HAY RIVER
NORTHERN TERRITORY
E9604

SURRENDER REPORT

MAY 1998

Distribution:
DOME: Darwin
Ashcourt: Perth
Author: M.R. Griffiths
1 SUMMARY

The company targeted the area based on the presence of similar geological setting to that found in the Tanami/Granites Complex situated in the western half of the Northern Territory.

Review of the available data and a brief field visit conformed that the base assumption was correct.

However, due to the downturn in the global capital markets and a reducing gold price, the ability to raise venture capital and the capacity to attract for conceptual geological models diminished considerably during the tenure period. As a result, the company decided to surrender the licence even though the concept was considered sound.
2 INTRODUCTION

2.1 Location and Access

The Hay River Exploration Licence (E9604) is located 300 kilometres east north east of Alice Springs and south of the Plenty Highway. (Figure 1)

Access is via the Plenty Highway towards Tarntons Downs Homestead and then via station tracks. Access to the Licence is limited during the wet months (November to March).

2.2 Tenement

Exploration Licence 9604 was granted to Ashcourt Corporation on 10th October 1996 for a period of 6 years. Minimum annual expenditure requirement for the licence is $50,000. This report covers the first year of tenure (October 1996 to October 1997) and is the surrender report. (Figure 2)

2.3 Previous Exploration

Searches of the Department of Minerals and Energy revealed that the area covered by E9604 and ELA9603 had undergone substantial previous exploration. A number of reports were on open file with several of these being purchased by the company for review.

Much of the previous work had been conducted by Normandy Poseidon and they were principally looking for base metals not gold and most of their work concentrated on an area to the west of the tenement.

The licence area was covered by an aerial EM survey that identified one large electromagnetic body that was considered worthy of further investigation. However the exploration did not take into account the deep cover of wind blown sands and the programme was abandoned.

Only selected samples were assayed for gold and as a result no conclusions could be made with regard to the potential of significant gold mineralisation.

The licence was also flown with aerial magnetics and this was compared to the regional government magnetics. It was clear from this data that the overriding northwesterly trans-Tanami lineaments were a strong influence on the project area and the company considered that this warranted further investigation.

Ashcourt had targeted these areas for gold mineralisation only.
3 GEOLOGY

3.1 Geology Regional

The regional geology is covered by the Tobermoy 1:250 000 Sheet and Notes by K.G. Smith (1965). The Notes describe the area as mostly lying within the Georgina Basin covered by Paleozoic, Mesozoic and Cainozoic superficial material with scattered outcrops of Lower Proterozoic rocks in the south west, and south west of the map sheet. (Figure 2)

The area has been described as the Central Tectonic Zone, consisting of sedimentary and volcanogenic rocks deposited in an east-west trending trough.

An early tectonic event has been postulated for the mid-Proterozoic period. This event caused varying grades of metamorphism and dislocation of the rocks into fault bounded blocks. The project area covers the margin of one of these blocks that abuts the rocks of the Georgina Basin.

Further detail can be derived from Smith (1965).

3.2 Local Geology

The area was select on the basis that the Trans Tanami Fault extends beyond the Granites/Tanami Complex rock into the Arunta Block.

The south west corner of the map lies within this zone and the contact of the Tarlton Fault with mapped Archaean? Rocks postulated as the target area.

Both Arthur Creek and Hay River appear to be “trapped” water courses that exist due to the underlying structural setting of the area.

The mapping also indicated that the was potential for numerous small outcrops of Arunta Complex rocks within the extensive sand cover and this warranted further investigation.
4 WORK COMPLETED

During the period, Ashcourt completed and extensive search for previous exploration data covering the area in and around the tenements. This data was to be used as a guide to what was required to advance the prospectivity of the project.

A field reconnaissance visit was completed to determine if the geological setting complied with the postulated geological model.

The overall logistical situation was determined. This included liaison with the Pastoralist, assessment of available access tracks and availability of water. These were taken into account for future field work.

5 RESULTS/CONCLUSIONS

The reconnaissance field trip resulted in the following:

- The geological setting was found to corresponded with the overall postulated model.
- The level of outcrop is very poor and limited access to prospective sample horizons was a telling factor in the ability to collect meaningful samples.
- Access was found to be poor but comparable to other remote locations such as the Tanami Desert.
- The aerial magnetics (Figure 3) also confirmed the geological model.

The overall conclusion of the work done is that the area holds scope for the discovery of both gold and base metal deposits. At present, the data is too confined to interest many companies but the Author believes that a systematic exploration programme would be fruitful in defining a number of anomalies worthy of follow up work.

The downturn in world capital markets and the falling the gold price had a serious impact on the companies ability to raise funds and conduct an appropriate exploration programme. The project was found to fit the overall exploration model but the data was insufficient to attract a joint venture partner.

6 RECOMMENDATIONS

The work done is far from conclusive and at best can be described as “preliminary”. A systematic exploration programme of exploration that would start by acquiring aerial magnetics on 200 metre or less line spacings followed by geological fact mapping at 1:5,000 scale mapping to determine the best method of sampling. Due to
the deep colluvial cover, VAC or RAB drilling are recommended as the geochem tool.

Due to financial circumstances the company decided to surrender the area before any serious exploration could be completed.

7 EXPENDITURE

General Prospecting
- Geochemical sampling
- Reconnaissance/Orientation sampling $2,000

Remote Sensing
- Aerial Photography $200

Overheads
- Desk study
- Mapping
- Reporting
- Field Preparation $3,000

Other Costs
- Fuel
- Messing
- Airfares
- Accommodation
- Equipment Hire $3,000

Total $8,200
8 REFERENCES

1. Smith, K. G., (1965) Tobermory, NT, BMR Geol Survey 1:250 000
   Geological Series Explanatory Notes.
   the Period 22/01/91 to 21/01/95 (unpublished) Normandy Exploration Limited
   (Bonya Creek) and 6994 (Hay River) (unpublished) Poseidon Exploration
   Limited.
   River), 7287 (Mt Cornish), 7505 (Twins Bore) in the Eastern Arunta Block
   6994 (Hay River), 7287 (Mt Cornish), 7505 (Twins Bore) in the Eastern Arunta
   Block for the Period 09/11/93 to 08/11/94 (unpublished) Poseidon Exploration
   Limited.
   River), 7089 (Marshall River), 7287 (Mt Cornish), 7505 (Twins Bore) in the
   Eastern Arunta Block for the Period 16/01/92 to 16/01/93 (unpublished)
   Poseidon Exploration Limited
HAY RIVER PROJECT LOCATION MAP

Figure 1