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ANNUAL REPORT ON

EXPLORATION LICENCE 5088

FOR THE PERIOD 16.1.87 TO 15.1.88

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Geopeko (A Division of Peko Wallsend Operations Ltd.)

February, 1988

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APPENDICES

1. INTRODUCTION

EL 5088 was granted to Geopeko (A Division of Peko Wallsend Operations LTd.) on 16.1.87 and covers an area of 56 blocks located approximately 80 kms south east of Tennant Creek township (TF 3621).

This is the first annual report on EL 5088 and outlines exploration activity undertaken by Geopeko from 16.1.87 to 15.1.88. In addition proposals for forthcoming work and expenditure are presented.

2. TOPOGRAPHY, VEGETATION AND ACCESS

The topography of the area is very flat with no distinct hillocks and only sporadic clay pans. There appears to be no apparent out-crop.

Vegetation is typical of the arid climate consisting of grasses, spinifex and clumps of ghost gum, snappy gum and tea-tree.

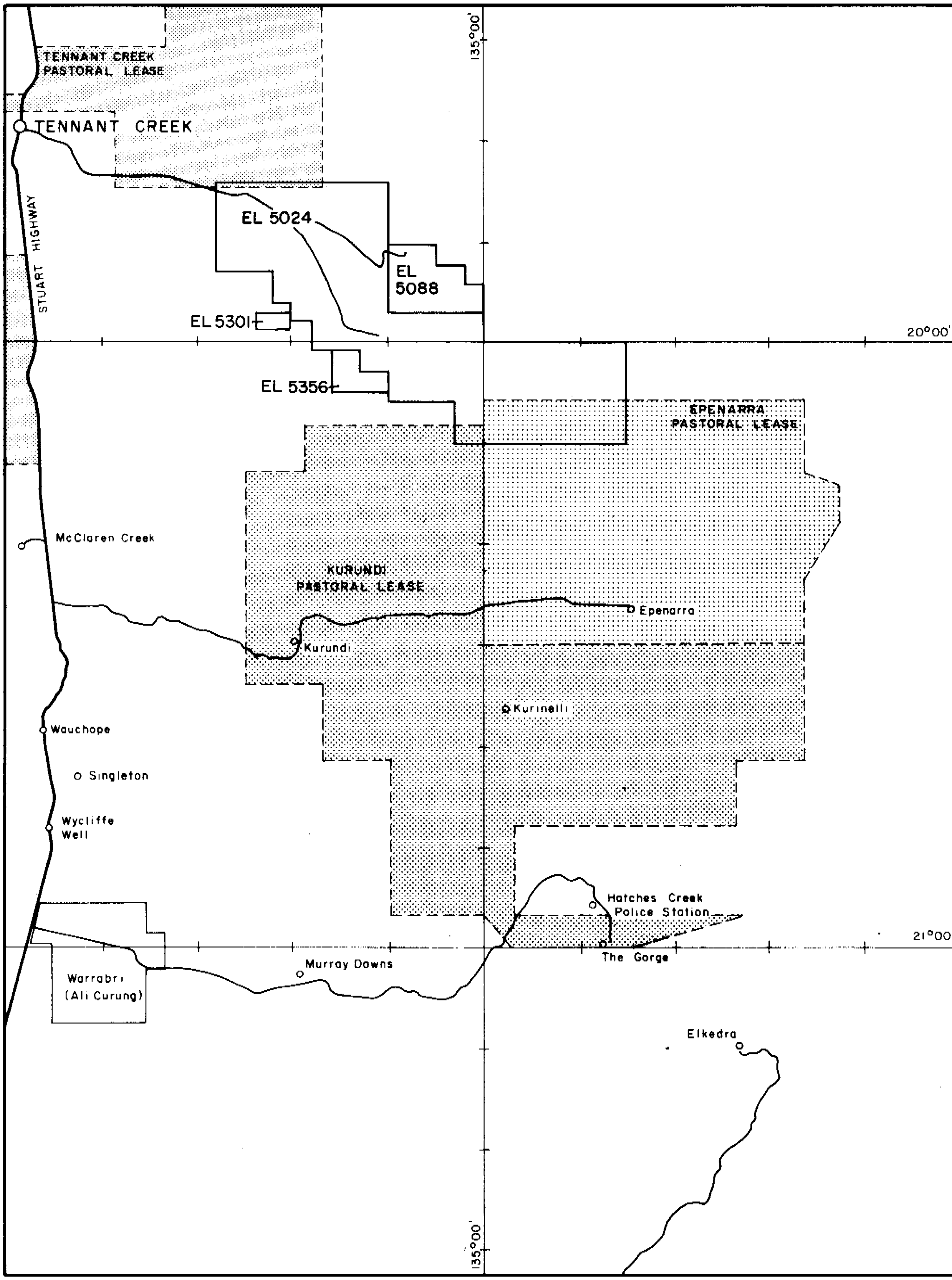
There is no distinct drainage pattern in the area, nor any permanent waterholes.

Access to the area is by 4 wheel drive track passing east from Gosse River through EL 5024 and to the north west corner of EL 5088. Apart from this track there is no other defined path.

3. EXPLORATION HISTORY/PHILOSOPHY

Limited exploration has been undertaken in the area apart from high level airborne geophysical surveys conducted by the Bureau of Mineral Resources in 1956 and 1960. Both Aberfoyle Exploration Pty Ltd and C.R.A. Exploration investigated the area during 1983 to 1986 (EL 4254 and EL 3537 respectively) with no success.

The exploration philosophy of Geopeko has been one of investigation of suitable magnetic anomalies that may indicate the presence of iron-



TENNANT CREEK

GEOPEKO

A DIVISION OF PEKO-WALLSEND OPERATIONS LTD

0 10 20 30 40 50 kilometres

SCALE 1: 1 Million

GEOLOGIST R J LOVE

DATE APRIL 1987

DRAWN T.L.W. 4/87

CHECKED

1 FEB 1988

MAP REF. SE 53 , SF 53

EXPLORATION LICENCES 5024, 5088, 5301 and 5356 LOCATION AND ACCESS

PROJECT CENTRAL FIELD

DWG NO. TF 3621

stones (hematite/magnetite ±chlorite ±quartz) qhich are directly linked to occasional significant gold, copper and bismuth mineralisation as evidenced in the Tennant Creek field.

4. WORK UNDERTAKEN DURING THE FIRST TENURE YEAR

Access difficulties and the early onset of the wet season severely restricted the amount of field work carried out in the EL and hence effort was concentrated towards compilation and initial assessment of anomalies.

Existing aeromagnetic data, principally from a lowlevel geophysical survey conducted by C.R.A. Exploration in December, 1983, has been reprocessed and compiled onto standard 1:100,000 base sheets. The reprocessing has provided easier assimilation of the old information with data derived from Geopeko's airborne magnetic survey conducted over EL 5024 which borders to the south and west (Appendix I).

As a result of the above two anomalies have been identified which warrant further attention :

1. AMG Coordinates : 486 000 E / 7799 500 N
2. AMG Coordinates : 492 000 E / 7800 800 N

For both of these reconnaissance ground magnetometer surveys are required to accurately locate the anomaly. Subject to results from the survey drilling will be planned.

5. EXPENDITURE

Total expenditure by Geopeko on EL 5088 was $1,138. The covenant set by the department was $18,000. The low expenditure figure is primarily due to concentration on EL 5024 (where that covenant was exceeded) and restricted accessability due to weather and isolation. As a result a variation on covenant is requested by Geopeko. It is envisaged that work during the second year will reach or possibly exceed the prescribed covenant.

		$
Salaries	- Geologists	330
Wages		7
Base Support Costs		140
Vehicles		115
Supplies and Sustenance		35
Geophysics	- processing	376
Management Charge		135
TOTAL		1,138

6. PROPOSED WORK SCHEDULE FOR THE SECOND TENURE YEAR

(a) Further geophysical evaluation through reprocessing existing magnetic and radiometric data in order to identify additional prospective anomalies based on the associations found to occur in the adjacent EL 5024.

(b) Ground location and magnetic traversing of at least two anomalies, detected during the first year of exploration.

(c) Provided geophysical modelling of the detailed ground magnetics is successful in identifying an anomalous source drilling will be undertaken to assess the prospect.

7. PROPOSED EXPENDITURE

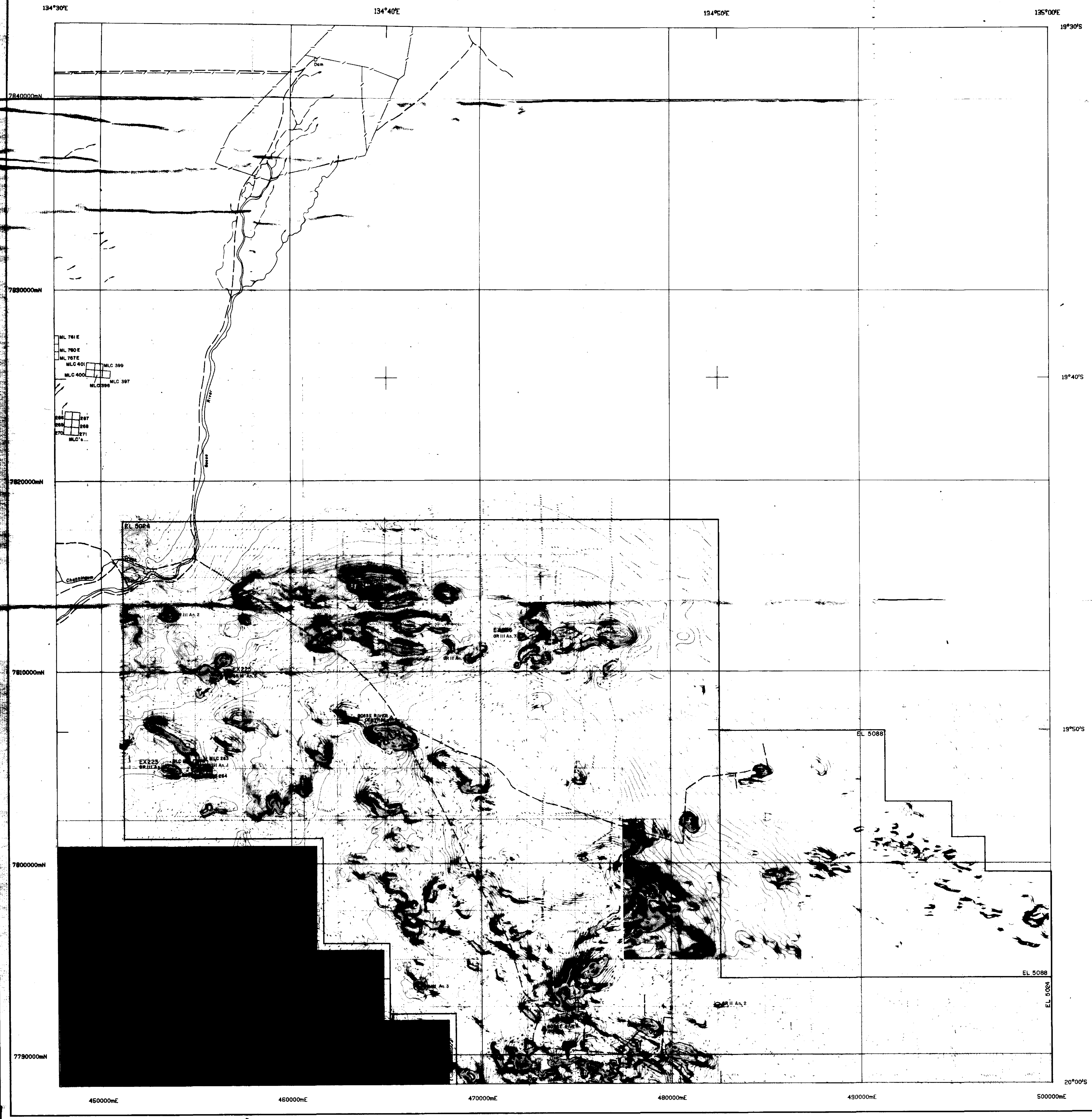
A breakdown of the proposed expenditure for the second year of tenure on E.L. 5088 is as follows :

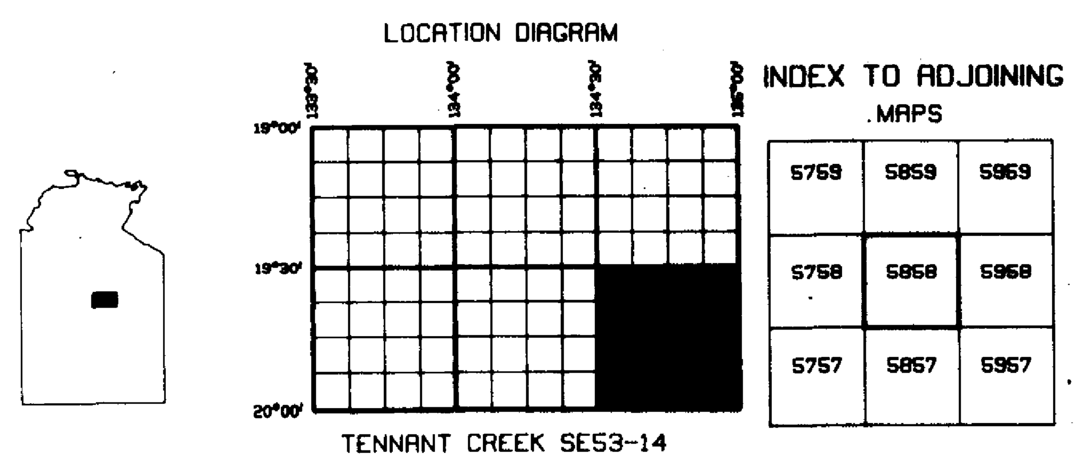
	$
Salaries and Wages	4,000
Vehicles	1,500
Supplies	500
Instrument Hire	1,000
Drilling	9,000
Analytical Costs	1,000
Site Access	2,000
Survey and Gridding	2,000
Administration	3,000
	$ 24,000

APPENDIX I

1:100,000 Gosse River

Topography, Tenure, Aeromagnetic Contours, Prospect Locations





GRID NORTH
TRUE NORTH
MAGNETIC NORTH

NORTH POINT RELATIONSHIPS ARE SHOWN FOR THE CENTRE OF THE MAP. MAGNETIC NORTH IS CORRECT FOR 1980.

GRID/MAGNETIC ANGLE 4°49'30"
GRID CONVERGENCE −0°5'4.13"
SECULAR VARIATION 0°0'13" East per year

GEOPEKO

A DIVISION OF PEKO-WALLSEND OPERATIONS LTD.

Scale 1:100 000

2 0 2 4 6 8 10 Km

AUSTRALIAN MAP GRID Map Centre Scale Factor 0.99960848

TENNANT C

Map Ref

GOSSE RIVER

Geo	
Drawn	
Checked	
Date	1 FEB 1988

TOPOGRAPHY, TENURE
AEROMAGNETIC CONTOURS
PROSPECT LOCATIONS

Dwg. No GR88/ 30