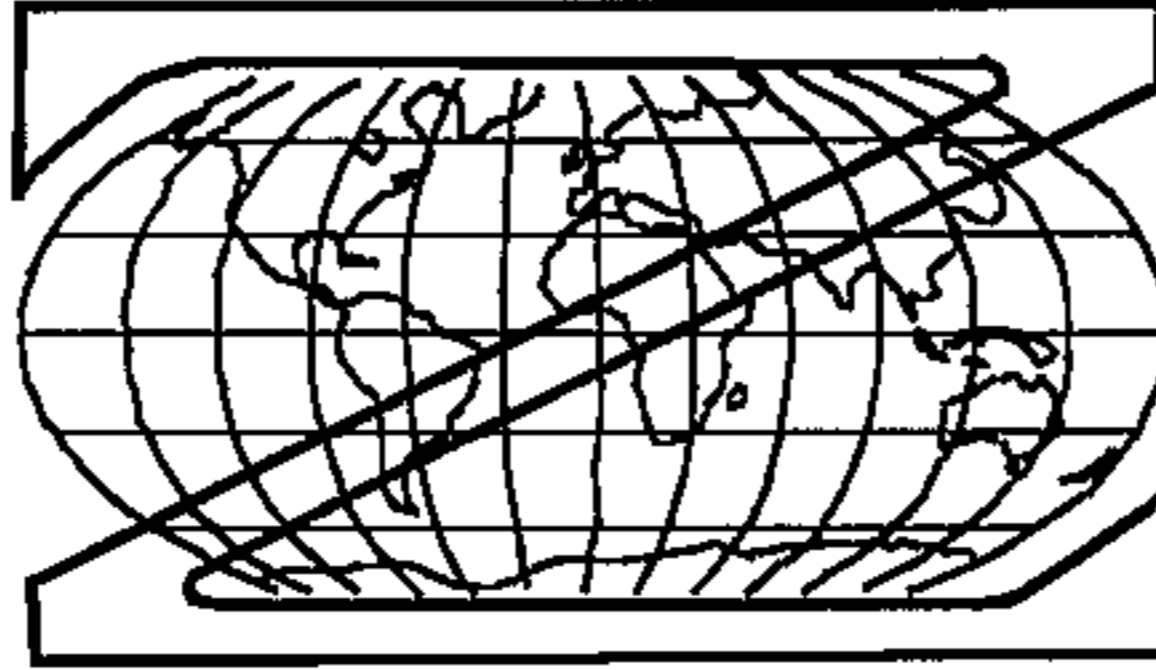


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EL's 8324 & E9578 FINAL REPORT KEEP RIVER NORTHERN TERRITORY

OPEN FILE

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Date: May 1998

Distribution: Dept of Minerals & Energy (1)
Zephyr Minerals NL (2)

CR98/539

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1 INTRODUCTION

1.1 General

Exploration Licences E8324 and E9578 - Keep River, form part of a semi-continuous group of Exploration Licences held by Zephyr Minerals NL in the Kununurra - Keep River region specifically for diamond exploration. The tenements located south and southeast of EL8324 & 9578 are considered to be prospective for kimberlite diatremes and diamondiferous gravels within a palaeochannel of the ancestral Ord River system.

1.2 Location

The tenements are located on the western end of the Northern Territory coastline, approximately 100 kilometres northeast of Kununurra (Figure 1).

1.3 Tenure

EL8324 comprises 40 blocks covering 129km² and EL9578 comprises 30 blocks covering 97km² (Figures 1, 2, 3 & 4).

These tenements were granted to Zephyr Minerals NL (100%) on July 15, 1996 (E8324) and 28 October 1996 (E9578) for a period of six years.

The tenement details are as follows:-

Tenement No.	Date of Grant	Date of Expiry	Area	Minimum Annual Expenditure
EL8324	15/7/1996	14/7/2002	129km ² (40 blks)	\$15,000
EL9578	28/10/1996	27/10/2002	97km ² (30 blks)	\$20,000

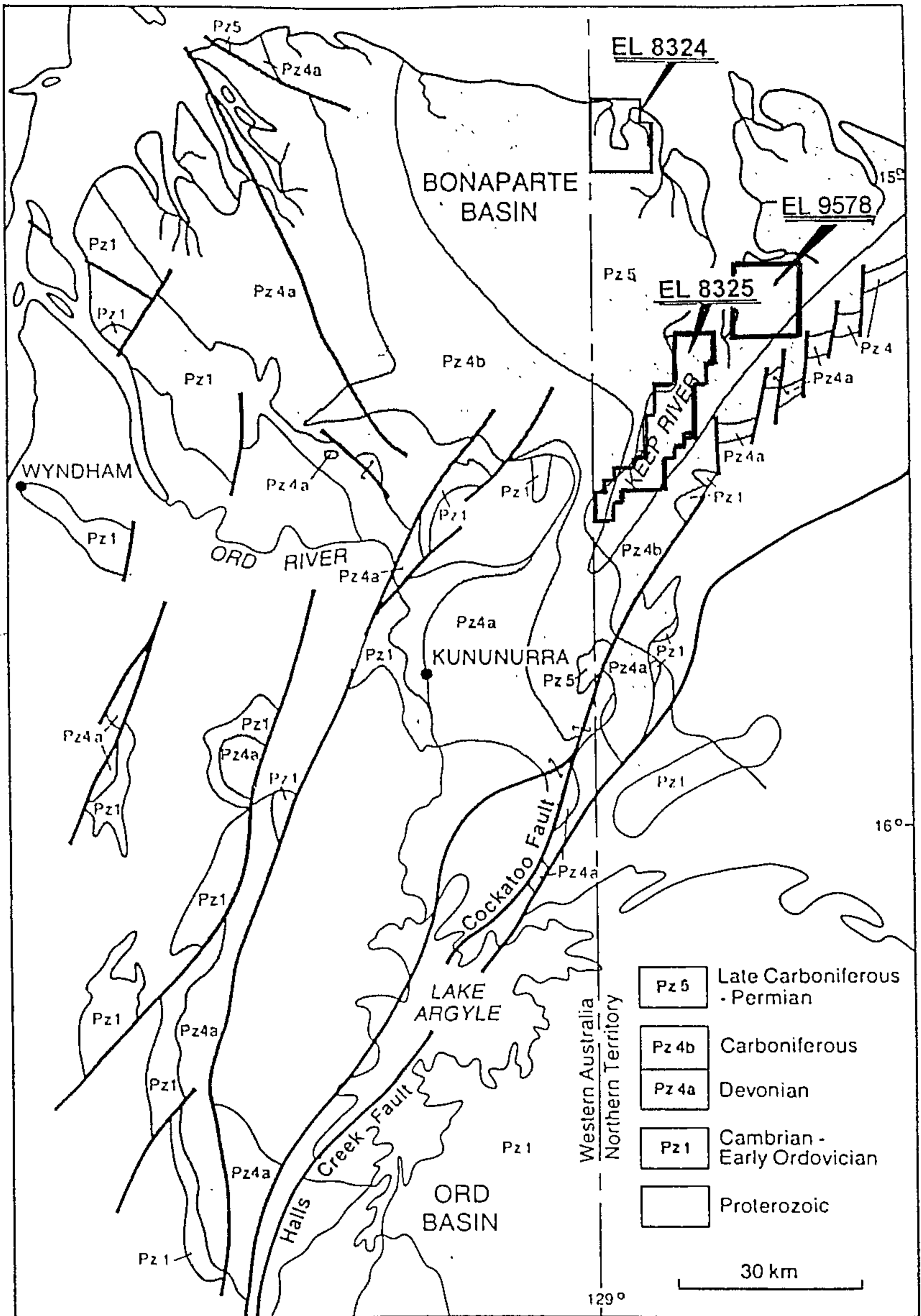
2 GEOLOGY

The project tenement is situated over the coastal portion of the Bonaparte Basin in the Northern Territory, adjacent to the Western Australian/Northern Territory Border (Figure 1).

The Bonaparte Basin contains sediments ranging in age from Cambrian to Cainozoic and the greater part is located offshore extending northwest from the Joseph Bonaparte Gulf to the vicinity of Timor.

The onshore area of the Basin essentially forms a north plunging syncline with the western limb in Western Australia and the eastern limb in the Northern Territory.

The basement to the Basin, in the project area is believed to be composed of Proterozoic sediments, but no exposures are present. The flood plain of the Keep River comprises recent



GSWA 24021

Solid (pre-Cainozoic) geology of the onshore Bonaparte Basin.

ZEPHYR
TENEMENTS

FIGURE 1.

alluvial sediments and the project area is dominated by marine and alluvial coastal deposits of mud, silt and evaporites.

3 CONCLUSIONS AND RECOMMENDATIONS

No field work was undertaken in the tenements during the reporting period for the following reasons:-

- a) The area is very difficult to explore on foot and the perceived diamond potential of the area depended upon locating diamond sources further to the south in the Keep River drainage basin. This did not eventuate during the period.
- b) In early 1997 Capital Energy NL completed a takeover of Zephyr's parent company, Stirling Resources NL. As a result of this change of management, staff contracts were terminated and the company's administration was relocated to Sydney.

This left Zephyr with no qualified diamond explorationists on the staff.

Following a review in late 1997 of all the Keep River tenements held by Zephyr it was concluded that EL8324 and EL9578 do not warrant being retained and should be relinquished. The tenements were relinquished on 6 April 1998.

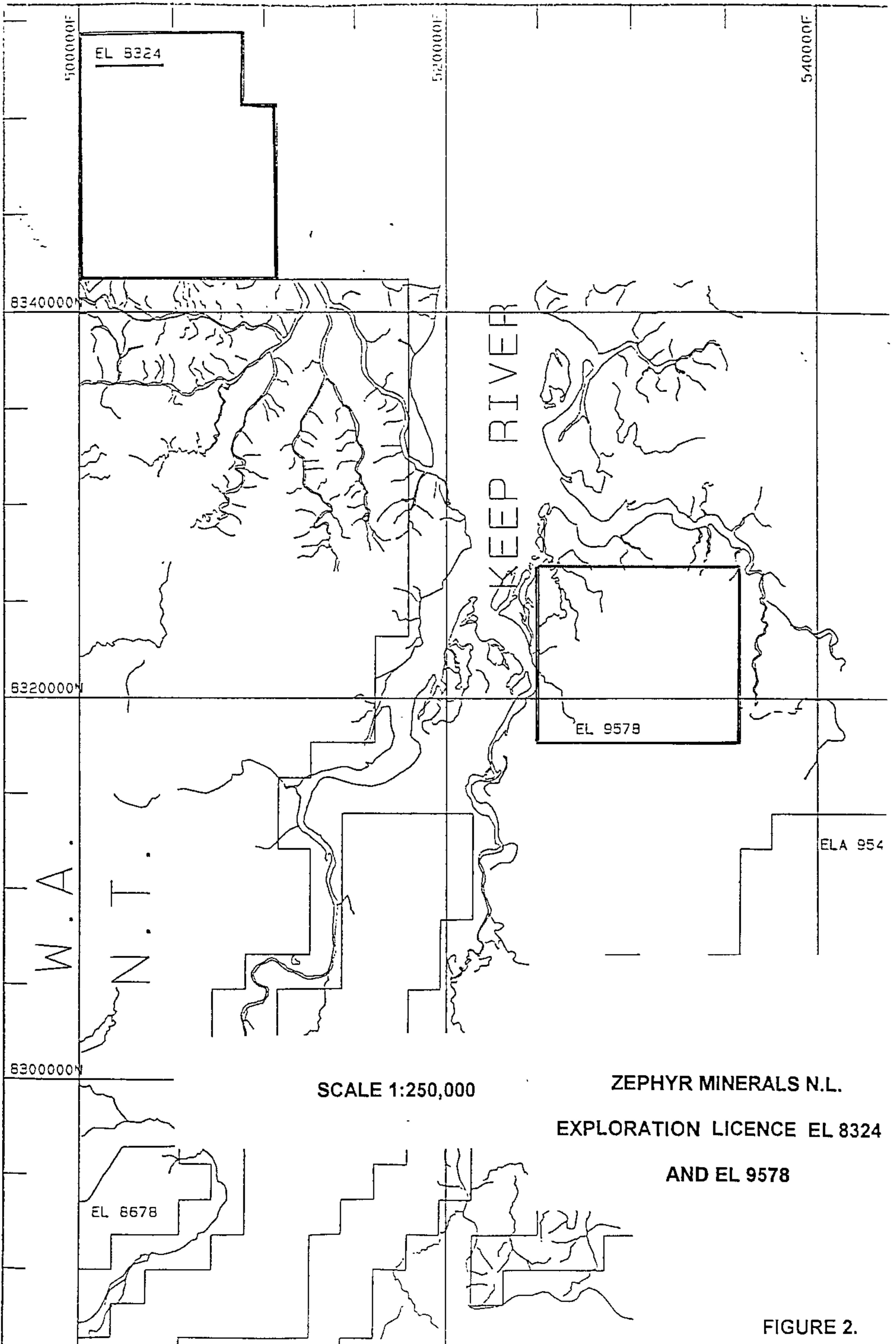
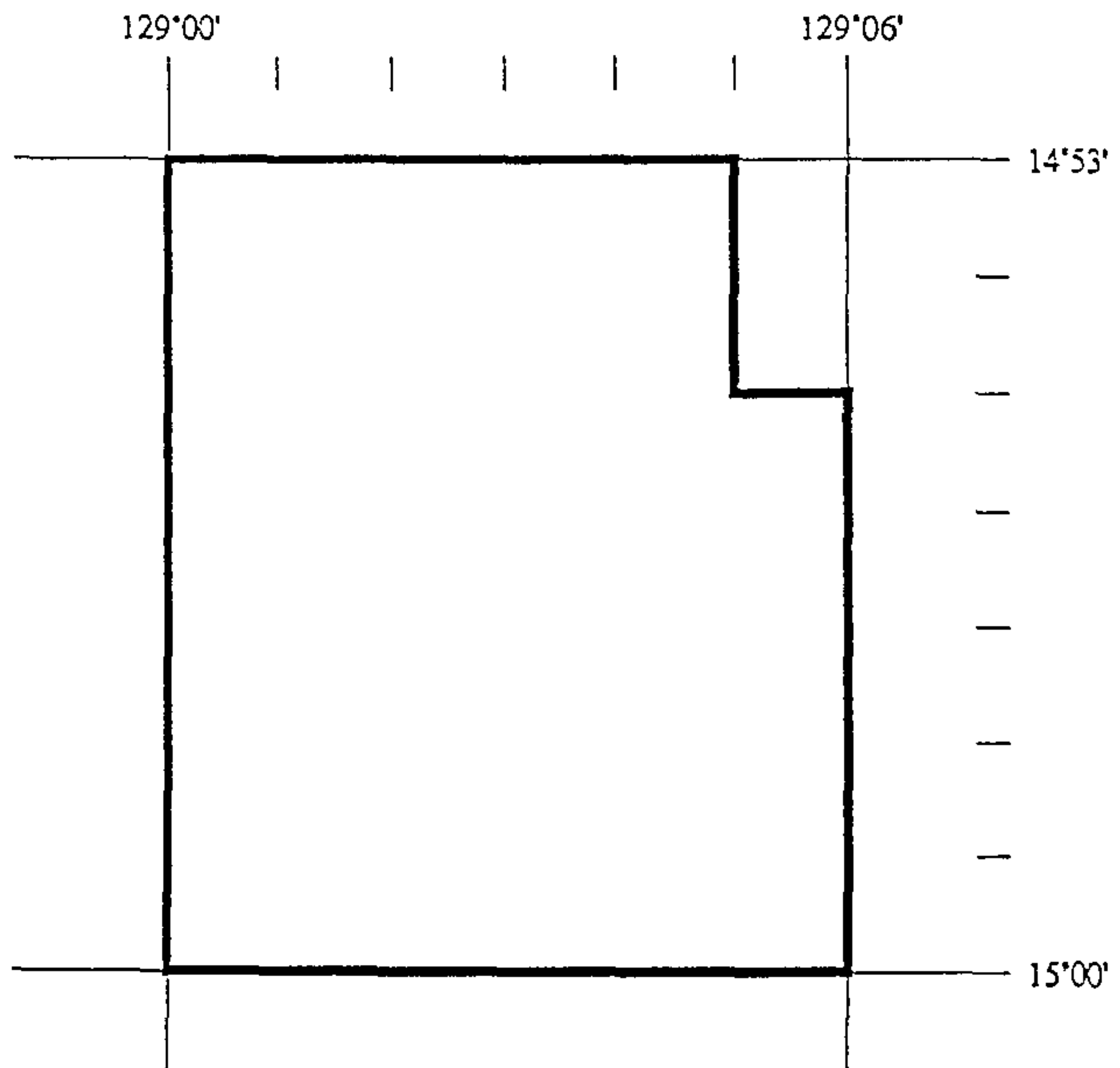


FIGURE 2.

SECOND SCHEDULE
(Plan of Area)

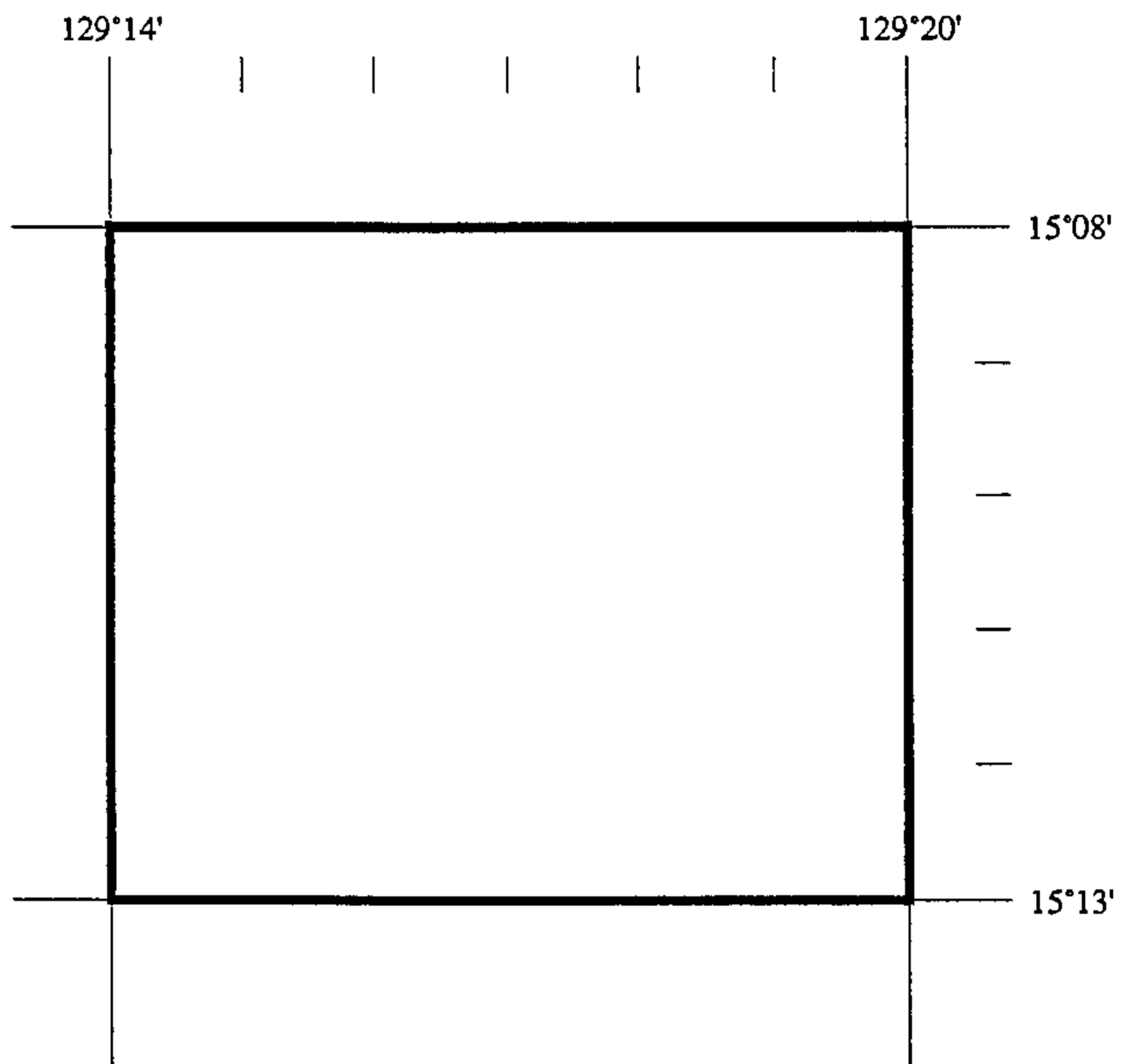


EL8324
40 BLOCKS
129 sq kms

ZEPHYR MINERALS N.L.
EXPLORATION LICENCE EL 8324

FIGURE 3.

SECOND SCHEDULE
(Plan of Area)



EL9578
30 BLOCKS
97 sq kms

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EXPLORATION LICENCE EL 9578

FIGURE 4.