YARDARINO MINING NL

THIRD ANNUAL REPORT

EL9047 - MARYLANE

TENNANT CREEK DISTRICT

NORTHERN TERRITORY

FINAL REPORT

COPIES:

1. Department of Mines and Energy - Darwin.
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1. INTRODUCTION

Exploration Licence 9047 (Marylane) of four blocks was granted to Yardarino Mining N.L. on 15 August, 1995. The tenement is located approximately 13 km west of Tennant Creek. A partial early relinquishment of the northern two blocks was made on 18 March, 1996.

In the first year of tenure a program of bedrock vacuum drilling on four grid lines was completed to test the NNW trending Marylane shear and parallel structures in the east of the tenement. Elevated gold values (max. 12 ppb Au) were detected on the western most grid line.

In the second year of tenure Yardarino undertook re-assaying of a selection of the vacuum soil samples for Cu and Bi, extended and infilled the northern half of the grid, conducted a ground magnetic survey over the new grid and modeled the ground magnetics to delineate depths to magnetic sources. Following this work 7 RAB holes were drilled for 449m.

No anomalism was found to be associated with the near surface soil anomalies tested and it was postulated that these anomalies may be transported from the source. One vertical hole (TKR-9) to test a small magnetic high returned 4m @ 0.21 g/t Au at the clay/bedrock interface at 50m depth. Spotting after disseminated magnetite was logged in the ferruginous siltstones higher in the hole.

On the third year Yardarino drilled 3 vertical RC holes for an advance of 339m. The holes were collared to test the gold anomalism detected in RAB hole TKR-9 and to test two similar small magnetic highs along the strike trend.

Barren magnetite bearing siltstone was intersected in all these holes. The RAB gold anomalism reported in hole TKR-9 remains unexplained and a recommendation was made for a further angled drill hole to be sited to the north of this RAB hole.
2. EXPLORATION HISTORY

Exploration Licence 9047 - Marylane is located approximately 13 km west of Tennant Creek. The tenement was granted to Yararino Mining NL for a period of 4 years on 15 August, 1995. An early relinquishment of the northern two blocks was made on 18 March, 1996.

The regional Marylane Shear and NNW trending parallel structures transect the tenement block. During the first twelve months of tenure a program of bedrock vacuum soil sampling on four grid lines was completed over the eastern third of the tenement (Fig 1). The program was designed as a first pass test of the prominent shears and associated magnetic features. Siltstones were intersected with elevated gold values on one line in two consecutive samples (4 & 12 ppb Au). Low order gold values of 1-2 ppb Au were widespread on the adjacent lines along the strike trend. A recommendation to follow up this low order gold anomalous was made in the First Annual Report for the tenement.

During the twelve month period to 14 August, 1997 Yararino re-assayed selected samples from the vacuum soil program for Cu and Bi, pegged additional grid lines, completed a ground magnetic survey over the extended grid and drilled 7 RAB holes for 449m.

The ground magnetic survey located a linear magnetic break between a zone of high magnetic response in the north and low magnetic response in the south. The RAB drilling program indicated that the depth to bedrock is shallower in the area of high magnetic response than in the area of low magnetic response. It is possible therefore that the change in magnetic character represents a change in depth of weathering across a fault or shear and reflects variable alteration of a single rock unit.

The elevated Au and Bi soil samples and the nearby Cu anomalous samples were all located in the area of low magnetic response and thus not obviously connected with any positive magnetic feature. RAB drill testing of the Au-Bi anomaly with a single line of angle holes (TKR-10 to 13) returned no anomalous values and did not explain the soil anomalous. Weakly elevated gold values were noted in the bottom of hole TKR-10 at the northern end of the drill line on the magnetic break.

RAB hole TKR-9, collared 47m east of hole TKR-10 and drilled vertically to test a small magnetic high, returned anomalous Cu, Bi and Au values from the clay/bedrock interface at the bottom of the hole. The best intersection was 4m @ 0.21 g/t Au, 153 ppm Cu and 45 ppm Bi from 48m. Anomalous Bi (best 117 ppm) was also returned from higher in the hole associated with disseminated ex-magnetite spots in ferruginous siltstone.

It was postulated that the weak Au-Bi values detected in the soil sampling but for which no bedrock source was found in the RAB traverses may actually be sourced from this magnetic feature and transported downslope to the south.

The Second Annual Report concluded that RAB hole TKR-9, in which anomalous gold was detected over a small magnetic high, required follow-up with RC drill testing to a greater depth. Similar magnetic highs along the strike trend but not tested by the RAB drilling program were also recommended for RC drill testing.
In October 1997 three RC holes were drilled for an advance of 339m to test small magnetic anomalies while hole TKC-9 was collared approximately 40m southeast of RAB hole TKR-9. All three holes were drilled vertically.

Drill cuttings were collected at 1m intervals and 4m composite sampled for assay.

Very fine grained silicified and magnetite rich siltstone was intersected at depth in all three holes. No ironstone bodies were encountered and all saprolite/bedrock assays were non-anomalous. RC drillhole TKC-9 thus failed to confirm the anomaly reported in RAB hole TKR-9.

The anomalous gold values previously reported from RAB hole TKR-9 were intersected at the saprolitic clay/bedrock interface. This gold has almost certainly undergone some lateral migration and as the vacuum soil sampling suggested a southward migration a bedrock source north of TKR-9 is probable. Consequently an additional RC drillhole was recommended to be collared to the north of TKR-9. It is further recommended that the hole be inclined to enable downhole magnetic surveying in order to locate any possible ironstone body if not directly intersected.

Drillhole TKC-7 at the eastern end of the prospect returned 4m @ 2.6g/t Au, 0.4% Bi from the uppermost 4m of the drillhole. Quartz and ironstone rubble with a high magnetic susceptibility was intersected in the interval 1-2m in transported material and it is postulated that this material is the source of the gold/bismuth anomaism. An infill program of vacuum drilling on no more than 50 x 25m centres was recommended. In view of the location of TKC-7 on the eastern end of the grid it was possible that any source body may lie within the proposed Darwin to Alice Springs railway reserve.

3. CONCLUSION

Due to current difficult market conditions and a low gold price, exploration activities by Yardarino have been concentrated over other areas of greater prospectivity. Consequently no additional work was carried out on this licence during the past twelve (12) months, resulting in the area expiring on 14 August 1999.
YARDARINO MINING N.L.
FLATLAND GROUP
TENNANT CREEK

TARGET ZONES