

July 20, 1994

Dept Mines & Energy
Attention: Principal Registrar
GPO Box 2901
DARWIN NT 0801

Dear Sir/Madam

RE: EXPLORATION LEASE 7620

Please find enclosed the Annual Report and proposed commitment for the forthcoming year with details of work program.

I trust this meets the requirements set out by your Department.

Yours sincerely

JOHN MCDONNELL

CR 94/519

ANNUAL REPORT

EXPLORATION LEASE 7620

No. 2

1993 - 1994

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REPORT FOR EXPLORATION LEASE 7620 20/7/94

(Notes on work done and type of operation.)

*Rent for the current 12 months was paid on 23/6/94

The exploration area was prospected for the purpose of locating payable mining areas for shallow reefs or leaders and/or alluvial deposits for the mining of gold. Mining would have been on a modest scale suitable for a two person operation with some machinery.

We are private operators and do not have the resources of a large organisation, however, our equipment is sufficient for our needs and our testing methods also sufficient to give us the information we require.

Work done involved soil sampling and rock sampling at two sites. Considerable time was spent field prospecting on foot. Disturbances left were nil as all samples were taken by hand.

Soil Samples

These were screened and the fines panned off or separated in a gold wheel. Estimated Au values are from tail size and is accurate enough for our requirements.

Quartz or Stone Samples

These were crushed and pulverised by machine and panned off for the gold value.

Crushing and testing is done at our yard in Tennant Creek.

The samples tested have shown some gold is present in the area.

The land involving Exploration Lease 7620 became aboriginal land in December 1992, converted from Crown Land. Our application to the Central Land Council for "Official" access to the area, submitted in December 1992, has been ignored even though we followed this up at the local office and by phone to Alice Springs. The only correspondence received was with reference to leases we have not held for years. We considered any further effort here was likely to be more waste of time.

Work was recommenced November 1993 using access from the south via Kurundi Station straight onto the Exploration Lease area. This involved many more kilometres of travel than the direct route through McLaren Creek Station.

A quantity of quartz samples were taken, crushed and panned, but in these cases were not considered worthy of further assay.

Many soil/gravel samples were panned for free gold.

Work was concentrated on Blocks 62/14 and 62/15 as a follow up to earlier work.

Wet conditions made access to the area impossible during December 1993 for several weeks as tracks are not all weather.

EXPENDITURE REPORT FOR EXPLORATION LEASE 7620

PERIOD 24/6/93 - 23/6/94

<u>Value of Wages</u>	<u>KM Travelled</u>	<u>Fuel</u>	<u>Spare Parts Tyres & Repairs</u>	<u>Backhoe or Posthole Borer</u>	<u>Field Accom</u>	<u>Field Equipment</u>	<u>Assay</u>
On Site 3600 Travelling 900 Testing Samples & Paperwork 1100	1500	Vehicle & Genset	Tyres & Repairs	Nil	New equipment (Part Cost)	Genset & Refrigerator	By others
\$5600	\$1800	\$240	\$300	NIL	\$900	\$1700	NIL

Travelling Fieldwork : 90%

Sampling & Paperwork : 10%

(Approximate Figures)

ALL LOCAL OVERHEADS

Year 2

TOTAL : \$ 10,540.

5.

PROPOSED PROGRAM FOR YEAR 3
EXPLORATION LEASE 7620

Commitment : \$5000.00 For gold prospecting

We propose to have a further look at the areas tested.

Further prospecting work is to be done in the volcanic areas in blocks 59/15, 61/15, 62/15. This work will involve further surface prospecting and possible testing.

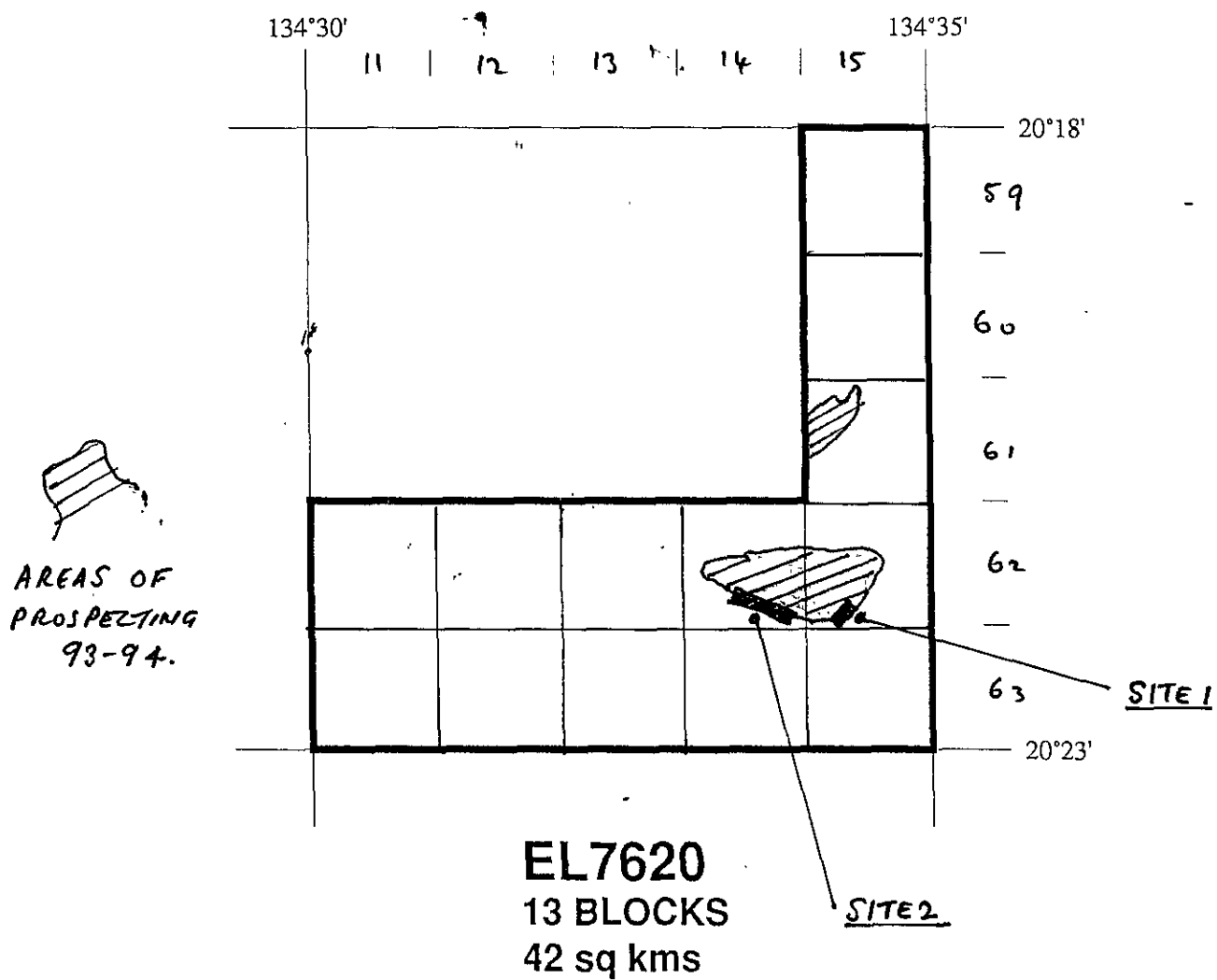
Surface samples will be examined in these areas, some of which is very steep country. It is intended to test any quartz reef samples of interest and try to delineate any alluvial ground if present.

Approximate Cost Breakup:

Labour Fieldwork and Sampling	70%
Vehicles, Fuel & Camp	20%
Sampling Costs	10%

SECOND SCHEDULE
(Plan of Area)

MAP 58/3



SITE LOCATION PLAN.

EL 7620

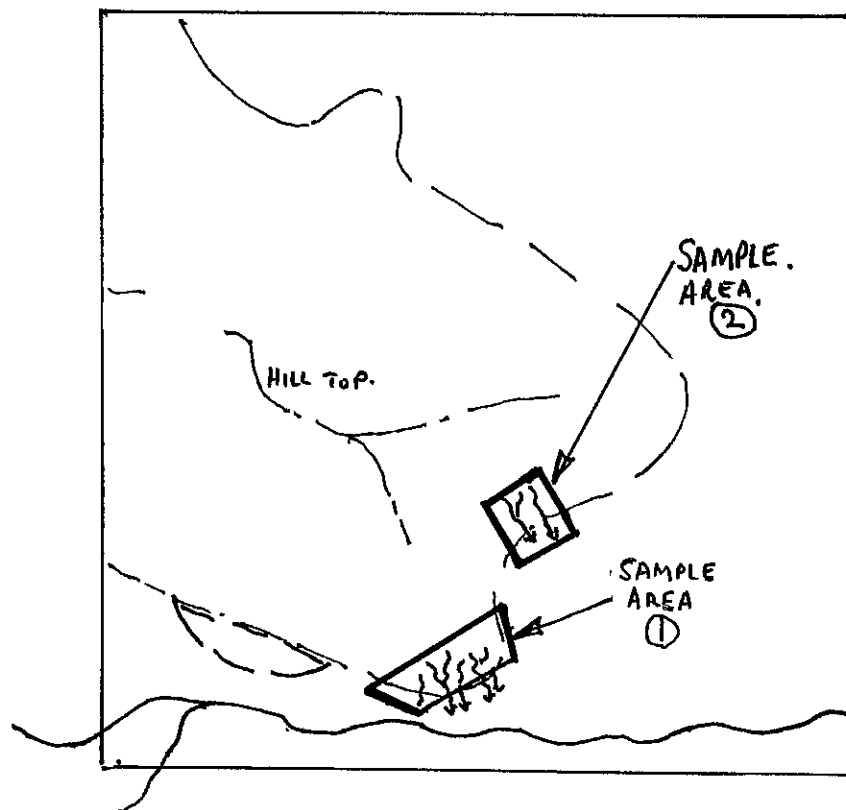
20/7/94.

TEST SITE 1.BLOCK 62/15

MAP 58/3

SITUATED ON THE SOUTH EAST FLANK OF A STEEP HILL OF VOLCANIC ORIGIN. THE AREA OF INTEREST WAS THE LOWER SLOPES DOWN TO THE EDGE OF THE TOPSOIL OF THE FLATS. THIS AREA INCLUDED MANY SMALL GUTTERS AND MINOR GULLIES. QUARTZ AND IRONSTONE FRAGMENTS ARE IN ABUNDANCE IN THIS AREA.

ALL SAMPLES TAKEN IN THIS AREA WERE OF SOIL/GRAVEL.



TEST SITE
1.

SAMPLE AREA ① SAMPLES WERE TAKEN FROM 6 SMALL GULLIES AND FROM GRAVELS BETWEEN THE GULLIES 44 SAMPLES WERE COLLECTED FOR TESTING.

SAMPLE AREA ② SAMPLES TAKEN AS ABOVE.
15 SAMPLES COLLECTED.

7620
Exploration Lease.....
Period 24/6/93 to 23/6/94.

Sample Results

Site # 1.

* SAMPLE AREA. ①

GROUP #	SAMPLE #	TYPE	VALUE AU	COMMENTS
①	1	Quartz / Gravel	NIL	
GUTTERS.	2	Quartz / Gravel	NIL	
WEST TO	3	Quartz / Gravel	NIL	
EAST	4	Quartz / Gravel	COLOUR	VERY FINE.
(TOP TO	5	Quartz / Gravel	NIL	
BOTTOM)	6	Quartz / Gravel	COLOUR	FINE
	7	Quartz / Gravel	NIL	
	8	Quartz / Gravel	COLOUR	3 FINE PIECES.
	9	Quartz / Gravel	COLOUR	VERY FINE
	10	Quartz / Gravel	COLOUR	" "
	11	Quartz / Gravel	NIL	
	12	Quartz / Gravel	NIL	
	13	Quartz / Gravel	NIL	
	14	Quartz / Gravel	NIL	
	15	Quartz / Gravel	COLOUR	CONSISTED - (QUARTZ SPECIMEN)
	16	Quartz / Gravel	NIL	VERY SMALL
	17	Quartz / Gravel	NIL	
	18	Quartz / Gravel	NIL	
	19	Quartz / Gravel	NIL	
	20	Quartz / Gravel	1 COLOUR	PIN HEAD SIZE
	21	Quartz / Gravel	NIL	
	22	Quartz / Gravel	NIL	
GROUP ②	—	Quartz / Gravel	—	—
GRAVELS	1	Quartz / Gravel	NIL	
BETWEEN	2	Quartz / Gravel	NIL	
GULLIES.	3	Quartz / Gravel	NIL	
'ON TOP'	4	Quartz / Gravel	NIL	
WEST TO	5	Quartz / Gravel	COLOUR	FINE
EAST	6	Quartz / Gravel	NIL	
BETWEEN	7	Quartz / Gravel	NIL	
ABOVE	8	Quartz / Gravel	NIL	
GUTTERS	9	Quartz / Gravel	NIL	
	10	Quartz / Gravel	NIL	
	11	— GRAVEL	NIL	

SHOWS LESS
CONCENTRATION
OF HEAVY
MATERIAL

Exploration Lease..7620.....
Period 24/6/93 to 23/6/94.

Sample Results

Site # 1. CONT.

GROUP #	SAMPLE #	TYPE	VALUE AU	COMMENTS
(2)	12	Quartz / Gravel	NIL	} HEAVY BLACK PEBBLES + QUARTZ
CONT.	13	Quartz / Gravel	NIL	
ALL GRAVELS.	14	Quartz / Gravel	NIL	
BETWEEN	15	Quartz / Gravel	NIL	} FINE SEVERAL PIECES. FINE " " PINS HEAD SIZE + FINE.
GUTTERS	16	Quartz / Gravel	COLOURS	
	17	Quartz / Gravel	COLOURS	
	18	Quartz / Gravel	COLOURS	} MAINLY LIGHT MATERIAL.
	19	Quartz / Gravel	NIL	
	20	Quartz / Gravel	NIL	
	21	Quartz / Gravel	NIL	
	22	Quartz / Gravel	NIL	
SAMPLE AREA 2.		Quartz / Gravel		
GROUP ①	1	Quartz / Gravel	NIL	} LETS HEAVY MATERIAL THAN AREA ①
GUTTERS	2	Quartz / Gravel	NIL	
WEST TO	3	Quartz / Gravel	NIL	
EAST.	4	Quartz / Gravel	NIL	} QUARTZ + IRONSTONE FRAGMENTS PLENTIFUL.
	5	Quartz / Gravel	NIL	
	6	Quartz / Gravel	NIL	
	7	Quartz / Gravel	NIL	}
	8	Quartz / Gravel	COLOUR	
	9	Quartz / Gravel	NIL	
GROUP (2)	10	Quartz / Gravel	NIL	} MORE LIGHT MATERIAL.
GRAVELS	11	Quartz / Gravel	NIL	
OFF TOP	12	Quartz / Gravel	COLOUR	
WITH SOIL.	13	Quartz / Gravel	COLOUR	
BETWEEN	14	Quartz / Gravel	NIL	}
2 MAIN	15	Quartz / Gravel	NIL	
GUTTERS		Quartz / Gravel		
		Quartz / Gravel		
		Quartz / Gravel		
		Quartz / Gravel		
		Quartz / Gravel		

Exploration Lease...7620.....
Period 24 / 6 / 93 To 23 / 6 / 94 .

Sample Results

Site# ① .

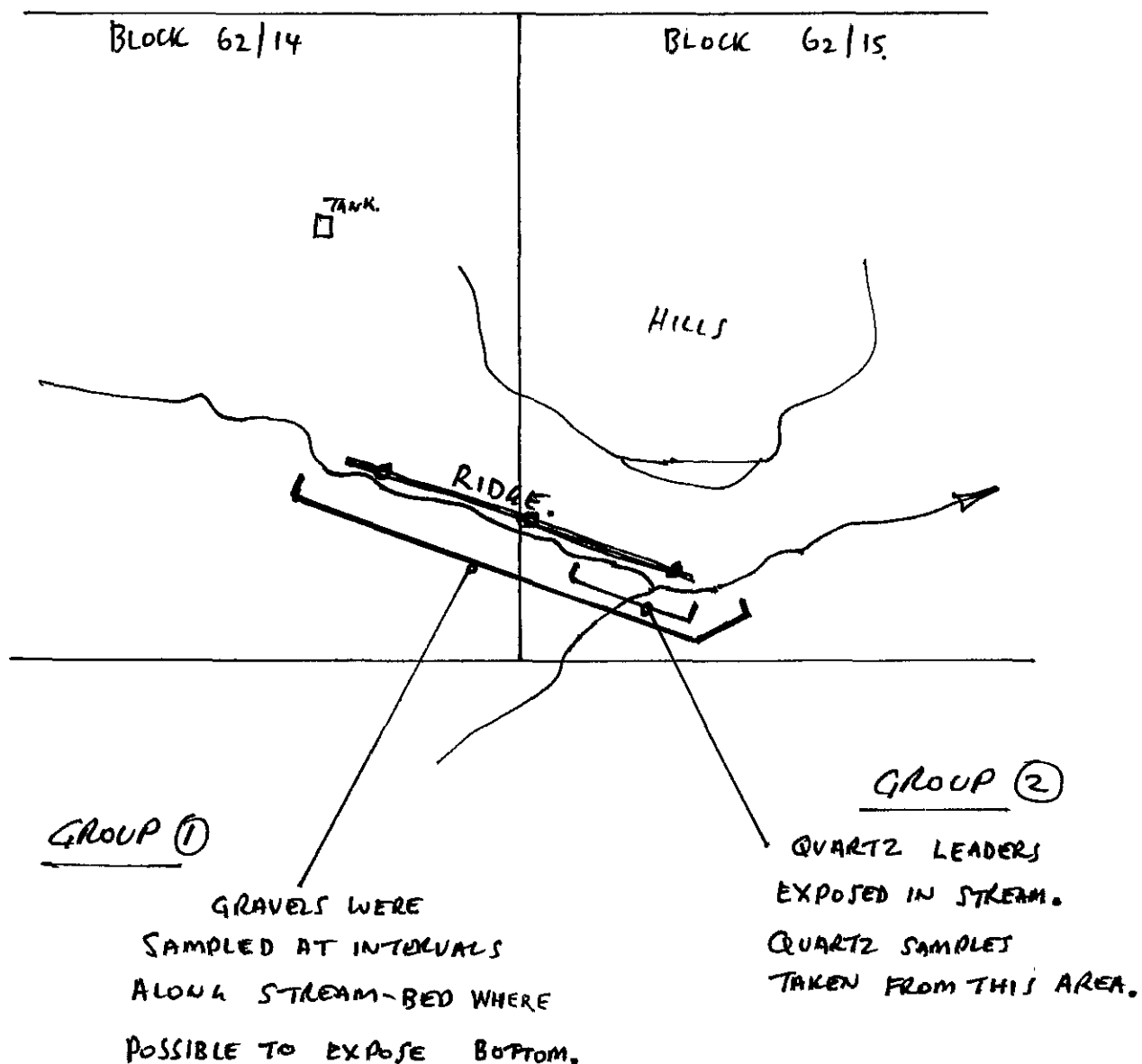
Comments:

- ALL SAMPLES TAKEN WERE SOIL OR GRAVEL FROM SURFACE GUTTERS OR AREAS BETWEEN.
- THE SAMPLES WERE COLLECTED AND TAKEN BACK TO OUR YARD FOR SAMPLING, IN ORDER TO SAVE TIME IN THE FIELD, AND FOR WATER REQUIREMENTS FOR TESTING.
- THE SAMPLES WERE ALL SEIVED AND PANNED FOR GOLD.
- NO FURTHER ASSAY OR TESTING WAS DONE AS THE RESULTS PROVED TOO POOR FOR FURTHER WORK.

20/7/94

EL 7620TEST SITE 2.BLOCKS 62/14 AND 62/15

MAP 58/3



Exploration Lease..7620
Period 24/6/93 to 23/6/94.

Sample Results

Site # 2.

GROUP #	SAMPLE #	TYPE	VALUE AU	COMMENTS
①	1	Quartz / Gravel	NIL	
GRAVELS	2	Quartz / Gravel	COLOUR	
FROM	3	Quartz / Gravel	COLOUR	
STREAM	4	Quartz / Gravel	COLOUR	
BED.	5	Quartz / Gravel	NIL	
	6	Quartz / Gravel	COLOUR	
WEST	7	Quartz / Gravel	NIL	
END	8	Quartz / Gravel	NIL	
	9	Quartz / Gravel	NIL	
	10	Quartz / Gravel	COLOUR	
	11	Quartz / Gravel	NIL	
	12	Quartz / Gravel	NIL	
	13	Quartz / Gravel	NIL	
	14	Quartz / Gravel	NIL	
	15	Quartz / Gravel	NIL	
	16	Quartz / Gravel	NIL	
	17	Quartz / Gravel	COLOUR	
EAST	18	Quartz / Gravel	NIL	
END	19	Quartz / Gravel	NIL	
MAINLY	20	Quartz / Gravel	NIL	
AROUND	21	Quartz / Gravel	NIL	
JUNCTION OF	22	Quartz / Gravel	NIL	
SIDE CREEK.	23	Quartz / Gravel	NIL	
	24	Quartz / Gravel	NIL	
GROUP ②		Quartz / Gravel		
QUARTZ	1	Quartz / Gravel	NIL) ABOVE JUNCTION
FROM	2	Quartz / Gravel	NIL	
LEADERS.	3	Quartz / Gravel	NIL) AT AND BELOW JUNCTION OF CREEKS.
	4	Quartz / Gravel	NIL	
	5	Quartz / Gravel	NIL	
	6	Quartz / Gravel	NIL	
		Quartz / Gravel		
		Quartz / Gravel		

Exploration Lease.....7620
Period 24/6 /93 To 23/6 /94.

Sample Results

Site# 2 .

Comments:

- THIS SITE CONSISTED OF A DEEP STREAM BED RUNNING WEST TO EAST, HARD AGAINST THE SOUTHERN FACE OF A QUARTZITE RIDGE IN A FAULT LINE.
- SAMPLES WERE TAKEN MAINLY OF GRAVELS OFF THE BOTTOM OF THE STREAM BED. SEVERAL QUARTZ SAMPLES WERE TAKEN FROM EXPOSED LEADERS RUNNING ACROSS THE STREAM.
- TWO AREAS WERE SAMPLED:
 - GRAVELS WERE COLLECTED AT INTERVALS ALONG THE STREAM ADJACENT TO THE RIDGE.
 - QUARTZ SPECIMENS WERE TAKEN FROM LEADERS AT THE EASTERN END OF THE RIDGE ONLY.
- RESULTS PROVED POOR BUT THE AREA DOES APPEAR TO HAVE SOME TRACES OF GOLD SCATTERED ABOUT. NO HEAVY GOLD WAS FOUND, AND THE AREA IS NOT CONSIDERED WORTH ANY MORE EXPENDITURE AT THIS STAGE.
- ALL TESTING OF SAMPLES WAS DONE AT OUR YARD. QUARTZ SAMPLES WERE CRUSHED + PULVERISED BY MACHINE AND PANNEED BY HAND. THIS SAVES MUCH TIME ON THE FIELD AND GIVES BETTER RESULTS.