# EL 7205

# HOWLEY CREEK - NORTHERN TERRITORY

H/2
8/3/93

**ANNUAL REPORT EL 7205 SECOND YEAR**

**AND**

**RELINQUISHMENT REPORT EL 7205**
**50% REDUCTION**

FOR PERIOD ENDING 11/2/1993

by

ANDREW M. WELLS

C/- 46 Wood Street, Darwin, N.T.

and

DR. JULIAN D. HOLLIS

Consulting Geologist, B.Sc., Hon PHD (London) M.Aus.IMM

Trentham, Victoria 3458

for

WELLS FAMILY SYNDICATE

C/- Waters, James McCormack
Solicitors
46 Wood Street
Darwin, N.T. 0800

TABLE OF CONTENTS

**ANNUAL REPORT EL 7205 SECOND YEAR**



**RELINQUISHMENT REPORT FOR 18 BLOCKS**

**EL 7205 50% REDUCTION**

1. INTRODUCTION

In the first two years of tenure of EL 7205 it has been established that the tenement has gold mineralisation of the type in neighbouring tenements to the South and East.

This report is the second Annual Report for exploration Licence EL 7205 covering the period 12/2/1992 to 11/2/1993. The 36 blocks 116 sq.km E.L. are located in the Howley Creek area on Mt. Ringwood Station and Mt. Bundy Station, Northern Territory.

2. TENEMENT STATUS

On the 21st December, 1992 a dealing took place. Dealing No. 5741 transfering to the following equity in EL 7205:-

25% - A.C. Wells

25% - A.M. Wells

25% - D.C. Wells

25% - E.M. Wells

**FROM:** 20% - A.C. Wells

20% - A.M. Wells

20% - D.C. Wells

20% - E.M. Wells

20% - J.A. Earthrowl

**Please note** change of address for all notifications and correspondence concerning EL 7205:-

Wells Family Syndicate
C/- Waters James McCormack
Solicitors
46 Wood Street
Darwin N.T. 0800

3. EXPLORATION REPORT - SECOND YEAR

(a) The covenant for the reporting year was set at $21,500 and the EL 7205 area was 36 blocks.

(b) Activity for the 2nd year

During the first year sample #496961 returned the highest value. The sample site was at Howley Creek and the Gas Pipeline Crossing

13 degrees 11 minutes North

131 degrees 17 minutes East

The focus of exploration this year was centred around Howley Creek in two locations to the North and East of last year's work.Field reconnaissance of the western half of the tenement took place .

A substantial permit was sought from the Department of Mines & Energy for trenches at two sites on the 7th September, 1992 by our consulting Geologist, John A. Earthrowl. Granted 10th September, 1992 by the Department of Mines & Energy.

Alluvial testing using a portable suction dredge processed 2 cubic meters of active stream sediment was carried out by John Earthrowl. Recovery netted various Iron Oxides and heavy minerals.

0.8 grams per ton GOLD

The alluvial sampling test proved hydrothermal Gold mineralisation in a large area devoid of outcrops.

Numerous quartz veins are mapped in areas of low undulating hills away from this area, but have little strike continuity, and were previously well documented.

Due to the low-relief of the EL 7205 area, and generally poor exposure of bed rock it was considered inappropriate to continue extensive surface mapping and sampling of these areas. Geological interpretation of hard rock areas will in future concentrate more intensively on structural features that may control auriferous quartz reef gold mineralisation . results should produce a predictive model usable for exploration.

Results of the alluvial testing show it is possible for economically significant, high tonnage resource to exist for Gold and also point to source regions for the Gold.

During the year problems associated with a weak economy and business cycles in Australia made a Joint Venture not possible and greatly affected and reduced our field work this year.

In early October negotiations took place with Canterra Equipment, in Canada. The WELLS FAMILY SYNDICATE , decided it would be highly desirable to purchase a drilling machine rather than use Contract Drillers.

The Syndicate recently purchased this drilling machine from Canada. This drill is a small universal machine that can economically sample large areas of EL 7205. Previously we have had large administrative costs and relatively small field work. By purchasing this machine we will in future be maximising our exploration efficiency.

This machine is new to Australia and is environmentally far superior to large high cost machines and extremely versatile. This machine can be mounted on the back of a 4 X 4 Toyota truck or become portable by various other means.

## 4. PLANT PURCHASE

In December, 1992 the Syndicate negotiated purchase of a Canterra 255 Drill from Canterra Equipment Canada at a greatly reduced price. This drill is currently being exported to Australia and should clear Customs shortly.

Due to the purchase of this drilling equipment, the field work in this second year was greatly reduced.

The following year will be highly efficient as the drilling machine will be an integral part of the following year's work on EL 7205.

The Syndicate preferred to reduce this year's exploration field work temporarily and purchase a drill rather than use Contractors at inflated prices. This will enable us now to have a high percentage of our exploration dollars going into the ground.

(Copy)

John A. Earthrowl
Consulting Geologist
MSc, M.AusIMM

GPO Box 3307
Darwin, N.T. 0801

Batchelor
3/12/92

TO: Julian Hollis

RE: EL 7205 - Wells Family Syndicate

(1) Details of Alluvial Testing:

Sample taken from Howley Creek at approximately 13 degrees 10 minutes 15.5 seconds, 131 degrees 18 minutes 00 seconds East

Equipment used: Keene Engineering Portable Suction Dredge Model 4608P

Date Sampled: 7th November, 1992

Operators: Mr. Roy McLeod and John Earthrowl

Total Sample Processed: Approx. 2 cubic metres of active stream sediment. Creek just flowing following rain.

Recovery: 0.8 grams gold. Heavy Minerals predominantly various iron oxides.

EL 7205: Am reluctant to continue involvement due conflict of interest in adjoining EL's 7119, 7676, and other reasons.

Signed: J.A. Earthrowl

Telephone: (089) 760-246 Facsimile: (089) 760-236

## 6. RECOMMENDATIONS

Further work is recommended to test the areas between the auriferous quartz veining discovered in the low lying hills, and the Howley Creek complex alluvials.A large programme of Rotary air blast drilling rock is required as well as an extensive Alluvial sampling programme using a small portable test plant.

## 7. EXPENDITURE REPORT

The second year's expenditure was as follows:-

| | |
|---|---|
| Consulting Geologists | 6,423 |
| Consultant Advisers | 2,000 |
| Vehicle Hire | 421 |
| Consumables | 287 |
| Darwin Office overheads | 1,000 |
| Melbourne Office overheads | 1,000 |
| Total | **$9,131** |
| Drilling Plant purchase | 22,000 |
| | **$31,131** |

## 8. YEAR THREE PROGRAMME AND BUDGET

The aim of the Syndicate is to locate:-

(i) Workable tonnages of alluvials for Gold.

(ii) Hard rock, high tonnage, low grade prospects suitable for open cut working.

The 3rd year's programme is recommended as follows:-

- Field prospecting of photo anomalies
- Rotary air blast drilling
- Alluvial sampling
- Electical Geophysical method to follow concealed pyritic and arsenophyritic quartz veining.

The programme will have a budget as follows:-

| | |
|---|---|
| Consulting Geologist | 5,000 |
| RAB Drilling | 5,000 |
| Alluvial Testing | 5,000 |
| Geophysical Equipment Hire | 1,000 |
| Assaying | 1,000 |
| Consulables | 500 |
| Darwin Office overheads | 1,000 |
| Melbourne Office overheads | 1,000 |
| | **$19,500** |

UPPER ADELAIDE RIVER EXPERIMENTAL STATION 3 km

A Yards

bore

yards

landing ground

58 WILD HORSE HILL

CREEK

HOWLEY

beds

Mount Ringwood

landing ground

landing ground (abandoned)

JOHNS HILL 50

average height of vegetation 6 metres

EL 7205

ALLUVIAL TEST SITE

S/1 TRENCHING SITE

S/2 TRENCHING SITE

GAS PIPELINE

scrapes

scrape

tank

Ryan Creek

MOUNT KEPPLER 113

Brumbyhole

average height of vegetation 3 metres

ADELAIDE RIVER 19 km

85 35 000mN

745 000mE

13° 15'

131° 15'

# CT255 PEOPLE PORTABLE DRILL SPECIFICATIONS

## CT255 FEATURES

**People Portable** — Modules can be carried on a pole between two people

**Mule or Horse Portable** — Modules can be carried on the animal's back or towed on a sled

**Truck Portable** — The drill is small enough to mount on a Landrover or similar truck

**Integrated Hydraulic Manifold** — Controls load sensing hydraulic pump to minimize power requirements and simplify maintenance

**Hydraulic Variable Speed Rotary** and adjustable pulldown force provides versatility to operate downhole hammers, air flush, mud flush, wet or dry auger

**Tubular Steel Frames** — For strength, crack resistance and field repairability

**Levelling System** — Allows operation on slopes of 60%

**Pulldown Force** — Can be increased for drag bit drilling by anchoring the drill or having people sit on poles placed through hoops on the frame

## CT255 DRILL SPECIFICATIONS

**Weight** — 660 lbs (300 kg) for five modules

**Engine** — 24 HP (17.9 Kw) four cycle gasoline, pull start

**Rotary** — 560 ft-lbs (760 Nm) / 140 rpm

**Pullup/Down** — 3300 lbs (1500 kg)

**Hydraulic Pump** — variable displacement, load sensing, piston type
— variable to 15 USGPM (56 Lpm) / 3000 psi (205 bar)

**Stroke** — for 5 foot pipe changes

**Levelling** — 4 mechanically adjustable legs for 60% slopes

**OPTIONS**

**Centrifugal Mud Pump (Powered by drill engine)** — 80 USGPM @ 27 psi (300 Lpm @ 2.1 bar)
30 USGPM @ 37 psi (115 Lpm @ 2.5 bar)

**Injection Pump and Tank (Powered by Drill Hydraulics)** — variable to 3 USGPM (8 Lpm)
maximum pressure 250 psi (17 bar)

**Overburden Casing System** — gravel holes can be cased while drilling with a downhole hammer. Explosives can be loaded through the casing after retracting the drill pipe. Casing is reuseable.

**Pipe and Casing Extractor** — percussion device powered by compressor for pulling stuck pipe or recovering casing.

## CT256 COMPRESSOR SPECIFICATIONS

**Weight** — 675 lbs (307 kg) for five modules

**Engines** — Two 24 HP (17.9 Kw) same as on drill

**Compressor** — oil flooded screw type

**Air Delivery** — 125 cfm/150 psi (3.5 cubic m per min/10.3 bar)

**Fuel Tank** — 6 USG (22 L) in separator pack with water separator and fuel filter

**Levelling** — two mechanically adjustable legs for 60% slopes

**OTHER CANTERRA PRODUCTS** — Helicopter portable drills, people portable drills, off road vehicles, water well drills, blast hole drills, compressors (50 cfm - 1500 cfm), brushcutters, heliportable and wheeled powerline construction equipment, downhole hammers and other drilling accessories, and custom engineering services.

CANTERRA EQUIPMENT
*Advanced engineering for the drilling Industry*
6700 – 9th Street N.E., Calgary, Alberta, Canada T2E 8K6 • Telephone: (403) 295-7676 • Telex: 03-821214 • Fax (403) 295-7683 • Toll Free from USA 1-800-661-9190
Printed in Canada

# CT255 PEOPLE PORTABLE DRILL

Canterra pioneered portable rock drilling technology with the introduction of the CT155 in 1982. Since then we've had a great deal of field experience in varied conditions in many countries resulting in our second generation people portable drill, the Canterra CT255. The CT255 retains the field proven hydraulic system and many other components from the CT155 including lightweight tubular steel frames. However, the new CT255 is more compact, simpler, lighter and more reliable; primarily because of the new 4 cycle gasoline engines. Performance has not been sacrificed and the CT255 can operate a downhole hammer to drill HARD ROCK at rates up to 1 meter every 3 minutes with air from our CT256 compressor. On its own the CT255 is also a powerful hydraulic drill for mud, shothole casing or auger drilling.

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*Advanced engineering for the drilling Industry*
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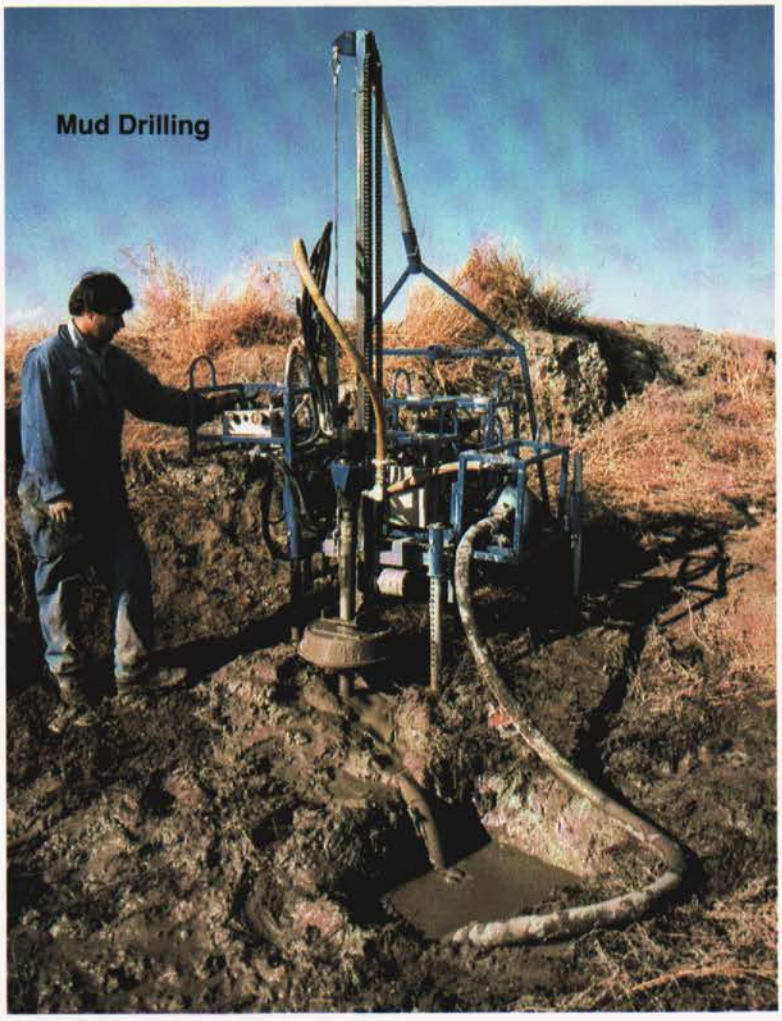
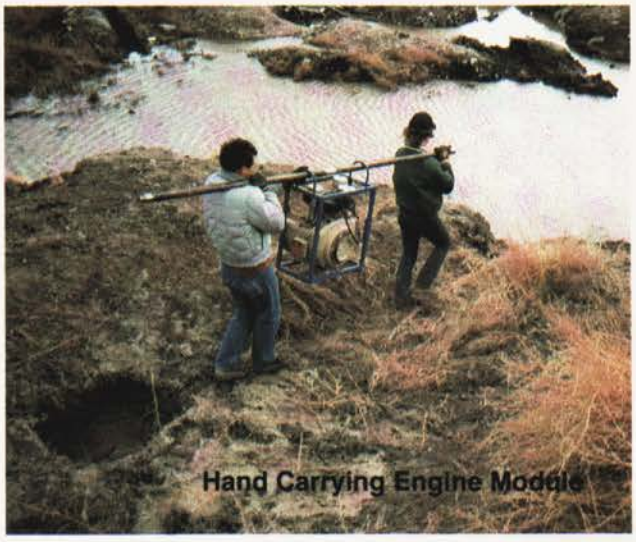
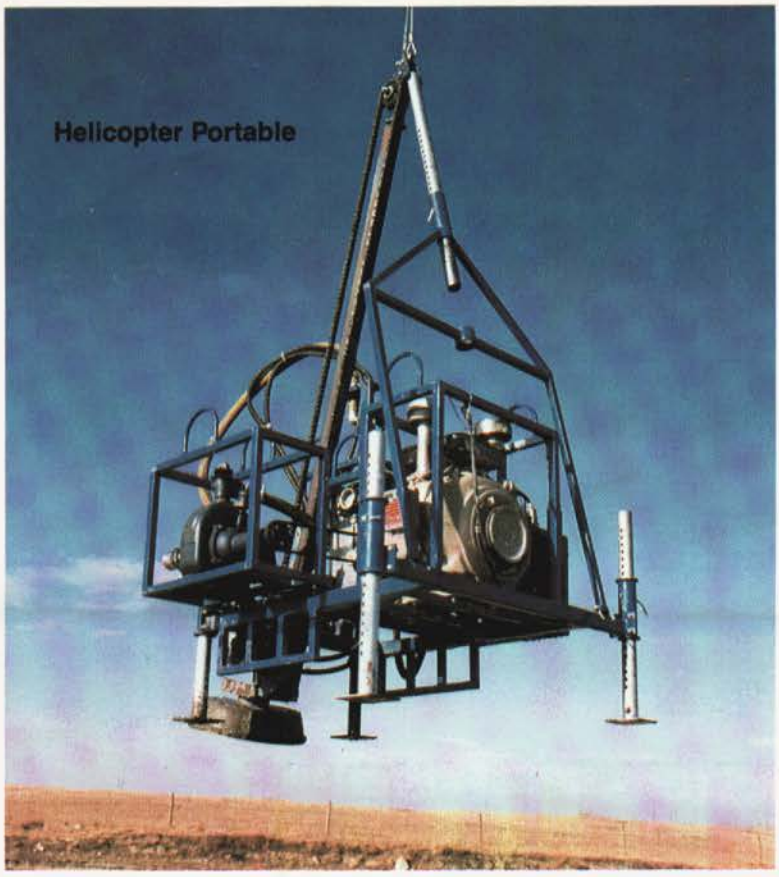


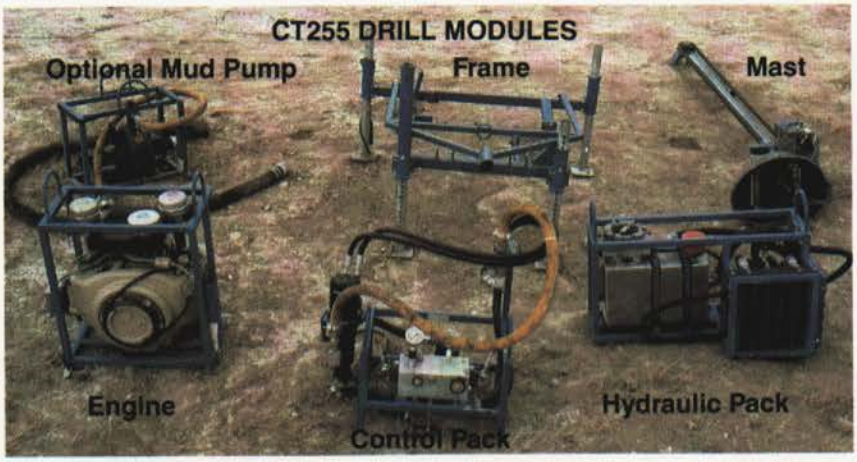




- Light, compact modules for moving over rugged terrain by people, mules, horses or small vehicles
- Four cycle low speed engine for more reliability and lower fuel consumption; runs on regular gasoline
- Drill can be used without the compressor for augering, mud drilling, or jet drilling with casing
- Drill is very compact to set up in minimal space with little or no site preparation
- Four levelling legs with claws to set up quickly and securely on steep terrain
- Hoops on underside of drill frame so crew can apply weight to the bit when using drag bits
- High rotary torque and speed for fast penetration of overburden with drag bits

**CANTERRA EQUIPMENT INC.**

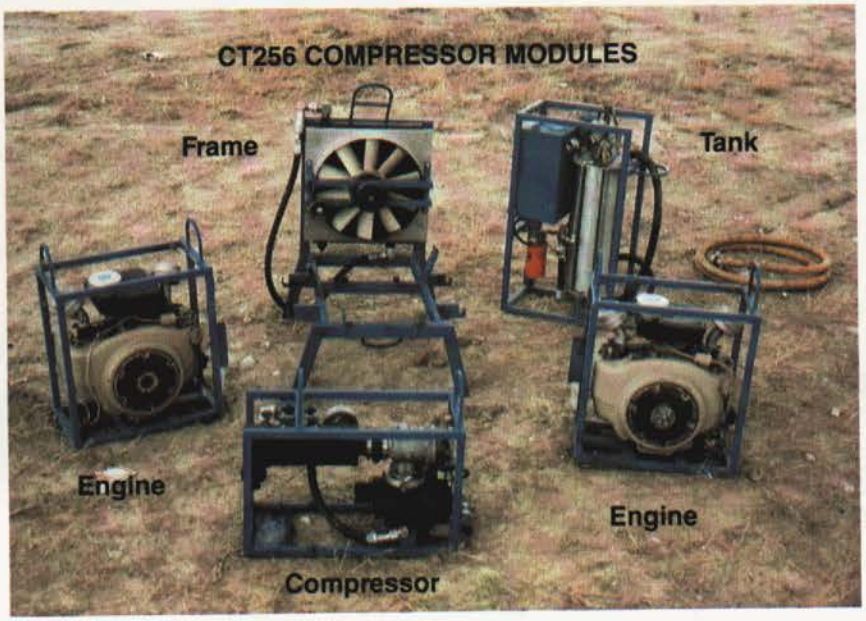
Calgary, Alberta, Canada

- Quick fasteners allow the CT255 drill to be assembled in about 2 minutes without tools
- Filters downstream of all hydraulic quick couplers prevent contamination
- Hydraulic pack with built-in oil cooler and efficient load sensing piston pump permits operating to 50°C ambient




## CT256 COMPRESSOR

- Provides air to run a downhole air hammer for rock drilling or air flushing with drag bits
- Two levelling legs on frame for rapid set-ups on steep terrain
- Can be set up to 20 meters from the drill away from the dust
- Can be assembled in about 1 minute without tools
- Same 4 cycle engine packs as used on CT255 drill
- Built-in fuel tank with large water separator and fuel filter




**CANTERRA EQUIPMENT INC.**

Calgary, Alberta, Canada

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Printed in Canada

This is a photo of the actual Drill purchased.
(Not including vehicle)

This is a photo of the actual Drill purchased.

Department of Mines and Energy

CENTREPOINT TOWERS BUILDING, THE MALL, DARWIN N.T. 0800
G.P.O. BOX 2901, DARWIN, N.T. 0801, AUSTRALIA
TELEPHONE: (089) 89 5511 TELEX: AA85766 MINDAR FACSIMILE: (089) 81 4806

PROMOTING GROWTH THROUGH RESOURCES

NORTHERN TERRITORY GEOLOGICAL SURVEY

IN REPLY
PLEASE QUOTE EL 7205

10 September, 1992

Mr J A Earthrowl
GPO Box 3307
DARWIN NT 0801

Dear Mr Earthrowl

**APPLICATION FOR COSTEANING - EXPLORATION LICENCE 7205**

Reference is made to your letter of 7 September, 1992 seeking approval for costeaning in the above Exploration Licence.

Permission is given to carry out the work described in your letter in the locations shown on your accompanying plan, subject to strict observance of the following conditions:

1. Clearing and surface disturbance shall be such that the potential is minimised for erosion and alteration of the natural surface drainage.

2. Mature vegetation must be protected at all times.

3. The costeans shall be located at least 5 m away from any creek or incised drainage line.

4. If the natural ground slope is greater than 1 in 20 (1 vertical to 20 horizontal), the Licensee shall construct bunded drains around the costeans to intersect runoff entering the costeans and dispose of the runoff so as not to concentrate the flow and cause soil erosion.

5. The Licensee shall remove and stockpile the top ten centimeters (10 cms) of the costeans and spread the material over the areas when sampling and any other studies have been completed and the costeans back-filled.

bm.135

6. The access track shall be constructed through a light blading of the surface. Where the slope of the land is such that a greater surface disturbance is required through cutting and filling, adequate drainage shall be provided so as to prevent or minimise erosion.

7. The operation shall be subject to the provisions of the Mines Safety Control Act, the Control of Waters Act, the Soil Conservation and Land Utilisation Act and the Aboriginal Sacred Sites Act and the regulations made thereunder and to all other laws of the Northern Territory as are applicable.

8. The Licensee shall allow an inspector, and any other person authorised in writing for the purpose by the Director of Geological Survey to enter and examine the activities of the Licensee or carry out investigations on the costean.

9. All costeans shall be back-filled and left in a tidy manner within six months or prior to the onset of the wet season if possible.

10. On completion of the operation, the Licensee shall, under the direction of a person nominated by the Director of Geological Survey, carry out all uncompleted rehabilitation.

11. Upon completion of the exploration activities, every effort shall be made to ensure that the access track and costean sites are left in such a way that natural rehabilitation is promoted.

Please ensure that you keep all landholders fully informed at all times of activities likely to cause surface disturbance.

We look forward to receiving the results of the sampling program in your next Annual Report on the above Licence.

Yours faithfully

Dr W McKAY
Delegate of the Secretary

bm.135

JOHN A EARTHROWL
Consulting Geologist
MSc MAusIMM

G.P.O. BOX 3307
DARWIN, N.T. 0801

7 September 1992

The Secretary
Department of Mines & Energy
PO Box 2901
DARWIN NT 0801

Dear Sir

EL 7205
Substantial Disturbance

On behalf of the Wells Syndicate and myself, I hereby seek permission to carry out backhoe trenching on this EL before the end of October this year.

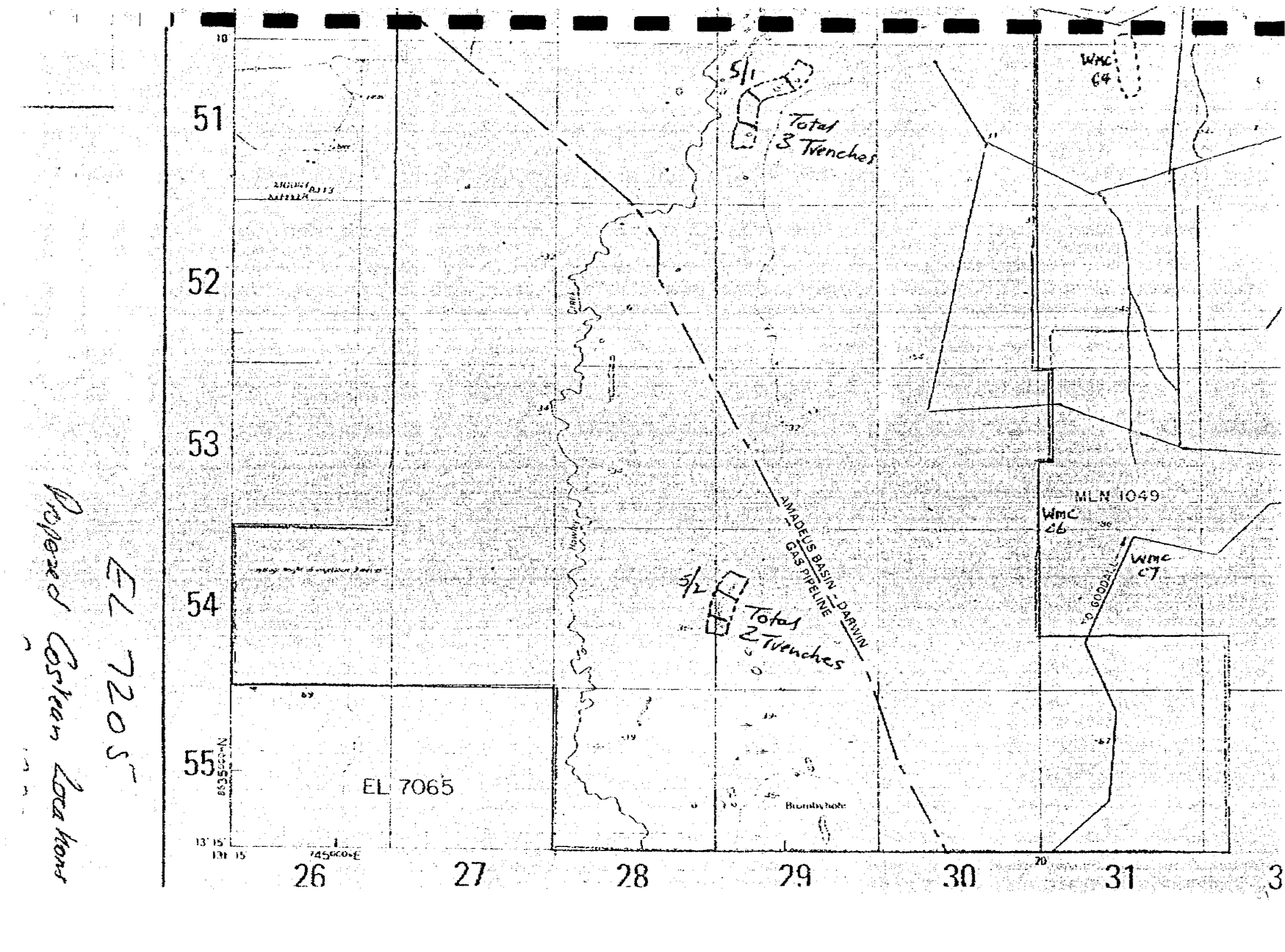
All trenches will be 1 metre wide, no more than 3 metres deep and less than 50 metres long each and will be backfilled before November 30 1992.

Yours faithfully

JA EARTHROWL 7.9.92

cc Wells Syndicate

TELEPHONE: (089) 41 1102
760246
FACSIMILE: (089)




Proposed Costean Locations

EL 7205

JOHN A EARTHROWL
Consulting Geologist
MSc MAusIMM

G.P.O. BOX 3307
DARWIN, N.T. 0801

Batchelor
3.12.92

To: Julian Hollis

re: EL 7205 WFS

(1) Details of Alluvial Testing

Sample taken from Howley Creek at approx. 13° 10' 15" S, 131° 18' 00" E

Equipment used: Keene Engineering Portable Suction Dredge Model 4608P.

Date Sampled: 7 Nov 1992

Operators: Mr. Roy McLeod and John Earthrowl

Total Sample Processed: approx 2 cubic meters of active stream sediment. Creek just flowing following rain

Recovery: 0.8 gram Gold. Heavy Minerals predominantly various iron oxides.

(2) Poseidon's Happy Report (EL 5429)

This Poseidon report forms part of Final Report of EL 5429. Copy sent to Mellaum and/or Waters James McCormack.

(3) EL 7205 Am reluctant to continue involvement due conflict of interest adjoining ELs 7119, 7676, and other reasons.

JAE.

TELEPHONE: (089) ~~41 1102~~ 760246

FACSIMILE: (089) 760236