OTTER GOLD NL
(CENTRAL DESERT JOINT VENTURE)

ANNUAL REPORT
FOR
EXPLORATION LICENCE 7521
TANAMI REGION
NORTHERN TERRITORY

15 OCTOBER 1996 - 14 OCTOBER 1997

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DISTRIBUTION
NT Dept Mines & Energy
Acacia Resources, Darwin
Acacia Resources, Melbourne
Otter Gold, Sydney
Otter Gold, Darwin
Otter Gold, Tanami Exploration

DATE: November 1997
SUMMARY

WMC Resources Ltd (WMC) has sold its Tanami exploration interests to the Central Desert Joint Venture partners (Otter Gold NL and Acacia Resources Ltd). The sale includes Exploration Licence 7521.

Although WMC did not conduct any fieldwork on these tenements during the reporting period, they completed an office-based re-assessment of the results received to date. They concluded that although exploration conditions are difficult, considerable potential remains.

The CDJV partners are keen to progress work on this tenement, logistical constraints prevented them from completing any of their proposed work programme and minimal work has been undertaken. Total expenditure on EL 7521 for the period 15 October 1996 to 14 October 1997 was $41,711.

An application was lodged with the NTDME on 11/7/97 for the renewal of this licence.
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1.0 Introduction

In April 1997, Otter Gold NL and Acacia Resources Ltd, as partners in the Central Desert Joint Venture (CDJV), signed a Heads of Agreement with WMC Resources Ltd (WMC) to purchase their exploration interests in the Tanami region of the Northern Territory. The Minister gave approval of this purchase on 19 May, 1997.

Included within the tenement package is a relatively small exploration licence (EL 7521) comprising 14 contiguous blocks, located approximately half way between the Rabbit Flat Roadhouse and the Tanami Downs pastoral station in the central portion of The Granites 1:250,000 sheet area (Figure 1).

This report relates the lack of progress on this project and the reasons for this. An outline of the proposed work programme and expenditure for the coming year is included.

2.0 Tenure

Exploration Licence 7521 was granted to WMC on 15 October, 1991, and this was the last year in the current term of the tenement. An application for the renewal of the licence for an additional two years was lodged on 11 July, 1997. The tenement is located within Aboriginal Freehold Land.

EL 7521 is contiguous to the south and west with EL(A) 8077 (Figure 1) and, although this ground is currently under moratorium following a veto of the application by traditional landowners, it is hoped that access to this area will eventually be negotiated. The two tenements can then be explored on a single project basis.

The details of the tenements that comprise the proposed Tanami Downs Project are summarised in Table 1, below.

<table>
<thead>
<tr>
<th>Tenement Name</th>
<th>Tenement No</th>
<th>Date Granted</th>
<th>Expiry Date</th>
<th>Area km²</th>
<th>Covenant $</th>
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<td>EL 7521</td>
<td>15/10/91</td>
<td>14/10/97</td>
<td>43.21</td>
<td>50,000</td>
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<td>Tanami South</td>
<td>EL(A) 8077</td>
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<td>-</td>
<td>201.16</td>
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3.0 Geology

Extensive dune and sand plain cover within a major SW trending drainage system effectively mask prospective stratigraphy of the Tanami Complex (Blake, et al, 1979). Limited drilling by WMC and others indicates that a cover sequence, comprising both lacustrine sediments and Antrim Basalt flows, varies between 33m and 90m in depth (Blake 1974, Wedekind 1995). A generalised section through this sequence is illustrated in Figure 2.
TANAMI PROJECT

OVERALL REGOLITH PROFILE: TANAMI DOWNS AREA

Figure 2
A geological interpretation of EL 7521, based on an aeromagnetic survey flown by WMC (Wedekind 1995), identifies a major regional NW trending magnetic lineament that bisects folded and faulted magnetic stratigraphy. These rocks are correlated with those that host nearby mineralisation at the Callie and Dead Bullock Soak mines.

Wedekind (1996) and Henderson (1997) have reported the local geology in more detail.

4.0 Previous Exploration

Although WMC were granted EL 7521 six years ago, much of that time was spent negotiating a Sacred Sites Protection Agreement with the Central Land Council. This was only finalised in the fourth year of the licence term and, for the remaining term, WMC spent considerable effort coming to terms with the difficult cover conditions.

A detailed summary of the previous exploration undertaken in the first five years of the licence is provided in Henderson (1997).

5.0 Work Completed, 15/10/96 to 14/10/97

In the final year of EL 7521’s term, WMC undertook an office-based review of the results to date, prior to their decision to withdraw from the Tanami.

The CDJV had hoped to considerably advance the project in the remaining six months of the tenement term, through the assaying of soil samples already collected by WMC and the flying of an ultra-detailed aeromagnetic survey. However, restructuring within WMC and closure of their Kalgoorlie assay laboratory means WMC has not been able to locate the soil samples. Efforts to trace these are continuing.

The aeromagnetic survey was delayed for logistical reasons and is only now under way.

No additional work has been undertaken within the licence area.

6.0 Expenditure

Because of the limited work undertaken by either WMC or CDJV during the 1996/97 tenement year, an application for a variation on the expenditure commitment on EL 7521 was lodged with the NTDE on 11 November, 1997.

Total expenditure on the tenements from 15/10/96 to 14/10/97 was $41,711. This is broken down into:

- **Interpretation of Aeromag Data and Data from Previous Drilling** $ 10,000
- **Analysis of Geological Database** $ 25,121
- **Administration / Leasing** $ 6,590
- **Total** $ 41,711
7.0 Proposed 1997/98 Work Programme & Expenditure

With the completion of the aeromagnetic survey in November 1997, it is expected that interpretation, target selection and the planning of follow-up for the 1998 field season will be rapidly advanced. Semi-regional programmes of basement drilling will evaluate targets generated. It is expected that work will initially progress slowly to ensure the complex regolith is properly evaluated and sampling strategies are modified as experience is gained.

The proposed budget for the first year of renewal is presented in Table 2, below.

**Table 2 – Tanami Downs Project Proposed Expenditure 1997/98**

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Proposed Expenditure</th>
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<tr>
<td>Geology</td>
<td>$ 8,000</td>
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<tr>
<td>Geophysics</td>
<td>$ 10,000</td>
</tr>
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<td>Geochemistry</td>
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<td>Drilling</td>
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<tr>
<td>Leasing</td>
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<tr>
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<tr>
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8.0 References


