Otter Gold NL (100%)

TANAMI REGION
NORTHERN TERRITORY

5th ANNUAL REPORT

For
EXPLORATION LICENCE

EL 7911

10th JUNE 2002 to 9th JUNE 2003

Volume 1 of 1

Newmont Report No: 31203

Compiled By: M.Muir

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OTTER GOLD NL

TITLE: 5th ANNUAL REPORT FOR EXPLORATION LICENCE 7911

PERIOD: 10th JUNE 2002 to 9th JUNE 2003

REPORT No.: 31203

COMPILED BY: M. MUIR

LOCATION: TANAMI 1:250,000 SE 52-15
PARGEE 1:100,000 4758

COMMODITY: GOLD

DATE: JULY 2003

KEYWORDS: DOLERITE, GEOCHEMICAL SAMPLING, REGIONAL GEOLOGY, PROTEROZOIC, VERY LOW GOLD DETECTION ANALYSIS.

SUMMARY

Exploration Licence 7911 (Gardiner Range) was granted on the 10th of June 1998 for a period of six years. EL 7911 is located some 80km north west of the Tanami Mine. This is the fifth year of tenure.

The prospectivity of EL 7911 is enhanced by the proximity (within 20km) to the Kookaburra / Sandpiper cluster and similarities in the aeromagnetic data.

During the fifth year of tenure, work was at a minimum due to nominal staff being assigned to the northern Tanami region. Within the Northern Tanami region other areas were designated as higher priority targets and thus attention. The take over of Otter Gold NL by Normandy NFM/Newmont also pushed the 2002 field season back with the uncertainty of staffing and budgets.

Ongoing tenure of this licence by Otter Gold NL means that this report should remain **CLOSED FILE.**

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1.0 INTRODUCTION

Exploration Licence (EL) 7911 was granted to Otter Gold NL (OGNL) on 10th June 1998 for a period of six years. The original 63 blocks covered 203km^2 and is wholly owned by Otter Gold NL (100%). The Exploration Licence is part of the Gardiner Range Agreement made with the Central Land Council.

This is the fifth year of tenure. During the fourth year of tenure the decision to relinquish ground was made. The ground was reduced from 63 blocks to 32 blocks.

2.0 LOCATION AND EXPLORATION HISTORY

2.1 Location and Access

Exploration Licence 7911 is situated 80 kilometres northwest of the Tanami Mine (Figure 1). The western boundary of the licence is the Northern Territory / Western Australian border. The major access to the Licence has been via the Kookaburra prospects located in West Australia and then rough tracks to the appropriate areas.

2.2 Tenement Status

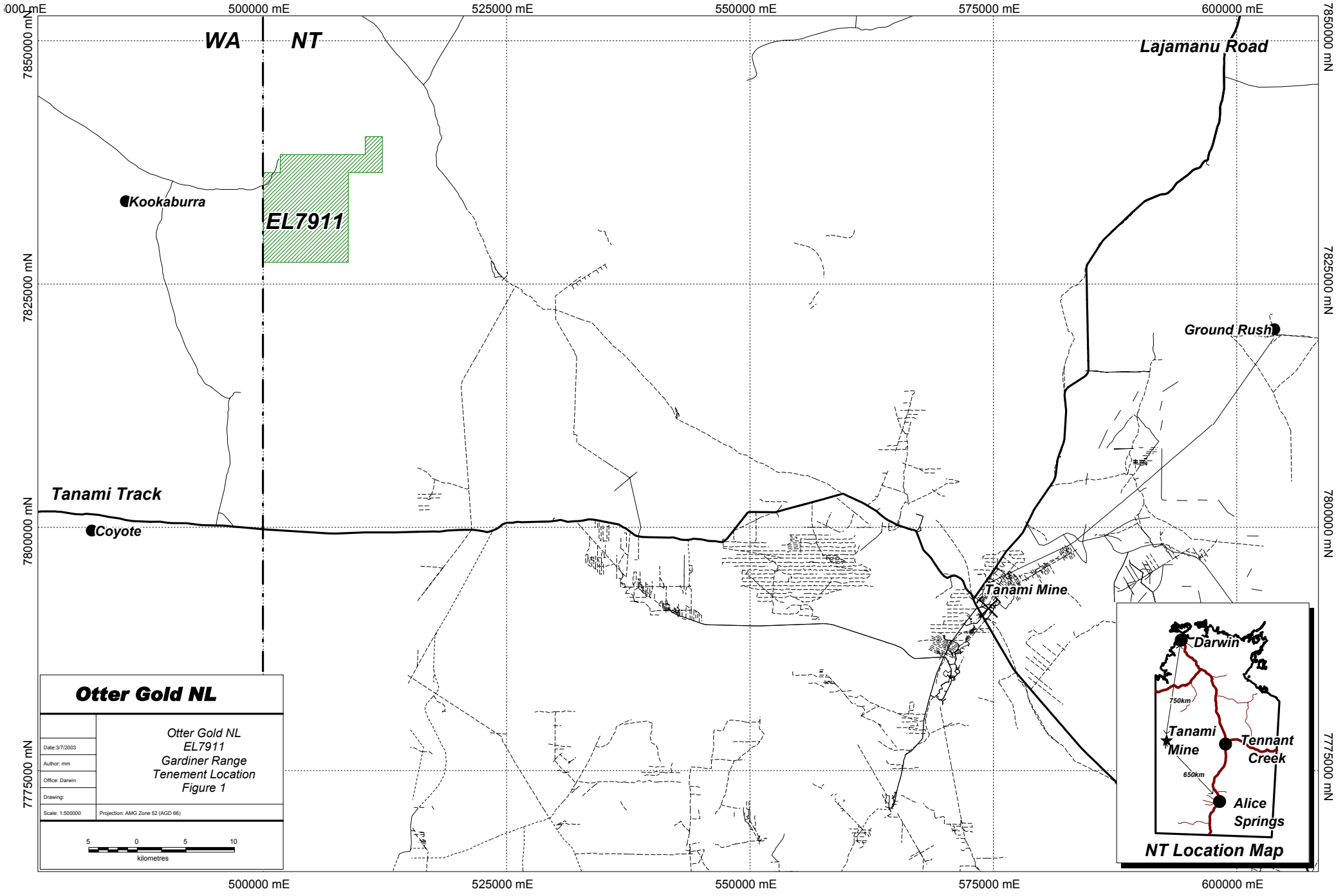
EL 7911 originally comprised 63 blocks covering an area of 203km². The ground was reduced from 63 blocks to 32 blocks (104km^2) the fourth year of tenure. See Figure 1 for current status. Tenement rental for 10/06/2002 to 09/06/2003 was $2816. The covenant set for the fifth year (2002-2003) of tenure was $35,700.

Exploration Licence 7911 was granted to Otter Gold NL on 10th June 1998 for a period of six years. The Gardiner Range Deed of Exploration covers two ELs, EL7911 (OGNL) and EL 7997 (STJV – Southern Tanami Joint Venture between Otter and Delta Gold (now Placer)) under the management of Otter Gold NL. The agreement is between the Central Land Council and Otter Gold NL.

In December 2001 – January 2002 Normandy NFM gained a controlling interest in Otter Gold NL, the Normandy NFM team took control of Mining Leases and Exploration ground. By May 2002 Newmont Gold had taken over Normandy and had a controlling interest in Normandy NFM (now Newmont NFM) and thus Otter Gold NL.

2.3 Exploration History

Pre 1998: The area was covered by regional exploration work that was completed by PNC. Six lines of soil samples 50m apart were completed.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Lajamanu Road
Kookaburra
EL7911
Ground Rush
Tanami Track
Coyote
Tanami Mine
Darwin
750km
Tanami Mine
Tennant Creek
650km
Alice Springs
NT Location Map
Otter Gold NL
Otter Gold NL
EL7911
Gardiner Range
Tenement Location
Figure 1
Date:3/7/2003
Author: mm
Office: Darwin
Drawing:
Scale: 1:500000
Projection: AMG Zone 52 (AGD 66)
5 0 5 10
kilometres

1998 – 1999: Reconnaissance surface sampling was undertaken during February-March 1999 over the relinquished region with the help of a small helicopter (Robinson 2-seater helicopter). The programme included a 400 x 400m lag sampling programme to cover areas of Quaternary cover and minor outcrops of Killi Killi Beds. Samples were taken at approximately 20cm depth in bulk and transferred back to the Tanami Base camp for sieving or sieved at the site. The standard ¼" sieve was used and the smaller sieved samples were sent off for ZARG analysis at ALS in Perth. The gold values were sporadic and generally low (less than 2ppb). 1015 surface samples were taken during this period over the Licence plus several rockchips (max result 108ppb Au).

An aerial photographic survey was flown over the predominantly Central Desert Joint Venture area during July 1998.

Landsat TM Imagery was procured by Otter Gold to provide spectral analysis of the surface regolith profile.

1999 – 2000: Utilising datasets from AGSO/NTGS, images of aeromagnetic data over the licence area were generated. No surveys were flown by Otter Gold.

Review of the mineralisation and metamorphic environments in the Tanami-Granites Block was under taken by *Applied Petrological Services.* Mineralisation in the Tanami Region appears to be either an epithermal/mesothermal style or a metamorphic style. Moreover the larger deposits are associated with a metamorphic style of mineralisation. A model has been proposed for exploration on the basis of this report (This report has been provided in the Annual Report for EL 7911 1999-2000).

2000 – 2001: Work completed in EL 7911 during the third term consisted mainly of surface geochemical surveys. A component of re-analysis of remotely sensed data was also completed (worming).

Two programmes of geochemical sampling were conducted in the tenement area. The first was follow-up regional 400m x 400m sampling in the southwestern portion of the tenement. The program brought the nominal sample spacing in the area to ~200m x 200m on an offset grid. A total of 247 samples were taken.

The second sampling program was a 400m x 100m infill program following anomalous results in the central portion of the tenement. A total of 127 samples were taken.

A spot high of 4.4ppb Au was returned from the infill program although neither survey produced coherent geochemical anomalism.

2001 – 2002: Fourth year work programmes were put on hold within this region with the scaleback of staff and the turmoil of (potential) takeovers. Fourth year work involved remote discrimination of targets using the enhanced geophysical technique multiscale edge analysis (worming) process as developed by Fractal Graphics over the Tanami Region. The reimaging of the worm data did not extend to EL 7911 thus more conventional methods (eg available aeromagnetic data, geochemistry and regolith interpretations) were used to target anomalism.

The original EL 7911 was reduced from 63 blocks to 32 blocks. The relinquishment was due an increase in cost for the tenement and the lack of anomalous geochemistry in the ground relinquished.

3.0 GEOLOGY

3.1 Regional Geology

The Granites – Tanami Block is bounded to the west by the Canning Basin, and to the east by the Wiso Basin and is considered to be one of the western most Palaeoproterozoic inliers of the Northern Australian Orogenic Province. The block is thought to have developed around the Barramundi Orogeny – major event 1845 – 1840 Ma (Blake et al., 1979).

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

<table>
<tr><th colspan="7">Blake et al (1979)</th><th colspan="3">Hendrickx et al (2000)</th></tr>
<tr><td colspan="2" rowspan="3">Birrindudu Group</td><td colspan="5">Coomarie Sandstone</td><td rowspan="3">Birrindudu Group</td><td>Coomarie Sandstone</td><td rowspan="3">Suplejack Downs Sandstone</td></tr>
<tr><td colspan="5">Talbot Well Formation</td><td>Talbot Well Formation</td></tr>
<tr><td colspan="5">Gardiner Sandstone</td><td>Gardiner Sandstone</td></tr>
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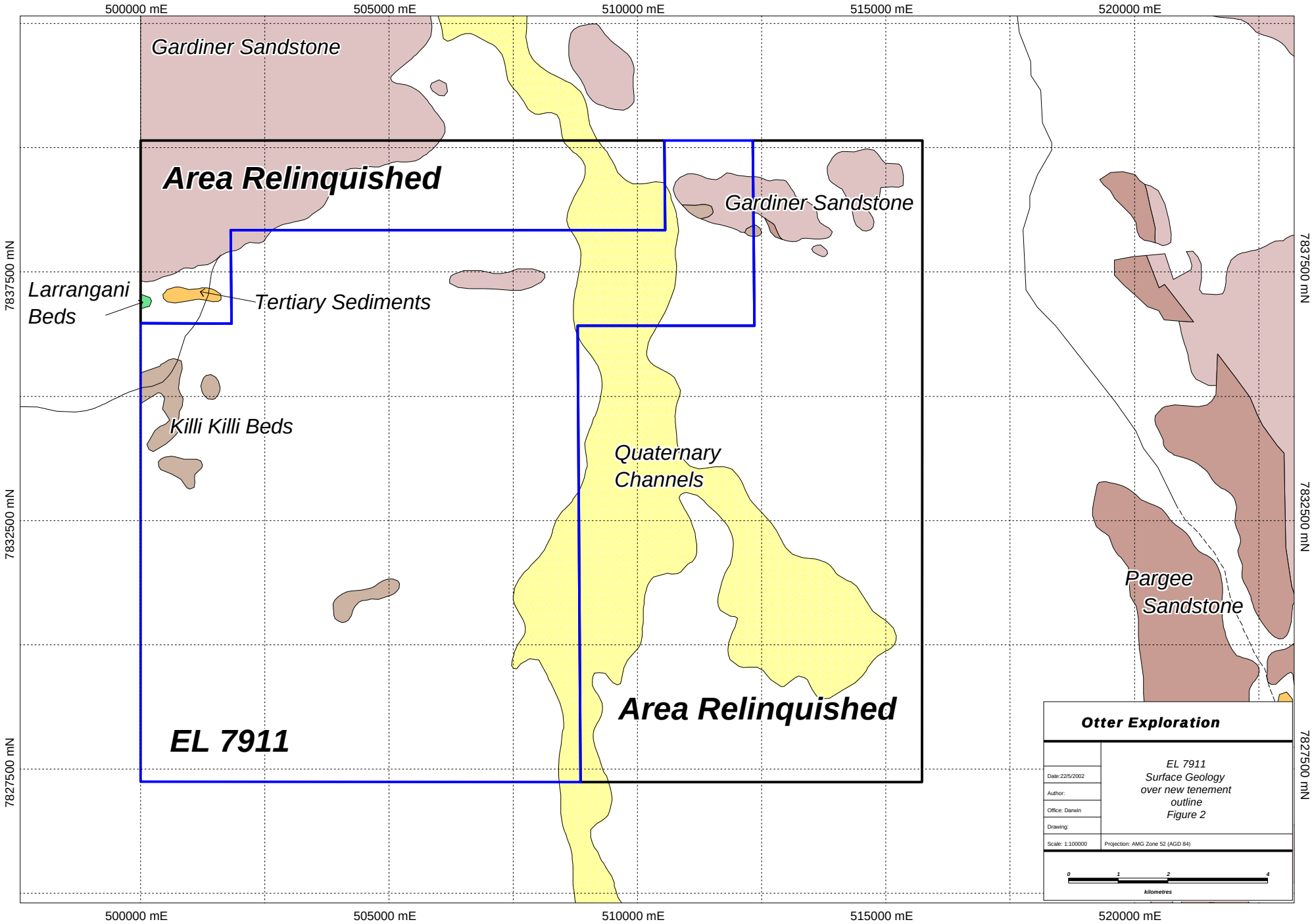
Twigg Formation
Dead Bullock Formation</td></tr>
<tr><td colspan="6"></td><td colspan="2">McFarlane Peak Group</td></tr>
<tr><td colspan="7">Archaean</td><td colspan="3">Browns Range Metamorphics
“Billabong Complex”</td></tr>
</table>

Table 1. Comparison of stratigraphic nomenclature (Hendrickx et al, 2000).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515000 mE
520000 mE
7837500 mN
7832500 mN
7827500 mN
Gardiner Sandstone
Area Relinquished
Gardiner Sandstone
Larrangani Beds
Tertiary Sediments
Killi Killi Beds
Quaternary Channels
Pargee Sandstone
Area Relinquished
EL 7911
Otter Exploration
EL 7911
Surface Geology
over new tenement
outline
Figure 2
Date:22/5/2002
Author:
Office: Darwin
Drawing:
Scale: 1:100000
Projection: AMG Zone 52 (AGD 84)
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2
4
kilometres

The Archaean Billabong Complex and Browns Range Metamorphics are the oldest rocks in the area. Browns Range Metamorphics comprise granitic gneiss and muscovite schist intruded by fine-grained granite, thin granitic sills, aplite and pegmatite. The Billabong Complex comprises banded granitic gneiss', which are generally elongated and fault bound.

Lying unconformably above the Archaean basement is the Palaeoproterozoic McFarlane 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. 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:

Twigg Formation:	purple siltstone with minor sandstone and chert
Killi Killi Formation:	turbiditic sandstone
Dead Bullock Formation:	siltstone, mudstone, chert and banded iron formation

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 micaceous greywacke, quartzwacke, and lithic greywacke, quartz arenite and lithic arenite, interbedded with siltstone, mudstone and occasional thin chert beds. Detrital mica is a characteristic feature. The Killi-Killi is metamorphosed to lower greenschist facies and is interpreted to be up to 4km thick.

The Twigg formation is confined to a narrow package of rocks immediately west of the Tanami Mine corridor. It comprises a sequence of interbedded purple siltstone with thin-bedded chert and minor medium bedded greywacke.

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.

The Mount Charles Formation comprises an intercalated package of basalts and turbiditic sediments, which occur on the western side of the Frankenia Dome. The Mount Charles Formation is host to structurally controlled vein hosted gold mineralisation in the Tanami Mine Corridor. Sediments include sandstone, mudstone, carbonaceous mudstones and intraclast conglomerate. Basalts are predominantly massive units with pillow basalts and basaltic breccias also evident.

The Mt Winnecke Group is also interpreted to lie unconformably over the Tanami Group and is divided into two units - siliciclastic sediments and felsic volcanics.

The Nanny Goat Volcanics are characterised by extrusive volcanic rocks including quartz-feldspar ignimbrite, feldspar ignimbrite, rhyolite lava, basalt and minor siliciclastic sediments.

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 Metamorphics, MacFarlane Peak Group, Tanami Group, Pargee Sandstone, Nanny Goat Creek Volcanics and Mount Winnecke Group.

Cenozoic 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.

3.2 Local Geology

The geology within the Gardiner Range Lease (EL7911) consists of Tanami Complex rocks, primarily of east-west folded sedimentary and volcanic rocks of the Lower Proterozoic Killi Killi Beds. The Killi Killi Beds are characteristically micaceous siltstone and sandstone.

To the North of the lease, Gardiner Sandstone of the Gardiner Range predominates. There are also small outcrops of the quartzose Mesozoic/Cretaceous Larranganni Beds to the north of the lease. Quaternary sands cover the majority of the region, with the centre of the lease being a major drainage. There are small outcrops of Killi Killi Beds on the western side of the lease. See Figure 2.

4.0 EXPLORATION

4.1 EXPLORATION for 10th JUNE 2002 - 9th JUNE 2003.

During the fifth year of tenure, little work was completed within EL7911. Expenditures were down because of several reasons including:

- Lack of staff to cover the Northern Tanami region adequately
- Other regions with in the Northern Tanami being designated higher priority targets
- The takeover of Otter Gold NL by Normandy NFM/Newmont also pushed back the 2002 field season not allowing enough time to access all ground. Drilling crews were extremely slow. The takeovers also created an environment that was filled with the uncertainty, particularly in respect too staffing and budgets.

5.0 EXPENDITURE FOR PERIOD 10/06/2002 TO 09/06/2003.

5.1 Expenditure for period 10/06/2002 to 09/06/2003 on EL 7911

Table 2 summarises the expenditure for the 5th licence year of EL7911. The 5th year *covenant $35,700 was not met.* Note the expenditures have been forwarded in a new format because of the change in accounting systems (from Otter to Newmont).

Table 2 Expenditure Summary for EL7911 (10/06/2002-09/06/2003)

Categories	***2002-2003***	***2002-2003 admissible***
Employee Costs	$7578.68	$7578.68
Exploration Overheads	$430.41	$430.41
Regional Office Allocations	$2,200.60	$2,200.60
Exploration Tenement Costs	*$8135.62*	
Exploration Operating Costs	$365.39	$365.39
Light Vehicles alloc		
Drilling _RAB		
Assaying - RAB & Other		
Geochemistry		
General - Consultants	$962.85	$962.85
Covenant	*$35,700*	*$35,700*
Total	***$19,673.55***	***$11,537.93***

6.0 PROPOSED EXPENDITURE 10/06/2003-09/06/2004

In the light that the proposed programme was not completed for last year – it is hoped that time, budgets and staffing will allow the proposed programme for EL7911 to be completed this year. The results of the previous geochemical surveys, although not overwhelming, allow some scope for follow-up. Ground-checking would be the first step in this process. It is anticipated a RAB programme will ensue targeting the magnetic anomalism in the remaining ground where there is some scope for Kookaburra type targets which exist across the border. Approximately 2000 metres of RAB are ear marked for this project to test primarily magnetic targets.

EXPENDITURE	
EL7911	**$30,000**

Table 3: Proposed Expenditure for EL 7911 2003-2004

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