EL 6748

MOSQUITO CREEK

FOURTH ANNUAL REPORT

MAY 1994.

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SUMMARY.

The proposed fourth years program was significantly altered due to the injury of the principal tenement holder. The Department of Mines and Energy was advised in July and September 1993 that programs may need to be delayed or deferred. In April 1994 the Department was notified that the major earthworks program would be deferred until later in 1994.

Activities conducted in the fourth year consisted of two field trips to the site, relocation of earthworks equipment to the site and repairs to the base camp.

LOCATION.

Exploration Licence 6748 is located in the Mosquito Creek area, approximately 90 kilometres south-south-east of Tennant Creek and approximately 25 kilometres north-north-west of Kurundi Station. Access is via the sealed Stuart Highway and gravel roads and tracks on McLaren Creek and Kurundi Stations.

TENURE.

At the completion of the third year’s program, Mr Hallet opted to withdraw from the Mosquito Creek Joint Venture. Due to an administrative oversight, the Department of Mines and Energy was not notified of this situation. Appropriate paperwork is now being prepared for submission to the Department.

PREVIOUS WORK.

During the first year of tenure a literature review of the region and geological review of the exploration licence area was undertaken. A light aircraft was used for an overview and general assessment of the licence area. Four wheel drive vehicles were used for ground identification of licence boundaries. For a period of time, the Department of Mines and Energy had conflicting maps of the location of mineral claims within the exploration licence.
As exploration activities involved field trips of two to three weeks at a time, a permanent base camp was established on the exploration licence. The base camp is located approx. one kilometre east-north-east of the datum for MCC17, and consists of a caravan and basic facilities including a generator for power.

A preliminary program of panning surface samples from drainage lines was undertaken. Panning was evaluated on either the presence or absence of gold in the dish. Where panning gave an encouraging indication of gold, grab samples were collected for analysis.

Panning and sampling was concentrated on the more well-defined drainage lines. Approximately 150 sites were panned and 35 samples collected for analysis. A number of reef outcrops on the ridges were also checked with samples being crushed and panned and 11 rock chip samples collected for analysis.

Samples were split and sent to Classic Laboratories for fire assay. Of the samples only seven assayed better than 0.5 g/t with the best assay producing 1.71 g/t. Three of the samples greater than 0.5 g/t are relatively close and are from an area to the east of MCC17. This was designated as the prime target area for further exploration.

Additional surface sampling was conducted on a 50 to 100 metre grid over the prime target area (site 12) identified by last year’s program. Samples collected from the top 30 cm were panned to test for the presence of color. Results were variable although encouraging over an area of up to 400 metres. A preliminary costean and sampling program was undertaken around the target area of site 12 covering portions of blocks 1257 and 1258 on map 58.

A series of costeans were excavated and samples of the spoil (up to 2 cubic metres) were tested through a small portable dry blower. Excavated material consisted of alluvial and colluvial gravels containing both ironstone and quartz. Results of the sampling are considered sufficient to warrant a follow-up costean program and treatment of a bulk sample by dry blower.

Oversize from the dry blower was also checked and a few pieces were found to contain visible gold. Hard rock potential will also require follow-up.
FOURTH YEAR PROGRAM.

A reconnaissance field trip was undertaken in early June 1993 to assess condition of access to the site and operational conditions on site. Access to the site was reasonable however site conditions were assessed to be too wet to initiate the exploration program.

The second field trip in early July 1994 confirmed that conditions were suitable and exploration earthmoving equipment was transported onto site. Locations for the follow-up costean program were identified as well as an appropriate site for the bulk testing of alluvial/colluvial material via dry blower.

Prior to the commencement of costeaneing, the principal tenement holder (and operator) was injured and prevented from continuing with the program as a result of surgery, medical advice and physiotherapy requirements. In July and September 1993 the Department was advised that the program may need to be delayed or deferred for about six months and in April 1994 the Department was notified that the program was deferred for twelve months (carrying it over into the following year of tenure).

At the time of the second field trip, various repairs were undertaken to the base camp facilities as a result of wind and water damage.

FOURTH YEAR EXPENDITURE.

<table>
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<tr>
<th>Item</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Wages</td>
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<td>Fuel</td>
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<td>Vehicle maintenance and repairs</td>
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<td>Relocation of excavator and dozer</td>
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<tr>
<td>Consumables</td>
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<tr>
<td>Administration</td>
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TOTAL $3,050
REDUCTION.

The Department has indicated that a deferral of reduction was unlikely to be supported and as such the two blocks containing the current exploration target area have been retained.

Blocks to be retained: Map 58 - blocks 57/12 and 58/12
Blocks to be relinquished: Map 58 - blocks 57/11 and 58/11

PROPOSED FIFTH YEAR PROGRAM.

1. Additional costeaving of alluvial target.
2. Bulk sampling of the alluvial target.
3. Initial costeane program to identify hard rock source.

The Mines Department will be notified of the costeane and bulk sampling programs when more details are available and before work starts.

Expenditure for the fourth years program is estimated to be approx. $10-12,000.

It is the tenement holders intention to complete all necessary exploration works on EL6748 in the next twelve months and then drop the title. Any areas with the potential to support a small mining operation will be pegged and applied for as Mineral Claims.