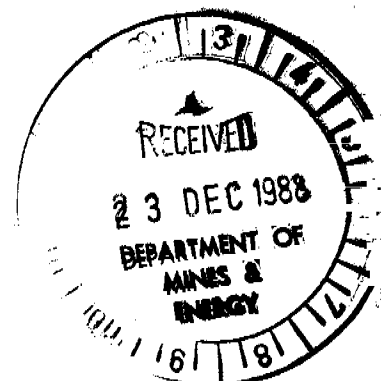


WOODLEIGH NOMINEES PTY. LTD.
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EXPLORATION LICENCE NO. 5346
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ANNUAL REPORT YEAR ENDED 23 OCTOBER, 1988
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CR 89 / 034

1. INTRODUCTION AND SUMMARY

In September, 1988, Woodleigh Nominees Pty. Ltd. signed an agreement with Carpentaria Gold Pty. Ltd. whereby Carpentaria Gold Pty. Ltd. has sole rights to explore, peg mining tenements and carry out mining activities in that part of EL5346 lying north of latitude 13 degrees for a period of two years. The report of work performed by Carpentaria on EL5346 has already been lodged with the Department.

On the southern section work initially has been confined to a preliminary survey of the area by ground parties using four wheel drive and on foot. As this area is being considered primarily for its alluvial potential sampling has been done in the traditional manner using a post-hole digger and washing the sample by hand with a dish. Traces of gold have been located at numerous points but to date nothing has indicated an economic deposit. Work will continue on this area although the title of EL5346 will be transferred to Carpentaria Gold Pty. Ltd.

2. LOCATION AND ACCESS

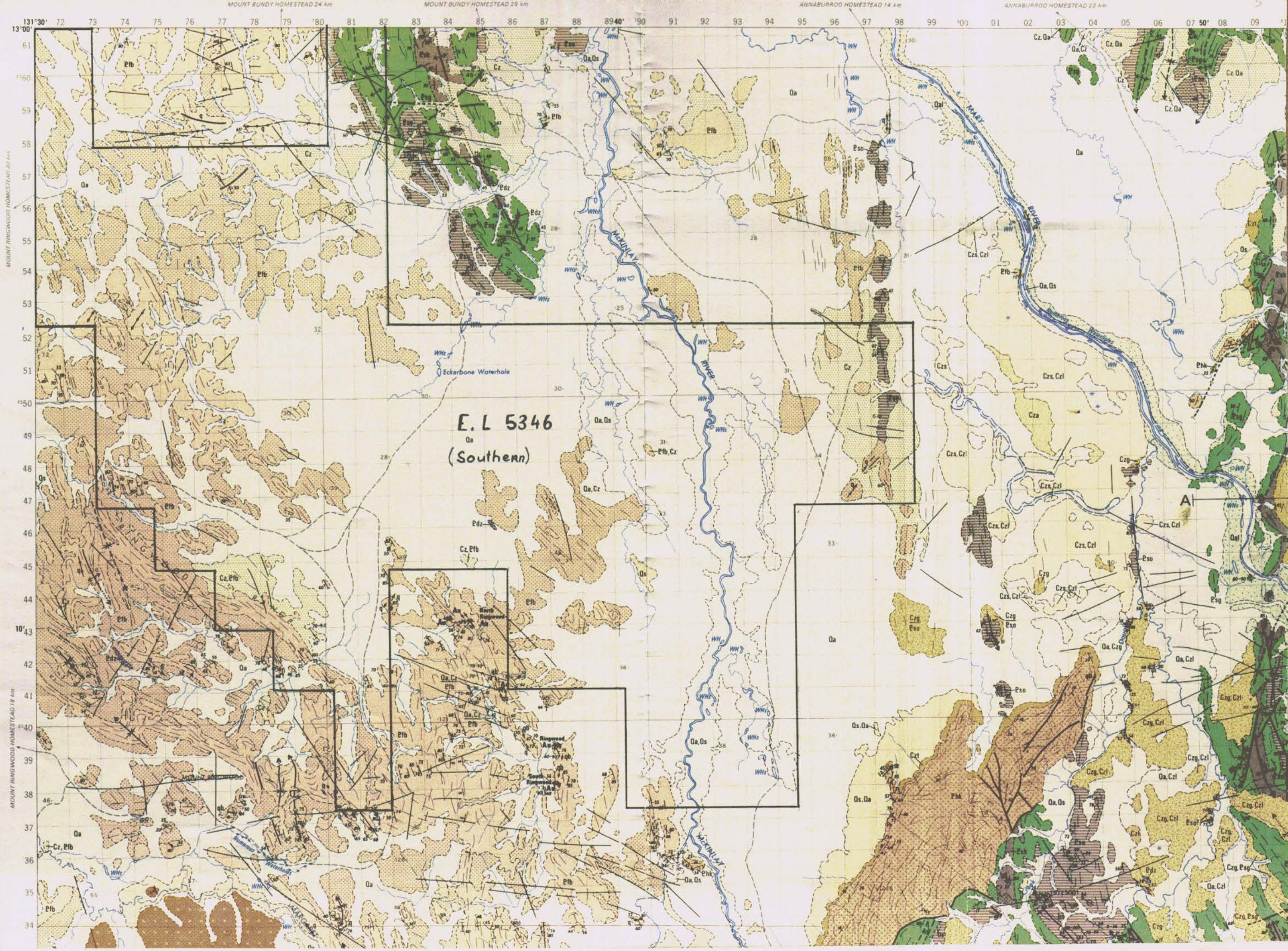
Exploration Licence No. 5346 spans the boundary (Lat. 13 00 S) of the Mary River 1: 100 000 scale sheet (5272) and the McKinlay River 1: 100 000 scale sheet (5271).

The northern section is about 110km. ESE from Darwin by the Arnhem Highway. Various bush tracks lead off the Arnhem Highway into areas of EL5346, but many parts of the area can only be reached with difficulty in a 4WD vehicle.

The southern section is approximately 150km. SE of Darwin by the Stuart Highway and Ban Ban Road. Access can also be gained in the East by a bush track leading off the Mt. Wells/Mary River Road. As much of the terrain is extremely rough 4WD is necessary in most instances.

3. TENURE

EL5346 was applied for on 26th January, 1987, and granted on 23rd October, 1987, to Woodleigh Nominees Pty. Ltd. for a period of six years. The first year's expenditure commitment was set at \$20,000. In September, 1988, Carpentaria Gold Pty. Ltd. signed an agreement (NTDME dealing No. D4888) with Woodleigh Nominees Pty. Ltd. whereby Carpentaria has sole rights to explore, take up mining tenements and carry out mining within that part of EL5346 north of latitude 13 degrees South.



4. GEOLOGY

The southern part of EL5346 is made up largely of Burrell Creek formation overlaid by alluvium. Descriptions of the geology of the area can be found in the explanatory notes which accompany the BMR 1: 100 000 scale McKinlay River geology map.

5. HISTORY

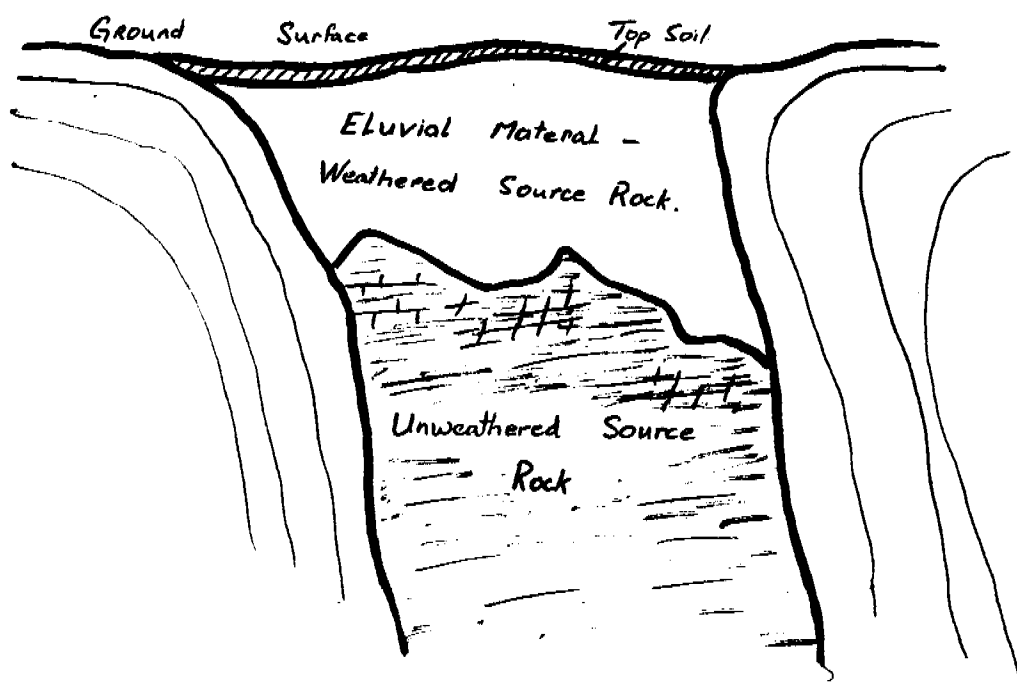
Exploration on the southern section in the past has concentrated mainly on the search for uranium. Gold and base metals have received less attention but, where investigation has been undertaken, results have been poor. As none of the work carried out previously has been aimed at identifying alluvial deposits we are not discouraged by the recorded results.

6. THE TARGET

Exploration Licence 5346 contains a large area of black soil plains which have been largely unexplored.

The Ringwood Range is the most influential feature in the South Western section of the Licence area. The company considered that there was every possibility of a viable alluvial gold exploration target.

The Eastern section of Exploration Licence 5346 is dominated by the McKinlay River system. This is one of the major river systems in the Pine Creek Geosyncline. Woodleigh Nominees Pty. Ltd. is of the opinion that there is every chance of locating an alluvial gold deposit along the sixteen kilometre length of the McKinlay River which passes through Exploration Licence 5346.



TYPICAL ELUVIAL DEPOSIT

7.

EXPLORATION -- YEAR 1

A survey of the exploration area was carried out with a 4WD vehicle and on foot to observe and test the depth and nature of the alluvium. The area of chief interest was the McKinlay River system.

Samples were taken from the banks at 100 m. intervals where possible and from the bed of the stream. The river-bed samples were generally barren as there was usually a very considerable depth of sand and reaching the bed-rock was difficult and at times impossible.

The banks of the McKinlay River vary in height reaching 6 to 7 metres in places and are mostly rather steep. However, most samples obtained from the banks did contain small quantities of fine gold although none were considered to be of a workable grade. Traces of fine tin were also shown to be present but, given the world tin situation, did not indicate deposits of economic consequence.

Sampling undertaken on the black-soil plains of EL5346 went to a depth of approximately three feet and, in places, yielded small quantities of very fine gold.

A Case 580C back-hoe was driven from the company's mine at Fountain Head to exploration area with the intention of conducting a limited programme of pit-sampling. The back-hoe was to be used to dig a pit to the depth of approximately 3 metres in order to ascertain the depth of the overburden and sample the material beneath. Sample material was to be split and a 200Lt. sample taken for processing. The pits were to be backfilled immediately after the sample had been obtained.

Unfortunately, rain caused the machine to become bogged and it was decided to defer this part of the programme to the next field season.

8. RECOMMENDATIONS

There are large alluvium plains adjoining the McKinlay River and it is possible that the course of the river may have changed from time to time.

As the river receives drainage from the Mount Ringwood area there is a potential for locating alluvial deposits either in the river or beneath the alluvium in possible old channels.

A pit-sampling campaign is recommended with a series of holes across the river and floodplains in a number of locations to search for alluvial leads which may contain anomalous tin and gold.

WOODLEIGH NOMINEES PTY. LTD.

EXPLORATION LICENCE NO. 5346

STATEMENT OF EXPENDITURE FOR YEAR ENDED OCTOBER 23, 1988

Operating Labour	\$ 9600
Support Vehicle	2600
Back-Hoe	500
Travel	420
Fuel	120
Stores	10
Admin.	35
	<hr/>
	\$ 13,285
Expenditure -	
Carpentaria Gold Pty. Ltd.	10,460
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	\$ 23,745