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FINAL REPORT

EXPLORATION LICENCE 9158

MOUNT BUNDY REGION

FOR THE PERIOD ENDING

13/11/98

Licencée: Sirocco Resources NL
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             Sirocco Resources NL Tom's Gully Mine
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SUMMARY

Exploration Licence 9158 which was granted to Sirocco Resources NL, on the 13th November 1996 for a 6 year tenure. It is located approximately 100km SE of Darwin and 17km South of the Mary River Bridge. The area has shown low order anomalousism from the first pass exploration, using power auger soil sampling. However due to recent tenement acquisition from Williams Resources of Canada, which present higher order anomalies and closer proximity to Process Plant and existing infrastructure at Tom’s Gully, the decision was made relinquish this EL 9158 prior to the required date.

The anomaly found in EL 9158 by power auger sampling through the black soil cover, confirmed the exploration model that regional trends of mineralisation continue to the south, and can be investigated in the future utilising the cost effective method of power augering.
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1. INTRODUCTION

Exploration Licence 9158 was granted to Sirocco Resources NL on the 13/11/96 for a 6 year period. The area is located 17km south of the Mary River Bridge off the Arnhem Highway, and approximately 100km south east of Darwin Figure 1.

Figure 1 Location of Tenement EL9158

Access 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.

The area is almost entirely covered with blacksoil with minimal outcrop. Due to tenement acquisition from Williams Resources of more prospective ground closer to the plant facilities at Tom’s Gully the decision was made to relinquish this tenement.
2. TENURE

Exploration Licence 9158 was granted to Sirocco Resources NL, on the 13/11/96 for a 6 year period. Minimum expenditure covenant for the first year was set at $20,000 and for the second year at $41,000.

The Licence comprises of 8 blocks covering 26km², Figure 2. Detailed below

Mining tenure identification map name: Mount Ringwood

Mining tenure identification map number: 14/3-IV

Blocks comprising EL 9158: 18/45, 19/45, 20/45, 21/45, 18/46, 19/46, 20/46, 21/46.

The Exploration Licence for EL 9158 was surrendered to the DME on the 17th September 1998.
3. REGIONAL GEOLOGY

EL 9158 is located within the Northern portion of the Proterozoic Pine Creek Geosyncline on the axis of a southerly plunging fold within the South Alligator meta Sediments near the southern margin of the Mt Bundey Granite and possibly a second deep seated pluton (Discussions with Williams Resources 1998). Outcropping to the North are units mapped as Gerowie Tuff, Koolpin Formation and Mt. Bonnie formation all of which host mineralisation within the region e.g. Cosmo Howley, Rustlers Roost & Quest 29.

Regional deformation occurred around 1800Myr, resulting in metamorphism and the emplacement of the Granites and Syenites in the region. This deformational event is thought to have been responsible of the majority of the gold emplacement/ enrichment, throughout the region.
4. PREVIOUS EXPLORATION

Previous exploration in the area has been completed Australian Geophysical Pty. Ltd. (1969-1971); GeoPeko (mid 1970’s); Comalco (1975); Occidental (1977-1979); Aquitine, Jimberlana Minerals & Pan d’Or Mining (1978-1983) all on 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.
5. Current Work

Work completed on EL 9158 during the 1997 field season comprised of 2 lines of power auger sampling which from past experience and Sirocco's in house checking (1997 Annual Report) has proved to be an effective method of sampling over areas with extensive blacksoil cover. The peak value from the auger work was 10.4ppb Au with associated 13.2ppb Ag which over blacksoil can be regarded as anomalous values. These values align with the regional trends of mineralisation from Quest 29 and Quest 30 areas and also lies on a regional lineament (NGNL pers. comm.). As a continuation of the south plunging South Alligator Group Meta-Sediments.

At the beginning of the 1998 field season the area was re-assessed with a view to follow up work including RC drilling of the anomaly. Rehabilitation of the area was so effective that it took some time to locate the anomaly again.

When Sirocco Resources NL entered into a farm in agreement with Williams Resources of Canada on their Australian tenements, the decision was made to drop EL 9158 as their exploration potential was assessed to be inferior in comparison with the Williams ground, which appeared to be more prospective for defining oxidised, low grade open pit resources. Also the Williams tenements are considerably closer to the established plant facilities at Tom's Gully.

Full results of the Auger Program can be seen in 1997 Annual Report, an overview can be seen in Appendix 1 Figure 3.
6. EXPENDITURE

Expenditure of the minimum covenant was not met in 1998 due to the fact it was relinquished at the start of the dry (field) season when the blacksoil had started to dry out and the water table had dropped about 5 meters.

Exploration Expenditure on EL 9158 for the 2nd Year of Tenure is itemised below

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Administration</td>
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<tr>
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<td>Geologists</td>
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<tr>
<td>Data Review</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,700</strong></td>
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</tbody>
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7. DISCUSSIONS & CONCLUSIONS

Exploration Licence 9158 has highlighted the success of power auger soil sampling as a cheap and economical method of sampling over areas with extensive blacksoil cover. Which has in the past not been sampled due to the fact that no reliable method of sampling, apart from drilling which is on the whole too expensive for first pass exploration to locate concealed mineralisation.

The anomalous results obtained show that the method is successful and that the Alligator Group Meta-Sediments continue along strike from Quest 29 towards the Mt. Ringwood claims to the south.

However due to the change in tenement holdings this anomaly is not of high enough order at present, to warrant further investigation at this stage.

8. REFERENCES

Catherall D. 1997 Annual Report for Exploration Licence 9158, Sirocco Resources NL.

9. APPENDIX 1