MAGNUM GOLD N.L.

EXPLORATION LICENCE 4835
"REDBANK WEST"
NORTHERN TERRITORY

YEAR FOUR ANNUAL REPORT

MAPS

Batchelor
1:100,000  sheet
1:250,000  sheet

ERA Report A/302
January 1990

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MAP 1  Ground Magnetic Survey
1.0 SUMMARY

Exploration licence 4835 is located approximately 130 kilometres south-east of Darwin and forms part of a contiguous block of tenure held by Magnum Gold N.L. which includes the Glencoe Prospect. Exploration within EL4835 is directed at defining areas of gold mineralization which could enhance the feasibility of a mining operation at the Glencoe Prospect.

Previous mapping, surface sampling and RAB drilling has failed to locate mineralization. Continued exploration has been prompted however, by the location on the adjacent EL4902 (also held by Magnum Gold), of a small area of high grade gold mineralization. Exploration during the 1989 field season has been limited to an extension of a ground magnetometer grid carried out over a large part of EL4902. This work has not produced any immediate targets but interpretation is not yet complete.

EARTH RESOURCES AUSTRALIA PTY LIMITED

[Signature]

Ian M. Milligan
Senior Geologist
FIGURE 1
LOCATION MAP
scale 1:1 000 000
2.0 INTRODUCTION

Exploration licence 4835 was granted to Magnum Resources Limited (now held by Magnum Gold N.L.; see section 3.0) on 20 December 1985 over a single graticular block (number 3867 map 14/2 Batchelor) located approximately 130 kilometres south-east of Darwin (Figure 1). Application was made on the basis of an anticlinal axis, evident on aerial photography, within sediments of the South Alligator Group. This setting was considered favourable for gold mineralization and is similar to the company's Glencoe gold prospect located some three to four kilometres to the east.

Work on EL4835 is integrated with that on the adjoining EL4902 (see section 3.0 this report) where a small area has produced highly anomalous gold and arsenic. To date exploration of EL4835 has not located areas of significant interest despite early drainage sampling producing free gold from drainage (refer to earlier reports). Work is proceeding with the hope of locating small high grade zones of mineralization as in EL4902. Such mineralization would serve as an adjunct to the Glencoe resource and enhance the overall feasibility of a Glencoe mine project.

Work carried out in previous years includes mapping, outcrop and drainage sampling and RAB drilling. Full details are presented in previous reports (listed in section 6.0 this report).
3.0 ASSOCIATED TENURE

EL4835 forms the western part of a contiguous block of tenements held by Magnum Gold N.L. as indicated on Figure 2. EL4902 (granted 21 April 1986) filled a gap in tenure between EL4835 and the Glencoe tenements (EL4810 and adjoining mineral claims).

Following the float of Magnum Gold N.L. that company held a 50% interest in the tenements. In March 1989 title passed wholly to Magnum Gold N.L.
4.0 YEAR 4 EXPLORATION

Work carried out in the past year has involved ground magnetometer traverses as an extension of similar work carried out on EL4902 immediately to the east. North-south traverses were carried out at 100 metre spacings with 10 metre reading intervals along the lines. A Geometrics G-856AX proton precession instrument was used for field readings with a second unit set up as a base station. Sensor staff height was 2.4 metres (8 feet). Field readings were corrected for diurnal variation by reduction from base station data. Corrected readings are presented on Map 1.

At this stage final interpretation of data is incomplete and results are rather inconclusive. Numerous localised anomalies are evident but these may be due to surficial material and hence have little bearing on underlying geology. Smoothing of data is necessary to give a more generalised picture, however some broad variations in magnetic strength are evident. Except in parts of EL4902 trends do not appear to follow stratigraphy and are presumably related to variations in underlying structure.

No obvious mineralized features are evident, however further work in the form of soil sampling etc will be directed along trends suggesting structural discontinuities etc.
5.0 EXPENDITURE

Work on EL4835 has been integrated with that on EL4902 and also carried out concurrently with that on other projects in the area. This has complicated accounting for expenditure allocation on items of a shared and general nature e.g. food and supplies, vehicle costs, travel, base camp costs etc. In these cases a pro-rata cost has been estimated based on geologist time spent on the project. No allocation has been made for head office administrative costs.

Taking the above into account, a schedule of expenditure for Year Four of EL4835 is presented below.

<table>
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<tr>
<th>Item</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Geological consulting fees</td>
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<tr>
<td>Magnetometer hire</td>
<td>2,012</td>
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<tr>
<td>Drafting, plan printing, copying</td>
<td>2,010</td>
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<tr>
<td>EL rent</td>
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</tr>
<tr>
<td>* Food and supplies</td>
<td>197</td>
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<tr>
<td>* Base camp costs</td>
<td>187</td>
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<tr>
<td>* Vehicle maintenance costs</td>
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<tr>
<td>* Fuel and oil</td>
<td>152</td>
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<tr>
<td>* Field consumables (pegs etc)</td>
<td>126</td>
</tr>
<tr>
<td>* Phone, fax, telex</td>
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</tr>
<tr>
<td>* Radio communications</td>
<td>114</td>
</tr>
<tr>
<td>* Post, freight &amp; couriers</td>
<td>63</td>
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<tr>
<td>* Travel</td>
<td>416</td>
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<tr>
<td>* Accommodation</td>
<td>188</td>
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**TOTAL EXPENDITURE YEAR FOUR**  $12,998

* Indicates pro-rata estimate.
### 6.0 PREVIOUS REPORTS

Previous reports relating to EL4835 and submitted to the N.T. Department of Mines and Energy by Earth Resources Pty Limited on behalf of Magnum Gold and Magnum Resources are listed below.

<table>
<thead>
<tr>
<th>Date</th>
<th>ERA Report No.</th>
<th>Author</th>
</tr>
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<tbody>
<tr>
<td>Jan. 1987</td>
<td>A/198</td>
<td>I.M. Milligan</td>
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<td>Jan. 1989</td>
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<td>B. Jenkins</td>
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