Western Metals Limited

ATLEE CREEK
E.L. 8610

1998 ANNUAL REPORT
FOR THE YEAR TO 19TH April 1999

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April 1999

Issued by
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April 1999

Reporting Period: 20/4/98 to 19/4/99
Tenements: EL 8610
Held By: Adelaide Resources NL
Managed By: Western Metals Resources Ltd, A.C.N. 004 664 108
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Adelaide Resources NL
EXECUTIVE SUMMARY

This report covers work completed by Western Metals Resources (previously Aberfoyle Resources) on Exploration Licence 8610, Atlee Creek, in the twelve-months to 19th April 1999. This licence forms part of the Tanami Joint Venture with Adelaide Resources NL.

EL8610 covers an area of 283 graticular blocks in the Arunta Province of the Northern Territory, believed to be prospective for gold deposits of Granites – Tanami type.

Following the takeover of Aberfoyle Ltd by Western Metals Ltd in September 1998, the decision was taken to divest the Tanami interests. In March 1999, an agreement was reached with Adelaide Resources under which Western Metals withdrew from the Tanami Joint Venture.

The proposed 1st year work programme was not completed following the takeover and negotiations with Adelaide Resources regarding divestment of Western Metals stake in the Tanami JV. No exploration was conducted on the tenement.
1. INTRODUCTION

ELA 8610 (Atlee Creek), located approximately 45km NNW of Yuendumu in the Northern Territory, was granted to Adelaide Resources NL on 20th April 1998 and formed part of the Tanami Joint Venture between Western Metals Resources Ltd (51%) and Adelaide Resources NL (49%). Western Metals Resources Ltd (A.C.N. 004 664 108) was previously Aberfoyle Resources Ltd, until it was renamed on 8th October 1998 following the takeover of Aberfoyle Ltd. by Western Metals Ltd.

ELA 8610 comprises 283 graticular blocks which cover interpreted Mt. Charles Beds correlatives, believed to be prospective for Tanami-style gold mineralisation.

Since the takeover, Western Metals has undertaken an extensive review of all of Aberfoyle’s exploration interests, including the Tanami JV properties. This resulted in a decision to divest the Tanami gold properties. In March 1999, terms were agreed with Adelaide Resources for withdrawal from the joint venture.

No exploration has been conducted on the tenement in the reporting period.

2. LOCATION AND ACCESS

The Atlee Creek EL8610 licence is located in the Mt Theo region, 45km NNW of Yuendumu township in the Northern Territory (Figure 1). Local access is via existing station tracks.

3. TENEMENTS

EL8610 (Atlee Creek) was granted to Adelaide Resources NL on 20th April 1998 for a period of six years. The tenement formed part of the Tanami Joint Venture between Western Metals Resources Ltd. (51%) and Adelaide Resources NL (49%), with Western Metals Resources (previously Aberfoyle Resources) as operator. Aberfoyle Resources Ltd (A.C.N. 004 664 108) was renamed Western Metals Resources Ltd on 8th October 1998 following the takeover of Aberfoyle Ltd. by Western Metals Ltd.
ELA 8610 (Atlee Creek), located approximately 45km NNW of Yuendumu comprises 283 graticular blocks.

4. GEOLOGY

4.1 REGIONAL GEOLOGY

The tenement lies within the Arunta province, a Palaeoproterozoic terrain believed to be analogous to the Granites - Tanami province.

The relationship between the Granites - Tanami and Arunta provinces is not well understood. Basement metasedimentary sequences in both regions are thought to be lateral equivalents (Blake et al., 1975) and the sequences merge with one another (Stewart et al., 1984).

The Granites - Tanami and the northern Arunta provinces contain similar rock sequences and share similar Palaeoproterozoic magmatic, metamorphic and deformational histories. Both comprise a deformed Palaeoproterozoic basement turbiditic sequence of greywacke, quartz sandstone, siltstone, shale, and minor mafic rocks and their moderate to high grade metamorphic equivalents (schist, gneiss, quartzite, amphibolite). The Tanami Block also contains chert, pyritic carbonaceous sediments and ironstone, whereas the Arunta Block has minor calc-silicates and meta-felsic volcanics (felsic orthogneiss).

During the Barramundi Orogeny (1890-1850 Ma, Page and Williams, 1988), the sedimentary sequences in the Arunta Block were intruded by mafic rocks, deformed and metamorphosed up to amphibolite facies. Granite plutons were emplaced in the closing stages of the Barramundi Orogeny, at about 1820-1800 Ma.

In the Arunta province, platform quartzite-shale-carbonate sediments (Reynolds Range Group) unconformably overlie the Barramundi metamorphic rocks and probably represent correlatives of the Hatches Creek Group of the Davenport Province to the north (Blake et al. 1987). Deformation of the Hatches Creek Group preceded granite intrusion at about 1660 Ma (Blake and Page, 1988) and involved an early phase of upright northwest-trending folds and a second episode of northeast-trending folds. Both episodes were accompanied by faulting, thrusting and metamorphism.
The Arunta province remained tectonically active after the Barramundi Orogeny with several metamorphic and deformation events, including the ~1800 Ma Strangways granulite event (Shaw et al, 1984), the 1760-1650 Ma Aileron retrogressive event (Windrim and McCulloch, 1986) and the most recent Carboniferous Alice Springs Orogeny. In the northern Arunta region, significant granitic magmatism occurred at 1780-1770, 1713, 1635 and 1570 Ma.

The basement provinces described above are unconformably overlain by younger, Neoproterozoic and Palaeozoic sediments of the Birrindudu, Wiso, Georgina and Ngalia basins (Wells and Moss, 1983).

4.2 LOCAL GEOLOGY
The tenement is 95% covered by Quaternary aeolian sand cover. The limited exposures of deeply weathered and lateritised Proterozoic basement rocks within the EL are interpreted to be gneiss, quartzite and schist.

5. PREVIOUS EXPLORATION
Apart from mapping undertaken by the Bureau of Mineral Resources and an airborne geophysical survey by the Australian Geological Survey Organisation, there has been no modern exploration of EL 8610.

On adjacent tenements immediately to the south (EL's 8608 and 8913), Aberfoyle has previously undertaken a detailed exploration program (1994-97) over interpreted magnetically active Paleaoproterozoic Arunta beds. To date, a work programme including data compilation, GPS gridding, ground magnetic surveys, bulldozing and aircore/RAB drilling has been completed.

This work yielded weak gold-arsenic anomaly in three areas.
6. 1998 EXPLORATION

Following the takeover of Aberfoyle Ltd by Western Metals Ltd and the decision to divest the property, the proposed 1st year work programme on the tenement was not completed and no exploration was conducted during the period.

7. EXPENDITURE

Expenditure for the period totalled $19,873.12 as outlined in Table 1.

Table 1. EL8610 Expenditure

<table>
<thead>
<tr>
<th>Item</th>
<th>Expenditure</th>
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<tbody>
<tr>
<td>Aboriginal Liaison</td>
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<td>Geology Salaries</td>
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<td>Tenement Admin</td>
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<td>Legal / JV</td>
<td>1,304.51</td>
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<tr>
<td><strong>Totals</strong></td>
<td><strong>19,873.12</strong></td>
</tr>
</tbody>
</table>

8. CONCLUSIONS AND RECOMMENDATIONS

No exploration was completed on the tenement in the period and Western Metals has divested its share in the tenement to Adelaide Resources.