POSEIDON GOLD LIMITED
ANNUAL REPORT
EXPLORATION LICENCE 6929
TENNANT CREEK MINERAL FIELD
NORTHERN TERRITORY

SUBMITTED TO: PRINCIPAL REGISTRAR
TITLES REGISTRATION BRANCH
DEPARTMENT OF MINES AND ENERGY
PO BOX 479
TENNANT CREEK NT 0861

PREPARED BY: K LINDSAY-PARK
EXPLORATION GEOLOGIST
POSEIDON GOLD LIMITED
TENNANT CREEK NT 0861

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FIGURE 1. TENEMENT LOCATION PLAN
1. SUMMARY

Poseidon Gold Limited acquired Exploration Licence 6929 on the 28 June 1991 following the purchase of all North Broken Hill Peko Limited’s (NBHP) assets in Tennant Creek.

Since the purchase an exploration programme has been started which has involved structural mapping, airbourne magnetic interpretation and gravity surveying. The Structural mapping has been focused on the small outcropping area near the Kia Ora Mine. The geophysical work has been undertaken to project mapped structures out into non-outcropping areas.

Over the next year the surveying will be completed and the results assessed. Further work will see areas of interest subject to detailed ground magnetic surveys and geochemical sampling. RC or diamond drilling of areas of economic interest will be conducted in the following year.
2. INTRODUCTION

Exploration licence 6929 covers 12.8 sq kms and is located 17 kms east of Tennant Creek. The tenement can be accessed for most of the year via sealed road to Nobles Nob then along a well formed dirt road past the Golden Forty and Golden Kangaroo mines. The tenement is centred on the old Kia Ora mine which has a recorded production of 681.68 ton at 12.4 dwt per ton and 3.6 dwt per ton in tailings. (Ivanac 1954).

Poseidon Gold Limited took over responsibility for EL 6929 on 28 June 1991 following the purchase of all North Broken Hill Peko Limited’s (NBHP) assets in Tennant Creek. Since acquisition, Poseidon Gold has started a comprehensive exploration programme designed to evaluate the tenement’s potential for hosting a non-ironstone hosted gold-copper-bismuth resource. The original recommendation to apply for the licence was made by R Skirrow, a Ph.D student funded by NBHP’s exploration arm, GeoPeko. Poseidon Gold has agreed to continue funding of the research programme.

3. WORK CONDUCTED TO 9.8.91

Following the acquisition of NBHP’s operations in Tennant Creek, Poseidon Gold Limited has started an exploration programme in EL 6929 aimed at delineating a non-ironstone hosted deposit. In the six weeks since the acquisition date and the current reporting date, only the work conducted by Poseidon Gold can be reliably reported. Once NBHP/GeoPeko data is sorted and integrated it will be reported along with further work conducted by Poseidon Gold.

3.1 Structural Mapping

Poseidon Gold contracted the services of Colleen Elliott, a post-doctoral research fellow, to undertake structural mapping of several areas in Tennant Creek. One area selected was EL 6929 covering the shear hosted Kia Ora mine which is one of the few examples in Tennant Creek of high grade gold mineralisation occurring in a non-ironstone setting. Preliminary results from the mapping has indicated that the gold mineralisation is controlled by a late cross-cutting fault or shear zone along which mineralising fluids have reacted with haematite-rich Warramunga Group rocks.

Results and plans generated by this work are currently being prepared and will be reported fully in the next annual report.
3.2 Geophysical Prospecting

A detailed analysis of the available airborne magnetics is being undertaken by an in-house geophysicist and is aimed at interpreting the location of faults and shears into areas of cover. This on-going study has been useful in placing the local area into the wider geological setting.

To compliment the magnetic interpretation a regional gravity survey is underway. In EL 6929 gravity readings have been collected to determine the distribution of major structures within the Warrumunga and basement rocks. Due to the large area/extent of the gravity survey being conducted readings are being collected over several months prior to batch processing and plan preparation. The data from EL 6929 has not yet been processed, however plans and results of this work will be presented in the next annual report.

4. EXPENDITURE BETWEEN 10.8.90 AND 2.8.91

Since July 1991 the work programme started by Poseidon Gold has incurred an expenditure of $8,312. This figure does not include any expenditure incurred by Geopeko. A detailed breakdown of the expenditure is tabulated below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost (in $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural Mapping</td>
<td>1,750</td>
</tr>
<tr>
<td>Magnetic Interpretation</td>
<td>2,000</td>
</tr>
<tr>
<td>Gravity data</td>
<td>1,000</td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>700</td>
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<tr>
<td>Administration</td>
<td>900</td>
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<tr>
<td>Vehicles</td>
<td>270</td>
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<tr>
<td>Research</td>
<td>1,200</td>
</tr>
<tr>
<td>Lease Expenses, Management</td>
<td>60</td>
</tr>
<tr>
<td>Overheads (Computers, Stationary, etc)</td>
<td>432</td>
</tr>
<tr>
<td></td>
<td>8,312</td>
</tr>
</tbody>
</table>

5. PROPOSED EXPLORATION

During the next year Poseidon Gold will continue the exploration programme involving the finalisation of the structural mapping, gravity survey and regional magnetic interpretation. Following assessment of these results a detailed ground magnetic survey will be undertaken to accurately locate any identified features on the ground. Soil sampling or RAB drilling will be used to determine prospectivity of any areas of interest.
Areas identified as having potential for hosting economic mineralisation would be tested by either RC or diamond drilling in the following year.

6. **PROPOSED EXPENDITURE**

To complete the programme described in Section 5, an expenditure of $10,000 is envisaged as detailed below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processing Geophysical data</td>
<td>$ 1,000</td>
</tr>
<tr>
<td>Research</td>
<td>$ 1,200</td>
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<tr>
<td>Salaries and Wages</td>
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</tr>
<tr>
<td>Soil Sampling</td>
<td>$ 2,500</td>
</tr>
<tr>
<td>Administration</td>
<td>$ 1,000</td>
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<tr>
<td>Vehicles</td>
<td>$ 500</td>
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<tr>
<td>Overheads</td>
<td>$ 800</td>
</tr>
</tbody>
</table>

$ 10,000

7. **KEY WORDS**
