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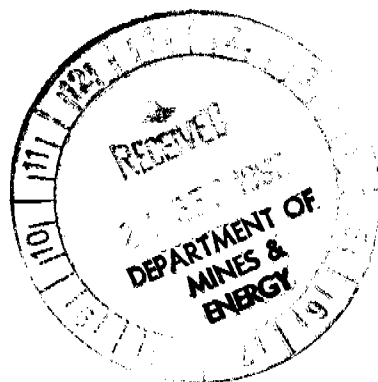
EXPLORATION LICENCE 7369

ANNUAL REPORT FOR THE FIRST YEAR

FOR LECHAM PTY LTD

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CONSULTING GEOLOGIST



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1     INTRODUCTION

The writer was asked by Mr. J. Savage of Lecham Pty Ltd to carry out exploration in the area of EL 7369 and to prepare this report.

The work during the first year of the licence is of a preliminary nature and is reconnaissance to make familiar with various sites in the licence area in connection with features such as roads, creeks and hills.

Exploration licence 7369 is composed of 2 blocks consisting of 55/26 and 55/27 of Map 14/6-1 Union Reef.

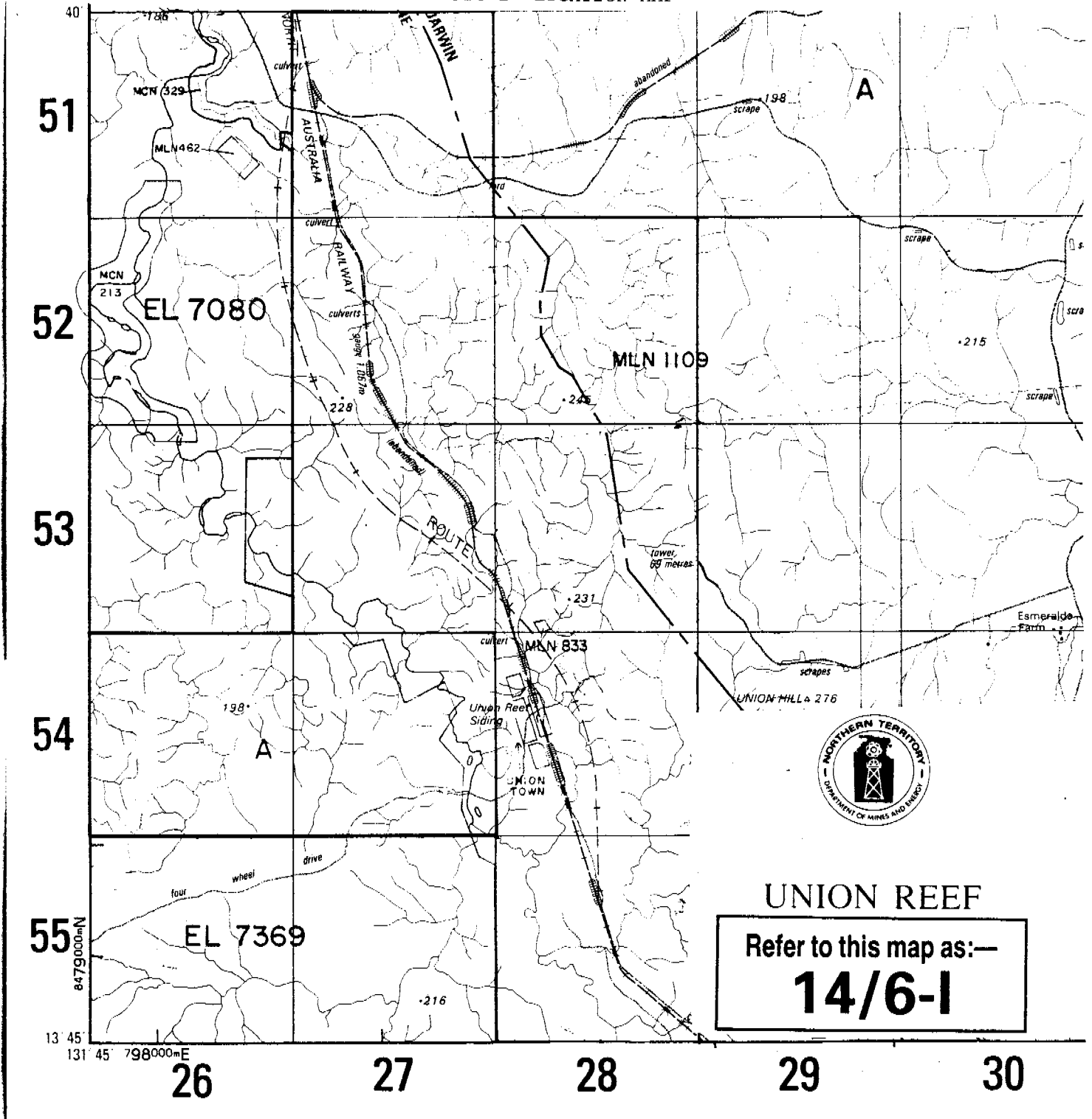
2     LOCATION AND ACCESS

Exploration Licence 7369 is situated 11 km northwest of Pine Creek and 2 to 4 km southwest of the Union Reef Gold Mine.

The area is shown on Fig 1.

A good gravel road connecting the Union Reef Gold Mine to Stuart Highway is present across the licence area. Most of the sites in the licence area is accessible from the above road by a four-wheel drive vehicle.

FIG 1 LOCATION MAP



### 3 TOPOGRAPHY AND VEGETATION

The area lies along a tributary of Nellie Creek running west to east.

Topography of the area is generally flat with the exception of few isolated hills with a height of about 40 metres above the surrounding area.

The area is within a medium dense forest of various Eucalyptus trees being called Eucalyptus savannah.

### 4 GEOLOGY

Slate, phyllite and greywacke of the Burrell Creek Formation (Early Proterozoic) occupy the area. Granitic rocks of the Cullen Batholith occur to the east and to the west of the area.

The sedimentary rocks fold with fold axes running NW to SE.

Outcrops are very scarce to non-existent in the area.

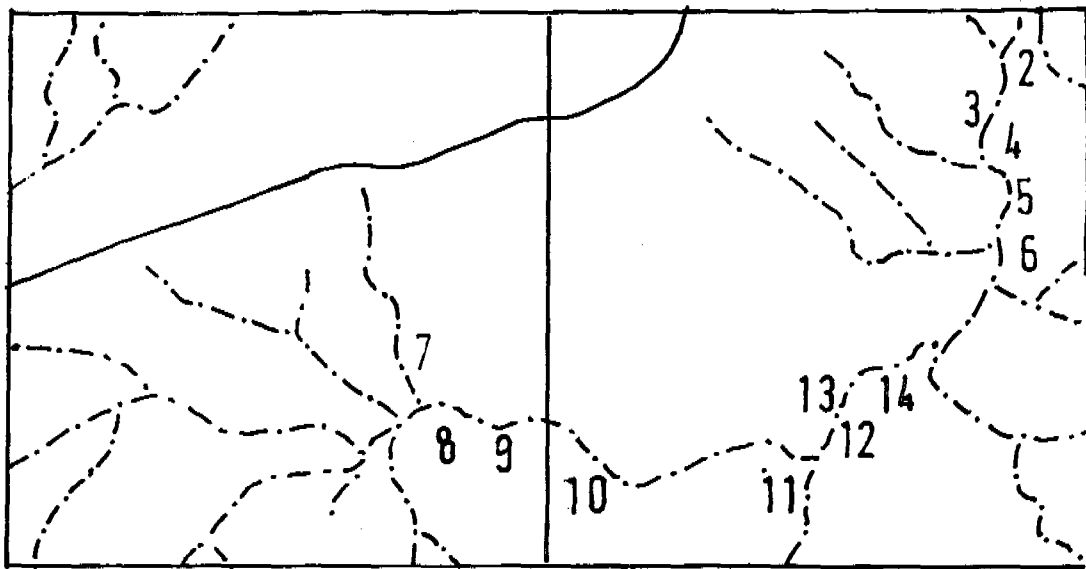
### 5 GEOCHEMICAL SURVEY

Quartz samples were collected from the creek bed and represent floats derived from nearby quartz veins. Samples were assayed for gold and arsenic contents.

The sampling sites are plotted on the map (Fig 2). Assay results are shown on the table (Fig 3).

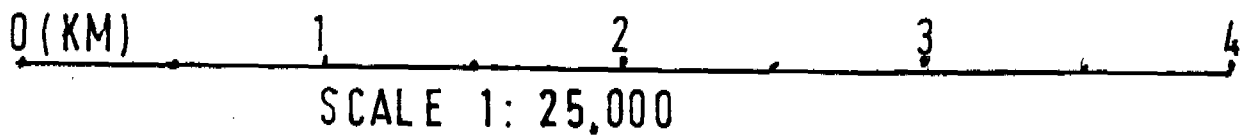
No anomalous areas have been detected by this method.

FIG 2 SAMPLING SITES



LEGEND

1	SAMPLE NO
	ROAD
	CREEK





-5-

Job: 2DN1027  
O/N:

Final

# ANALYTICAL REPORT

SAMPLE	Au	AuDpl	As.
U01	0.01	--	<50
U02	0.01	--	<50
U03	<0.01	--	<50
U04	<0.01	<0.01	<50
U05	<0.01	--	130
U06	<0.01	--	<50
U07	<0.01	--	<50
U08	<0.01	--	<50
U09	<0.01	<0.01	<50
U10	<0.01	--	<50
U11	<0.01	--	<50
U12	<0.01	--	<50
U13	<0.01	--	180
U14	<0.01	<0.01	<50

UNITS	ppm	ppm	ppm
DET.LIM	0.01	0.01	50
SCHEME	FA1	FA1	AAS2

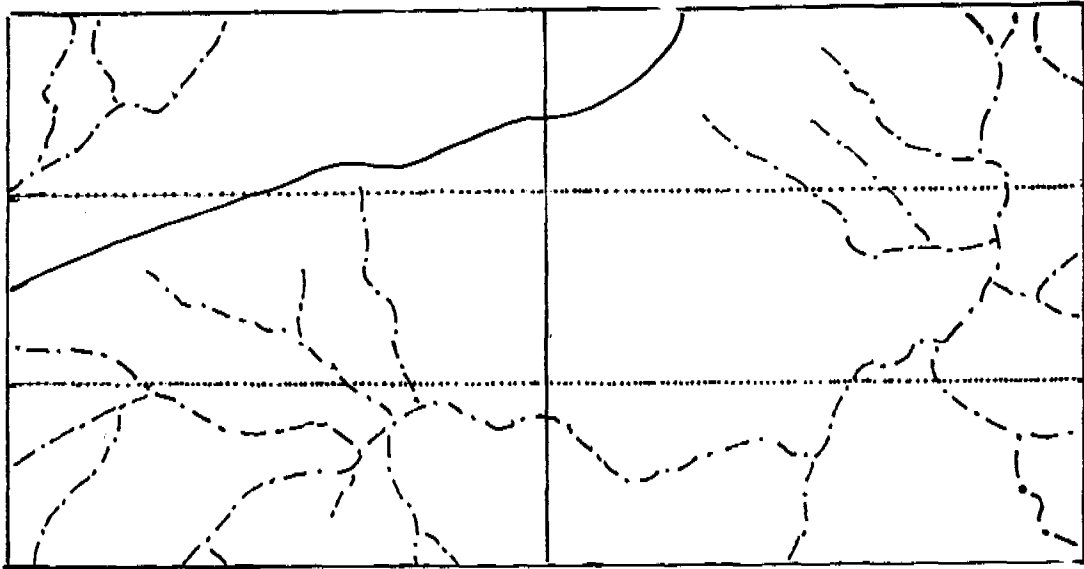
6 PROPOSED PROSPECTING METHOD

A programme of systematic auger geochemical survey along E-W running survey lines is proposed. The proposed 2 lines are plotted on Fig 4.

A mechanical hand-auger to be purchased for the project as well as other projects is shown on Fig 5.



FIG 4 PROPOSED LINES FOR AUGER GEOCHEMICAL SURVEY



LEGEND

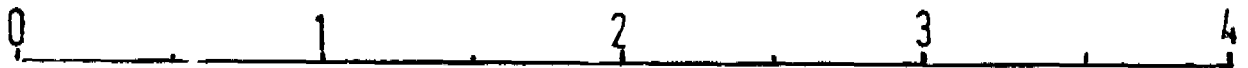
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SURVEY LINES

ROAD

CREEK



SCALE 1: 25,000

Fig 5 MECHANICAL HAND AUGER TO BE PURCHASED

## THE DRILLMITE

This unit is designed to be hand carried too and is designed to power turn the hand augers.

It is powered by a 5hp Briggs & Stratton engine coupled to an hydraulic pump. Long hoses are coupled to an hydraulic motor drive head with finger tip control of rotation.

The whole unit with auger kit weighs only 40kg, and is easily carried by 2 men, or the engine unit can be left on a truck and hole drilled nearby. It can be used to drive any of our augers with a coupling to fit light or heavy duty threads. It is of considerable advantage for drilling hard ground but is little advantage, if any, in sand or light soil.

