TANAMI GOLD N.L.

FINAL RELINQUISHMENT REPORT
MUNYU HILLS
EL6132

PERIOD: 29 AUGUST 1994 TO 1 SEPTEMBER 1999

AUTHOR
M KAVANAGH

December 1999

DISTRIBUTION:
- Northern Territory Department of Mines & Energy (1)
- Tanami Gold NL (2)
CONTENTS

1. Introduction .................................................. 1
2. Exploration Summary ........................................ 1
3. Discussion ...................................................... 3

FIGURES

Figure 1  Tenement Location Plan  1:250,000
Figure 2  Munyu Hills - Vetoed Areas  1:500,000
1. **INTRODUCTION**

Exploration Licence 6132 (Munyu Hills), was granted to Kia Pacific Gold Limited (Kia Pac) and Tanami Gold NL (TGNL) on 29 August 1994. Subsequent to that date, TGNL purchased Kia Pac’s 20% equity in the tenement.

Over the life of the tenement, TGNL carried out field programs in 1994 and 1996 following on from clearance programs by the Central Land Council (CLC) and the traditional Aboriginal owners. During the 1997 and 1998 field seasons the Company was unable to obtain clearance from the CLC for their proposed exploration programs.

When clearance was granted in late 1998, significant portions of EL6132 that were previously accessible for exploration had been vetoed. As a consequence the Company applied for a Substitute Exploration Licence (SEL 22156) covering EL6132 on 20 August 1999 following which the underlying exploration licence was surrendered on 1 September 1999.

2. **EXPLORATION SUMMARY**

During the life of the tenement (29 August 1994 to 1 September 1999) TGNL completed two helicopter supported field programs over EL6132.

Exploration programs for Year 1 (ending 28 August 1995) to Year 4 (ending 28 August 1998) are described in full in the Annual Reports submitted to the Northern Territory Department of Mines and Energy (NTDME). No field exploration was carried out on EL6132 for the year ending 29 August 1999 due to non-resolution of negotiations with the CLC with regards to vetoed areas (proclaimed in November 1998) being coincident with zones of elevated magnetic terrain which the Company wanted to explore as priority ground within the tenement area.

The resulting impasse with regards to access to a granted tenement coupled with the inflexibility of the Mining Act with regards to the doubling of annual rental irrespective of access to ground led the Company to relinquish the tenement in favour of SEL 22156 in August 1999.

**1994-1995 Exploration Program**

Following grant of the tenement in August 1994, Dr Peter Williams of consultants, Etheridge and Henley, undertook a helicopter supported reconnaissance sampling program over EL6132. The program highlighted a number of geochemical anomalous zones within the southern half of EL6132 with best values of 12ppb Au, 595 ppm As and 411 ppm Cu (see 1995 Annual Report to NTDME for EL6131 and 6132 by ME Kavanagh).

**1995-1996 Exploration Program**

A sacred site clearance survey over proposed exploration areas within EL6132 was completed in May 1996. Following on from the clearance program a helicopter supported reconnaissance sampling program was carried out over EL6132. The program was directed to further confirming the anomalous zone outlined by the 1994 program and evaluating the areas of extensive cover sequences in the northern half of the tenement area.
As a result of the program the northern half (248 blocks) of EL6132 was relinquished with a total of 240 blocks being retained. The program also confirmed the presence of anomalous gold and arsenic values in surface lag and rock chip samples over 20 kilometres strike associated with a zone of elevated magnetic terrain (see Annual Report EL6132 Munyu Hills for year ending 28 August 1996 by TE Mayer and RG Edwards, and EL6132 Munyu Hills, Report on Exploration within Relinquished Portion for the Period of Tenure to 28 August 1996 by TE Mayer and RG Edwards).

1996-1997 Exploration Program

In February 1997 the CLC approved the development of a series of access tracks (see Figures 1 and 2) west from the Tanami Road into EL6132. The track development was supported by several companies, so giving first-time vehicle access to the Highland Rocks 1:250,000 Sheet. It was hoped that track development would be completed by early May 1997, so providing the CLC with access to carry out clearance programs on EL6132 ahead of planned exploration.

Following a series of delays (weather and equipment breakdown) the contractor Yuendumu Mining Company NL (YMCNL) did not complete access to EL6132 until August 1997. As a result, TGNL was unable to carry out any fieldwork on EL6132 for the year ending 28 August 1997 as it had not received clearance from the CLC for its proposed exploration program (see EL6132 Munyu Hills, Annual Report for Year Ending 28 August 1997 by TE Mayer).

The Company applied for and was granted a waiver from the requirement to relinquish 50% of the licence area for EL6132 with the tenement remaining in force at 240 blocks.

1997-1998 Exploration Program

The May 1996 site clearance survey over proposed exploration areas on EL6131 and EL6132 included traditional Aboriginal owners from Lajamanu, Mt Liebig, Kintore and Nyirripi. It was made clear to TGNL that the site clearance survey would allow the 1996 exploration program to proceed, but that further discussions and possible further site clearance surveys would be required before subsequent exploration programs could be undertaken. It was not possible for the CLC to commence site clearance programs within EL6132 until track development undertaken by CLC/YMCNL was completed in early August 1997.

A meeting with traditional Aboriginal owners and the CLC was attended by TGNL Managing Director, Denis Waddell and Exploration Director, Martin Kavanagh at Nyirripi on 17 September 1997. The principal purpose of the meeting was to continue negotiations on EL(A)9619, Russet Ridge, which lies adjacent to EL6132 (see Figure 2). The proposed work program for EL6132 was discussed at this meeting. Notwithstanding the notional approval of the program by the traditional Aboriginal owners, the CLC was unable to grant access for the year ending 28 August 1998.

No exploration was carried out on EL6132 for the year ending 28 August 1998. The tenement was reduced from 240 blocks to 130 blocks on 28 August 1998.
1998-1999 Exploration Program

In November 1998 the Company's proposed exploration program (submitted in August 1997) was approved by the CLC with access to two areas being vetoed (see Figure 2). The vetoed portions of the tenement covered the areas of elevated magnetic terrain and a gold-arsenic-basemetal anomalism returned from the 1994-1996 programs, ie after completing over $200,000 of exploration the Company's access to ground was vetoed. Ongoing negotiations with the CLC during 1999 failed to resolve the access problems to the areas of magnetic and geochemical anomalism previously outlined by the Company.

The Company was once again faced with the problem of the doubling of annual rental fees and not being able to access prospective ground. Accordingly, the Company applied for SEL 22156 in order that it could maintain its interest in the vetoed areas of EL6132 with the hope that access may be granted in the future.

SEL22156 also covers a large part of EL8517 on which significant areas have yet to be cleared for access (see Figure 2) but on which annual rents are due in January 2000.

3. DISCUSSION

The Company recognises the necessary protracted process of site clearance which can eventuate in remote areas such as Highland Rocks and Lake Mackay. It is important that the NTDME recognise the consequences of this process and consider appropriate amendments to the Mining Act such that vetoed areas proclaimed after grant of an exploration licence may be excised from the active tenement area so that the tenement holder does not incur unnecessary costs (rents). In addition, where a company has a granted tenement, but no access (approval) for its exploration programs, the Mining Act should be amended so the NTDME can deal with such a situation by waiver of annual rental or suspension of the term of the licence until access is granted.