EXPLORATION LICENCE 8303

KURUNDI

FIRST ANNUAL REPORT

JANUARY 1995
INTRODUCTION

Exploration Licence 8303 consists of 40 blocks, granted to John F McDonnel (50%) and Thomas R Hall (50%) on the 20 December 1993 for a period of 6 years.

EL 8303 is located in the Kurundi area, approximately 110 Kms south-south-east of Tennant Creek. The northern boundary of the Licence is approx 3 kms south and west of Kurundi Station homestead. Access is via the sealed Stuart Highway and gravel roads and tracks on McLaren Creek, Singleton and Kurundi Stations. (Map 1)

VEGETATION

Vegetation is typical of Hummock grasslands with scattered trees and shrubs. Grasses include varieties of spinifex, woollybutt (Eragrostis eriopoda) and kerosene grass (Aristidia browniana). Shrubs and trees include acacias, notably mulga (Acacia aneura), turpentine (Acacia lysiothloia) and gidgee (Acacia georginae), and some eucalypts, notably snappy gum (Eucalyptus brevifolia) on rocky slopes, ghost gum (Eucalyptus papuana) on slopes and alluvial flats and River Red gums (Eucalyptus camaldulensis) along the larger watercourses and permanent waterholes.

TOPOGRAPHY

The Murchinson Range is the predominant topographic feature within the Exploration Licence, extending from the northwest to the southeast of the licence area. Mount Cairns, the highest topographic feature in the region, is located within the eastern portion of the Licence. A large portion of the licence area is comprised of rugged range terrain that is heavily incised and difficult to access.
Drainage in the northern portion of the Exploration Licence is controlled by Kurundi Creek which flows to the east and then northeast. On the other side of the Murchinson Range, the southern portion of the Exploration Licence is controlled by Bonney Creek which flows to the west.

GEOLOGY

The oldest exposed rocks in the exploration licence area consist of the Hatches Creek Group which are folded into several synclines, anticlines, domes and basins. They are displaced by numerous faults, which are commonly marked by reefs of quartz veins. Weathering has exposed sections of Kurinellie Sandstone and Edmirringe Volcanics which are predominantly overlain by Unimbra Sandstone, Yeeradge Sandstone, Coulters Sandstone and Kudinga Basalt of the Wauchope Subgroup.

The Kurundi Anticline passes through the northern portion of the Exploration Licence and the Bonney Syncline through the southeastern section. A number of minor faults cut perpendicular into the Murchinson Range.

Approximately 20% of the licence area has surficial Cainozoic sediments (gravel, sand and silt colluvium). (See Map2).

MINERALISATION

Minor mineralisation occurs throughout the region, including gold, tungsten, copper and bismuth minerals in quartz veins; traces of copper and lead minerals in basalts of the Hatches Creek Group; uranium in the altered quartz-feldspar porphyry intruding the Warramunga Group; and gold and sulphides in the altered volcanic-sedimentary sequences within the Warramunga Group.
Gold was first discovered in the Kurundi area by Davidson in 1898. It was found to be associated with the fault related quartz veins and also found to be highly irregular and unpredictable.

To date no significant mineral deposits have been identified in the area. The Power Of Wealth Mine is approximately 6 kms to the northwest of the northwest corner of the Licence and the old Kurundi Gold Prospect is approx 1 km north of the northern boundary.

**FIRST YEAR PROGRAM**

Work conducted during the first year of tenure included:
- literature review
- geological review
- licence boundary identification
- aerial reconnaissance
- two field trips
- initial surface sampling

Access to much of the Exploration Licence is extremely difficult due to the rugged terrain and the high incidence of incised drainage lines. Aerial reconnaissance identified a number of potential access routes to various sections of the EL however most were abandoned when ground access by vehicle was attempted. Due to access difficulties the initial sampling program was restricted to the northern portion of the EL.

Twenty-one soil/sediment samples were collected and tested by panning in the field. These results simply identify the presence or absence of gold in the panned concentrate. Refer to map 3 for sample locations and results. Only three samples gave an indication of gold.
A number of rock samples were collected for crushing and panning on-site. These have yet to be tested. One rock sample from what appeared to be a highly mineralised galena-quartz outcrop was forwarded for laboratory analysis. The sample assayed at 0.09 ppm Au, 138.0 ppm Ag, 6.70% Pb, 12ppm Zn and 7.65% Cu. Assay sheets and sample location are included in appendix 1.

FIRST YEAR EXPENDITURE

- Rent and advertising fees  $ 515
- Administration          $ 800
- Wages                   $ 4800
- Fuel                    $ 560
- Vehicle maintenance and repairs  $ 1700
- Light aircraft hire     $ 1560
- Consumables            $ 750
- TOTAL                  $ 10685

PROPOSED SECOND YEAR PROGRAM

1. Complete preliminary sampling program (rock and soil)
2. Review analysis results
3. Identify potential target areas
4. Conduct secondary sampling of target areas
5. Conduct costeasing if secondary sampling results warrant

Expenditure for the second years program will be approx $8,000 with additional expenditure depending on secondary sampling program.
APPENDIX 1.
ASSAY CODE: AC 16607

Mr. John McDonnell.  
c/- Assaycorp Tennant Creek

Client Reference: 89  
Date Received: 16/09/1994

Project:  
Number of Samples: 8

Cost Code:

<table>
<thead>
<tr>
<th>Analysis</th>
<th>Analytical Technique</th>
<th>Precision &amp; Accuracy</th>
<th>Detection Limit</th>
<th>Data Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Au</td>
<td>FA50</td>
<td>Acc. ± 15%</td>
<td>N/A</td>
<td>ppm</td>
</tr>
<tr>
<td>Au(3)</td>
<td>FA50</td>
<td>Acc. ± 15%</td>
<td>0.01 ppm</td>
<td></td>
</tr>
<tr>
<td>Ag</td>
<td>AAS/MA-3</td>
<td>Prec. ± 10%</td>
<td>0.5 ppm</td>
<td></td>
</tr>
<tr>
<td>Pb</td>
<td>AAS/MA-3</td>
<td>Prec. ± 10%</td>
<td>2 ppm</td>
<td></td>
</tr>
<tr>
<td>Zn</td>
<td>AAS/MA-3</td>
<td>Prec. ± 10%</td>
<td>1 ppm</td>
<td></td>
</tr>
<tr>
<td>Cu</td>
<td>AAS/MA-3</td>
<td>Prec. ± 10%</td>
<td>1 ppm</td>
<td></td>
</tr>
</tbody>
</table>

Authorisation: Ray Wooldrige
Report Dated: 21/09/1994
<table>
<thead>
<tr>
<th>Sample</th>
<th>Au  (ppm)</th>
<th>Au(R) (ppm)</th>
<th>Ag  (ppm)</th>
<th>Pb  (ppm)</th>
<th>Zn  (ppm)</th>
<th>Cu  (ppm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAMPLE # 1</td>
<td>0</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>SAMPLE # 2</td>
<td>1</td>
<td>1.26</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>SAMPLE # 3</td>
<td>1</td>
<td>1.95</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>SAMPLE # 4</td>
<td>1.1</td>
<td>11.5</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>SAMPLE # 5L</td>
<td>3</td>
<td>2.59</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>SAMPLE # 6L</td>
<td>3</td>
<td>4.14</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>SAMPLE # 7L</td>
<td>2</td>
<td>2.90</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>SAMPLE # 8</td>
<td>0.09</td>
<td>138.0</td>
<td>6.70%</td>
<td>12</td>
<td>7.65%</td>
<td></td>
</tr>
</tbody>
</table>

**THIS SAMPLE**

EL 8303
EL 8303

Location plan of site sampled.

Map 58/6 Block 43/21

Type of sample:
Quartz/Calcina with copper from small reef.

Sample site.

Sample Ag Pb Zn Cu Au.

Refer to assay results.