TANAMI GOLD NL
(A.C.N. 000 617 176)

EL 8957

HIGHLAND ROCKS

ANNUAL REPORT

FOR YEAR ENDING

9 JANUARY 1999

Distribution:
- Department of Mines and Energy (1)
- Central Land Council (1)
- Tanami Gold NL (1)

April 1999
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1. SUMMARY

This report has been prepared by Tanami Gold NL ("TGNL") and covers the second year of term of Exploration Licence 8957 (Highland Roacks) in the Tanami Desert region of the Northern Territory. The area covered by EL 8957 is located on the Highland Rocks 1:250,000 geological sheet, SF52-7.

The tenement, together with Exploration Licences 8514, 8515 and 8517, was the subject of a Letter Agreement, dated 24 December 1998, whereby Sons of Gwalia Limited ("SGW") transferred its interest to TGNL.

No work was conducted on the tenement during the year ended 9 January 1999.

2. INTRODUCTION

The Highland Rocks licence (EL 8957) is centred about 420km north-west of Alice Springs. The tenement lies within Highland Rocks 1:250,000 sheet.

Following the grant of EL 8957 to SGW on 10 January 1997, a review of previous work was conducted and a geological map of the tenement was compiled using Landsat TM images, black and white Spot Imagery and field observations. A program of 365 line kilometres of gridding was conducted in conjunction with a sampling program which involved collection and testing of 993 lag and 91 rockchip samples. This work was reported in the Annual Report for the period 10 January 1997 to 9 January 1998 (Nugus, Slade & Westaway, 1998).

3. TENURE

EL 8957 was granted to SGW on 10 January 1997 over an area of 165 blocks. The licence was due to be reduced to 83 blocks at the end of the second year of term. A reduction was lodged on 16 February 1998 reducing the area to 82 blocks.

TGNL acquired SGW's interest in the tenement pursuant to a Letter Agreement dated 24 December 1998. A transfer of the interest to Tanami Exploration NL, a wholly owned subsidiary of TGNL, has since been executed and lodged with the Department of Mines & Energy.

The tenement lies entirely on Aboriginal Land, within the Central Desert Land Trust area. Consent to explore the land was granted by the Central Land Council ("CLC") following successful negotiations with the Traditional Owners and the CLC.
NARDUDI PROJECT
Tenement Interests - Western Arunta Area

Figure 1
4. LOCATION AND ACCESS

The Highland Rocks licence (EL 8957) is centred approximately 420km north-west of Alice Springs. Road access to EL 8957 is via the Stuart Highway and Tanami Road, then via tracks established by Sons of Gwalia and other companies with tenure in the Highland Rocks area.

Vehicular access to the area is generally good for light 4WD vehicles. Monsoonal rains through the summer months confine full-scale exploration activities to a 7-8 month field season, from approximately March to November.

5. GEOLOGY

The geology of the tenement was inferred from remote sensing images at 1:250,000 scale covering the tenement and environs, in conjunction with mapped geology from the Highland Rocks 1:250,000 Sheet Area.

Outcrop within the tenements is sporadic and poorly exposed. Bedrock is covered by either residual laterite capping or alluvial/aolian sand. The BMR mapped isolated patches of Archean (later defined as early Proterozoic) gneiss, schist and Proterozoic granitoid.

Approximately 50% of the area is covered by aeolian/alluvial sand cover of unknown depth. It is likely that the alluvial sand cover becomes deeper to the west, coinciding with the direction of drainage.

Interpretation of the Highland Rocks Sheet aeromagnetic images indicates that EL 8957 is underlain by elevated magnetic Tanami Complex stratigraphies. Interpretation of the regolith outlined a series of lateritic pediments which have been sampled and have returned anomalous As-Au values.

The 1999 field program will comprise further infill lag sampling and vacuum drilling.

6 YEAR 2 EXPLORATION PROGRAM (1998)

No work was conducted on the tenement during the second year of term.
## EXPENDITURE SUMMARY

### SECOND YEAR OF TERM

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<th>Item</th>
<th>Expenditure $</th>
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<tr>
<td>Geological salaries/wages</td>
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<td>Drafting</td>
<td>545</td>
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<tr>
<td>Compensation payment</td>
<td>1,667</td>
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<td><strong>Total Expenditure</strong></td>
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Expenditure supplied by Sons of Gwalia Ltd.
## PROPOSED BUDGET

### THIRD YEAR OF TERM

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<th>Proposed Work Program</th>
<th>Proposed Expenditure</th>
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<tbody>
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<td>Compilation of NTDME data</td>
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<td>Acquire and interpret existing aeromagnetic data</td>
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<tr>
<td>Site clearance program</td>
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<tr>
<td>Geochemical sampling program comprising vacuum drilling</td>
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<td>Manpower, supervision, field geologist, field assistant, logistical support</td>
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<td>Travel and accommodation</td>
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<tr>
<td>Camp mobilisation/demobilisation, exploration and drilling consumables, camp consumables, camp logistics</td>
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</tr>
<tr>
<td>Vehicles, fuel, maintenance</td>
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<td>Compensation payable to Central Land Council</td>
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<td>Administration / overheads</td>
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<tr>
<td><strong>Total Proposed Expenditure</strong></td>
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