SIROCCO RESOURCES NL.

7TH ANNUAL REPORT
RENEWAL YEAR 1
EXPLORATION LICENCE 8200
ADELAIDE RIVER PROJECT AREA

For the Period Beginning 30th October 1999
And the Period Ending 29th October 2000.

LICENCEE:       Rustler’s Roost Mining Pty Ltd.
OPERATOR:      Sirocco Resources NL.
STANDARD 1:250,000 SHEET:   SD5208 Pine Creek.
STANDARD 1:100,000 SHEET:   Batchelor 5171
AUTHOR:      Scott Hall  Project Geologist.
             Dave Catherall Technical Director
DATE:      December 2000
DISTRIBUTION:    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 renewed in 1999 for two years occupying approximately 20km² and can be summarised in Table 1 below.

### Table 1: Tenure Record of EL 8200

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<td>6</td>
<td>$5,000</td>
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<table>
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<tbody>
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<td>29 October 1999</td>
<td>18/56, 19/56, 19/57, 19/59, 19/60, 20/58</td>
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</tbody>
</table>

See Figure 1
Table of Contents

TENEMENT DETAILS............................................................................................................................... II

TABLE OF CONTENTS ........................................................................................................................... III

TABLES & FIGURES............................................................................................................................... III

SUMMARY ............................................................................................................................................... V

1. INTRODUCTION .................................................................................................................................. 6

2. REGIONAL GEOLOGY........................................................................................................................ 7

3. PREVIOUS EXPLORATION ................................................................................................................ 9

4. CURRENT EXPLORATION ............................................................................................................... 10

5. CONCLUSIONS & PROPOSALS.................................................................................................... 11
   5.1 Proposals ....................................................................................................................................... 11
   5.2 Conclusions.................................................................................................................................... 11

6. EXPENDITURE FOR THE SEVENTH YEAR ..................................................................................... 12

7. REFERENCES ................................................................................................................................... 13

APPENDIX 1............................................................................................................................................ 14
   Bleg Soil Summary Results.................................................................................................................. 14

APPENDIX 2............................................................................................................................................ 25
   Stream Sediment Summary Results.................................................................................................... 25

APPENDIX 3............................................................................................................................................ 35
   Rock Chips Summary Results ............................................................................................................. 35

Attachment 1  CD ROM Digital Data………… …… ………… …… ………….… ………… …… …………..40

Tables & Figures

| Table 1:  Tenure Record of EL 8200 ................................................................. | ii |
| Figure 1.  Tenement Location Map 1:2,000,000...... iv |
| Figure 2.  Regional Geology 1:50,000 ........... 8 |
| Figure 3  GIS Compilation 1:50,000............ 37 |
| Figure 4  Magnetic Interpretation 1:50,000 ....... 38 |
| Figure 5  Radiometric Anomaly 1:10,000....... 39 |
SUMMARY

This report summarises the exploration activities completed during the seventh year of tenure, and the first renewal year.

With commencement of operations at Quest 29, the construction of the Dump Leach Facility, and operation of the Tom’s Gully Mill, most of the Company’s resources were fully utilised in developing their first Northern Territory mining operation. As a result exploration funds were reduced in those areas that are located away from the Mt. Bundey centre of mining operations.

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 2001 dry season with focussed fieldwork. Interpretations completed and fieldwork already undertaken is compiled within this report, in conjunction with GIS work already completed.
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. Sediments of the Burrell Creek Formation host the Batman Deposit (6.6 million ounces) at Mount Todd. 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.

Work by Sirocco Resources has located a number of narrow quartz veins associated with high grade mineralisation located in the low-pressure structurally controlled areas. There also appears to be an association of uranium with gold mineralisation, which is to be investigated in 2001.

Within the tenement area, the flysch 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.
Figure 2. Regional Geology 1:50,000
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.

Sirocco Resources main work has been confined to mainly 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. Although familiarisation geological traverses have been undertaken on a couple of occasions, rock chip assays have been disappointing.
4. CURRENT EXPLORATION

Field work undertaken this year has been limited to the commitments associated with the start of operations at the Quest 29 and Tom’s Gully which utilised most of the companies exploration resources.

Two geological traverses were completed in the Adelaide River Project Area as part of a general appraisal of the area. Rock chipping undertaken along the limb of an inferred anticline, from magnetics data, was disappointing with no results above detection limits.

However target generation work for future mill feed targets has been ongoing, utilising the new NTDME Rum Jungle magnetics survey, 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 3) to prevent replication of field work that has already been undertaken and generating targets to be followed up.

Some of the target generation work developed has involved the well known gold uranium association in metal zonation, and relating this to the old Adelaide River Uranium Mines. It was noted when the Rum Jungle Magnetics and Radiometric survey was released that one of the main soil anomalies coincided with a radiometric bulls-eye high. The peak Au value being 1,116ppb with a halo of elevated values found around the radiometric high (Figure 5). This area also demonstrates an offset magnetics high (Figure 4) suggesting that this structure may have been the source of mineralising fluid for the area.

This area is known to host high-grade mineralisation that appears to be structurally controlled. An association with the uranium mineralisation may also prove to be an aid to exploration. Any gold resources located at Adelaide River could be mined and concentrated on site and transported to the Tom’s Gully Mill for final processing, increasing the life and profitability of the project as a whole.
5. CONCLUSIONS & PROPOSALS

5.1 PROPOSALS

Since the Joint Venture agreement with Williams Resources Inc. has been in place most of the capital resources available to the company has been tied up in getting the Tom’s Gully Mine Site and the Quest 29 tenements into production.

During this period there has been a sustained depreciation in most mineral commodities but especially gold. As a direct result of these difficult market conditions, company policy concentrated on developing a cash flow from its Northern Territory assets in the Mt. Bundey Area. This amongst the other factors, which included, the refurbishment of the gold processing plant at Tom’s Gully, dewatering the flooded Tom’s Gully Mine, and the development of a dump leach facility to process low grade resources located at Quest 29.

With the marginally improvement in the Australian gold price, and Tom’s Gully & Quest 29 now in production, more funds for the exploration of the more regional tenements should become available.

With the completion of the target generation programs over the wet season the fieldwork for the 2001 dry season will have a set course as laid out in the proposals.

It is believed that this area has the potential to host sufficient tonnage’s and grade to be trucked to the Tom’s Gully Mill Infrastructure and help the ore demands on the underground mining in its infancy stages. With the targets that have been identified initial work looks promising to meet these ends.

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 practical approach as it will be driven by ongoing production demands at Tom’s Gully

5.2 CONCLUSIONS

The area highlighted by the radiometric anomaly (Figure 5) will be followed up with infill and extension soil sampling mapping and rock chipping and will be the primary focus of targets for the 2001 field season.

Detailed mapping and rock chip sampling will also be undertaken to develop extensions 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.

Expenditure is expected to be in the region of $7,500.
6. EXPENDITURE FOR THE SEVENTH YEAR

A minimum expenditure covenant of $5,000 was nominated for the seventh tenement year of EL 8200.

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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.


Appendix 1

BLEG SOIL SUMMARY RESULTS
Appendix 2
STREAM SEDIMENT SUMMARY RESULTS
Figure 3   GIS Compilation 1:50,000