SUMMARY SURRENDER REPORT

EXPLORATION LICENCES 5336.

FOR THE PERIOD 12 MAY 1989 - 11 MAY 1999

DALY RIVER
NORTHERN TERRITORY

1:250,000 - PINE CREEK (SDS2-08)
1:100,000 - DALY RIVER (5070)

TENEMENTS: EXPLORATION LICENCES 5336.
HOLDER: TROY RESOURCES NL - 100%
OPERATOR: TROY RESOURCES NL
REPORT NO: TR007/99
AUTHOR: K. DIXON
DATE: JULY 1999

DISTRIBUTION:
1. Dept of Minerals and Energy (NT)
2. Troy Resources NL
LIST OF CONTENTS

1.0 SUMMARY AND CONCLUSIONS .................................................................................. 3

2.0 INTRODUCTION ............................................................................................................ 3

3.0 TENEMENTS .................................................................................................................... 4

4.0 REGIONAL GEOLOGY .................................................................................................... 4

5.0 PREVIOUS EXPLORATION ............................................................................................ 5

6.0 EXPLORATION ACTIVITIES COMPLETED ................................................................. 6

   6.1 EXPLORATION FOR THE PERIOD 12-5-89 TO 11-5-90 BY GEOPEKO .................. 6
      6.1.1 Airborne Magnetics and Radiometric Survey Data ............................................... 6

   6.2 EXPLORATION FOR THE PERIOD 12-5-90 TO 11-5-91 BY GEOPEKO .................. 7
      6.2.1 Ground Scintillator Survey .................................................................................. 7
      6.2.2 Rock Chip Sampling ............................................................................................ 7

   6.3 EXPLORATION FOR THE PERIOD 12-5-91 TO 11-5-92 BY GEOPEKO .................. 7
      6.3.1 Ground Spectrometer Survey .............................................................................. 7
      6.3.2 Ground Magnetic Survey .................................................................................... 7
      6.3.3 Aircore Drilling .................................................................................................... 7

   6.4 EXPLORATION FOR THE PERIOD 12-5-92 TO 11-5-93 BY TROY RESOURCES ........ 8
      6.4.1 Review and Exploration Summary ...................................................................... 8

   6.5 EXPLORATION FOR THE PERIOD 12-5-93 TO 11-5-94 BY TROY RESOURCES ........ 8
      6.5.1 Aeromagnetic Interpretation ............................................................................... 8
      6.5.2 Compilation/Analysis of Geochemical Database .................................................. 8

   6.6 EXPLORATION FOR THE PERIOD 12-5-94 TO 11-5-95 BY TROY RESOURCES ........ 9

7.0 REFERENCES .................................................................................................................. 10

LIST OF FIGURES

Figure 1  Daly River Tenement Location Diagram
           Initial Tenement Outline.

Figure 2  Daly River Tenement Location Diagram
           Surrendered Tenement Outline.

Figure 3  Daly River Tenement Location Diagram
           Surrendered Tenement Outline.

Figure 4  Daly River Tenement Location Diagram
           Surrendered Tenement Outline.

Figure 5  Regional Geology
1.0 SUMMARY AND CONCLUSIONS

Exploration Licence 5336 in the Daly River area, Northern Territory was granted on May 12, 1989 to Sutton Motors PL and was shortly thereafter joint ventured to Geopeko, who became operators of the project. The property, which originally consisting of 108 graticular blocks is, almost entirely covered by black clay soil which offers extremely difficult to impossible vehicle access when wet. The soil cover also placed a strong reliance on targeting for base metal and uranium by geophysical methods. Geopeko, as operator from 1989-1993 appears to have used NTGS aeromagnetics to define some obvious targets such as DR410, a large bullseye magnetic target near the Daly River. Other magnetic targets, DR402 and DR405 and a radiometric target DR404 were also identified.

Geopeko explored EL5336 for base metals but some of the more interesting values obtained from air core sampling were anomalous in gold and not followed up. The aeromagnetic and electromagnetic (Geotem) surveys impinged slightly on the eastern sections of the Licence. Geopeko also carried out a sacred site survey, locating many sacred sites on the licence, particularly near the river.

Troy exploration concentrated on evaluating many volumes of reports from previous explorers, geological mapping and rock chip sampling. Exploration was limited due to restricted access pending the outcome of negotiations with the local Aboriginal Groups. Most of the exploration efforts were concentrated east of EL5336.

2.0 INTRODUCTION

The Daly River Project of Troy Resources NL is about 150km south of Darwin, Northern Territory, and centred around 13° 40’ S, 130° 41’ W. The nearest settlement is the Daly River Catholic Mission while a much smaller settlement is situated about 5km east around the Daly River Inn and the Police Station.

Access is gained by a mostly sealed road from Adelaide River, extending to the Daly River settlement and Mission. Approach to the Troy tenements (Exploration Licences E5336 to 40) is generally good.

The Daly River district consists of ranges of moderately steep hills separated by broad flats. The latter is commonly waterlogged or flooded during the Wet Season from November to April, when 90% of the 1,400mm of annual average rainfall occurs. Relative humidity is normally less than 50% during the dry season. Monthly mean maximum temperatures range from 31-44°C with minimums at 12-24°C.
The Daly River Copper Mine commenced in 1884 with operations continuing sporadically until 1918. Total recorded production is about 5,000t of 20% copper ore from shafts and an open cut. About 1000t of similar material was produced from other nearby copper deposits, most notably, Whaeldanks. Mineralisation is dominated by chlorite and quartz hosted alteration in shear zones cutting intermediate and felsic tuffs, phyllite and argillite. Secondary copper was the main mine product with minor amounts of secondary lead minerals recovered from Wallaby and Knowles Farm prospects.

This report provides details of exploration activities carried out over the Exploration Licence 5336 by Geopeko and Troy Resources from the 12 May 1989. The exploration completed in each year of the licence term is summarised herein, and the relevant Annual Report is also referenced.

3.0 TENEMENTS

Exploration Licence 5336 is located approximately 150km south-south west of Darwin and 15km north west of the Daly River Police Station. Most of the tenement lies north of the Daly River.

The exploration licence initially consisted of 108 graticular blocks totalling over 348 km², was granted to Sutton Motors Pty. Ltd. on 12 May 1989 for a period of six years. Geopeko entered into a joint venture agreement with Sutton Motors on 20 July 1989 and was responsible for carrying out exploration activities on the property. On 1st March 1993, Troy Resources purchased the project from Geopeko.

Figures 1 to 4 shows tenement location and outline of areas surrendered over the life of the licence.

4.0 REGIONAL GEOLOGY

The project area covers part of a large trough (Daly River Basin) of Lower Proterozoic meta-sediments of the western Pine Creek Geosyncline along the complex structural margin (Giant Reefs Fault) between the Geosyncline and the older Lichfield Province - Hermit Creek Metamorphics and Lichfield Granite. This western most exposure of Pine Creek metasediments - Finnis River Group are atypical Pine Creek stratigraphy containing felsic volcanics (Warrs and Mulluk Mulluk volcanics) which may indicate an active margin of the Pine Creek Geosyncline (Dundas et al 1987). The Wangi Basics -metadolerites gabbros and ultra basic intrusives intrude the Finnis River Group. Three distinctive syn-orogenic post-orogenic granites about 1840-1850 Ma have been mapped in the Daly River 1:100,000 sheet.
The Giants Reef Fault is part of a system of NNE trending wrench faults and the project area is best considered as being within a large NNE trending shear zone related to movement along the Giant Reef Faults and its splays.

The strata bound Pb-Zn deposits north of Daly River copper mine, e.g. anomaly A, are hosted in the Warrs Creek Volcanic Member. The Daly River copper mine and the other historic copper producers are epigenetic structurally controlled deposits which may be genetically related to the VMS deposits, i.e. possible feeders. The Giants Reef Fault is part of the 800km long NNE trending wrench faults which extend from Halls Creek in the Kimberley region into the Northern Territory west of Darwin. In the Kimberley region the structures of the Halls Creek Fault zone are the regional structural controls of Au deposits around Halls Creek.

The EL5336, lies within the western boundary of the Pine Creek Basin within the Litchfield Block, composed of basal early Proterozoic Hermit Creek metamorphics. Other rock units in the area include granitoids which intrude volcanics, sandstone and conglomerate of the Finnis River Group which are overlain unconformably to the east and south east by sandstone and dolerite of the Tolmer Group.

Figure 5 outlines a simplified regional geology.

5.0 PREVIOUS EXPLORATION

Exploration activities at Daly River have been conducted for nearly a century for base and precious metals.

Modern mineral exploration began with uranium exploration during the Fifties by Rio Tinto Zinc. These programs were unsuccessful and ended in 1955. A related company, Enterprise Exploration Co. PL commenced exploration for base metals in 1956, culminating in a diamond drill hole under the Daly River Copper Mine in 1957 with a best value of 1.8m of 0.35% Cu. Enterprise dropped their tenement ATP 529 in March, 1959.

The Bureau of Mineral Resources (BMR) flew wide-spaced aeromagnetics in 1964 and more detailed radiometrics and aeromagnetics during 1984. Reconnaissance electromagnetic surveys by BMR in 1985 located new anomalies unrelated to known copper mineralisation east of Warrs and near the Copper Mine.

Western Nuclear Australia Ltd. acquired ATP 2206 (92 square miles) in 1967 and expended $275,000 over a three year period carrying out gridding, mapping, soil sampling, auger soil sampling, geophysics (I.P., magnetics, gravity, VLF EM-16) and 25 diamond drill holes.
Drilling indicated base metal mineralisation dominated by zinc with results such as 1.5m at 10.5% Zn, 2.1m at 0.75% Cu and 7m at 3.9% Zn.

By 1971, a joint venture between Western Nuclear and the Cuprex Joint Venture (ie Nickel-Aquitaine-Pressag) had further drilling success outlining resources at Anomaly A and Warrs - 213,350t of 18.7% Zn, 0.65% Cu, 0.3% Pb and 3ppm Ag in the Southern Lense, 548,650t of 6.6% Zn, 2.2% Cu, 0.3% Pb and 19ppm Ag in the Northern Lense. Robertson Research reviewed all of the data and reported that grades and tonnages were uneconomic at that time.

During 1977 uranium exploration resumed. Suttons/Mobil carried out radiometric and magnetic surveys seeking stratabound uranium mineralisation to the north of the base metal deposits. This was followed up in 1979 by Waltons and Waltons exploring for tin and tantalum in an area similar to E7308.

During 1988, the NTGS re-sampled several core from drill holes from the various deposits (Anomaly A, Warrs, Anomaly C, Copper Mine) and reported average gold grades of 0.50 g/t to 0.75 g/t, such grades are typical of VMS base metal deposits.

Base metal exploration commenced again at Daly River when the Suttons Motors/Peko joint venture was formed following the grant of five exploration licenses in 1989. The joint venture's target was economic mineral deposits of lead - zinc and gold with Peko being particularly interested in volcanic hosted massive sulphide mineralisation, ie. VMS deposits. Between 1989-92, Peko spent approximately A$1.5 million carrying out airborne and ground geophysics, geological mapping, down hole EM surveys, vacuum, air core, RC and diamond drilling and analysis of previous work.

6.0 EXPLORATION ACTIVITIES COMPLETED

6.1 Exploration for the Period 12-5-89 to 11-5-90 by Geopeko.


6.1.1 Airborne Magnetics and Radiometric Survey Data
Exploration during the period consisted of the flying of a low level airborne magnetic and radiometric survey over approximately 10% of the exploration licence. This survey highlighted three magnetic anomalies, DR402 (678020E/8484020N), DR405 (679070E/8488010N), DR410 (668860E/8497410N) and one radiometric anomaly, DR404 (674850E/8497400N).
6.2 Exploration for the period 12-5-90 to 11-5-91 by Geopeko.


A combined report writing status was granted during the second year of (12/5/90 to 11/5/91), for the Exploration Licences 5336, 5337, 5338, 5339 and 5340.

6.2.1 Ground Scintillometer Survey
A ground scintillometer survey was conducted over radiometric anomaly DR404. This consisted of a total of 2.5 line km on a 50m spacing with lines of 100 metres apart.

6.2.2 Rock Chip Sampling
Two samples, NT1457 and NT1458 were collected from radiometric anomaly DR404.

6.3 Exploration for the Period 12-5-91 to 11-5-92 by Geopeko.


6.3.1 Ground Spectrometer Survey
A ground spectrometer survey was conducted over radiometric anomaly DR404. This consisted of 5 x 500m line traverses.

6.3.2 Ground Magnetic Survey
Ground magnetic survey was completed over prospect DR402, in order to establish a geophysical model for the area.

6.3.3 Aircore Drilling
Over 7500m of shallow, 3 to 5 metre deep, aircore/vacuum drilling was drilled over the ELs 5336 to 40.

Table 1 summaries the drilling on each anomaly on the exploration licence.
Table 1: Aircore Drilling on EL5336

<table>
<thead>
<tr>
<th>Anomaly/Area</th>
<th>Grid Type</th>
<th>No Lines</th>
<th>No samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>DR402</td>
<td>Local</td>
<td>3</td>
<td>39</td>
</tr>
<tr>
<td>DR404</td>
<td>Local</td>
<td>5</td>
<td>124</td>
</tr>
<tr>
<td>DR405</td>
<td>Local</td>
<td>1</td>
<td>18</td>
</tr>
</tbody>
</table>

6.4 Exploration for the period 12-5-92 to 11-5-93 by Troy Resources.


6.4.1 Review and Exploration Summary

This report included a comprehensive review and exploration summary of all previous exploration data. A set of plans of geology, geophysics, geochemistry and drilling at 1:100,000 and 1:25,000 scales were generated. Time was spent by Troy Resources traversing the tenements in a reconnaissance pattern to find structural features and evidence for mineralisation. Time was also taken to record and land uses and sacred sites. Reconnaissance mapping revealed good outcrop present to the east of the volcanic belt. While to the west, there is black soil plains. In conjunction with the reconnaissance mapping 125 rock chips were collected. No samples were collected on EL5336.

6.5 Exploration for the period 12-5-93 to 11-5-94 by Troy Resources.


6.5.1 Aeromagnetic Interpretation

An aeromagnetic interpretation was produced by Southern Geoscience in Perth, from tapes taken from Geopeko's 1989 aeromagnetic/radiometric survey for the Daly River area. This interpretation covered the eastern most portion of the tenement.

6.5.2 Compilation/Analysis of Geochemical Database

There was a comprehensive compilation and analysis of all geochemical data from all previous exploration covering the ELs 5336 to 5340. Analysis of all the data was compiled into a database and report. This was completed by L O'Neill as part of a post graduate diploma in Applied Geology at Curtin University of Technology of WA.
6.6 Exploration for the period 12-5-94 to 11-5-95 by Troy Resources.


There was no exploration completed over Exploration Licences 5336 to 5340. Exploration Licences 5336 was completely surrendered.

Troy Resources N.L. initiated detailed discussions with the Malak Malak and Kamu Aboriginal Groups in April/May 1994 in effort to gain access to ELs 5336-5340 at Daly River. The discussions and the formula of an agreement document proved to be protracted and no field work was possible in the 1994 field season. Fieldwork on the ELs to the Aboriginal land (ELs 7930 and 7308) was put on hold in 1994 pending a favourable outcome of discussions with the Aboriginal Groups. (Stadler, 1995).
7.0 REFERENCES

Dundas, D L, 1989. Explanatory Notes of Daly River 5070 1:100,000
Edgoose, C Geological Map series
J, Fahey, G Northern Geological Survey
M & Fahey, J F.,

Love, R.J., 1992. Third Annual Report on Exploration Licences 5336-
5340 (inclusive), Northern Territory.
Report No: NT92/33S
Geopeko (Peko Exploration Ltd)

Northern Territory.
July 1990.
Report No: NT90/11S
Geopeko (Peko Exploration Ltd)

5336-5340 (inclusive), Northern Territory.
June 1991.
Report No: NT91/22S
Geopeko (Peko Exploration Ltd)

at Daly River.
School of Applied Geology
Curtin University of Technology, Perth, WA.
*Taken From Report WMS 94/4 Appendix 5

Sargeant, D., 1993. Fourth Annual Report, Exploration Licences 5336-
5340, inclusive, Daly River, Northern Territory,
Volumes A&B.
June 1993
Report Number: WMS 93/5
Troy Resources NL

5336-5340, 7308, 7930, Daly River, Northern
Territory.
January 1994
Report Number: WMS 94/5.
Troy Resources NL


TROY RESOURCES N.L.
DALY RIVER PROJECT
TENEMENT LOCATION DIAGRAM

LOCATION SKETCH

INSERT AREA DARWIN
N T.
TENNANT CREEK
W A.
ALICE SPRINGS
OLD

Scale 1250000

Figure 1
Numerous economic grade drill intersections warrant additional drilling.

Generalized bedrock geology
Cambrian
- Limestone, siltstone

Proterozoic
+ Granitoids
/ Basic, Ultrabasic rocks
/ Metasediments
/ Felsic volcanics
/ Outcrop
/ Inferred

Fault

TROY RESOURCES N.L.
DALY RIVER PROJECT AREA

FIGURE 5