6th Annual Report

Exploration Licence 8200

Adelaide River Project Area

For the period beginning 30th October 1999

And the period ending 29th October 1999.

Operator:
Sirocco Resources NL.
SD5208 Pine Creek.
Batchelor 5171

Author:
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Dave Catherall Technical Director
January 2000

NT Department of Mines & Energy.
Sirocco Resources NL, Brisbane.
Sirocco Resources NL, Tom's Gully.
William Resources Inc., Toronto.
Tenement Details

Exploration Licence 8200 was granted to DG and ES Sharkey on 29 October 1993 for a period of six years. William Resources Inc. executed a purchase option during late 1996 through its wholly-owned subsidiary, Rustler's Roost Mining Pty Ltd, with the holders retaining a 10% residual interest based upon a production royalty. William Resources subsequently executed a farm-in agreement with Sirocco Resources on 06 October 1998.

A request for waiver of the reduction of blocks was submitted to the Northern Territory Department of Mines and Energy on 27 September 1998. This application was rejected and a partial reduction of six blocks was lodged on 14th January 1999.

This Report Summarises work completed on the 6 blocks retained occupying approximately 20km² and can be summarised in Table 1 below.

Table 1: Tenure Record of EL 8200

<table>
<thead>
<tr>
<th>Block Identification Map</th>
<th>Burrell Creek 1:50,000 (14/2-III)</th>
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<td>Period</td>
</tr>
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<td>1</td>
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</tr>
<tr>
<td>2</td>
<td>1994/1995</td>
</tr>
<tr>
<td>3</td>
<td>1995/1996</td>
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</tr>
<tr>
<td>5</td>
<td>1997/1998</td>
</tr>
<tr>
<td>6</td>
<td>1998/1999</td>
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</tr>
<tr>
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<td>Period of Renewal</td>
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SUMMARY

This report summarises the exploration activities completed during the previous year of tenure, limited on ground work was conducted this year with the start of operations at the Quest 29 and Tom's Gully utilising the companies finite resources.

However target generation work for future mill feed targets has been ongoing involving Geophysical Interpretations of Magnetic, Radiometric, Aerial Photography, Structural and Lineament analysis which coincide with favourable lithologies and target horizons. This is also being assisted by the upgrading of previous workers data into GIS format to prevent replication of field work that has already been undertaken and generating targets to be followed up. This work will be finalised during the current wet season. Enabling significant targets to be fast tracked during the 2000 dry season with focussed fieldwork. Interpretations completed and fieldwork already undertaken is compiled within this report, in conjunction with GIS work already completed.

No New Data is contained within this Report.
1. INTRODUCTION

Exploration Licence 8200 is held by William Resources Inc. through its wholly owned subsidiary, Rustler's Roost Mining Pty Ltd. The tenement is operated by Sirocco Resources NL following the execution of a farm-in agreement during early October 1998. Sirocco Resources has assumed exploration, administration and reporting responsibilities for the tenements.

Exploration Licence 8200 is centered approximately 105 kilometers south-southeast of Darwin and approximately 3 kilometers south-southeast of the township of Adelaide River (Figure 1). The tenement occurs within the central northern portion of the Burrell Creek 1:50,000 sheet. Access from Darwin is via the Stuart Highway to Adelaide River thence via the Old Stuart Highway (or Dorat Road) to the tenement area. The area is largely inaccessible by vehicle during the wet season. Access within the tenement area is variable due to topography, though almost entirely limited to cross-country four wheel drive traversing and walking. Topography of the tenement area is characterised by steep strike ridges separated by well-developed silty drainage.

The primary exploration target within the tenement area is stratabound or stockwork gold mineralisation within prospective lithologies of the Proterozoic Burrell Creek Formation. Exploration of the area is based upon the GIGIAC (gold in greywacke in anticlinal crests) concept devised by local geologist, John Shields.

The tenement is one of a group of several contiguous Exploration Licences and Mineral Claims held by Rustler's Roost Mining Pty Ltd within the Adelaide River area and included in the recent agreement with Sirocco Resources NL.
2. REGIONAL GEOLOGY

Exploration Licence 8200 is located within the central northern portion of the Proterozoic Pine Creek Geosyncline. Outcrop throughout the tenement area is abundant on steep strike ridges and sparse on the surrounding plains, which commonly exhibit deep, silty or black soils.

The tenement area is interpreted to be underlain by the Early Proterozoic Burrell Creek Formation, which is considered to be prospective for large tonnage, low grade gold deposits. The Batman Deposit (6.6 million ounces) at Mount Todd is hosted by sediments of the Burrell Creek Formation. The Burrell Creek Formation is interpreted to be a flysch sequence of fine to coarse sediments and is the most commonly outcropping unit within the Pine Creek Geosyncline.

Within the tenement area, the unit is dominated by medium to coarse-grained sandstone, medium grained siltstone and medium to coarse conglomerate that outcrops on steep, rugged ridges. Gently southerly-plunging anticlinal structures fold the sequence throughout the tenement. Drainage systems are generally well developed but are typically filled with black soil and silt.

The prospect geology is summarised on Figure 2.

Exploration of the area is based primarily upon the GIGIAC (gold in greywacke in anticlinal crests) concept developed by local geologist, John Shields. This model recognises and combines several features consistent with sediment-hosted gold deposits worldwide and has been used successfully within the Pine Creek Geosyncline to locate economic mineralisation. The environment proposed for mineralisation essentially comprises an anticlinal structure in sediments within which gold mineralisation occurs stratabound and/or associated with quartz saddle reefs.
3. PREVIOUS EXPLORATION

Despite attempts to locate detailed information regarding the tenement and exploration history of EL 8200, only a limited quantity of data has been able to be compiled at the time of preparation of this report.

Prior to the granting of EL 8200, portions of the area covered by the current tenement were held by L M Baxter under EL 5065. Exploration of EL 5065 was undertaken by Northern Gold NL through a joint venture agreement. Several areas of gold anomalism were discovered including the Happy Valley prospect which is covered by Mineral Claims N4416 and N4418, and the Possum prospect, which is covered by Mineral Claim N3423. Detailed evaluation of this prospect included geological mapping, stream sediment sampling, soil sampling and rock chip sampling.

Negotiations between the former titleholder's agent and William Resources Inc commenced during early 1996 and a formal purchase agreement was reached late in the same year. William Resources commenced exploration with the compilation of published and unpublished literature and regional geological mapping data, acquisition and compilation of regional aeromagnetic data and literature reviews.

A program of reconnaissance-style prospecting and rock chip sampling was completed over several areas within the Adelaide River Project tenements during late 1996. Exploration Licence 8200 was included within this program. A geological orientation of the project area concentrated on several areas of known gold mineralisation and/or structurally favourable localities as defined during earlier exploration.

Exploration activities performed by William Australia since 1996 were, by necessity, concentrated on the Rustler's Roost gold mine lease area and on several tenements surrounding the mine. As such, the company carried out minimal work on EL 8200 prior to the suspension of mining and exploration activities in the region and the subsequent transfer to Sirocco Resources NL.
4. CURRENT EXPLORATION

Field work undertaken this year has comprised of two familiarisation geological traverses on the Adelaide River Project Area, due to the commitments associated with the start of operations at the Quest 29 and Tom’s Gully utilising most of the companies finite resources.

However target generation work for future mill feed targets has been ongoing involving Geophysical Interpretations of Magnetic, Radiometric, Aerial Photography, Structural and Lineament analysis which coincide with favourable lithologies and target horizons. This is also being assisted by the upgrading of previous workers data into GIS format (Refer Figure 2) to prevent replication of field work that has already been undertaken and generating targets to be followed up. This work will be finalised during the current wet season. Enabling significant targets to be fast tracked during the 2000 dry season with focussed fieldwork. Interpretations completed and fieldwork already undertaken is compiled within this report, in conjunction with GIS work already completed.

This area is known to host high grade mineralisation which may be proven up to be carted to the Tom’s Gully Mill increasing the profitability of the project as a whole.
5. CONCLUSIONS & PROPOSALS

Since the Joint Venture agreement has been in place most of the company's finite capital resources that are available to the company has been tied up in getting the Tom's Gully Mine Site and the Quest 29 tenements into production. Also due to the extremely difficult gold market and fund raising market conditions prevailing the Directors determined this was the best course of action to be taken so as not to over extend the company's base. With the marginally improved gold market and Tom's Gully & Quest 29 in production the more regional tenements should again receive more on ground work.

With the completion of the target generation programs over the wet season the field work for the 2000 dry season will have a set course as laid out in the proposed programs already submitted to the department.

The proposed exploration will concentrate on smaller zones of gold mineralisation overlooked by earlier explorers who were looking for "stand alone" and large tonnage discoveries and operations. As a result, Sirocco's exploration will have a defined objective and a comprehensive approach as it will be driven by ongoing production demands.
### 6. EXPENDITURE FOR THE SIXTH YEAR

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### 6.1 PROPOSALS FOR FIRST YEAR EXPLORATION AFTER RENEWAL

- Finalising upgrading previous work to GIS format
- Detailed mapping and rock chip sampling for extension from the known mineralisation within the MCN's 4416-4418 following the Happy Valley and Arum zones with the view to extending these zones of mineralisation.
- Follow up soil sampling where applicable
- Expenditure is expected to be in the region of $5,000
7. REFERENCES

The following published and unpublished reports and papers were used to provide background information relevant to EL 8200 during the geological studies completed during the fifth year and in the preparation of this report.


