SURRENDER REPORT

EL 9518

30th September 1998

JERVOIS

Northern Territory

C. SAVAGE

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1. SUMMARY

C. Savage holds exploration Licence EL 9518 granted on 1/10/96 for 35 blocks surrounding the former Jervois Mine north east of Alice Springs in the Northern Territory. Under compulsory partial surrender provisions 50% of the area has been relinquished and the licence now comprises 18 blocks.

The area is prospective for copper, lead, zinc and silver in lower Proterozoic Arunta rocks. The copper mineralization at Jervois occurs in lenticular stratabound garnet magnetite quartzites.

2. LOCATION AND ACCESS

EL 9518 is located 280 kilometres north east of Alice Springs on the Huckitta (SF53-11) 1 : 250,000 map sheet (Figure 1) and surrounds the mineral leases which cover the Jervois mineralised outcrop. Access is via the Stuart Highway for 69 kilometres north of Alice Springs and then easterly along the partially sealed Plenty River Highway to Jervois Station.

Station tracks provide local access throughout the tenement which is located over portion of the Jervois Pastoral Lease.

3. TENEMENT STATUS

The tenement EL9518 of 35 blocks was granted to C. Savage on 1/10/96 for a period of 6 years. Prior to the expiration of the current period, 50% of the area was relinquished under compulsory partial surrender provisions. The area relinquished is shown in figure 2.

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Holder</th>
<th>Granted</th>
<th>Expiry</th>
<th>Original Area</th>
<th>Relinquished Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL 9518</td>
<td>C. Savage</td>
<td>1/10/96</td>
<td>30/9/02</td>
<td>35 blocks</td>
<td>18 blocks</td>
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4. GEOLOGY (After Booth 1993)

The Project is located towards the eastern margin of the Lower Proterozoic Arunta Orogenic Domain which is a major structural province within Central Australia. It trends broadly east west and has been divided into 3 tectonic areas: Central, Southern, and Northern. The Central Tectonic Zone consists of an accumulation of sedimentary and volcanogenic rocks deposited in an east-west trough. With time the trough broadened to include the Northern and Southern Tectonic Zones and the composition of the sediments being supplied to the basin matured.
The rocks within the Orogenic Domain have been divided into 3 groups:

- Division 1: Felsic and mafic granulites
- Division 2: Schistose pelitic metasediments and quartz-feldspathic gneisses
- Division 3: Schistose pelitic metasediments and metaquartzite.

The divisions are separated by unconformities. The increasing maturity of the sediments reflects the evolution of the basin.

The project area covers the Central and Northern Tectonic Zones of the Eastern Arunta Orogenic Domain and contains generally amphibolite grade Division 1 and 2 lithologies together with basal units of the Georgina Basin sequence.

An early tectonic event during the mid-Proterozoic metamorphosed and dislocated the rocks into many fault-bounded blocks. A later event, the Carboniferous Alice Springs Orogeny, reactivated the faults. The project area is located within the Jervois and Jinka Blocks.

Sedimentation in the Georgina Basin began during the Adelaidian with the deposition of argillites, arenite glaciogene sediments, and carbonates along the southern margin of the basin. After the Adelaidian the sediments primarily consisted of carbonates and arenites. Structurally, Peters et al recognised three deformational periods in the Jervois area: D1, D2, and D3. D1 produced an isoclinal recumbent F1 fold closing to the west with a sub-horizontal axial plane. Most of the features of D1 are overprinted by D2 and are difficult to recognise.

The F1 fold was subsequently refolded during D2 with a vertical north-south striking axial plane plunging southwards (F2). Regional F2 folds are mostly tight to isoclinal. The lateral and vertical distribution especially of the polymetallic mineralisation known to date appears to be mainly controlled by D2 which caused transposition, attenuation on the limbs of parasitic folds and boudinaging.

F2 structures and their penetrative schistosity are dominant in the area.

5. Exploration Activities

During the period of tenancy the licence area was assessed by a search of previous data and reconnaissance mapping prior to selection of areas for sampling and drilling. The subsequent work was carried out almost exclusively on the retained areas so that expenditure on the relinquished blocks was insignificant.