

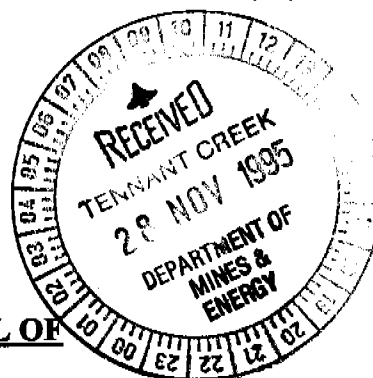


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**REPORT IN SUPPORT OF RENEWAL OF
MINERAL CLAIM CENTRAL NUMBER 1017**

FOR THE PERIOD 4/3/91 TO 3/3/96

TENNANT CREEK DISTRICT, NORTHERN TERRITORY

EXPLORER 226

VOLUME 1 OF 1

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EXPLORATION GEOLOGIST

DATE: NOVEMBER 1995

AUTHORISED BY:

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CONTENTS

Page

LIST OF FIGURES
LIST OF TABLES
LIST OF APPENDICES

1.	SUMMARY	1
2.	INTRODUCTION	2
2.1	Location and Access	2
2.2	Climate and Physiography	2
2.3	Tenure	2
3.	LOCAL GEOLOGY	2
4.	EXPLORATION OVER MC C1017 PRIOR TO 4/3/91	2
4.1	Aeromagnetic Survey - 1987	2
4.2	Ground Magnetic Survey - 1987	3
5.	EXPLORATION OVER MC C1017 FOR THE PERIOD 4/3/91 TO 3/3/96	3
6.	PROPOSED EXPLORATION ACTIVITIES	3
7.	ENVIRONMENTAL AND REHABILITATION FACTORS	4
8.	REFERENCES	5

COMMODITIES: Gold, Copper

LIST OF FIGURES

<u>Figure No.</u>	<u>Title</u>	<u>Scale</u>
1	MC C1017 - Locality Map	1:100,000
2	Ground Magnetics Grid	1:2,500
3	Ground Magnetic Profiles	1:5,000

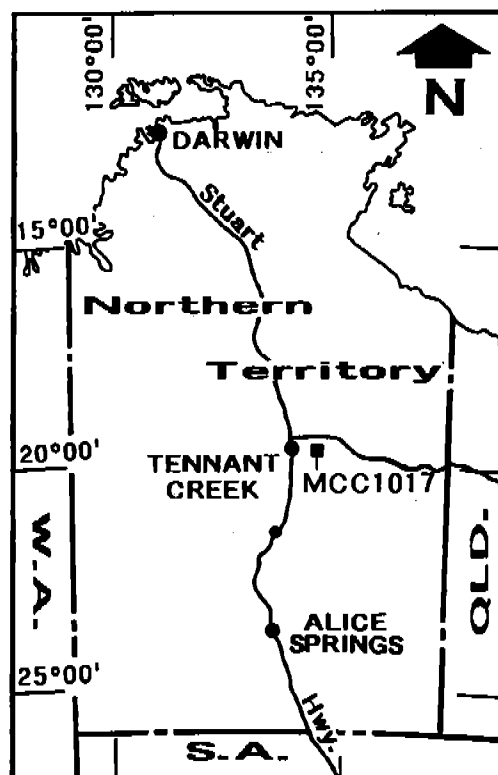
LIST OF TABLES

<u>Table No.</u>	<u>Title</u>
1	Aeromagnetic Survey Details

LIST OF APPENDICES

<u>Appendix No.</u>	<u>Title</u>
1	Bibliographic Data Sheet

REPORT NO: 20013
TITLE: REPORT IN SUPPORT OF RENEWAL OF MINERAL CLAIM
CENTRAL NUMBER 1017 FOR THE PERIOD 4/3/91 TO 3/3/96,
TENNANT CREEK DISTRICT, NORTHERN TERRITORY,
EXPLORER 226
AUTHOR: C D CHAMBERS
DATE: NOVEMBER 1995



1. SUMMARY

In accordance with Section 90(2) of the Mining Act, this report is submitted in support of the renewal of MC C1017. The mineral claim covers a magnetic feature located 59km east-south-east of Tennant Creek, within the Warumungu Land Trust. This report covers the period 4/3/91 to 3/3/96.

Work carried out over MC C1017 for the period includes a reassessment and review of historical data.

Application is hereby made for renewal of MC C1017 for a period of five years commencing 4 March 1996.

2. INTRODUCTION

In accordance with Section 90(2) of the Mining Act, this report is submitted in support of renewal of Mineral Claim Central Number 1017. This report covers the period 4/3/91 to 3/3/96.

2.1 Location and Access

MC C1017 is located approximately 59km ESE of Tennant Creek and may be accessed via Peko Road to the Gosse River Road, east past the Gosse River for about 10km, then along a rough, overgrown track east about 9km to the Explorer 226 Prospect, refer Figure 1.

2.2 Climate and Physiography

The climate of the Tennant Creek district is mild to warm and dry throughout autumn, winter and spring. The summers are hot (often in excess of 35°C) with associated seasonal rainfall between December and March which frequently impedes field programmes.

The physiography of MC C1017 is characterised by aeolian and alluvial sand and soil cover sloping gently to the north-east.

2.3 Tenure

MC C1017 was granted to Peko Wallsend Operations Limited (Peko) on 4/3/91 for a period of five years. In mid 1991 Tennant Creek Operations Pty Ltd, a wholly owned subsidiary of PosGold Limited (PosGold) purchased all of Peko's Tennant Creek assets, including MC C1017.

The claim lies within the Warumungu Land Trust.

EL(A) 7811 held by Giants Reef Mining NL, currently covers MC C1017. Previously EL 5024 held by Peko, covered MC C1017.

Application is hereby made for renewal of MC C1017 for a period of five years commencing 4 March 1996.

3. LOCAL GEOLOGY

Alluvial and aeolian sand and soil covers the entire claim area, with the underlying basement rocks interpreted to comprise greywackes and siltstones of the Warramunga Group.

4. EXPLORATION OVER MC C1017 PRIOR TO 4/3/91

4.1 Aeromagnetic Survey - 1987

Prior to pegging MC C1017, Geopeko contracted Austirex to conduct an aeromagnetic survey over EL 5024 which defined 15 magnetic anomalies, including the Explorer 226 anomaly (Meade, 1990).

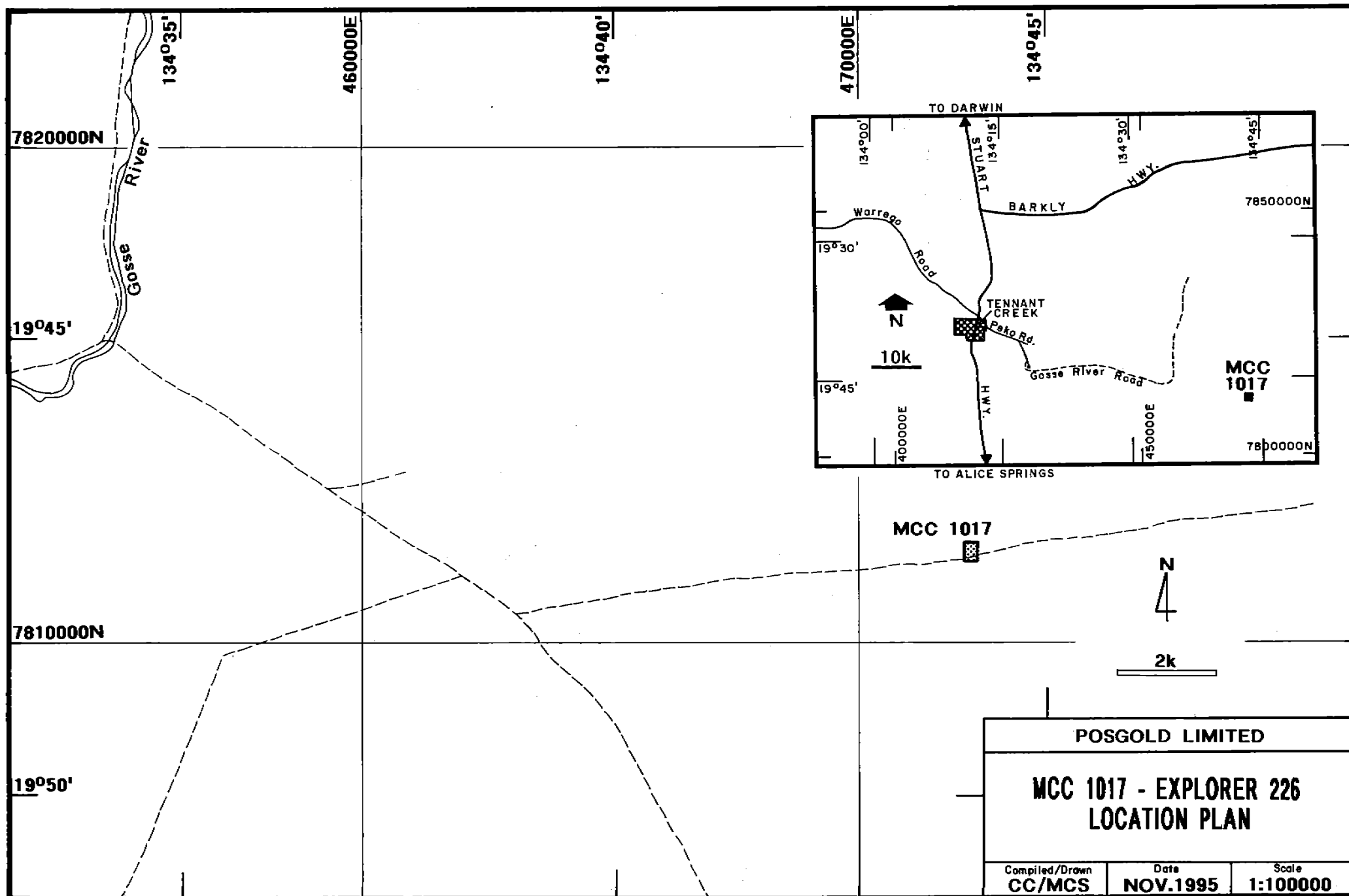


Figure No. 1

The details of the survey appear in Table 1 below.

Table 1
AEROMAGNETIC SURVEY DETAILS

Line Spacing	: 250m
Line Bearing	: 60°
Mean Terrain Clearance	: 80m
Magnetometer	: Scintrex V2321; Caesium Vapour

4.2 Ground Magnetic Survey

After defining the location of the Explorer 226 magnetic anomaly, Geopeko conducted detailed ground magnetics with the aim of follow-up drilling.

Ground magnetics was conducted over six 50m spaced lines, oriented parallel to magnetic north, refer to Figure 2. The survey identified a 260nT amplitude negative dipole anomaly, refer to Figure 3. Modelling concluded that the Explorer 226 anomaly was possibly sourced by an east-west striking magnetic body with unknown dip and on this basis a single drill target was defined 70 metres vertically below local coordinates 10160N, 9850E (Hoschke, 1988).

There is no record of any drilling having been carried out on MC C1017.

5. EXPLORATION OVER MC C1017 FOR THE PERIOD 4/3/91 TO 3/3/96

During the period 4/3/91 to 3/3/96 PosGold undertook a complete reassessment and review of historical data covering MC C1017 as outlined in Section 4 of this report. This assessment indicated that further exploration of the claim appears warranted, and the proposed work programme is detailed below.

6. PROPOSED EXPLORATION ACTIVITIES

During the period 4/3/91 to 3/3/96 PosGold undertook a complete reassessment and review of historical data covering MC C1017.

The claim was pegged to cover a magnetic anomaly thought to be related to Tennant Creek style Au-Cu-Bi mineralisation.

Proposed exploration activities within MC C1017 over the next 12-24 months include:

- reinterpretation of the available geophysics to define the parameters of the magnetic source;
- surface geochemical surveys to determine the existence of near-surface anomalism; and
- shallow RC drilling of the defined magnetic body.

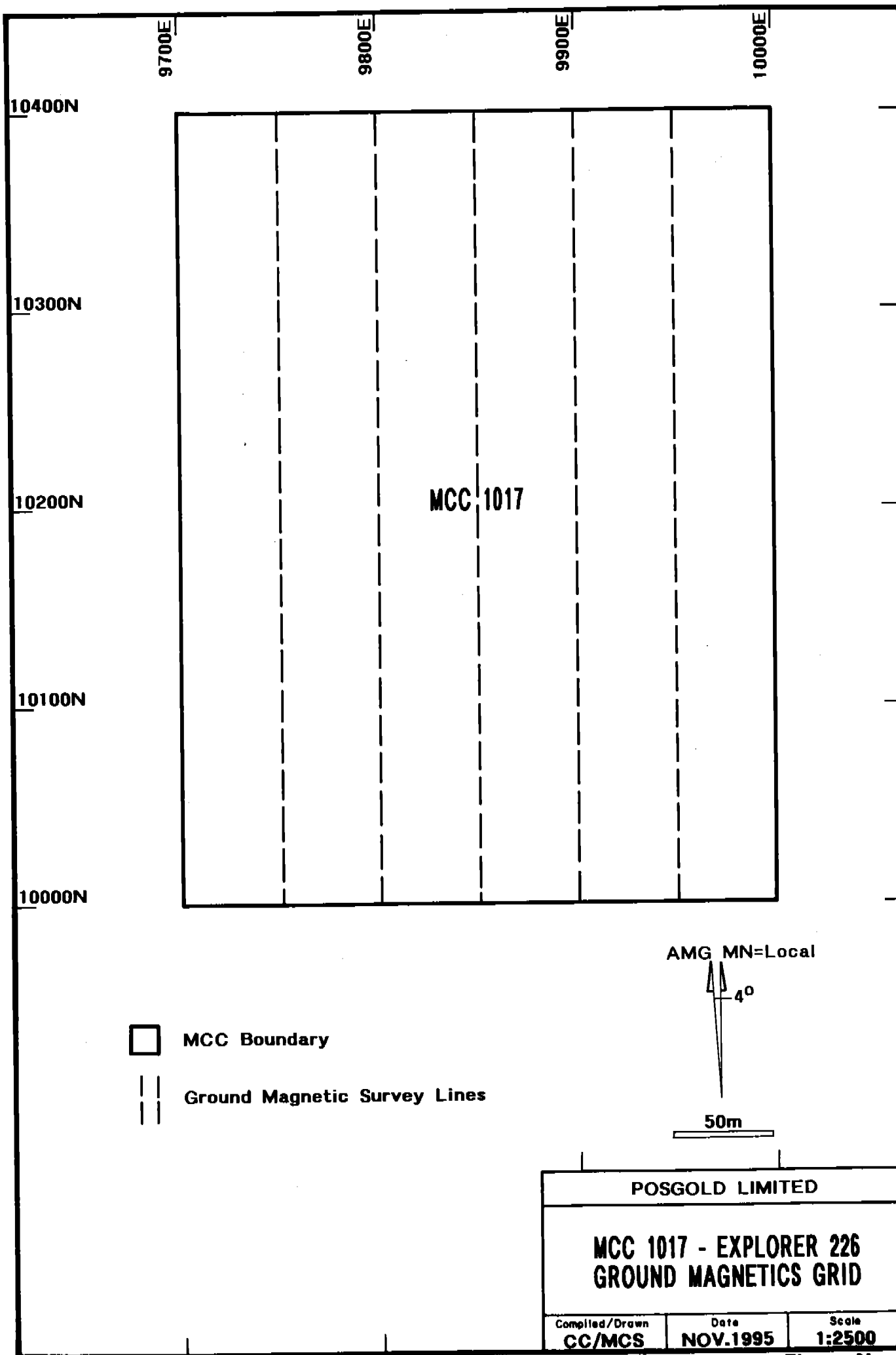
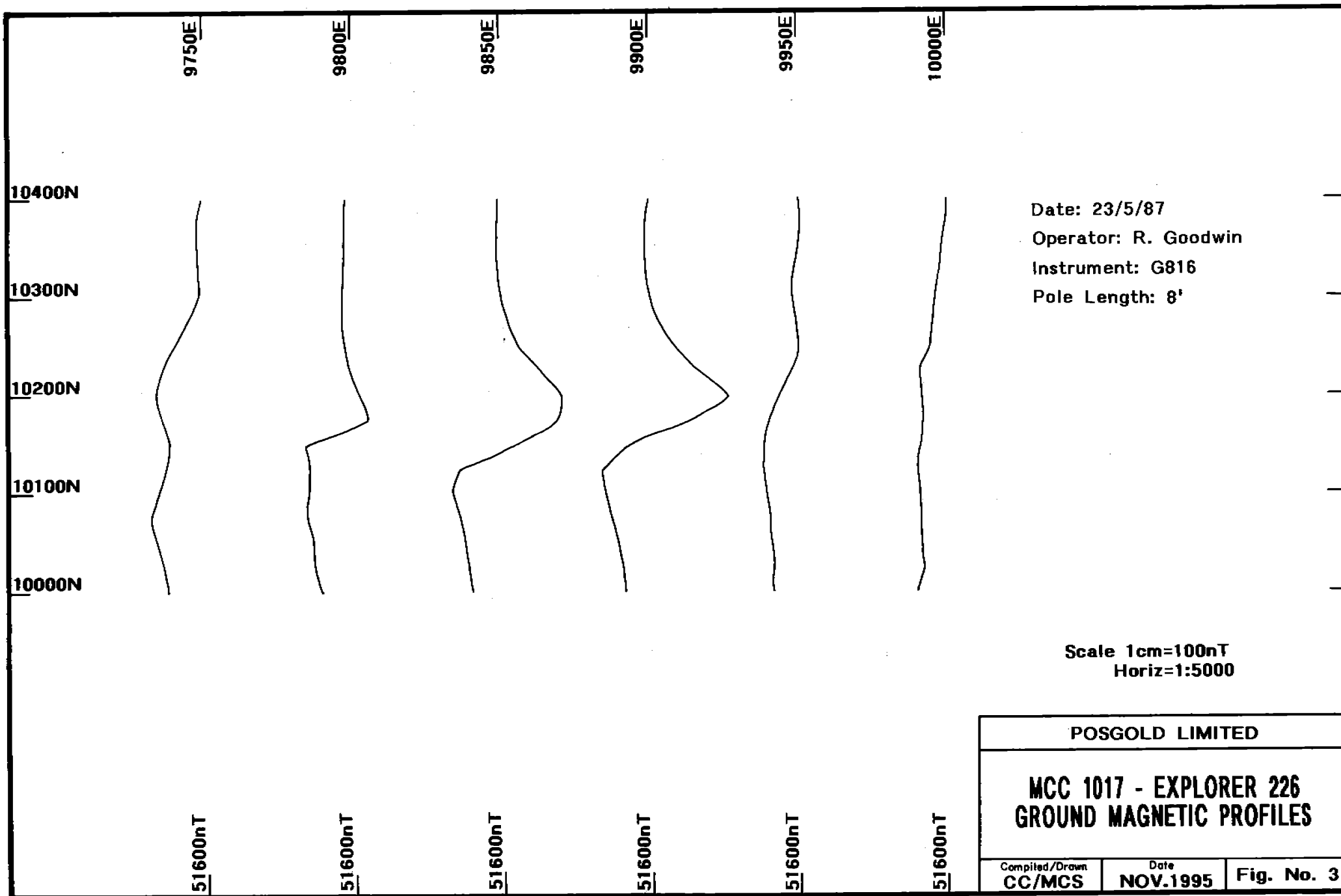


Figure No. 2



In order to complete the abovementioned exploration programme, a budget of \$15,000 is provided. This budget is broken down as follows:

EXPENSE	COST
Employee Costs	\$ 1,500
Specialist Services	\$ 3,000
Drilling	\$ 6,000
Assays	\$ 1,000
Operating Costs	\$ 750
Tenement Costs	\$ 2,000
Overheads	\$ 750
	<hr/>
TOTAL	\$ 15,000
	<hr/>

It is anticipated that exploration over MC C1017 would remain at a moderate level, dependent upon the level of success achieved.

7. ENVIRONMENTAL AND REHABILITATION FACTORS

PosGold has commenced an active rehabilitation programme over much of the Tennant Creek field. This commitment has been reinforced within the Normandy Group with the appointment of a Group Environmental Engineer to oversee and implement the Group's guidelines and objectives. In addition to this an Environmental Superintendent has been engaged at Tennant Creek to design and implement the Group's objectives throughout the Tennant Creek area.

As an example of the Group's commitment to environmental issues several active rehabilitation programmes are currently being undertaken in the Tennant Creek field. These include programmes at Nobles Nob, Eldorado, White Devil and Warrego.

An Environmental Management Plan for the Company's Tennant Creek Operations (Fowler, 1993) has been submitted to the Department of Mines and Energy under separate cover (March 1993). This plan details the strategies to be implemented over various areas following completion of exploration programmes and mining operations.

8. REFERENCES

Fowler, B., 1993. Environmental Management Plan 1993. Report No. 94177. PosGold Limited.

Hoschke, T., 1988. Internal Memorandum titled "Gosse River Targets". Geopeko, Tennant Creek NT.

Meade, R.A., 1990. Final Report on Exploration Licence 5024. Report to the NTDME. No. NT 901085. Geopeko, Tennant Creek NT.

APPENDIX ONE

BIBLIOGRAPHIC DATA SHEET

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REPORT NUMBER	20013
REPORT NAME	REPORT IN SUPPORT OF RENEWAL OF MINERAL CLAIM CENTRAL NUMBER 1017 FOR THE PERIOD 4/3/91 TO 3/3/96, TENNANT CREEK DISTRICT, NORTHERN TERRITORY, EXPLORER 226
PROSPECT NAME(S)	MC C1017 EXPLORER 226
OWNER/JV PARTNERS	POSGOLD LIMITED
KEYWORDS	AEROMAGNETICS GROUND MAGNETICS WARRAMUNGA GROUP
COMMODITIES	GOLD, COPPER
TECTONIC UNIT	TENNANT CREEK INLIER
1:250,000 MAP SHEET	TENNANT CREEK SE 53-14 (52)
1:100,000 MAP SHEET	TENNANT CREEK (52/5)