HiTec Energy

HiTec Energy Limited

Mining tenements

December 2007

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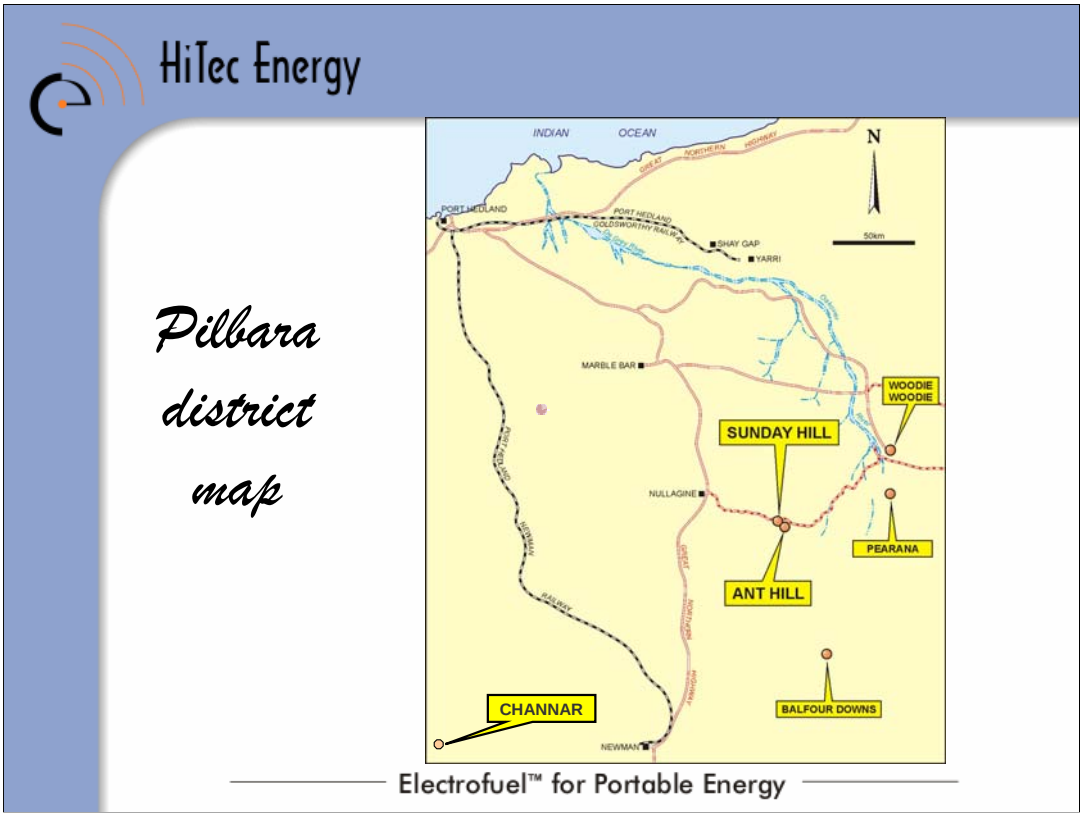
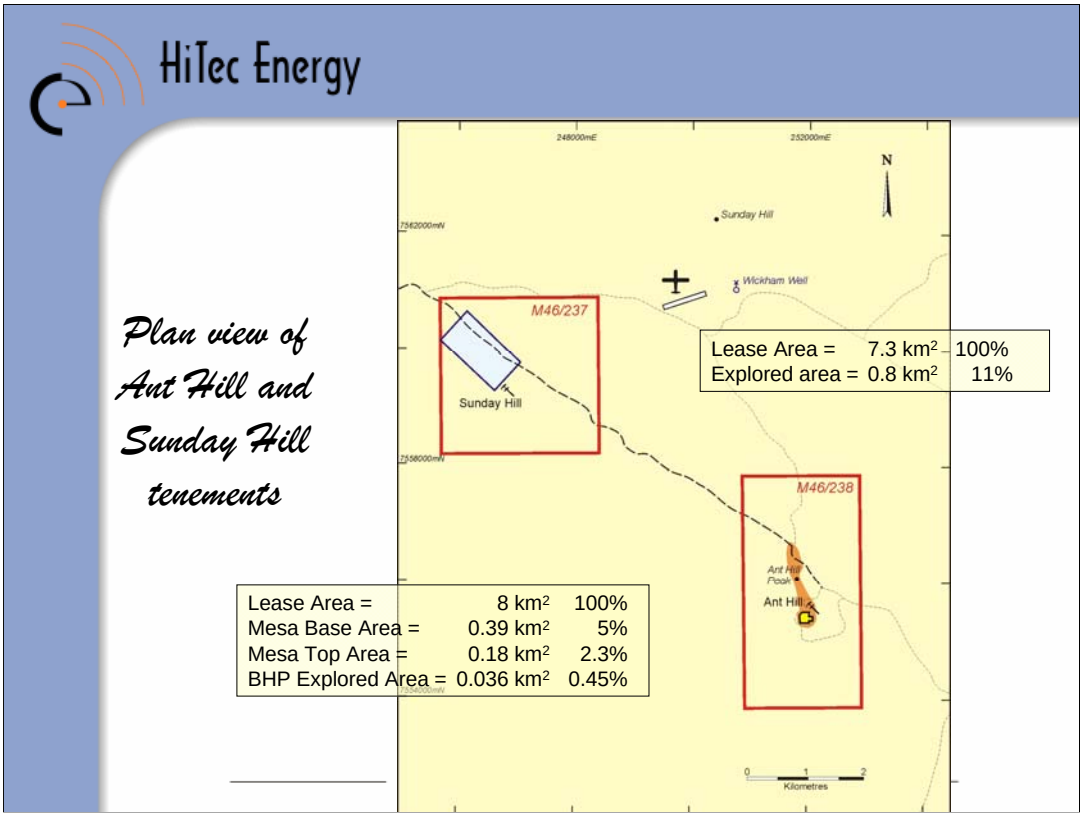


This map of the Pilbara district in the north of Western Australia, shows the location of Ant Hill and Sunday Hill in relation to the Woodie Woodie manganese mines, the Channar iron ore mine and Port Hedland.

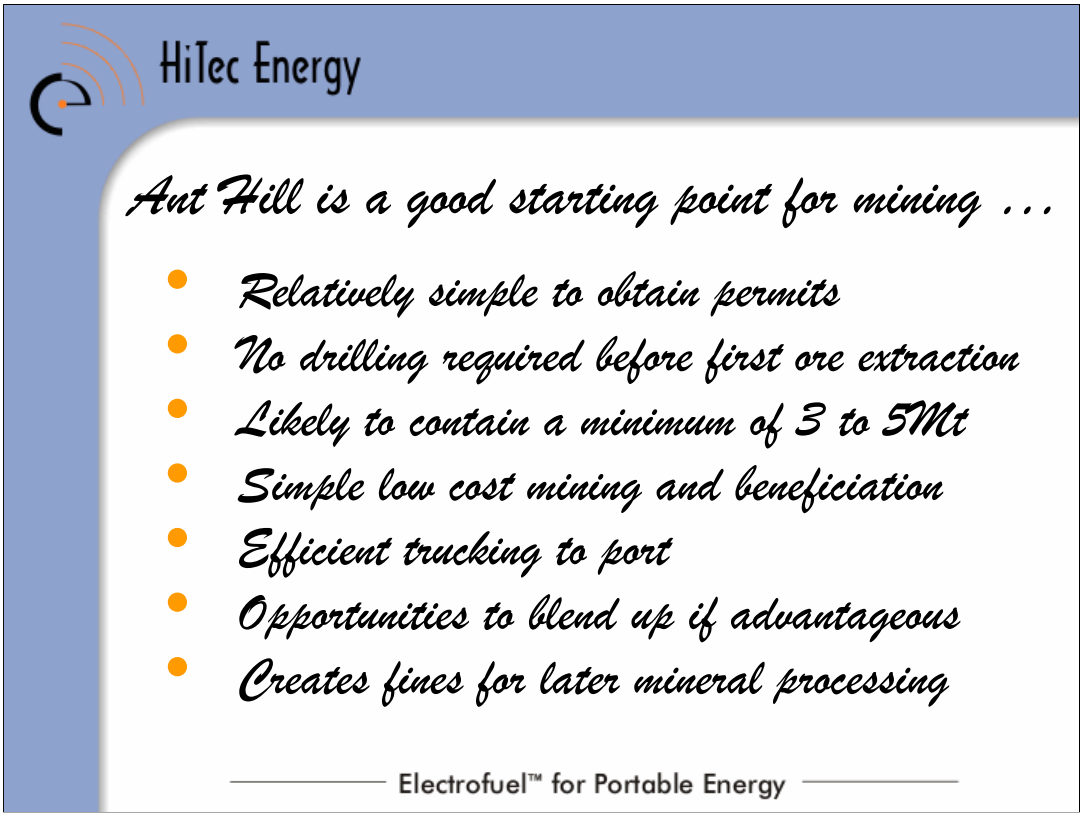
- Ant Hill and Sunday Hill are 400 km from Port Hedland by sealed road for 200 km to Marble Bar, then by gravel road to Nullagine for 140 km and finally by 60 km of rough track from Nullagine, which needs upgrading.
- The Woodie Woodie tenements of Consolidated Minerals are 80 km to the northeast, further along the rough track.
- The road between the mining leases and the port remains open in the cyclone season as it does not cross the Pilbara flood plain.



The Ant Hill and Sunday Hill remnant mesas, which contain the known resources, represent a very small proportion of the lease areas. The manganese deposits occur in a dipping seam that outcrops at the mesas then falls away beneath the surface on one side of each mesa. Geophysical work at Sunday Hill has established that anomalies prospective for manganese exist below surface off the mesa.

The two tenements are 6km apart and both are Mining Leases rather than exploration leases which will expedite their exploitation. An Aboriginal Heritage Survey has to be undertaken before undertaking any ground disturbing work on the tenement and a Notice of Intent will have to be approved by the Department of Industry and Resources before any mining operation can be commenced.

Manganese from Ant Hill along was mined with other nearby deposits such as Bee Hill, Mt. Cooke and Davis River in the 1950s and 1960s. They were closed with the discovery of manganese ore at Groote Eylandt in 1962 and the commencement of mining in 1964 by BHP. Present Australian production of manganese ore is dominated by GEMCO (Groote Eylandt) at 1.6 MTPA and Consolidated Minerals producing 0.6 MTPA.



- The economics of manganese mining have changed due to increasing prices with increased demand from the steel industry. Improved mining and metallurgical processes now mean that low grade manganese deposits with high iron credits such as the deposit at Ant Hill can now be mined profitably.
- The Ant Hill Mn deposits are Fe-rich and typically 20 to 30% Mn, 20 to 25% Fe and 10 to 15% SiO2.
- The HiTec leaching technology may add further value to MnO2 deposits by processing the tails from beneficiation whilst the beneficiated products themselves are directed toward the steel industry.
- Technology has also served to reduce the cost of transport and deposits at some distance from ports such as those at Woodie Woodie, which are the same distance as Ant Hill from Port Hedland, are proving to be very profitable today. Transport costs are no longer the 'development killer' that they were in years past.
- A conservative resource potential of 3 to 5 MT has been estimated for Ant Hill so it seems unlikely that Ant Hill would be able to support a long-term mining operation at a significant annual production tonnage. However, it could feed into an operation drawing from Sunday Hill and a number of nearby potential mining sites.
- The above resource estimate does not include scree resources at Ant Hill that could be significant and will be referred to later.

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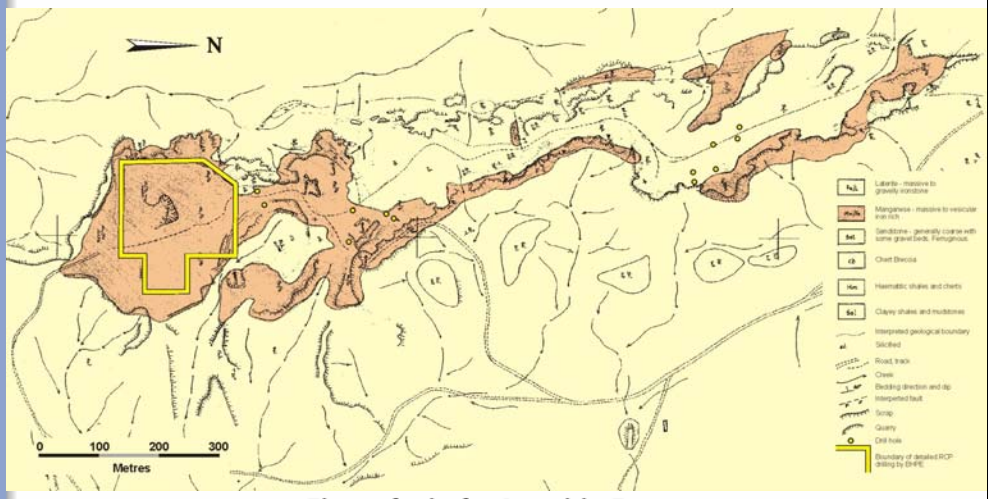
Plan view of Ant Hill deposit



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- The prospective rocks at Ant Hill have a strike length of 1400 metres and a width of 200 to 300 metres.
- The Mn deposits are exposed at breakaways on the east side of Ant Hill over a 1400 metre strike length. Underlying Mn-enriched shales dip 20 to 80 degrees to the west and high-grade Mn deposits overlying the shales have an irregular distribution.
- At the southern end of Ant Hill, BHP Engineering carried out a detailed 20 X 20 metre drilling program over about 15 to 20% of the area at Ant Hill that has potential for manganese oxide resources. From the results they estimated a resource of 1.4 MT at 23.4% Mn, 23.6% Fe and 17.4% SiO2 using a COG of 15% Mn and an SG of 3.85.
- The down plunge positions from the Mn deposits exposed on the east side of the mesa need to be drill tested to the north of the area previously tested by BHPE. Eight widely drill holes previously drilled by Sovereign Resources in the area to the north have an average depth of only 16 metres and so did not properly test the down plunge potential.

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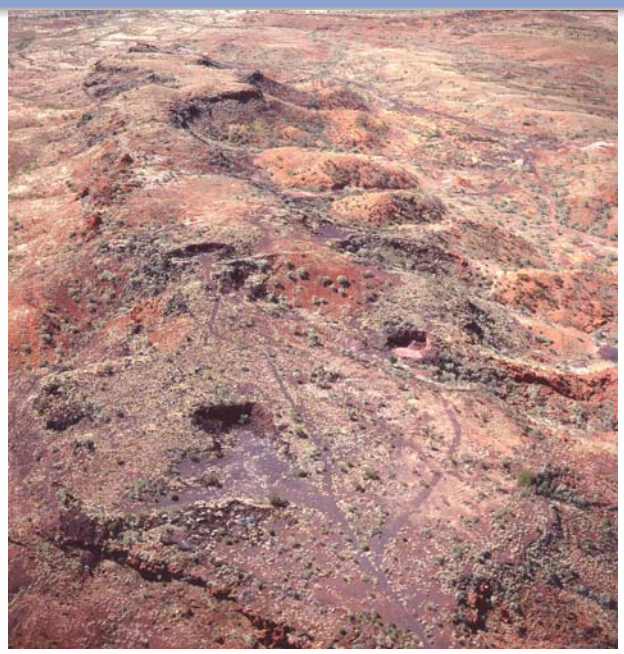
Ant Hill (general aerial view, looking North)



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- Ant hill is a mesa flanked by breakaways that covers an area of 1.5 x 0.5 km and rises about 30 metres above the plain. It is largely devoid of trees and is largely covered by spinifex. The surface consists of skeletal soils, outcrop, scree slopes and small areas of colluvium
- Ant Hill is a fault-bounded outlier of mid Proterozoic Manganese Group and Hamersley/Fortescue Group basinal sediments. The underlying Lewin Shale of the Hamersley/Fortescue Group is exposed on thee eastern and western sides of Ant Hill and this sequence is overlain by a thin band (3-5 metres thick) of shale and chert of Marra Mamba Iron Formation of the Hamersley/Fortescue Group.
- Carawine Dolomite, which normally unfavourably overlies Marra Mamba Iron Formation is not exposed at Ant Hill and appears to have been completely replaced by brecciated and silicified cap-rock of the Pinjian Chert Breccia. This unit is in turn overlain by medium to coarse-grained sandstone containing thin pebbly beds of the Coondoon Formation.
- The geological dips are generally flat to low angle with mainly open folds. There are limited areas of tightly contorted folds. The dips in the ferruginous shales on the eastern side of Ant Hill vary from 20 to 80 degrees to the west

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Ant Hill (the old South Pit)

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- This aerial photo shows one of the quarries where manganese ore was extracted in the 1950s and 1960s.
- The ore face is 6 – 8 m high and BHPE preliminary mining level plan indicates minimum of 17m of ore to right hand side below the floor of the existing pit.
- Manganese oxide mineralization was formed by the enrichment of manganese rich-shales by hydromorphic processes during weathering with replacement of Fe and Si. Overlying dolomitic siltstones and chert breccia also became the sites for manganese oxide mineralisation due to infilling of fissures, voids and karst topography by manganese carried in ground waters.

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Ant Hill (the South East Quarry)

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- The thickness of the Mn deposits in area of detailed drill testing ranges from 2 to 25 metres with an average of 8 metres while exposures in old quarries at the northern end of the mesa vary from 3 to 15 metres.

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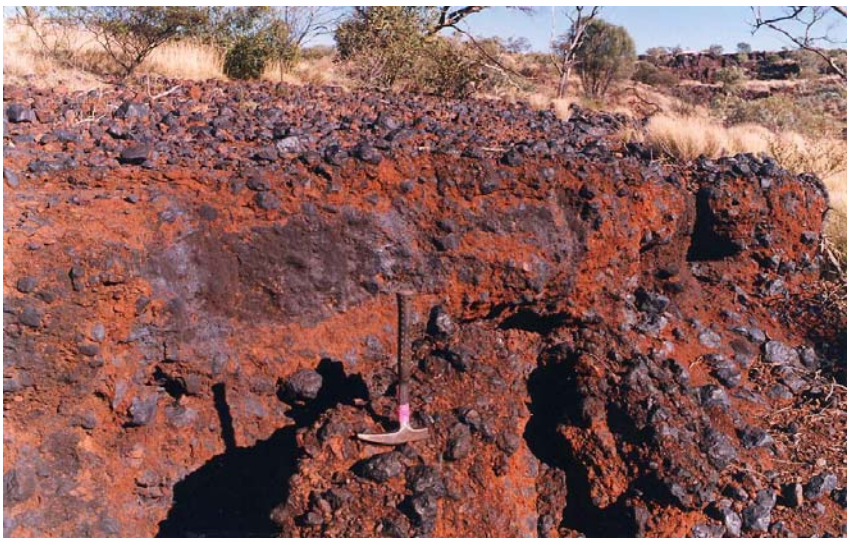
Recoverable Mn screes at Ant Hill



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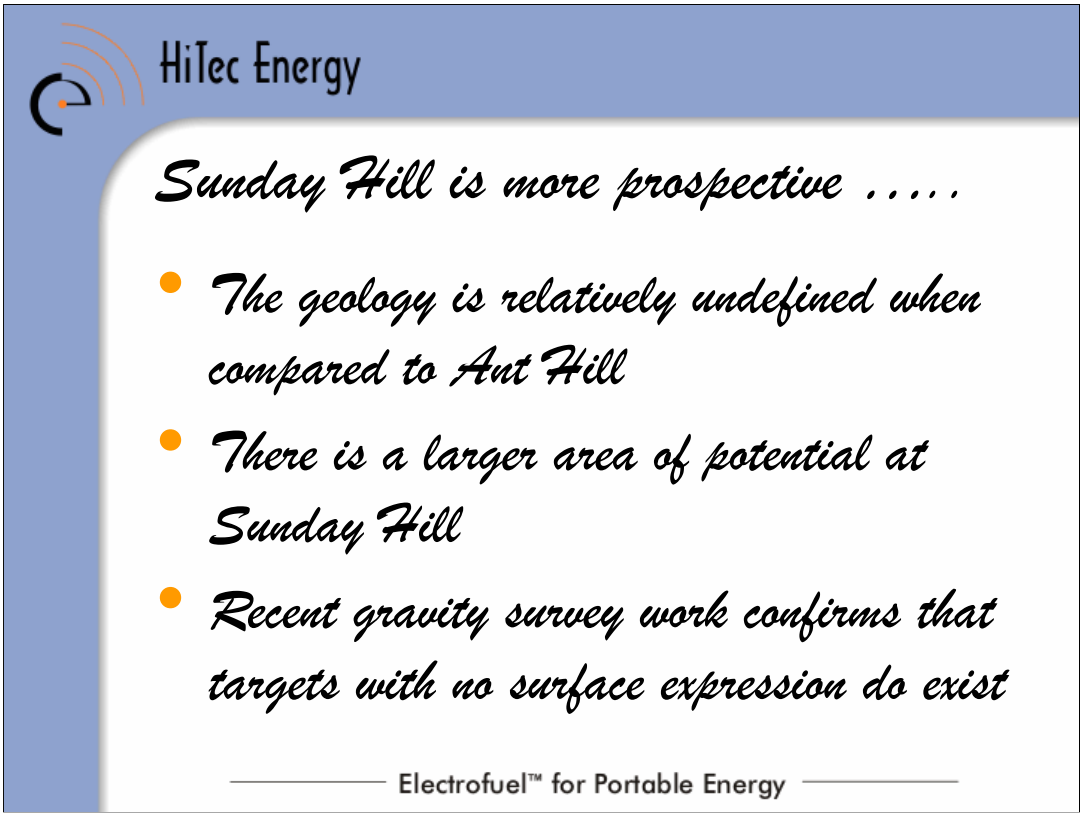
- Ant Hill has erosional deposits, containing large weakly cemented Mn/Fe nodules 5cm to 20cm diameter, that extend for about a kilometre to the south (Bryan Smith Report 2001 p11). These erosional deposits are erosional debris from the Ant Hill mesa and need detailed evaluation.
- There is potential for a significant tonnage of manganese from scree deposits on the flanks of Ant Hill mainly at the southern end.
- Scree deposits can have higher Mn contents and lower SiO2 contents than the in situ manganese deposits due to upgrading by weathering processes that have infilled voids with manganese and leached silica. The grade of the scree deposits could be increased by tromelling to remove entrained soils and clays.



- We believe that Sunday Hill provides the basis for a low risk exploration programme designed to provide an entrée into manganese mining in Australia.
- The mineralization at Sunday Hill is similar in character to that observed at Ant Hill.
- Dampier Mining (BHP) drilled Sunday Hill in 1977 on a variable and wide spaced grid that approximated 200 X 200 metres. However, the geology is relatively undefined when compared to Ant Hill. The best intersection from the Dampier Mining drilling was 13 metres @ 21% Mn.
- Dampier Mining stated that there was a resource potential of 18 MT based on a few intersections from the wide spaced drilling and the extent of the area of prospective rocks at Sunday Hill. We expect to declare a resource of 4.7 million tonnes for Sunday Hill with an average grade of 18.4% Mn, 21.5% Fe and 23.6% SiO_2. By definition this does not include the potential higher grades that could be present 5 specific target areas to be discussed later.
- A subsequent Sub-Audio Magnets(SAM) survey was performed in mid 2007, which provided positioned Magnet and Equivalent Magnetometric (EQMMR) parameters that will enable better targeting for further drilling. This study also identified two further anomalies worthy of drill testing. The completion of drilling is expected to occur during Q2/2008.

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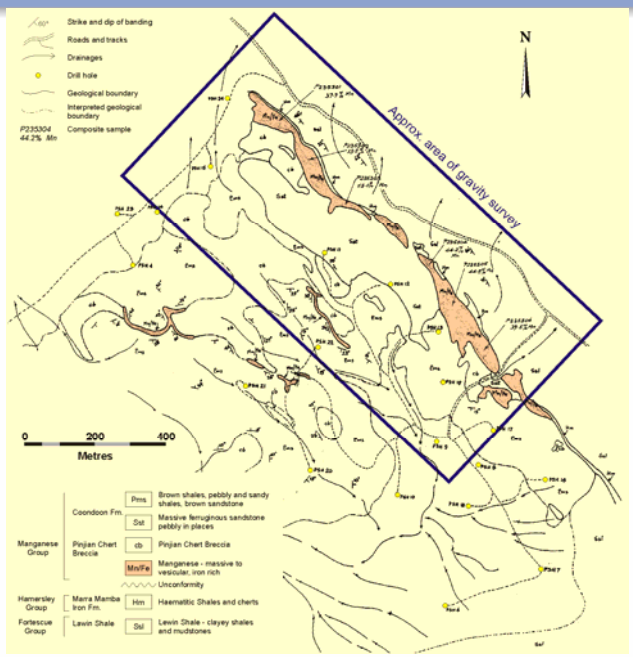
Plan of Sunday Hill deposit



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- The elevation of Sunday Hill is about 20 to 30 metres above the surrounding plain. It has moderate to gentle slopes, is largely devoid of trees and is generally covered by spinifex. The surface consists of skeletal soils and outcrop with some scree and areas covered by laterite and colluvium.
- Sunday Hill has similar geology to Ant Hill being an outlier of mid Proterozoic Manganese Group sediments that cover an area of about 5 x 5 km and occupy a broad basin-like structure. The sediments uncomfortably overlie Hamersley/Fortescue Group Carawine Dolomite and Marra Mamba Iron Formation. Pinjian Chert Breccia is associated with karst formation in the Crawine Dolomite. Lewin Shale and Maddina Basalt of the Hamersley/Fortescue Group occur at Sunday Hill at the base of the sequence in a broad NW plunging syncline.
- On the NE flank of Sunday Hill, there is a 1200 metre long outcrop of NW/SE striking ferruginous manganese at the unconformity of the Manganese and Hamersley/Fortescue Group sediments. The surface width of the ferruginous manganese outcrop varies from 20 to 70 metres. The ferruginous manganese is stratigraphically overlain by Pinjian Chert Breccia and ferruginous sandstone, which includes some thin pebbly bands. The dips of the sediments hosting the ferruginous manganese were estimated by Dampier Mining (1978) to be 30 to 70 degrees to the southwest.
- Ferruginous manganese outcrops on NE scarp of Sunday Hill over a 1400 metre strike length. Six composite samples taken of the ferruginous manganese at 150 to 300 metre spacings from the exposures along the scarp ranged in value from 33.5 to 53.0% Mn, 4.4 to 23.2% Fe and 0.9 to 3.5% SiO_2.

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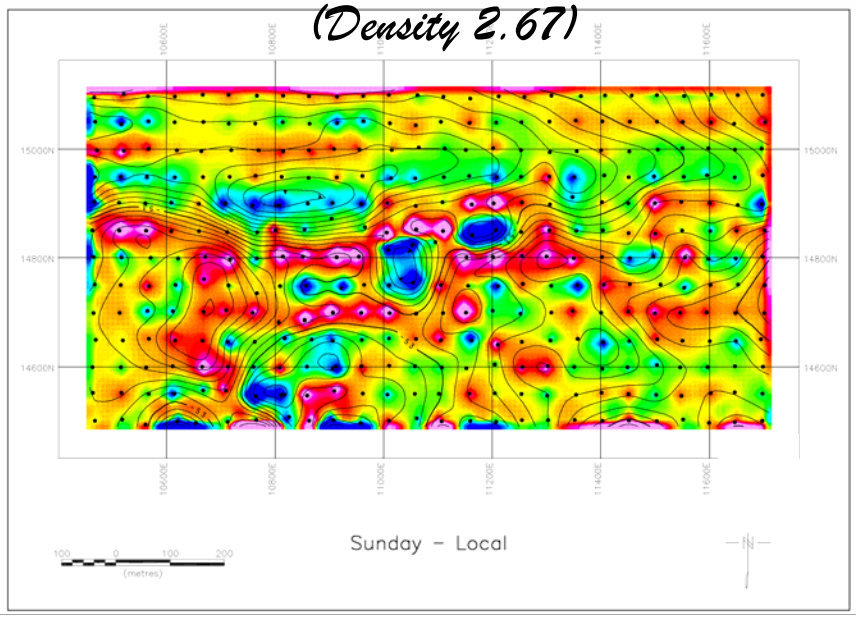
Sunday Hill, Residual Bouguer Anomaly, (Density 2.67)



- Recent gravity survey work undertaken by Consolidated Minerals has produced some anomalies consistent with the mapped outcrops of manganese on the north east flank of Sunday Hill as well as anomalies that could be due to manganese mineralization down plunge from the surface expressions.
- In all this work identified the 5 anomaly areas, all of which we believe require further drilling before any higher grade estimates can be made.
- The SAM survey completed in 2007 overlaps this area completely and has allowed HiTec to more accurately position drill holes that will test a total of 7 targets, that in turn should enable an upgraded JORG compliant resource estimate to be declared.

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View of Sunday Hill along north east escarpment

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- The outcropping manganese along the north east scarp of Sunday Hill is clearly visible.
- Ant Hill and Mt Cooke, another manganese resource site held by Consolidated Minerals, are visible in the background.

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View of manganese outcrop on Sunday Hill

- The width of the mineralization in outcrop varies from 20 to 70 metres and averages about 25 metres.
- The ore plunges to the southwest as shown on the next slide (but looking from the reverse direction)

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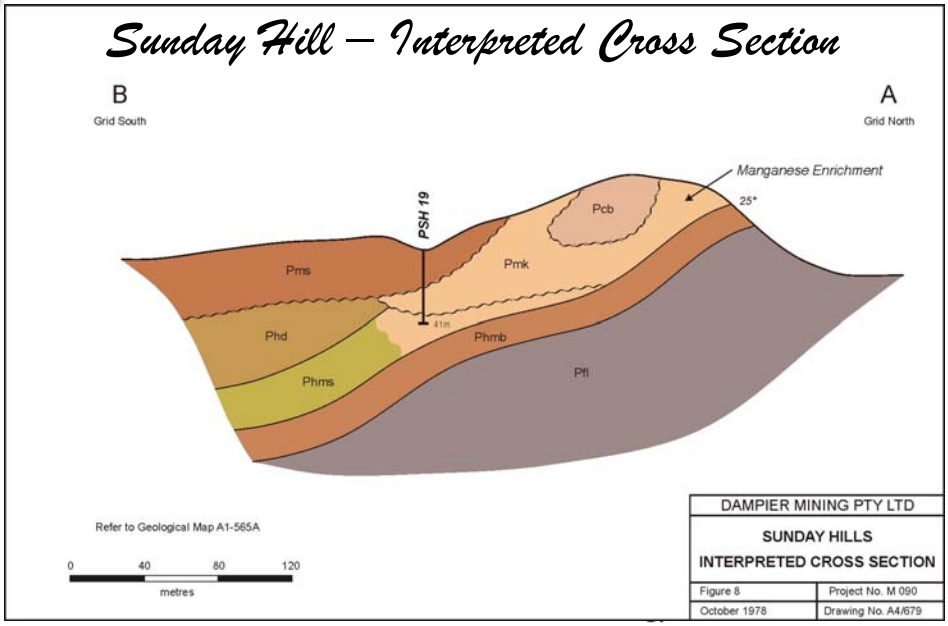
Sunday Hill – Interpreted Cross Section



- The shales underlying the Mn mineralization dip to the SW at 30 to 70 degrees and the overlying Mn mineralization, although variably sub-parallel to the underlying bedding, would probably not have been tested by the Dampier drill holes.
- Sunday Hill needs to be drill tested, as there are good drill targets available by combining the results of geological mapping, rock chip sampling, gravity surveys and the earlier drilling by Dampier Mining.
- Drilling to date has not properly tested the manganese resource potential at Sunday Hill.
- The drilling programme scheduled for Q2 2008 is the only way to obtain an accurate estimate of the manganese resources at Sunday Hill.