5th Annual Report

EXPLORATION LICENCE EL8508

For the Period Beginning 29th March 1998
And the Period Ending 28th March 1999

LICENCEE: Sirocco Resources NL
OPERATOR: Sirocco Resources NL
STANDARD 1:250,000 SHEET: SD5204 Darwin
STANDARD 1:100,000 SHEET: Mary River 5272
AUTHOR: Scott Hall  Project Geologist.
         Dave Catherall  Director
DATE: April 1999
DISTRIBUTION: NT Department of Mines & Energy,
               Sirocco Resources NL, Brisbane,
               Sirocco Resources NL, Tom's Gully.
Tenement Details

Exploration Licence 8508 was granted to Vincent Thomas Roberts on 28 March, 1994 for a period of six (6) years over an area of 11 graticular blocks or approximately 35 sq.km.

The licence was transferred to Pinnacle Mining NL (now Pinnacle VRB Limited) on 18 May, 1995. Three blocks were surrendered in 1996 reducing the area to 8 blocks.

Pinnacle transferred a 51% interest in the licence to Rustlers Roost Mining Pty Ltd on 18 November, 1998.

An Agreement with both Pinnacle Mining and Rustlers Roost Mining has been entered into with Sirocco Resources NL to acquire Exploration Licence 8508, and the Mineral Claims N69 to N91. This Agreement and the transfers are currently awaiting assessment of Stamp Duty.

Table 1: Tenure Record of EL 8508

<table>
<thead>
<tr>
<th>Block Identification Map</th>
<th>Mt Bundey 8/6 - III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blocks</td>
<td>15/67, 16/67, 17/67, 16/68, 17/68, 16/69, 17/69, 17/70</td>
</tr>
<tr>
<td>Date of Grant</td>
<td>28th March 1994</td>
</tr>
<tr>
<td>Period of Grant</td>
<td>6 Years</td>
</tr>
<tr>
<td>Year of Tenure</td>
<td>Blocks Surrendered</td>
</tr>
<tr>
<td></td>
<td>Blocks Retained</td>
</tr>
<tr>
<td></td>
<td>Expenditure Covenant</td>
</tr>
<tr>
<td>1</td>
<td>1994/1996</td>
</tr>
<tr>
<td>2</td>
<td>1995/1996</td>
</tr>
<tr>
<td>3</td>
<td>1996/1997</td>
</tr>
<tr>
<td>4</td>
<td>1997/1998</td>
</tr>
<tr>
<td>5</td>
<td>1998/1999</td>
</tr>
<tr>
<td>6</td>
<td>1999/2000</td>
</tr>
</tbody>
</table>

See Figure 1
SUMMARY

Exploration Licence 8508 partially surrounds Quest 29 and Quest 30 Mineral Leases and Mineral Claims which form a new gold mining operation planned to commence in 1999.

The area is considered to be highly prospective for stratabound gold mineralisation in the Koolpin Formation and for stockwork gold in the Zamu Dolerite. Extensions from defined anomalous gold deposits on the Leases and Claims could project into the EL 8508 tenement.

This report summarises the exploration activities during the fifth year of tenure. In particular from the period when Sirocco Resources entered into an agreement with Rustler’s Roost Mining at the end of 1998, which coincided with the start of the ‘wet season’.

Also outlined is the proposed exploration programme and expenditure for the sixth year.
Table of Contents

TENEMENT DETAILS ........................................................................................................... 2

SUMMARY .......................................................................................................................... 3

TABLE OF CONTENTS ........................................................................................................ 4

TABLES & FIGURES .......................................................................................................... 4

1. INTRODUCTION ........................................................................................................... 6

2. REGIONAL GEOLOGY .................................................................................................. 7

3. PREVIOUS EXPLORATION ........................................................................................... 9

4. CURRENT EXPLORATION ............................................................................................ 10

5. EXPENDITURE REPORT - YEAR ................................................................................ 11

6. CONCLUSION AND PROPOSALS ............................................................................... 12

6.1 Conclusions ................................................................................................................. 12

6.2 Proposals ..................................................................................................................... 12

7. REFERENCES ................................................................................................................. 13

APPENDIX 1 ....................................................................................................................... 14

Tables & Figures

Table 1: Tenure Record of EL 8508 ...................................................................................... 2

Figure 1 Tenement Location Map 1:2,000,000 .................................................................. 5

Figure 2 Regional Geology & Rock Chip locations 1:20,000 .......................................... 8

Table 2 Rock Chip locations & Results ............................................................................. 14
1. INTRODUCTION

Exploration Licence 8508 was granted to Vincent Thomas Roberts on 28 March, 1994 for a period of six (6) years over an area of 11 graticular blocks or approximately 35 sq.km. The area was reduced to 8 blocks in 1996.

The licence is located on the Mount Bundey 1:50 000 map sheet (8/6-III.) and is situated approximately 11km south of Toms Gully Gold Mine, (Figure 1)

Access from the all weather Rustlers Roost road to the site is via station tracks which provide good access for 4WD vehicles during the dry season, but the tracks become impassable after heavy rain, and therefore no access is possible throughout the wet season.

EL 8508 envelops most of the Quest 29 and Quest 30 Mineral Leases and Claims, with the exception of portions of MLN 338, 369, 370, 372, MCN 88, 90 and the whole of MLN 373 which occur within EL 9583 – block 15/68.

Gold mineralisation has been located on these Mineral Claims and Leases at Mobile Hill and Taipan Hill by Pinnacle Mining, and at Koolpin, Koolpin North and Zamu by Sirocco Resources following up earlier work by Geopeko.

This intensive exploratory work has made the tenement highly prospective for further discoveries of low grade gold mineralisation within the Koolpin Metasediments and in suitable structures in the Zamu Dolerite.
2. REGIONAL GEOLOGY

EL 8508 is located within the Northern portion of the Proterozoic Pine Creek Geosyncline on the axis of a southerly plunging fold within the Lower Proterozoic South Alligator Group, which comprise units mapped as Zamu Dolerite, Mt Bundey Granite, Koolpin Formation, Gerowie Tuff and Mount Bonnie Formation.

The sediments are fine grained clastic, thinly bedded siltstones and shales, frequently carbonaceous and ferruginous. Distinct chert bands are common, acting as distinct marker horizons in the sedimentary sequence. Metamorphism to greenschist facies through dynamic compression associated with intense folding is common.

A thermal metamorphic overprint associated with the southern margin of the Mt Bundey Granite intrusive has resulted in the development of both cordierite and andalusite, and probably was the generator for local gold mineralisation. Further to the south of the Mount Bundey and Mount Goyder intrusive is possibly a second deep seated pluton (Discussions with Williams Resources 1998).

Regional deformation occurred around 1800 Myr, based on rubidium-strontium analysis resulting in the intrusion of thin sills of Zamu Dolerite, and the subsequent emplacement of the Granites and Syenites in the region. This deformational event is thought to have been responsible for the majority of the gold enrichment, throughout the region, eg. Cosmo Howley, Rustlers Roost and Quest 29.
3. PREVIOUS EXPLORATION

Previous exploration in the area has been completed by Australian Geophysical Pty. Ltd. [1969-1971]; GeoPeko [1973 – 1977]; Occidental [1977-1978]; Aquitaine, Jimberlana Minerals & Pan d’Or Mining [AJP Joint Venture 1978 – 1983], all of whom were primarily exploring for uranium and base metals with gold being of minor consideration.

Work undertaken included review on BMR radiometric and aeromagnetic data; stream sediment sampling; soil geochemistry; rock chipping and limited geological mapping, which failed to indicate any heavy minerals in this area, and hence was relinquished.


During the first 4 years of Exploration Licence 8508 work carried out included data review of previous work and ranking of anomalies generated by previous workers.

Fieldwork included the following:-

- Reconnaissance geological mapping as a follow up to airphoto interpretation.
- LAG sampling over the tenement and MCN’s
- RAB drilling on significant anomalies located predominantly within the Mineral Claims and Mineral Leases of Quest 29 and Quest 30.
- Limited BLEG sampling on 40m grids, mainly within the Mineral Claims and Mineral Leases.
4. CURRENT EXPLORATION

With the closure of the Rustler's Roost Gold Operation at the start of 1998, Williams Resources returned to Canada, and withdrew exploration funds. Expenditure was restricted to a care and maintenance programme for the mine site, and reporting costs associated with their mineral tenements. As a result their exploration of Exploration Lease 8508 was put on hold.

Because of the strategic location of this tenement, and its potential to host additional low grade gold deposits, an agreement was signed with both Pinnacle and Rustlers Roost Mining to acquire the Exploration Licence together with the Mineral Claims N69 to N91 at the end of 1998.

With the onset of the 'wet season', fieldwork was limited to a couple of familiarisation days spent in the area, confirming the potential for gold mineralisation to extend both north and south of the known mineralisation at Mobile Hill and Taipan Hill South in Quest 29. Some rock chip samples were taken for analysis Appendix 1 & Figure 2.

The Quest 30 area has a comparable geological setting to that of Quest 29, and therefore has the potential to host low grade gold mineralisation. Previous work on the Quest 30 area has been limited by comparison, and the Koolpin Formation needs to be explored more thoroughly. Initial reconnaissance indicates a reduction in hydrothermal activity and reduced fracturing of the metasediments. However this is based on minimal traverses and may not be representative.

A review of the available geological literature, in particular that produced by consultants to Rustler's Roost Mining showed a halo of metal zonation around the Mount Bundey/Mount Goyder Plutonic Complex. Within this proposed halo are eighteen perceived target areas which have coincident favourable stratigraphic and structural features important to ore genesis. On-going discussions with previous geological consultants who have worked in the area have assisted in advancing Sirocco's understanding of the mineral controls.

All previous work is being compiled into a GIS format for target generation and to reduce repetition.

Verification by spot checking areas previously sampled and their position confirmed on published maps has proved to be satisfactory.
5. EXPENDITURE REPORT - YEAR

Expenditure on this tenement just reached the minimum covenant expenditure of $10,000 due to limited time made available to Sirocco Resources before the wet season set in.

Rustler's Roost Mining had been unable to complete their field work programme once their mining operations were wound up at the start of 1998.

Salaries and wages $1,350
Geological consultants $2,900
Earthworks $275
Acquisition of reports, maps and literature $2,700
Acquisition of imagery $150
Reporting $920
Site office costs $200
Vehicles $900
Rock Chips & Assaying $75
Administration $1,350
Ortho Photo Acquisition $280

TOTAL $11,100
6. CONCLUSION AND PROPOSALS

6.1 Conclusions

EL8508 partially surrounds the Quest 29 Mining Leases and Claims on which over 1 million dollars have been spent in 1997 and 1998 field season. This resulted in the discovery and delineation on a new gold mining area, which will provide the funds to develop the Tom’s Gully Underground Goldmine. Dewatering of this mine has already reached a stage whereby planning of the operation can confidently proceed.

As such EL8508 forms an integral part of Sirocco’s production operations planned to commence in early 1999. The strong probability of finding additional gold resources in the vicinity of the Quest 29 operations is considered to be high, and any resulting discoveries will increase the viability of the whole project.

The proposed exploration will concentrate on smaller zones of gold mineralisation overlooked by earlier explorers who were looking for “stand alone” discoveries & operations. As a result Sirocco’s exploration will have a defined objective and a practical comprehensive approach, as it will be driven by ongoing production demands.

EL 8508 contains numerous anomalies which have potential to be repetitions of the Quest 29 style of mineralisation. The main anomalies are Snake Hill, Shaun’s Anomaly, Hill 78, Anomaly 13, Tusker South, Serpent Ridge, all of which have had limited follow up work. See Figure 2 for approximate locations.

6.2 Proposals

Work proposed for Year 6 of the licence includes:-

Delineation and identification of anomalies in the field

Power Augering = 300 samples

Follow up Rock Chipping = 50 samples

Follow up drilling as required = 500m

Expenditure for this work is expected to be in the vicinity of $35,000
7. REFERENCES


### Appendix 1

#### Table 2  Rock Chip locations & Results

<table>
<thead>
<tr>
<th>Sample No</th>
<th>Northing</th>
<th>Easting</th>
<th>Description</th>
<th>Au1</th>
<th>Au2</th>
<th>As</th>
<th>Ag</th>
<th>Pb</th>
<th>Cu</th>
<th>Zn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q29RK05</td>
<td>8563500</td>
<td>780300</td>
<td>BIF</td>
<td>0.34</td>
<td>0.33</td>
<td>2800</td>
<td>BDL</td>
<td>7</td>
<td>17</td>
<td>28</td>
</tr>
<tr>
<td>Q29RK06</td>
<td>8564500</td>
<td>780500</td>
<td>Qtz Iron Stained</td>
<td>0.03</td>
<td>-</td>
<td>650</td>
<td>BDL</td>
<td>155</td>
<td>38</td>
<td>34</td>
</tr>
</tbody>
</table>