OTTER GOLD NL

3RD ANNUAL REPORT FOR PECCADILLO
EL8932, EL8576, EL8727, EL8980 & EL9476

TANAMI REGION
NORTHERN TERRITORY

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NT DEPARTMENT OF MINES & ENERGY
OTTER GOLD NL
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Geological Logging Code_v3.0.xls
Soil Logging Codes.xls
1.0 INTRODUCTION

This report summarizes exploration work undertaken by Otter Gold NL during the third license year for Exploration Licenses 8576, 8727, 8932, 8980 and 9476. Ongoing tenure of the land means that the detail contained within this report should remain restricted and not available to the general public.

The Peccadillo Deed (15/12/97) encompasses Exploration Licenses 8576, 8727, 8932, 8980 and 9476, which were granted on 17th February 1998. The total area covers 238km$^2$ and is wholly owned by Otter Gold NL (100%).

1.1 Location and Access

The Peccadillo exploration licences are situated approximately 60 km west of the Tanami Mine Site and approximately 10km west of ML180 where mineral resources have recently been mined at Beaver Creek, Bonsai, Banjo, Cheeseman and Orion (Figure 1). Together these leases cover 260 square kilometres (81 blocks). Primary access is via the Tanami Road and the Wilson’s Track.

1.2 Tenement Status

Collectively referred to as Peccadillo, Exploration Licences 8576, 8727, 8932, 8980 and 9476 were granted to Otter Gold NL (100%) on 17th February 1998 for six years.
2.0 GEOLOGY

2.1 Regional Geology

The Granites-Tanami Block is bound to the west by the Canning Basin, and to the east by the Wiso Basin. It is considered to be one of the western-most Palaeoproterozoic inliers of the North Australian Orogenic Province, developed during the Barramundi Orogeny (Blake et al., 1979).

The stratigraphy of the Tanami Region has been revised as a result of an intensive study completed by the NTGS in 1999-2000. The stratigraphy outlined by Blake et al (1979) has had some significant modifications (Table 1).

Table 1. Comparison of stratigraphic nomenclature (Hendrix et al, 2000).

<table>
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<tr>
<td>Birrindudu Group</td>
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<tr>
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<td>Gardiner Sandstone</td>
<td></td>
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<tr>
<td>Suplejack Downs Sandstone</td>
<td>Nanny Goat Creek Volcanics</td>
</tr>
<tr>
<td>Mount Winnecke</td>
<td>Mount Winnecke Group</td>
</tr>
<tr>
<td>Pargee Sandstone</td>
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<tr>
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<td>Tanami Group</td>
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<td>Mt. Charles Beds</td>
<td>Killi Killi Formation</td>
</tr>
<tr>
<td>Killi Beds</td>
<td>Twigg Formation</td>
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<tr>
<td>Nanny Goat Creek Beds</td>
<td>Dead Bullock Formation</td>
</tr>
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<td>Nongra Beds</td>
<td></td>
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<td>Helena Creek Beds</td>
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<tr>
<td>MacFarlane Peak Group</td>
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<td>Archean</td>
<td>Browns Range Metamorphics</td>
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<td>“Billabong Complex”</td>
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</table>

The revised stratigraphy describes the oldest rocks of Archean age belonging to the Billabong Complex and the Browns Range Metamorphic’s. The Browns Range Metamorphic’s are exposed on the southern margin of the Browns Range Dome. The rocks comprise granitic gneiss and muscovite schist intruded by fine-grained granite, thin granitic sills, aplite and pegmatite. The Billabong Complex has been intercepted in drill core at the Granites mine and has been noted to outcrop in Mount Solitaire. The rocks comprise of banded granitic gneiss, which are generally elongated and fault bound.

Lying unconformably above the Archean basement is the palaeoproterozoic MacFarlane Peak Group. These rocks are characterised by a thick sequence of mafic volcanic, volcaniclastic and clastic sedimentary rocks, which possess a distinctive magnetic and gravity signature. They occur around the southern, eastern and western margin of the Frankenia dome, along the southern margin of the Coomarie dome and at MacFarlanes Peak Range. This package of rocks is structurally complex and is considered to have a tectonic contact with the overlying Tanami Group.
The Tanami group is subdivided into three formations:

**Dead Bullock Formation:** siltstone, mudstone, chert and banded iron formation

**Killi Killi Formation:** turbiditic sandstone

**Twigg Formation:** purple siltstone with minor sandstone and chert

The Dead Bullock Formation occurs at the base of the Tanami Group and is dominated by fine-grained sedimentary rocks. The rocks outcrop at Dead Bullock Soak, Lightning Ridge and Officer Hill. At the Granites the rocks have been metamorphosed to amphibolite facies to form andalusite, garnet and hornblende bearing schists. The Dead Bullock formation is host to significant gold mineralisation at the Granites and Dead Bullock Soak.

The Killi-Killi Formation conformably overlies the Dead Bullock Formation and is the most extensive formation in the group. The sequence of turbidites includes a variety of lithologies ranging from micaeous greywacke, quartzwacke, and lithic greywacke to quartz arenite and lithic arenite, interbedded with siltstone, mudstone and occasional thin chert beds. Detrital mica is a characteristic feature of the poorly sorted sandstone, which indicates a granitic provenance. The Killi-Killi is metamorphosed to lower greenschist facies. East of the Granites Goldfield the rocks have a strong schistose fabric representing amphibolite facies metamorphism. The Killi-Killi formation is interpreted to be up to 4km thick and has a low magnetic response.

The Twigg formation has been included in the Tanami Group based on the structural similarities with the Killi-Killi and Dead Bullock Formation. The Twigg formation is confined to a narrow package of rocks immediately west of the Tanami Mine corridor. The Twigg formation comprises a sequence of interbedded purple siltstone with thin-bedded chert and minor medium bedded greywacke. Chert beds are thin bedded or banded, white or red and occasionally contain nodules similar in form to those in the Dead Bullock Formation. The relationship between the other Tanami Group rocks is uncertain as the boundaries are fault controlled but a lateral or distal equivalent is inferred.

The Pargee Sandstone unconformably overlies the Tanami Group and is exposed on the western side of the Coomarie Dome extending into Western Australia. The Pargee Sandstone comprises thick-bedded quartz arenite, lithic arenite and conglomerate with pebbly sandstone and conglomerate at the base. Clasts are generally subangular to subrounded and comprise vein quartz, greywacke and siltstone derived from Killi-Killi and jasper.

Mount Charles Formation comprises an intercalated package of basalts and turbiditic sediments, which occurs on the western side of the Frankenia Dome. The Mount Charles Formation are host to structurally controlled vein hosted gold mineralisation in the Tanami Mine Corridor. The package is well exposed in the open pits along the mine corridor, but outcrop is confined to small isolated silicified exposures. The sediments include sandstone, mudstone, carbonaceous mudstones and intraclast conglomerate. The basalts are predominantly massive units with pillow basalts and basaltic breccias also evident.

The Pargee Sandstone and Mt Charles Formation are considered to be of similar age but deposited in different tectonic environments. The Mount Charles Formation are inferred to have been deposited in a narrow continental rift setting. The Pargee sandstone is interpreted to have been deposited in a shallow marine environment, initially under high-energy conditions.

The Mt Winneke Group is interpreted to lie unconformably over the Tanami Group. This group is divided into two units including siliclastic sediments and felsic volcanics. The clastic sediments comprise coarse grained, poorly sorted quartz sandstone and gritstone. Pebble horizons are common and the primary lithic component is felsic volcanic material. The felsic volcanic rocks consist of purple, weathered feldspar-quartz porphyry.
The Nanny Goat Volcanics are characterised by extrusive volcanic rocks including quartz-feldspar ignimbrite, feldspar ignimbrite, rhyolite lava, basalt and minor siliclastic sediments. These rocks outcrop in the vicinity of Nanny Goat Creek, east of Suplejack Downs and Birrindudu. These rocks were deposited in predominantly sub aerial conditions and may be intimately associated with the Mt Winneke Group.

The Birrindudu group comprises 3 units with Gardiner Sandstone at the base, overlain by Talbot Well Formation and Coomarie Sandstone. The Suplejack Down sandstone is interpreted to belong to this group but is relationship is unclear. The Birrindudu group lie unconformably over the Browns Range Metamorphic’s, MacFarlane Peak Group, Tanami Group, Pargee Sandstone, Nanny Goat Creek Volcanics and Mount Winnecke Group.

**Gardiner Sandstone:** medium to thick bedded sublithic to lithic arenite and quartz arenite.

**Talbot Well Formation:** stromatolitic chert, sublithic arenite, quartz arenite, laminated siltstone, shale and minor limestone.

**Coomarie Sandstone:** sublithic arenite and minor quartz arenite

**Suplejack Down Sandstone:** Thick-bedded medium to coarse grained quartz arenite and sublithic arenite

The Cambrian Antrim Plateau Volcanics consist of intensely weathered basalt capped by pisolitic laterite. The basalts are mainly sub-aerial, extrusive basalts, although the occurrence of pillow structures south of Browns Range Dome suggests that some basaltic extrusion occurred in sub-marine conditions. Unnamed Cambrian sediments are also observed in the Tanami region. These include chert, and carbonates, which are more prevalent in Western Australia. Cainozoic laterite, silcrete, calcrete, and Quaternary debris cover 60 – 70% of the Tanami Desert. The Quaternary sediments are generally unconsolidated, representing the most recent phase of erosion and deposition of sands, gravels and lithic fragments.

### 2.2 Local Geology

The geology in the Peccadillo tenements comprises of Tanami Group Killi Killi Beds and younger unconformable Pargee Sandstone.[figure 2] Outcropping Pargee Sandstone dominates the eastern side of the lease area, whereas the flat lying western side is interpreted to be Killi-Killi stratigraphy. The Killi Killi stratigraphy in EL8576 and the SW half of EL8576 in interpreted to be underlain by the Browns Range Metamorphics. The Browns Range metamorphic basement is wedge shaped, controlled on the eastern side by a N-S trending structure. The western margin is controlled by a NE trending structure. A magnetic granite lies approximately 4km from the NW boundary of the tenements. On the SW margin of the granite, probably within the metamorphic aureole, lies NE trending dolerite dykes.

The structural setting of the Peccadillo area has also been interpreted from the regional 1:250000 Geological Map Sheets and aeromagnetics. Peccadillo lies approximately 5km north of the WNW-ESE trending Trans-Tanami Shear Zone. The Peccadillo area has a very low magnetic response due to the predominance of the non-magnetic Killi Killi and Pargee sediments. Within the centre of the lease area there are two NW trending zones with slightly higher magnetics, both of which lie underneath Quaternary sand cover. Outcropping Pargee Sandstone is folded into a series of NW-SE trending antiforms and synforms, which plunge to the NW.
3.0 WORK COMPLETED 17-02-00 TO 16-02-01

3.1 Surface Sampling

Table 2. Summary of Surface Sampling

<table>
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<th>Total Samples</th>
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<td>978001 – 979099</td>
<td>1088 (+ 11 standards)</td>
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<tr>
<td>EL8932</td>
<td>Regional Soils -200 micron</td>
<td>1001952-1001998</td>
<td>46 (+ 1 standard)</td>
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<tr>
<td>EL8932</td>
<td>Infill Soils -200 micron</td>
<td>1006303 – 1006390</td>
<td>85 (+ 1 standard)</td>
</tr>
<tr>
<td>EL8727</td>
<td>Little Pecca -1/4”</td>
<td>1007001-1007082</td>
<td>81 (+ 1 standard)</td>
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<tr>
<td>Total</td>
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<td>1300</td>
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</tbody>
</table>

3.1.1 Maximus Soils

Soil samples were collected at the Maximus prospect in an attempt to further define the surface Au anomaly. Sampling was completed on a 25x100m grid pattern, infilling between an earlier programme (100x100m grid completed in Nov/Dec 1999 - refer to 2nd Annual Report). The previous sampling programme at Maximus defined a NE trending anomaly with highs of 28.1, 11.3 and 8.2ppb Au. A total of 1088 samples (-1/4” mesh) were collected with the following sample numbers 978001 – 979099 (figure 3). A low level standard was inserted every 100 samples.

Results of this programme include highs of 872, 712, 356, 237, 234, and 168ppb Au (figure 4). The NNE trending anomaly was further defined over a strike length of approximately 1.5km. A cluster of high-grade anomalism is present on the western side of the sampling area and there is also evidence for a NNW trending mineralised structure.

3.1.2 EL8932 - Reduced Exclusion Area

A regional surface sampling programme over the newly reduced Exclusion Zone Area was completed in early November 2000. The survey was conducted on 500m x 500m grid pattern with the use of the helicopter. A total of 46 samples (-200 micron) were taken with the following sample numbers 1001952-1001998 (figure 5).

The topography was dominated by a N-S trending ridge which is flanked by sloping plains. The sample medium noted was between orange brown sandy loam and cream - brown silty loam. The programme produced a NW trending anomaly in the north-western corner of the grid with highs of 0.5, 0.6 and 0.7ppb Au (figure 6).

This anomalism was infilled down to 400m x 50m spaced sampling in mid November 2000. A total of 85 samples (-200 microns) were taken with the following sample numbers 1006303 – 1006390 (figure 7). Quartz float was noted, with the majority of anomalism associated with rock fragments. A high 45ppb Au was returned on the western side of a “Pargee sandstone” ridge (figure 8). An anomaly trending north-south was discerned and is coincident with the change between a magnetic high (moderate) and an area that is magnetically low. There is also north west component to the anomalism. There appears to be similarities with the Maximus prospect.
3.1.3 “Little Pecca” – EL8727

A small programme of surface samples was completed to follow up 0.6 and 0.4 ppb Au high (generated from 400x400 sampling in Jan 2000 – refer to 2nd Annual Report). A total of 81 samples were collected, on a 100X100m grid, with the following sample numbers 1007001-1007082 [figure 9]. The predominant sample taken was orange brown sandy loam over flat country. The samples were sieved with the ¼” sieve and taken at a depth of approximately 25 centimetres. Minor pisolites and laterite were noted. No significant results were returned from this programme [figure 10].

3.2 Drilling

Table 3. Drilling Summary

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<th>RAB Drilling</th>
<th>Posthole Drilling</th>
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<td>PCPH001-005</td>
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<tr>
<td></td>
<td></td>
<td>PCPH008-014 (310m)</td>
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<tr>
<td>EL8576</td>
<td></td>
<td>PCPH006-007 (39m)</td>
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</table>

3.2.1 Posthole

A walkabout posthole program was completed to investigate the local geology and regolith profile [Figure 11]. Fourteen holes were drilled, PCPH001-014, for a total of 349m. PCPH014 was drilled as a toilet hole for the Maximus fly camp. PCPH009 was terminated at 9m due to a collar blow out.

EL8932     PCPH001-005      310m
EL8932     PCPH008-014
EL8576     PCPH006-007      39m

The geology comprised interbedded sandstones with siltstone and was primarily logged as Killi-Killi stratigraphy. However, PCPH 004 was logged as Pargee Sandstone. Quartz veining was present in holes PCPH 001 and 002. The depth of cover was relatively shallow on the western portion of the project area whilst much thicker to the east. Postholes PCPH 008-012 revealed sand cover to an average of 30 metres.

3.2.2 RAB Drilling

Thirty-nine angled RAB holes (PCRB001-039) were completed at the Maximus prospect with a total of 3094m [figure 12]. The holes varied in depth from 49-120m. The initial RAB fence was planned to target a NE trending ZARG anomaly with a high of 8.2 ppb Au and rock chip results of 2.9 g/t and 83 g/t Au. PCRB011 was drilled perpendicular to the fence to intersect the 2.9 g/t Au rock chip collected from a northwesterly trending quartz vein. A further 5 fences were drilled to test the northeast orientated veins. Three fences were drilled to test the northwest trending vein sets. Significant results intercepted are follows:

PCRB001     2.00m @ 0.58 g/t Au (38-40m)
PCRB008     4.00m @ 1.66 g/t Au (30-34m)
PCRB008     2.00m @ 0.51 g/t Au (36-38m)
PCRB008     4.00m @ 0.54 g/t Au (44-48m)
PCRB010     2.00m @ 8.18 g/t Au (8-10m)
PCRB013     8.00m @ 2.28 g/t Au (12-20m)
PCRB013     2.00m @ 0.84 g/t Au (32-34m)
PCRB013     2.00m @ 0.68 g/t Au (62-64m)
Results of the RAB drilling were disappointing as the significant intercepts were generally low grade and narrow. The broad zone of mineralisation intercepted in PCRB013, 8m @ 2.28 g/t Au (12-20m), was not continuous along strike.

In mid-June, a small mapping and rock chip sampling program was undertaken to determine the orientation of mineralised quartz veins. Figure 13 shows the geology, structure and significant gold results of the Maximus area. The geology consists predominantly of a highly fractured, massive, fine- to medium-grained, grey to pink-grey quartz sandstone. Thin, marker beds of conglomerate, 10cm to >1m wide, are interbedded with the sandstone and have been shown on the map. The conglomerate is grey, polymictic (cherty siltstone and siltstone clasts up to 5cm long), clast to matrix supported. Bedding trends north-easterly with moderate to steep south-westerly dips. In several areas the sandstone is weakly foliated or displays a strong cleavage. Small mica-bearing, shear zones are developed near the sandstone/siltstone contacts. The south eastern map area consists predominantly of siltstone. The interbedded sandstone and siltstone unit trends north and northeast, and in one area is tightly folded.

Large (>30 cm wide), milky white quartz veins in the sandstone unit trend NW and NNE. Several of the veins are gently folded and “blowouts” occur on the hilltops. The sandstone is brecciated adjacent to many of the large quartz veins. Several different orientations of late-stage quartz veinlets crosscut the larger quartz veins, however, from rock chip results it appears that these are not mineralised.

### 3.3 Rockchips

Ninety-nine rockchip samples were collected in EL8932 during the reporting period. The majority of these samples were collected at the Maximus prospect (figure 14a-b). The highest results include 1.2 g/t, 1.3 g/t, 2.9 g/t, 2.3 g/t and notably 83 g/t Au, which was taken from a quartz vein proximal to the collar of PCRB013. Rockchips were collected on a reconnaissance of the previous exclusion zone area (figure 14c) and one sample taken in the SW corner of EL8932 (figure 14d).
4.0 EXPENDITURE

The total expenditure for the Peccadillo group of licences was $210,345.

Table 4. Expenditure for 17th February 2000 – 16th February 2001

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<td><strong>$12339</strong></td>
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</table>

The proposed budget expenditure for this year was $77,322 (refer to the 2nd Annual Report). The table below details the proposed versus actual expenditure for the year. Actual spending on Peccadillo was nearly three times the proposed budget. The majority of the budget was spent on the Maximus prospect in EL8932.

Table 5. Proposed versus Actual Budget

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5.0 PROPOSED 2001/02 WORK PROGRAM AND EXPENDITURE

The discovery of Au mineralisation at Maximus has stimulated interest in the area, which is now considered to be reasonably prospective. There is no further work anticipated at the Maximus prospect at this stage. A cluster of high soil sample results (872, 712 and 235ppb Au), towards the west of Maximus, remains untested by drilling. Further work is anticipated to follow up this anomaly. Ground reconnaissance is anticipated to follow up the anomalism defined in the infill sampling completed in the NW of the old exclusion zone.

Interpretation of the aeromagnetics suggests there may be dolerites within the Killi Killi stratigraphy in the southern part of EL8932. There is also a low level anomaly associated with magnetic units, and this has been targeted for follow up.

The magnetic and gravity data is currently being modelled in 3 dimensions to define regional targets. It is anticipated that a couple of these targets will fall within the Peccadillo tenements and will require follow up.
The proposed program and expenditure commitment for the group of tenements is $57,900 and is summarised in Table 6.

TABLE 6: PROPOSED EXPENDITURE 2000-2001 FOR PECCADILLO AGREEMENT

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6.0 REFERENCES


Figure 1

Peccadillo Agreement
Location Plan
Feb 00 to Feb 01

Otter Exploration

Tanami Track
EL9476
Tanami Mine
EL8576
EL8932
EL8980
Maximus
EL8727

EL8932

Scale: 1:250000
Projection: AMG Zone 52 (AGD 84)

Date: 31/1/2001
Office: Darwin
Author:

0 2.5 5
kilometres

7780000 mN
7790000 mN
7800000 mN
7810000 mN
Figure 11

Peccadillo
Posthole Collars
Feb 00 to Feb 01

Tanami Track

EL9476
EL8980
EL8576
EL8932
EL8727

PCPH008
PCPH009
PCPH010
PCPH011
PCPH012
PCPH013
PCPH014
PCPH001
PCPH002
PCPH003
PCPH004
PCPH005
PCPH006
PCPH007
PCPH009
Collar Blow Out

Date: 30/1/2001

Scale: 1:125000 Projection: AMG Zone 52 (AGD 84)

Otter Exploration
Author: LM
Office: Darwin
Figure 14b

Otter Exploration

Peccadillo Rockchips
Feb 00 to Feb 01

Rockchips