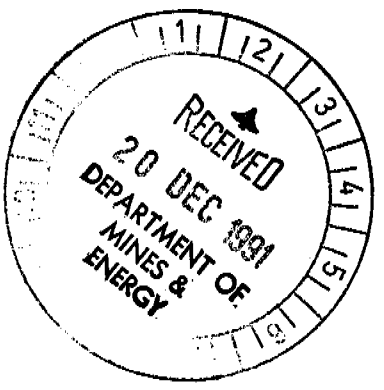
FINAL REPORT

EXPLORATION LICENCE 4757

ZAPOPAN CONSOLIDATED PTY LTD

DECEMBER, 1991



91.748-RM:AH

Our Ref: 91.748-RM:AH
Subject: Final Report - Exploration Licence 4757
From: Zapopan Consolidated Pty Ltd
Date: December, 1991

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FIGURES

1.0 INTRODUCTION

Exploration Licence 4757 comprised a highly fragmented single block located in the Zapopan Mine/Brocks Creek area 130 km south east of Darwin. When excluding the granted titles within the block the total area of the licence amounted to approximately 97 hectares (Figure 1).

Access is readily gained off the Stuart Highway, along the Fountainhead all weather road and further along the Brocks Creek unsealed road. Movement is restricted during the wet as a large part of the area has a 2 - 3 m cover of black soils and clays which become impassable when saturated.

The topography is largely flat with a small ridge rising in the north of the licence. This ridge is included in the excisions and is the location of numerous previous mine workings. Vegetation is restricted to savannagh grasslands and eucalypti woodlands, the woods becoming more dense along the length of the creek.

2.0 TENURE

Exploration Licence 4757 was granted to Zapopan Consolidated Pty Ltd for a period of six (6) years from 11th September, 1987. The licence was surrendered on 19th September, 1991 and has been pegged out under Mineral Claim Applications N4232 to N4236.

3.0 REGIONAL/LOCAL GEOLOGY

This has been set out in previous Annual Reports for this licence and will not be repeated here.

4.0 WORK CARRIED OUT

4.1 YEAR 1

A geological map of the licence area was prepared and to locate any possible mineralised zones two stream sediment samples and seven rock chip samples from quartz veins, quartz float, alluvial scree and BIF horizons were collected and assayed for Au and As by fire assay and AAS respectively (Figures 2 and 3). Results from these assays did not return Au values higher than 0.01 ppm. However, sample No. 12 which was collected from the alluvial scree returned 810 ppm As and sample No. 11 from ferruginous shale returned 350 ppm As.

4.2 YEAR 2

Bulk sampling was carried out in the licence area testing the downstream potential with small test pits excavated in the central southern part of the licence (see Figure 4). The bulk sample was taken from five (5) trenches in an area approximately 200 m x 100 m. From these trenches approximately 0.15 m^3 was collected and the trenches mapped for the depth of gravel wash below surface.

The bulk sample was split into a coarse (> 4 mm) and a fine fraction. The coarse fraction was washed carefully to remove all clays and panned to a heavy concentrate along with the fines. This produced a concentrate of 10 to 20 grams which was then analysed to determine the total gold content. Analytical work was undertaken by Analabs, Darwin.

Concurrent with the sampling programme, a 200 m x 200 m grid was established over the licence. This was deemed necessary to define the preliminary portions of the licence and required identification of numerous claims pegs. Grid pegs have been placed only within the licence area, but this helped to locate claim excisions and sample locations accurately.

The sample locations have been surveyed and placed on the established grid. Surveying was carried out by Qasco Surveys, Darwin.

The results of the bulk sampling were encouraging with a returned recovered grade of 0.27 grams per loose cubic metre.

4.3 YEAR 3

Work carried out during 1990 on the licence area was included in an overall programme over the entire Brocks Creek/Zapopan/Fountainhead areas. The results of the work established a new stratigraphy and significant changes to the previously accepted structural interpretation.

The structural characteristics within EL 4757 relate to the gross geometry of the Zapopan/Brocks Creek shear zone which appears to be related to a D_2 deformation. With increasing distance from the granite intrusive which lies to the north progressive steepening of the S_2 axial planes of macroscopic F_2 folds occurs. The F_2 structures were originally inclined to recumbent structures and therefore, if the Zapopan/Brocks Creek shear zone is related to F_2, then it itself was a thrust which has been subsequently steepened by domal granite intrusion and subsequent crustal shortening accompanying F_3.

Gold mineralisation has been introduced late into the shear zone which borders the northern part of EL 4757. Mineralisation was most likely introduced into the system during D_2 or introduced during reactivation of the shear zone during a subsequent event, for instance granite emplacement.

4.4 YEAR 4

Work on the licence since its grant has proved difficult due to its segmented nature and the need to report separately from the area of adjoining claims and leases.

Discussions were held during the year with the holder of the tenements in the centre of the licence block with a view to a joint venture over the entire Zapopan/Brocks Creek area. To simplify future development it was decided to replace the fragmented licence with Mineral Claims and five (5) claims were pegged on 21/22/23 August, 1991.

Negotiations on a possible joint venture over the area are still continuing.

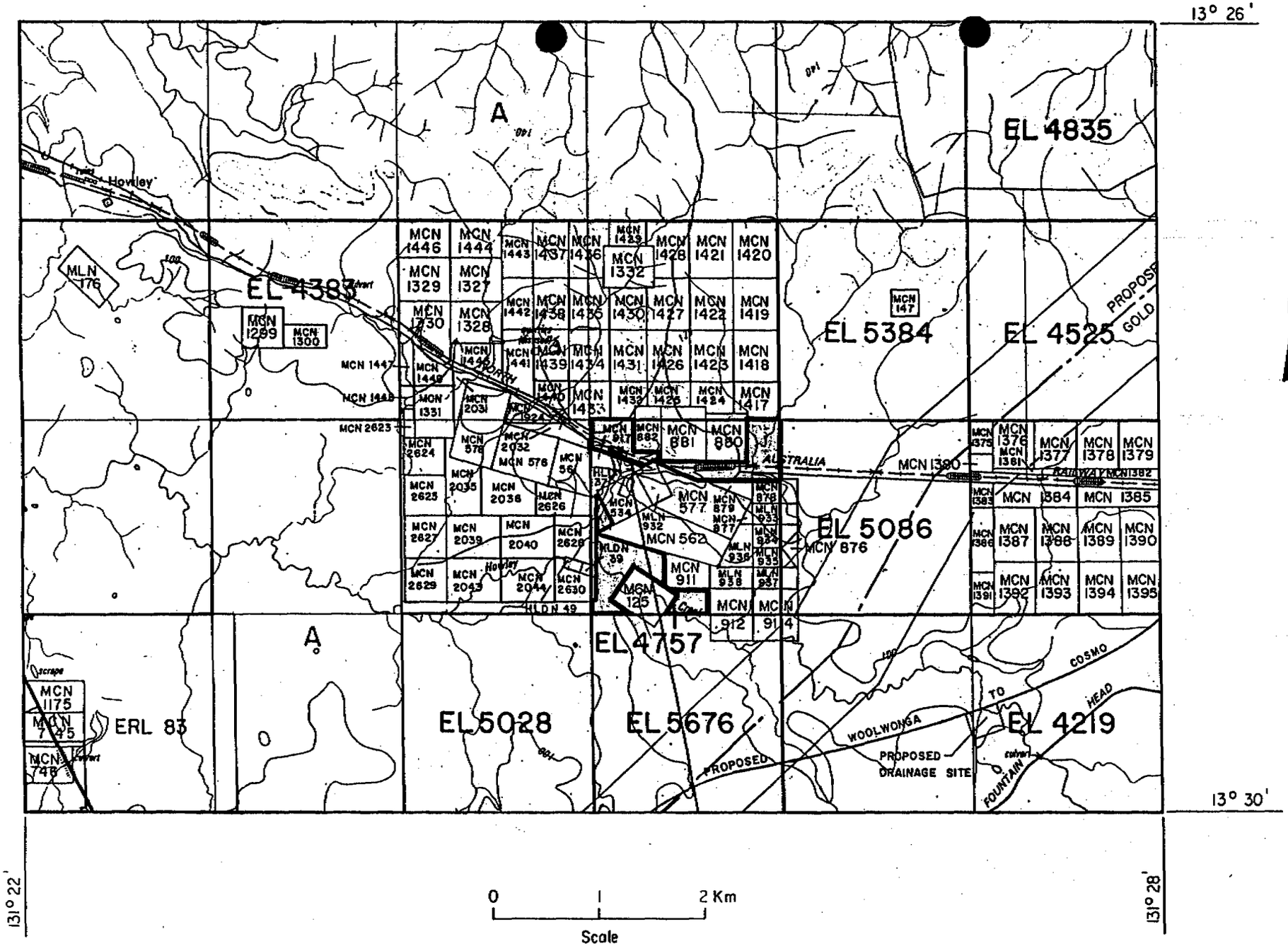
5.0 RESULTS AND CONCLUSIONS

The bulk sampling carried out has indicated an extensive alluvial resource within the licence area.

The geological mapping has also indicated that the area potentially contains gold mineralisation in the sub-surface related to the Zapopan/Brocks Creek shear zone. This requires drilling beneath the alluvial cover to locate extensions of that shear zone.

6.0 EXPENDITURE

Total expenditure on the licence amounted to $25,422.00 with $4,986.00 being expended in the final year.



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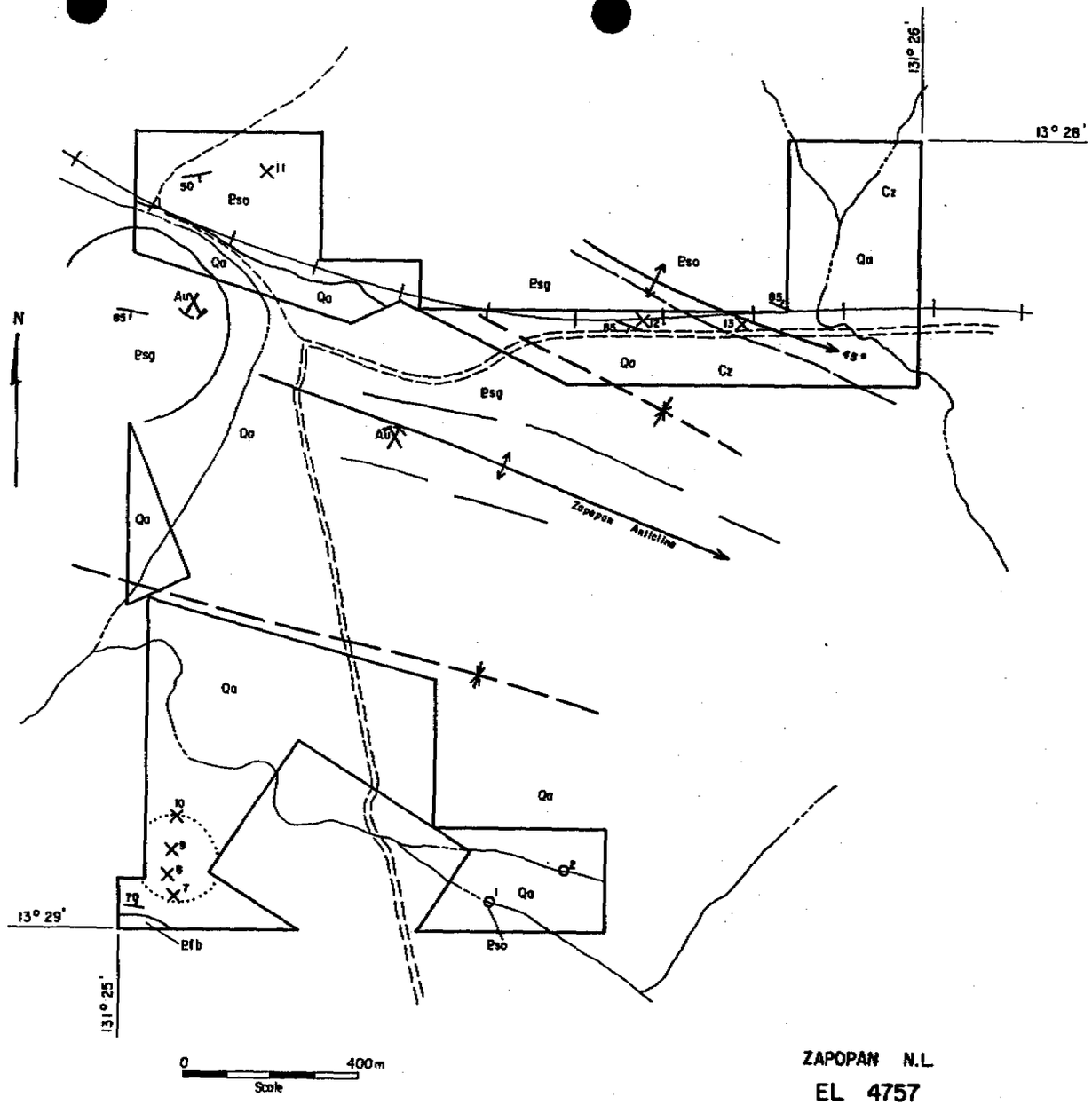
TENEMENT MAP
EL 4757

FIGURE 1

LEGEND

- Qa — Alluvium
- Cz — Soil
- Efb — Burrell Creek Formation
- Eso — Mount Bonnie Formation
- Esg — Gerowie Tuff
- Quartz float
- Anticline
- Syncline inferred
- Air photo trend lines
- Geological boundary
- Inferred geological boundary
- Operating mine
- Abandoned mine
- Railway
- Road
- Track
- Creek
- 10 × Rock chip sample location
- 2 ○ Stream sediment sample location
- 80 Bedding plane strike and dip



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EL 4757

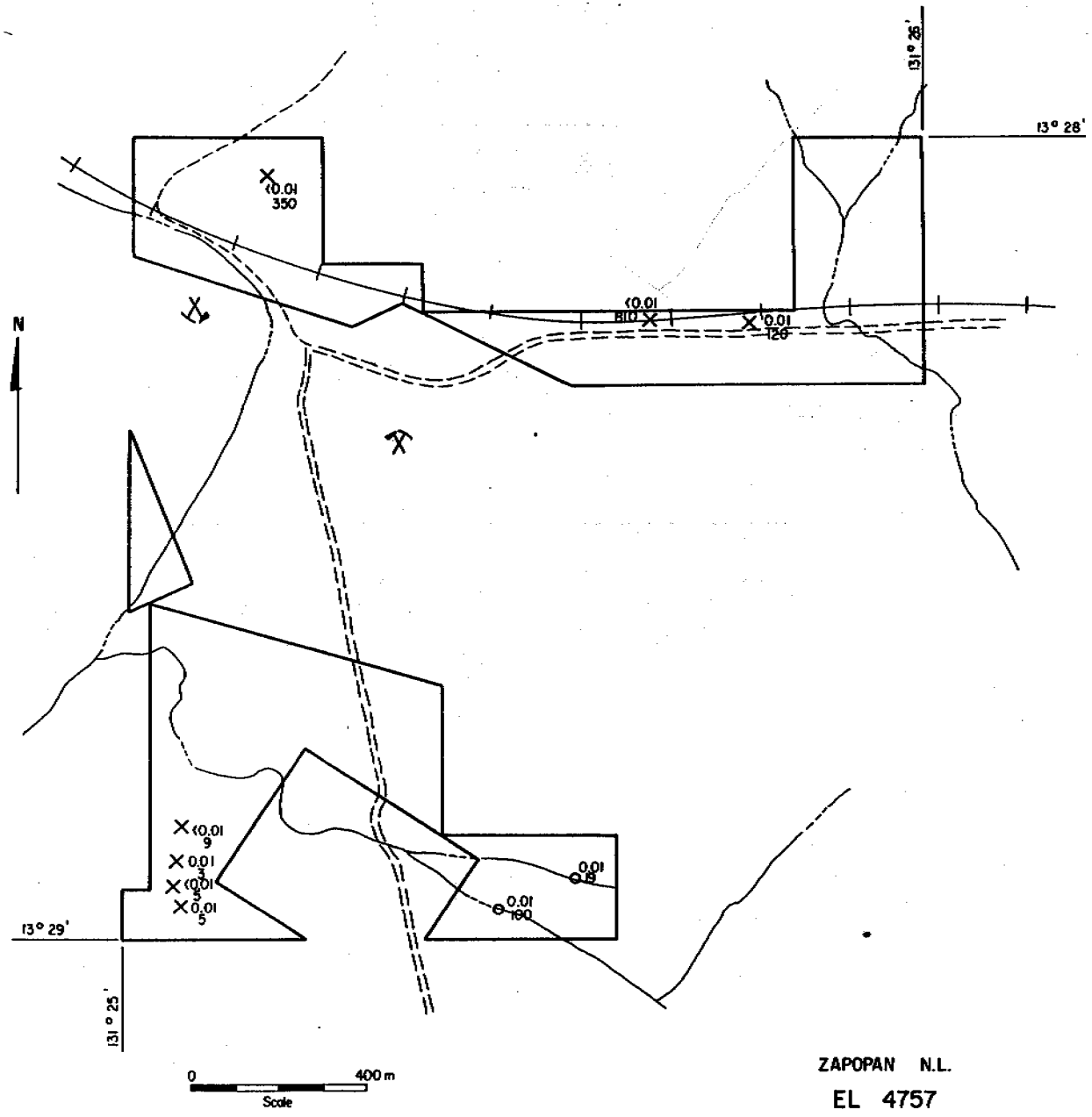
GEOLOGY AND SAMPLE LOCATIONS

GEOLOGIST: C. KOSE.

FIGURE: 2

LEGEND

- Rock chip samples (Au / As)
- Stream sediment samples
- Operating mine
- Abandoned mine
- Road
- Track
- Railway
- Creek



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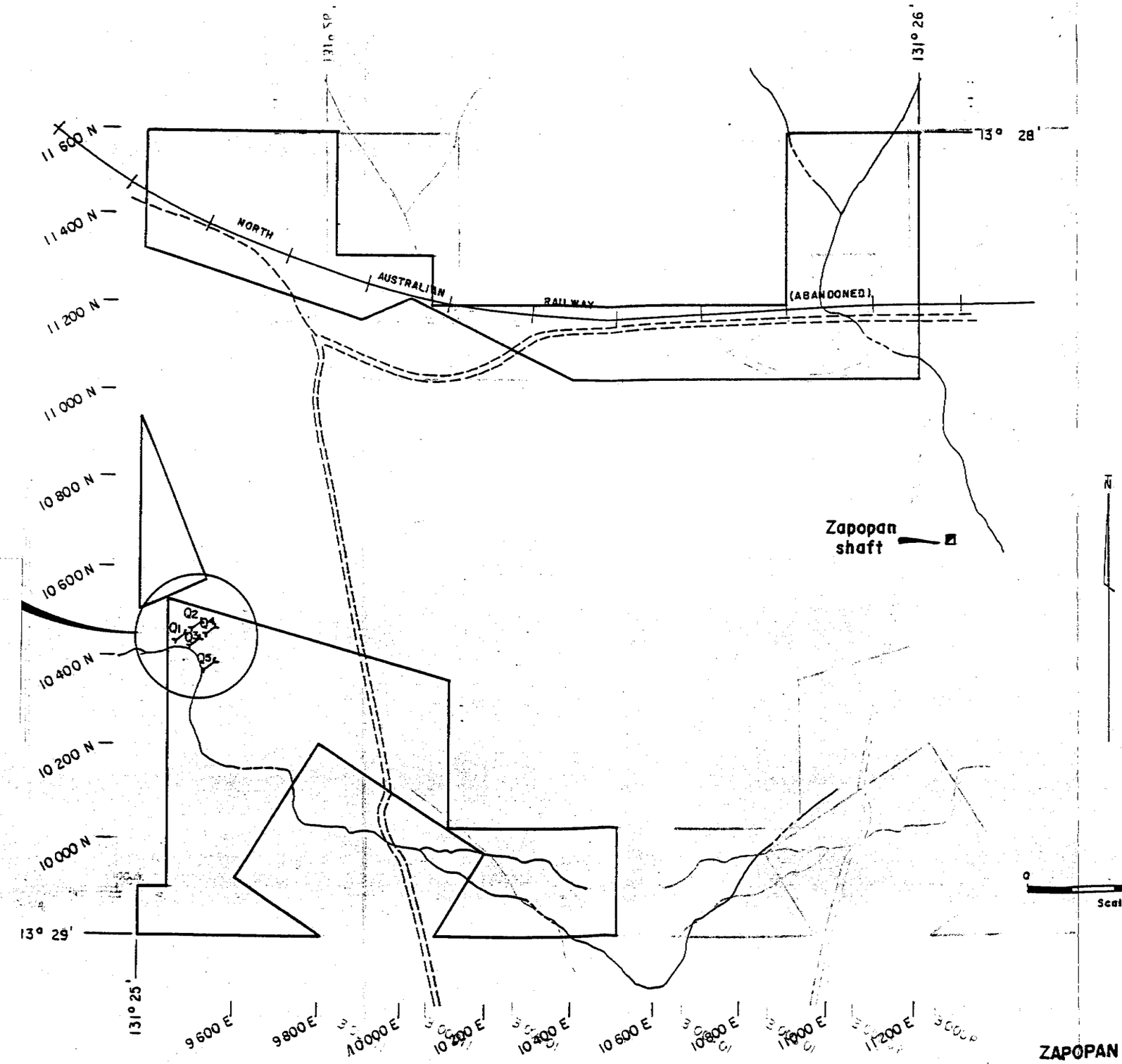
EL 4757

ASSAY VALUES

GEOLOGIST: C. KOSE.

FIGURE : 3



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TRENCH LOCATIONS
EL 4757

FIGURE 4