FIFTH ANNUAL REPORT

FOR EXPLORATION LICENCE 7777

FOR THE PERIOD 14/8/96 to 13/8/97

BARROW CREEK DISTRICT, NORTHERN TERRITORY

PAUPERS WELL PROSPECT

MT PEAKE 1:250,000 SHEET SF 53-5

VOLUME 1 OF 1

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EXPLORATION GEOLOGIST

DATE: SEPTEMBER 1997

AUTHORISED BY: [Signature]

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1. SUMMARY

The area covered by the Barrow Creek Joint Venture (BCJV), located approximately 200 kilometres south of Tennant Creek, is being explored for economic shear hosted and/or "Granites" style gold mineralisation. Exploration Licence 7777, situated in the western portion of the Barrow Creek Group of tenements, consists of 30 graticular blocks.
EL 7777 was granted on 14/8/92 for a period of six years. EL 7777 is currently part of an application for a Substitute Exploration Licence (SELA 9910), which also includes EL's 8431, 8177, and 9432. The full rational for SELA 9910 has been outlined in the application on file at the DME. A brief summary of the main reasons for the consolidation of these licenses includes:

1. Reduce the number of separate reports that have to be prepared.
2. Increase efficiency in obtaining AAPA sacred site clearances, DME substantial disturbance permission etc.
3. Group together four spatially contiguous leases that are similar to each other with regard to controls on effective exploration methods and potential, and distinctly different from most of the other Barrow Creek Joint Venture (BCJV) tenements.

Field exploration activity undertaken by Normandy on EL 7777 over the reporting period was restricted to mapping associated with the preparation of a Regional Regolith Map.

2. INTRODUCTION

Exploration Licence 7777 which forms part of the Barrow Creek Group of tenements, is currently being explored for "Granites" style and/or shear hosted gold mineralisation under a joint venture agreement between Normandy Gold Pty Limited, Normandy Exploration (Norex) and Yuendumu Mining Company (YMC).

2.1 Location and Access

Exploration Licence 7777 is located approximately 200km south of Tennant Creek and 50km north-west of the Barrow Creek Hotel (refer Figure 1). Access is via station tracks and the gas pipe line from the Stuart Highway.

2.2 Climate and Physiography

EL 7777 is dominated by depositional regime cover, ranging from deep alluvium associated with the Hanson River in the far east of the license and another series of creeks in the central west of the license, through to valley plain colluvial detritus with thin aeolian sand cover. Outcrop is restricted to two north-east trending arcuate quartz ridges in the western portion of the lease.

Vegetation on the valley plain colluvium ranges from thin scrub to thick mulga, with gums to 10m in the alluvium.
2.3 Tenure

Exploration Licence 7777, originally composed of 117 graticular blocks was applied for and subsequently granted to PosGold on 14 August 1992. As part of the EL falls within the BCJV Area of Interest, the licence has been included under the Joint Venture Agreement.

The BCJV is constituted as follows:

- Normandy Gold Pty Limited 61.7%
- Normandy Exploration Limited 23.3%
- Yuendumu Mining Company NL 15.0%

After reductions the current EL 7777 is composed of 30 graticular blocks.

EL 7777 is currently part of an application for a Substitute Exploration Licence (SELA 9910), which also includes EL's 8431, 8177, and 9432.

3. REGIONAL GEOLOGY

The oldest exposed basement in central Australia comprises metamorphic and igneous rocks of the Arunta Inlier (Haines et al., 1991). Rocks of the Arunta Inlier are interpreted as at least partly correlative with sedimentary and volcanic sequences of the adjacent Tennant Creek and Granites-Tanami inliers. Barrow Creek lies on the SW margin of the Late Proterozoic to Paleozoic Georgina Basin. Block faulting during the Tertiary has produced a number of small non-marine basins in central Australia. Also preserved are relics of a Tertiary silicified land surface. A thin Quaternary veneer of soil, sand and gravel covers most of the lowland areas in the region.

The Arunta Inlier (Early-Middle Proterozoic) is characterised by metamorphosed sedimentary and igneous rocks of low to medium pressure facies. Deformation and regional metamorphism to upper greenschist facies took place between 1810-1750 Ma (Black, 1981). Shaw and Stewart (1975) established three broad stratigraphic subdivisions based on facies assemblages and lithological correlations. From oldest to youngest, these subdivisions are named Division 1, 2 and 3. Using this model defined by Shaw and Stewart (1975), the orthogneiss east of Osborne Range, the calc-silicate rocks west of Crawford Range and the Bullion Schist would be included in Division 2, and the Leon Schist in Division 3 of the Arunta Inlier.

Unconformably overlying these rocks are the Hatches Creek Group sediments and volcanics. Blake et al. (1987) formally subdivided the Group into the Ooradidgee, Wauchope and Hanlon Subgroups, comprising a total of 20 Formations and two Members. The Hatches Creek Group is a folded sequence of shallow-water sediments with interbedded volcanic units which reach thicknesses of at least 10,000 metres.

The sediments include ridge-forming quartzites, felspathic, lithic and minor conglomeratic arenites and friable arenite, siltstone, shale and carbonate. The
Ooradidgee Subgroup consists mainly of fluvial sediments and sub-aerial volcanics which partly interfinger. The Wauchope Subgroup is characterised by large volumes of volcanics and sediments probably both marine and fluvial in origin. The Hanlon Subgroup may be entirely marine and lacks volcanics (Blake et al., 1987). Following deposition, the Hatches Creek Group was folded about NW trending axes and metamorphosed to upper greenschist facies.

Later intrusion of both the Arunta basement and the Hatches Creek Group by granitoids took place around 1660 Ma (Blake et al., 1987). A long erosional period followed with subsequent weathering during the Tertiary to produce silcrete and ferricrete horizons. A thin veneer of Quaternary sands and soils overlays this area.

4. LOCAL GEOLOGY

EL 7777 is dominated by depositional regime cover, ranging from deep alluvium associated with the Hanson River in the far east of the license and another series of creeks in the central west of the license, through to valley plain colluvial detritus with thin aeolian sand cover. Outcrop is restricted to two north-east trending arcuate quartz ridges in the western portion of the lease.

All RAB holes drilled Regional RAB drilling program ended in granite bedrock where bedrock was reached. This program extended over some 50% of the lease area, and has been fully reported on previously in Mouchet (1996). The similarity of magnetic signature seen in aeromagnetics data between areas of granite confirmed by RAB drilling, and much of the remaining 50% of the lease which has not been tested by drilling, indicate that the lease is dominantly granite.

5. EXPLORATION

The exploration history of EL 7777 is broken down below into a summary of previous exploration, and details of exploration techniques and expenditures completed over the current reporting period.

5.1 Previous Exploration.

There is little evidence of past exploration predating the activities of the BCJV within the boundaries of EL 7777. A summary of historical exploration over the broader Barrow Creek Area, and the previous exploration activities of the BCJV within the boundaries of EL 7777 specific is given below.

Kewanee Australia Pty Ltd undertook a broad exploration programme between 1970-74 within the Crawford-Osborne Range area. Several targets were delineated by a combination of airborne magnetics, radiometrics and EM survey techniques. Targets generated by this method were followed up with geological mapping, sampling and a combination of percussion, reverse circulation and diamond drilling. This work delineated a sub-economic Cu-Ni resource (Prospect D), but grade was considered too low to warrant further investigation, and the ground was relinquished in 1973.
Limited exploration was conducted by Australus Mining Co Pty Ltd during 1969, for base metal potential in the Crawford Range area. Pegmatites, granites and metadolerites were targeted with disappointing results.

Reconnaissance work over EL 7777 was carried out by PosGold during 1992-1993. This included reconnaissance geological mapping, interpretations of regional BMR aeromagnetics and soil sampling. A total of 1111 samples were collected and submitted to Australian laboratory services (Alice Springs) for low level gold and base metal analysis (Schusterbauer, 1993).

Bedrock-palaeosoil vacuum drilling and a soil geochemical orientation survey was completed over the licence area during 1993-1994 (Kuoni, 1994).

Exploration of EL 7777 during 1994- August 1996 included a regional gravity survey, an attempt at an orientation RAB drilling programme (Mujdrica, 1995), and a Regional RAB drilling programme which included 22 holes within the license boundaries.

5.2 Exploration for the Reporting Period 14/8/96 to 13/8/97

Field exploration activity undertaken by Normandy on EL 7777 over the reporting period was restricted to mapping associated with the preparation of a Regional Regolith Map. The relevant portion of this map is provided in Figure 2.

A review of the results of the Regional RAB drilling program in combination with the new regolith map, and pre existing geophysical data sets, was undertaken. The decision to include EL 7777 in the application for SELA 9910 was taken in part as a result of this review. The four constituent licenses (EL’s 7777, 8431, 8177, and 9432) are similar to each other with regard to controls on exploration methods and potential, and distinctly different from most of the other BCJV tenements.

5.3 Exploration Expenditure for the Reporting Period 14/8/96 to 13/8/97

For a detailed breakdown on exploration expenditure for the reporting period 14/8/96 to 13/8/97 see Table 1 below.

<table>
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Valley plain colluvial detritus with associated thick mulga/accacia cover. Generally thinly developed (1-4m) over bedrock, with thin cover of aeolian sand (2cm).

DC4a

As for DC4a but with thin vegetative cover and possibly more deeply developed.

DC4b

DA1

Alluvium in minor channels (active).

DA2

Alluvium in major channels (active).

DA3

Alluvial sheetwash (intermittently active).

DP

Palaeochannel, not longer active and usually cut by DA1 and DA2. Low temperature chalcedonic silica is locally developed.
6. CONCLUSIONS AND PROPOSED EXPLORATION EXPENDITURE

The future exploration strategy for EL 7777 is based on its inclusion as part of SELA 9910. The area under application is characterised by extensive alluvial/colluvial cover, with shallow water tables and high porosity/groundwater flow rates a frequent feature. This limits the effectiveness of less expensive geochemical exploration techniques such as soil sampling and vacuum drilling.

To attempt to overcome these difficulties, a strategy of using fewer, deeper aircore or RC drill holes will be trialed. Due to the greater expense of obtaining samples by this method, greater emphasis will be placed on extracting the maximum amount of information from each sample. Selected whole rock analyses, and a greater degree of petrological analysis than has been typically employed on other BCJV tenements, will be a feature of future exploration on EL 7777.

The proposed exploration expenditure for EL 7777 has been calculated by allocating a percentage of the work program for SELA 9910, as outlined in the application, proportional to EL 7777’s 30 block contribution to the 174 graticular block total for SELA 9910.

Table 2 Proposed Exploration Expenditure

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<td><strong>TOTAL</strong></td>
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7. REFERENCES


APPENDIX ONE

BIBLIOGRAPHIC DATA SHEET
REPORT NUMBER: TC: 97072 ADEL: 21978

REPORT NAME: FOURTH ANNUAL REPORT FOR EXPLORATION LICENCE 7777 FOR THE PERIOD 14/8/96 TO 13/8/97, BARROW CREEK DISTRICT, NORTHERN TERRITORY, PAUPERS WELL PROSPECT.

PROSPECT NAME(S): PAUPERS WELL PROSPECT

TENEMENT NUMBER(S): EL 7777

OWNER/JV PARTNERS: NORMANDY GOLD PTY LIMITED 61.7%
                   NORMANDY EXPLORATION 23.3%
                   YUENDUMU MINING COMPANY 15.0%

COMMODITIES: GOLD

TECTONIC UNITS: ARNUTA INLIER

STRATIGRAPHIC UNITS: OORIADIDGEE SUB-GROUP, BULLION SCHIST

1:250,000 MAP SHEET: MT PEAKE SF 53-5

1:100,000 MAP SHEET: UNAVAILABLE