RELINQUISHMENT REPORT

for

EL’s 8950, 8951, 8385, 8386, 8387, 8544

Highland Rocks Project, Northern Territory

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For the Joint Venture between
Desertex NL and Havilah
Resources NL

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1. Introduction

This report summarises exploration activities carried out on the 2001 relinquished portions of the Highland Rocks project area between 1997 and 2000 (year 1 to year 4).

The Highland Rocks project area consists of six EL’s, namely El’s 8385, 8386, 8387, 8950, 8951, and 8544 (hereafter referred to as the Highland Rocks EL’s). The tenements are situated in the southwest of the Northern Territory, roughly 440 to 600km northwest of Alice Springs. Access is gained via the Tanami Highway to the Highland Rocks turn off near Chilla Well, then west along a graded track 57km to the boundary of EL 8950. The various EL’s are connected by a network of cleared tracks as shown in figure 1.

All EL’s were granted to the original applicant, Gresco Nominees Pty Ltd, in 1996 following signing of an agreement to explore with the Aboriginal Traditional land owners earlier that year. Desertex subsequently conducted the first recorded modern exploration activity in the region in 1997 on EL’s 8950, 8951, 8385 and 8386.

A joint venture agreement was signed on 25 May 1998 between Havilah Resources NL (Havilah) and Desertex NL to continue with exploration on the Highland Rocks EL’s. The Central Land Council and Traditional Owners completed the site clearance for drilling on EL’s 8950, 8951, 8385, 8386, and 8387 in early September of that year.

Havilah commenced exploration on EL’s 8950, 8951, 8385, 8386 and 8387 in early September 1998 with a combined programme of ground reconnaissance including lag and CRC geochemical sampling and rotary air blast (RAB) drilling. Exploration work continued in 1999, comprising mainly systematic RAB drilling of various structural and/or magnetic targets within EL’s 8386, 8387, 8950, and 8951. Surface geochemical survey was conducted during 2000 field season during which lag, CRC, pisolite, and magnetic fraction samples were taken from EL’s 8386, 8387, 8951, and 8544.

Generally low level Au anomalies (up to 900ppb Au) were identified in EL’s 8950, 8951, 8386, and 8387 as well as low level arsenic and copper anomalies.
2. Relinquishment

In accordance with the statutory requirement that the EL’s should be reduced in area by at least 50%, five EL’s were reduced as follows:

- EL8385: 0 blocks retained from 18 after the first relinquishment in 1999;
- EL8386: 0 blocks retained from 107 after the first relinquishment in 1999;
- EL8387: 18 blocks retained from 179 after the first relinquishment in 1999;
- EL8950: 9 blocks retained from 112 after the first relinquishment in 1999;
- EL8951: 15 blocks retained from 94 after the first relinquishment in 1999;
- EL8951: 41 blocks retained from 290 after the first relinquishment in 1999;

Figure 2 shows the 2001 relinquished portions of the Highland Rocks EL’s.

3. Work completed on the relinquished area

Prior to commencement of field work, planning for exploration programmes was undertaken using AGSO aeromagnetic data and SPOT satellite imagery. Exploration targets were selected based on available data and the existing models of Au mineralisation in the Tanami region. Traverses for surface sampling and RAB drilling were designed at the beginning of each field season. Main exploration activities between 1997 and 1999 included RAB drilling, surface lag sampling and CRC sampling. Table 1 lists the work carried out on the relinquished portions of the Highland Rocks EL’s and Tables 2 - 7 summarise details of the work completed on the individual EL at Highland Rocks between 1997 to 2000, and tables 8 -14 give details of the work completed on the relinquished portions of individual EL’s.

Figures 3-8 show the locations of all RAB drillholes, lag samples, CRC samples, MMI samples, pisolite samples, magnetic fraction samples on the relinquished portions of the respective EL’s. Appendices 1-6 list the coordinates and assay results of the RAB drillholes, lag CRC, MMI, pisolite, and magnetic fraction samples.
4. References


