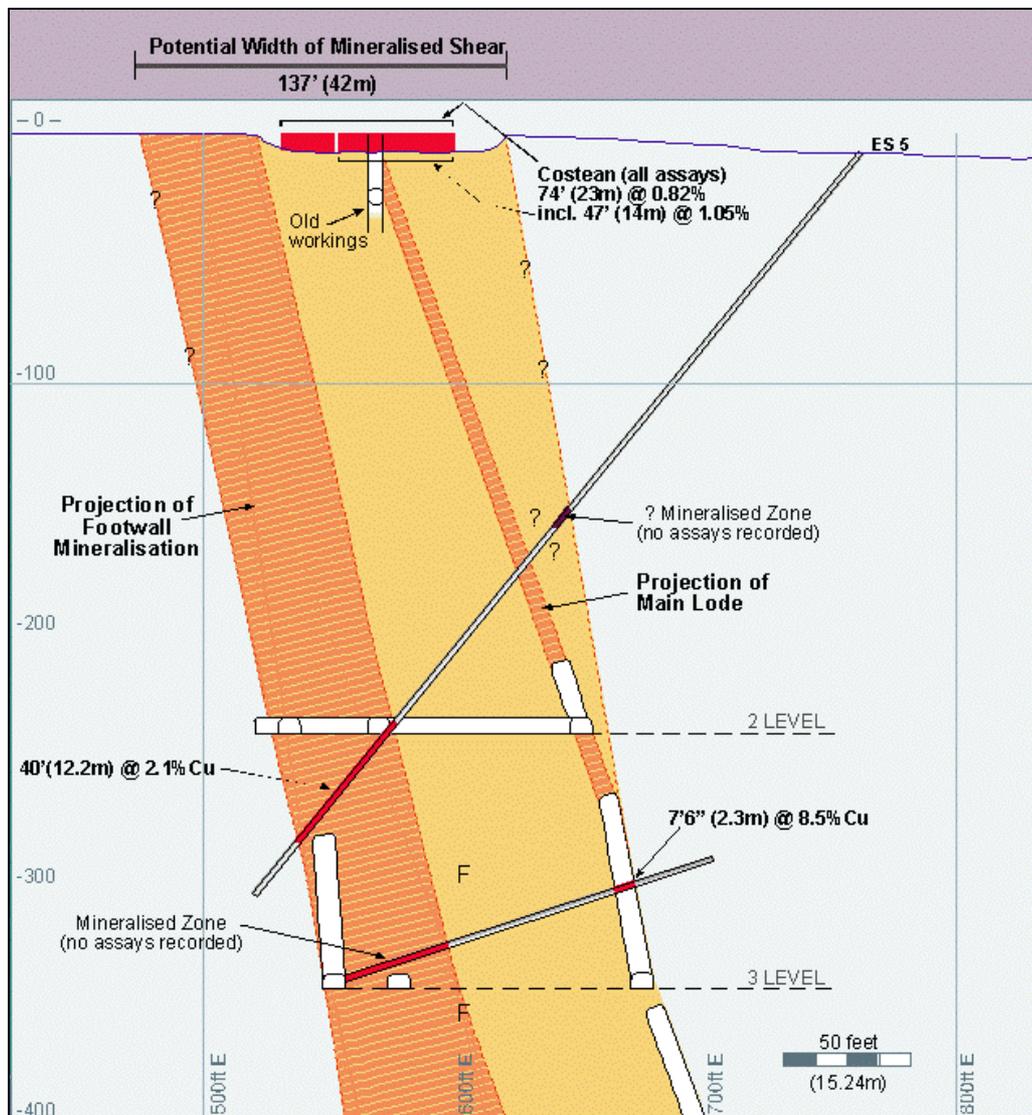
**Figure 4: Mt Desmond long section showing significant intersections. (Pioneer Resources Ltd)**

## Mt Desmond Strike Extensions

The Mt Desmond – Elverdton line of lode extends for over 850 metres of strike. The mineralisation is hosted in a significant 20-30m wide shear zone which contains mafic (greenstone) rafts. This structure has been off-set by later stage faults. Off-set strike extensions both north and south of the known mineralisation remain as immediate exploration targets.

## Exploration for Parallel Structures

Evidence for mineralised parallel structures is present in the historical literature. Of note is the following “A drill hole on cross-section 1050ftN, with 40 feet (12.2m) at 2.1% copper is annotated on the section as the “footwall lode”, and seemingly not exploited above 2 Level (at -76m) to the surface.” See Figure 5 below.



**Figure 5: Desmond Mine 1050ft cross section showing potential for footwall mineralisation**

## **ADVANCED PROSPECTS**

### **THE PLP MINE**

The PLP is a significant historical copper mine immediately north of the Mt Desmond mine. A program of small reverse circulation (“RC”) drill holes PLPR001-009 at the PLP Prospect by the previous tenement owner yielded significant results including:

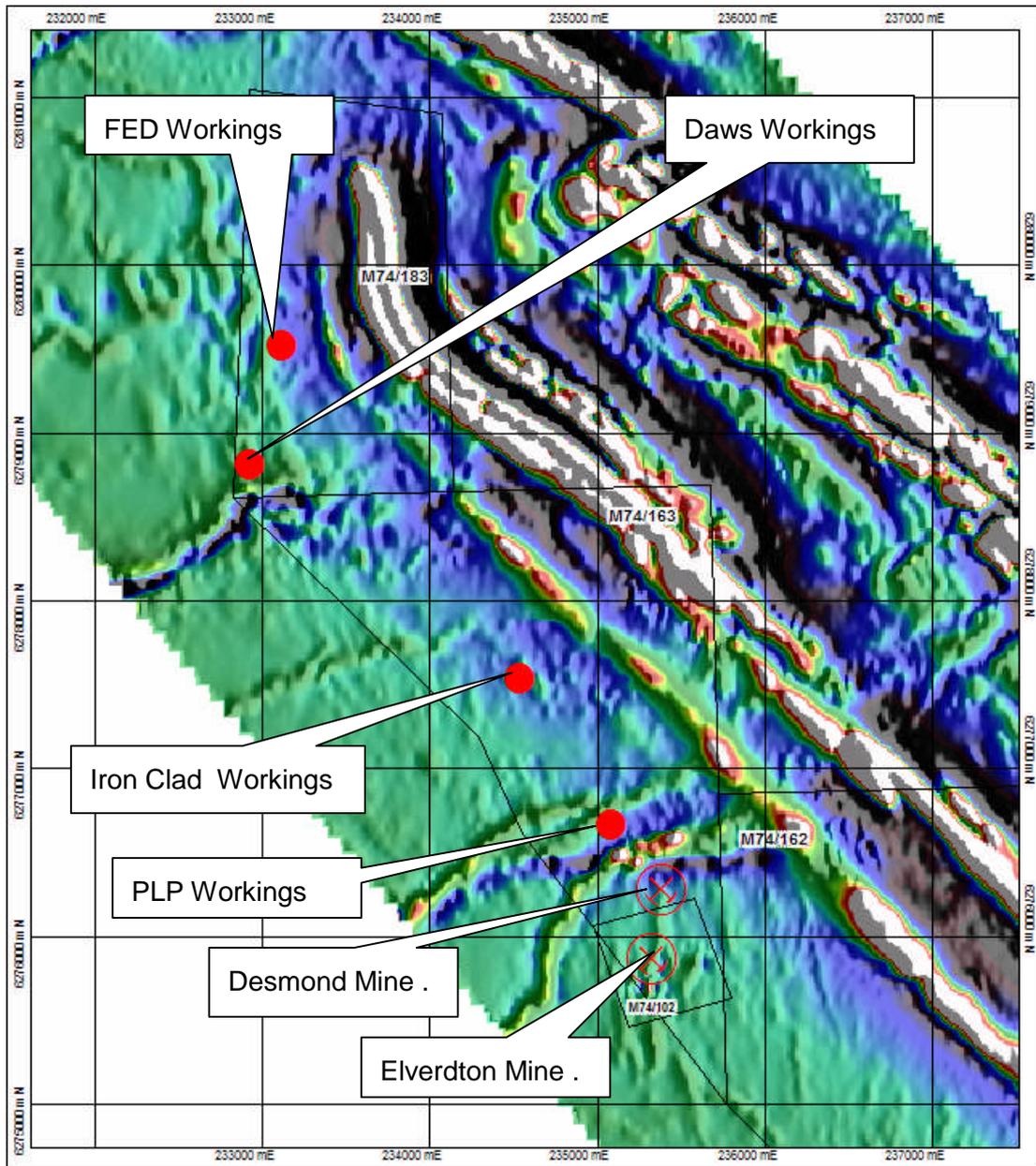
- PLP008 4.0m at 2.8% Cu and 1.13 g/t Au from 57m
- PLP009 2.0m at 2.8% Cu and 2.6g/t Au from 41m

### **Rock Chip Sampling PLP and others**

Assay results from 23 rock chip samples collected from old workings in the project area. Copper results ranged from 22.86% Cu to 300ppm Cu. Eight samples returned results over 1% Cu as detailed in the Table 1 and Figure 6 below.

<b>Sample</b>	<b>North</b>	<b>East</b>	<b>Mine</b>	<b>Description</b>	<b>Cu %</b>	<b>Au g/t</b>
ARC34806	6279521	233143	FED	Malachite Ore	22.86	0.6
ARC34811	6276646	235082	PLP	Malachite- carbonate altered felsic rock	9.61	2.03
ARC34813	6276646	235082	PLP	Quartz carbonate veining, with malachite staining	4.89	0.9
ARC34814	6278847	232905	Daws	Malachite ore	17.97	0.9
ARC34816	6278823	232921	Daws	Quartz carbonate vein with Malachite and Azurite staining	4.96	1.23
VARC34821	6277519	234536	Ironclad	Altered felsic volcanic with Malachite staining	1.25	0.08
ARC34822	6277519	234536	Ironclad	Malachite quartz carbonate vein	7.57	1.06
ARC34827	6276644	235039	PLP West	Malachite quartz carbonate vein	1.92	6.98

**Table 1: Significant rock chip sample results**



**Figure 6 Plan showing location of workings from where rock chip samples were taken**

## THE FED MINE

In 1978 Amoco Minerals intersected Cu-Au mineralisation in two diamond drill holes beneath historic workings at the FED prospect. The first hole intersected 0.7m at 6.3% Cu, 21.7 g/t Au and 45 g/t Ag. The second hole intersected 2.0 m at 7.1% Cu, 2.45 g/t Au, and 27.5 g/t Ag in steeply dipping sheared metasediments and volcanoclastics within the Chester Formation.

In 1982, Norseman Gold Mines conducted follow-up drilling. The later drilling supported the Amoco copper results although at somewhat lower grades. Significant intersections included 4.65m @ 3.86% Cu, 0.6g/t gold in sheared felsic volcanics.

A 400 metre IP Anomaly to the south of the Fed deposit remains to be drilled.

Significant historical drilling results (Amoco) on the FED prospect include;

•	<b>WA- 78-D6</b>	<b>2m</b>	<b>@</b>	<b>7.2% Cu</b>	<b>27 g/t Ag</b>	<b>2.45 g/t Au</b>
•	<b>WA-78-D8</b>	<b>0.7m</b>	<b>@</b>	<b>6.3% Cu</b>	<b>45 g/t Ag</b>	<b>21.7 g/t Au</b>
•	<b>KRP-78-4</b>	<b>0.4m</b>	<b>@</b>	<b>1.3% Cu</b>	<b>5.0 g/t Ag</b>	
•	<b>WA-78-D10</b>	<b>0.4m</b>	<b>@</b>	<b>2.6% Cu</b>	<b>2.6 g/t Ag</b>	<b>16 g/t Au</b>
•	<b>WA-78-D11</b>	<b>1m</b>	<b>@</b>	<b>1.13%Cu</b>	<b>6.0 g/t Ag</b>	
•	<b>NFED H5A</b>	<b>4.6m</b>	<b>@</b>	<b>3.86% Cu</b>	<b>40.1g/t Ag</b>	<b>0.6 g/t Au</b>

## **THE JAMES HENRY MINE**

The review of historical work suggests there is good potential for small tonnage, shallow high grade gold mineralisation surrounding old mine workings principally at James Henry and the Anabelle group of workings. Given the lack of actual drilling data this area has the potential to reveal a significant mineralized system with further drilling.

The James Henry line of lode has been mapped over a strike of approximately 220-250m of old mine working and loamings. Selected rock chip samples ranged between 10 - 20 g/t Au. To the south west there are another group of workings (some filled in by farming) over an additional 400m giving a total strike of approximately 650m. Mineralisation is associated with pyritic quartz veins within sheared altered mafic and felsic volcanic's.

The Union Gold Mining Company NL 1986 -1989 drilled ten RC holes and two (2) diamond tails immediately below the workings results include:

<b>JHP-1</b>	<b>5m</b>	<b>@</b>	<b>7.4g/t Au</b>	<b>from 19m</b>
<b>JHP-6</b>	<b>3m</b>	<b>@</b>	<b>28.4g/t Au</b>	<b>from 41m</b>
<b>JHP3</b>	<b>2m</b>	<b>@</b>	<b>2.8g/t Au</b>	
<b>JHD-2</b>	<b>2.4m</b>	<b>@</b>	<b>4.13g/t Au</b>	<b>from 43.8m</b>
<b>JHD-1</b>	<b>3.9m</b>	<b>@</b>	<b>6.3g/t Au</b>	<b>from 58.5 m</b>

## **THE ANNABELLE MINE**

The Annabelle lode was mapped along a strike of between 90 -100m with a width of between 1.5-2.5m. Gold mineralisation is within vertically dipping quartz – pyrite - chalcopyrite vein within sheared chlorite actinolite schist.

Nine RC holes and one diamond hole have been drilled to test the prospect. Results include:

<b>ANP8</b>	<b>1m</b>	<b>@</b>	<b>20.92g/t Au</b>	<b>from 30m</b>
<b>ANP4</b>	<b>2m</b>	<b>@</b>	<b>7.76g/t Au</b>	<b>from 51m</b>
<b>ANP5</b>	<b>1m</b>	<b>@</b>	<b>8.28g/t Au</b>	<b>from 32m</b>
<b>ANP7</b>	<b>4m</b>	<b>@</b>	<b>4.96g/t Au</b>	<b>from 14m</b>
<b>AND1</b>	<b>0.5m</b>	<b>@</b>	<b>1.2g/t Au</b>	<b>from 20.3m</b>
<b>and</b>	<b>2.5m</b>	<b>@</b>	<b>3.2g/t Au</b>	<b>from 23.5m</b>
<b>ANP1</b>	<b>4m</b>	<b>@</b>	<b>1.52g/t Au</b>	<b>from 24m</b>

## ARD PATRICK

Historic drilling carried out in 1986 by Metana includes an intersection of 5m @ 65g/t in APP4.

During 1999, a number of costeans were dug in this area and 15 RC drill holes put down in an attempt to locate the source of the numerous gold occurrences in this area.

Re-logging of RC chips and detailed surface geological mapping, carried out in the 2003 program, revealed the existence of numerous, steeply dipping, narrow quartz/gossanous veins, within the host felsic volcanics and related intrusive porphyries.

## INHERITED DATA

The company as part of the transaction has inherited an extensive geological database comprising historical mining records, surface mapping, extensive geophysics and aeromagnetic work carried out recently which provides an ideal head start in prioritising exploration work.

For further information please contact:

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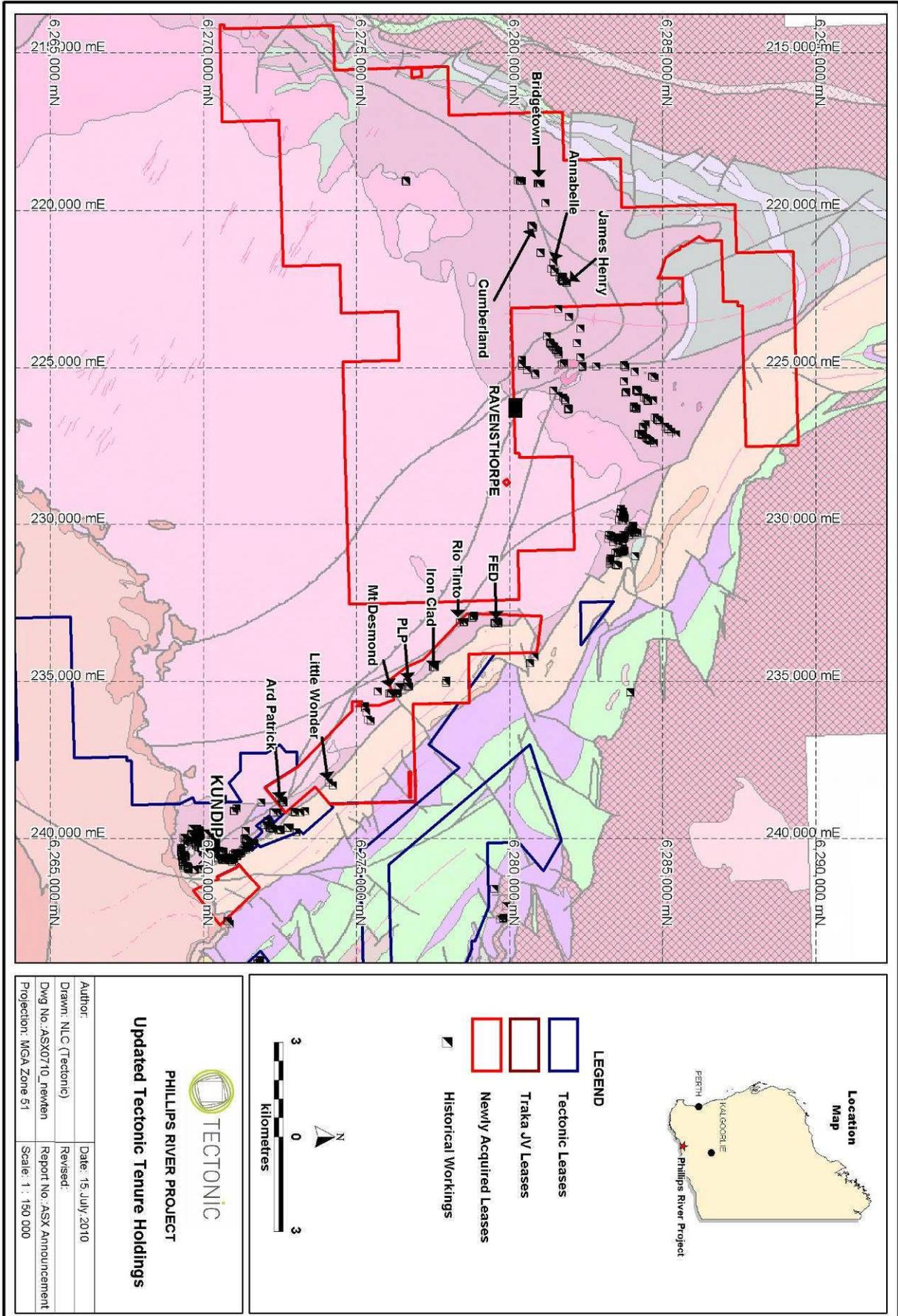
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## **Competent Person's Statement**

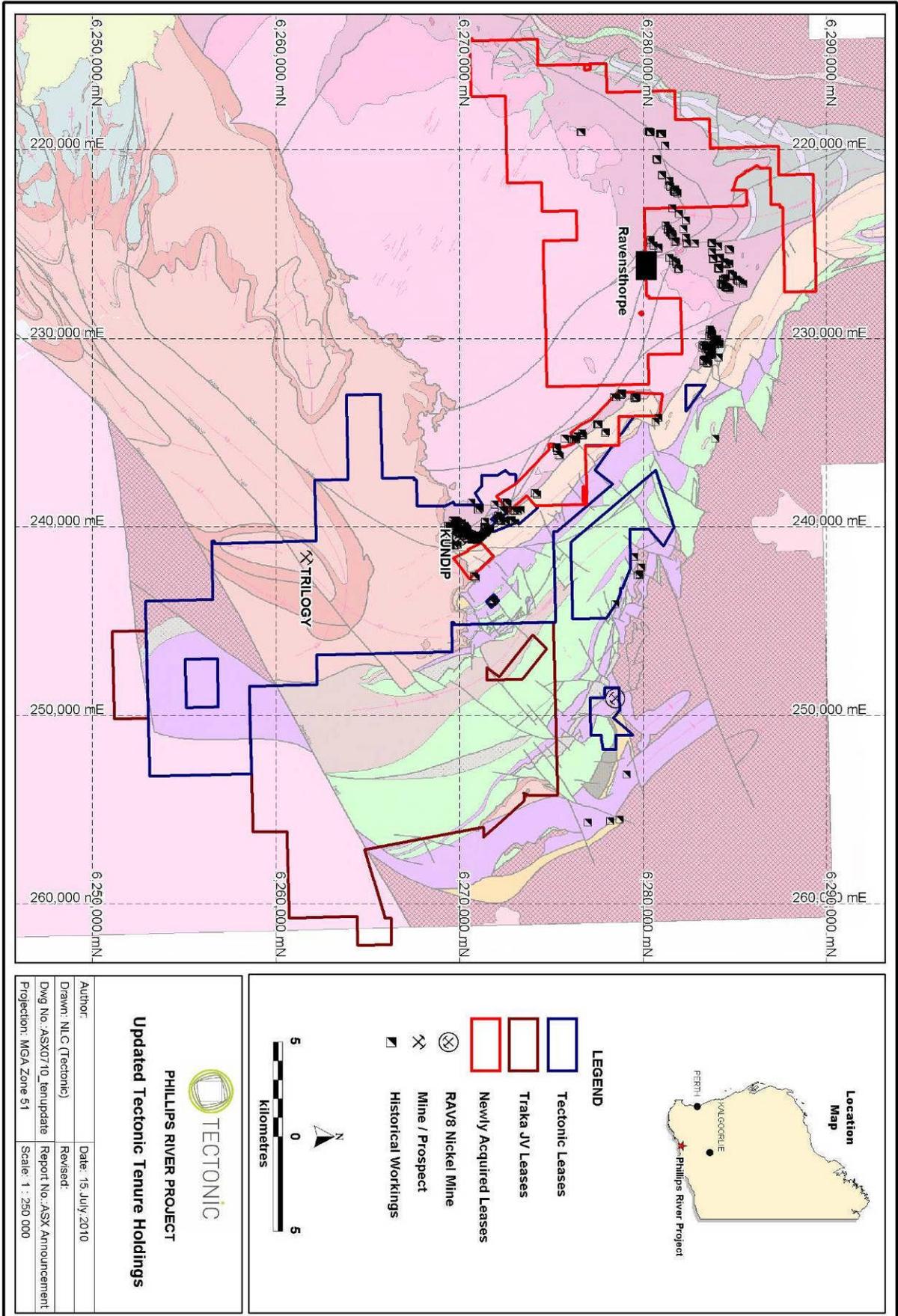
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*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Bruce Armstrong who is a Member of the Australasian Institute of Geoscientists. Mr Armstrong is a full time employee of Tectonic, and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 edition of the JORC Code. Mr Armstrong has given his consent to the inclusion in the report of the matters based on the information in the form and context in which it appears. "This release may contain forward-looking statements. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements."*

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**Figure 1- Tenement package acquired with key areas of interest.**



**Figure 2- Tectonic's Combined Tenement Package**

Tenement No. / Type	Holder/ Applicant	Grant Date	Expiry Date
M74/162	Pioneer	Pending	
M 74/163	Pioneer	28/08/06	27/08/27
E 74/399	Western Copper	29/04/09	28/04/14
E 74/406	Western Copper	12/08/09	11/08/14
P 74/259	Western Copper	04/08/09	03/08/13
P 74/260	Western Copper	04/08/09	03/08/13
P 74/304	Pioneer	19/02/08	18/02/12
P 74/305	Pioneer	19/02/08	18/02/12
P 74/306	Pioneer	19/02/08	18/02/12

**Table 2- Tenements acquired by Tectonic Resources NL**

### **About Tectonic**

Tectonic Resources NL ("Tectonic") has established a singular focus on the Phillips River Project and is well underway with the implementation of its strategy to advance the project to Bankable Feasibility Status. Situated on the south coast of Western Australia, between Hopetoun and Ravensthorpe, the project includes two established resource areas that lie in close proximity to each other. Both are the subject of ongoing work programmes.

### **Trilogy**

The Trilogy deposit is a shallow bulk tonnage poly-metallic resource of 6.2Mt at 0.8g/t Au, 47g/t Ag, 1.0% Cu, 2.0% Pb and 1.2% Zn. The deposit lies on freehold farming land owned by the company.

Current Activities:

- Metallurgical testwork is completed confirming concentrate specification and recoveries
- Review of regional exploration targets is ongoing with geochemical soil sampling targeting broadly defined copper gold anomalism
- Drill planning and scheduling for the Railway prospect underway
- RAB and RC drilling ongoing at Queen Sheba

### **Kundip**

Kundip is a historic mining centre with mineralisation hosted within quartz shear structures. The currently defined resources are contained within a 3km by 1km area. Exploration is ongoing outside of the resource area. A total resource of 7.72Mt at 2.97g/t Au and 0.3% Cu has been defined. Current work programmes are aimed at increasing the resource base and increasing confidence in known resources.

Current Activities:

- Regional Geochemical sampling and mapping is being progressed to gain greater understanding into the area
- Toll milling of gold ore stockpiled on surface during past mining episodes
- Drilling – results of exploration RAB drilling are being assessed for follow-up work as they become available

### **Feasibility Study**

The company appointed GR Engineering as study manager to oversee all aspects of the Feasibility study including detailed engineering of the processing facility. The study is destined for completion by the end of August 2010.