FIRST
ANNUAL REPORT
EL 22923
STRANGWAYS

For Year Ending 27 August 2003

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- Native Title Unit - Central Land Council (1)
- Tanami Gold NL (1)

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1. SUMMARY

This report outlines the work undertaken by a Teck Cominco/BHP Billiton Alliance and Tanami Gold NL on Exploration Licence 22923 held by Tanami in the central part of the Arunta Province – the Central Arunta Project.

The exploration carried out by the Alliance targeted polymetallic metamorphosed massive sulphide deposits developed at or near the contact of major bimodal volcanic sequences and overlying dominantly pelitic to calcareous sediments. The possibility that Iron Oxide Copper Gold (IOCG) deposits could occur within the Project area is also recognised.

The areas for reconnaissance-based field work were selected on the basis of the following criteria:

- Intense magnetic anomalies that may relate to large lithogeochemical alteration zones capable of hosting significant massive sulphide systems.
- Presence of supporting geochemical anomalism from open-file stream sampling data.
- Indications of metamorphosed alteration in the form of cordierite-bearing lithologies presented in existing geological maps.
- The occurrence of known Zn-Cu mineralisation.

Exploration completed during 2002 consisted of a moving-loop EM survey over several magnetic targets. The moving-loop EM survey detected a weak conductor over one target which is interpreted as possibly representing a bedrock source, however the intensity and size of the anomaly does not warrant follow-up drilling.

The tenement was also included as part of regional mapping, geophysical interpretation and target identification programs carried out by Tanami Gold NL during 2002 and 2003. Several gold and iron oxide copper-gold targets have been identified that warrant drill testing.

2. INTRODUCTION

Exploration Licence 22923, ‘Strangways’, is located approximately 50 kilometres north of Alice Springs (Figure 1). The area is easily accessible via the Stuart Highway that runs through the centre of the tenement. The new Darwin-Alice Springs railway also runs through the tenement (Figure 2).

During the first year of grant the tenement was subject to a joint venture between Tanami Gold NL (TGNL) and an alliance between BHP Billiton Ltd and Teck Cominco Australia Pty Ltd (Teck). The joint venture was formed in July 2002 and was managed by Teck. GeoDiscovery Group Pty Ltd (GeoDiscovery) was commissioned by Teck to undertake all mineral exploration activities on the tenement. Various sections of the following report were extracted from McLean and Walters (2003), which was submitted by GeoDiscovery to the joint venture partners.

Teck withdrew from the joint venture in January 2003 handing the tenement back into TGNL management. TGNL have reviewed the work carried out by GeoDiscovery and the tenement has also been incorporated into concurrent regional mapping and targeting programs conducted by TGNL.

3. TENEMENT DETAILS

Exploration Licence 22923 was granted to Tanami Exploration NL, a wholly owned subsidiary of TGNL, on the 28 August 2002. The exploration tenement consists of 498 blocks for approximately 1,528 square kilometres. The agreed Covenant for the first year of grant was $66,500.
Table 1: Tenement Details

<table>
<thead>
<tr>
<th>Licence No.</th>
<th>Name</th>
<th>Blocks</th>
<th>Km²</th>
<th>Grant date</th>
<th>Expiry</th>
<th>Covenant Y/E 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL22923</td>
<td>Strangways</td>
<td>498</td>
<td>1528</td>
<td>28/08/2002</td>
<td>27/08/2008</td>
<td>$66,500</td>
</tr>
</tbody>
</table>

EL 22923 was incorporated into the Company's Harts Range Indigenous Land Use Agreement (ILUA) by a Deed of Covenant executed on 20 May 2003 (Figure 3). The associated Exploration Deed between TGNL and the Central Lands Council (CLC) sets out the terms and conditions for conducting exploration in accordance with the wishes of traditional Aboriginal owners.

4. GEOLOGY

EL22923 lies in the Central Arunta Province of Central Australia. The tenement is underlain by Palaeoproterozoic rocks of the high grade Strangways Metamorphic Complex.

An assessment of the Palaeoproterozoic Arunta Province, undertaken by GeoDiscovery in 2002, highlighted the potential for polymetallic (Cu-Pb-Zn-Ag-Au) metamorphosed massive sulphide deposits within the Central Arunta Project (CAP) area. The possibility that Iron Oxide Copper Gold (IOCG) deposits could occur within the Project area was also recognised.

The lithostratigraphic setting within which these deposit styles are sought is based on recent work completed by the Northern Territory Geological Survey (Pietsch, 2001). A revised strato-tectonic framework for the Arunta Province shows the CAP area to be underlain by three main strato-tectonic packages; the Narwietooma, Wigley and Cadney Packages.

The Narwietooma Package (>1820Ma) comprises lithologies that are dominantly mafic through to felsic gneiss with intercalated pelitic and psammitic metasediments. Pietsch (2001) interprets the protolith as being predominantly felsic and mafic volcanics that were subject to granulite facies metamorphism at around 1730 to 1720Ma. In the NTGS study the Wigley Package is interpreted to be a lower grade metamorphic equivalent of the Narwietooma Package.

The younger Cadney Package (1770Ma), which is interpreted to overlie the Narwietooma Package in the CAP area, is dominated by calc-silicate rocks, marbles and sillimanite and biotite-bearing gneiss and likely represents a change to widespread sedimentation following extensive volcanism.

It is the transitional environment between the older Narwietooma and Wigley Packages and the younger Cadney Package, which is regarded as the prospective position for metamorphosed massive sulphide deposits.

In EL22923 the presence of low-grade base metal mineralisation (Cu-Zn) at the Red Rock prospect provides support for the prospectivity of that area as does the occurrence of a number of discrete and intense aeromagnetic anomalies that are the focus of the work reported herein.

A blanket of Quaternary cover covers the majority of the tenement. The Strangways Ranges located at the eastern end of the tenement forms the only significant area of outcrop.
5. WORK PROGRAM

5.1 TGNL Regional Review

In early 2002 the tenement was included within an Arunta-wide bedrock geological interpretation and geophysical targeting exercise conducted by consultant geophysicist Dr Jayson Myers. The exercise drew on analogies between the Central Arunta region and the Eastern Succession of the Mt Isa region which hosts a number of major gold and base metal deposits.

Contract geologist Dr Nathan Jowbwe reviewed the Myers targets, developed new targets and conducted a ranking exercise (Jombwe, 2003). Gold targets were identified based on the criteria that they occur on a first and/or second order structure, with the higher-ranking targets on structural jogs or intersecting structures. Targets were then further evaluated on the basis of supporting metallogeny and previous exploration. Coincident magnetic and gravity highs were identified as possible IOCG type targets.

Several conceptual targets were identified within EL22923 including gold and iron-oxide copper-gold (IOCG) type targets.

5.2 Base Metal Exploration Conducted by BHP Billiton / Teck Cominco Alliance

During September 2002, a program of ground EM was completed by GeoDiscovery. A total of 23 line kilometres of data was collected on six traverses designed to cover a number of well defined aeromagnetic anomalies in areas of cover (Figure 4). The target was Zn-Cu mineralisation akin to that associated with a magnetite-bearing sequence at the Red Rock prospect located to the south and east of the traverses.

The TEM configuration was 100m moving-loop using a Zonge Transmitter, Zonge GDP-32 Receiver and Sirotém TEM-3 in-loop coil. A station interval of 100 metres was used. Zonge profile plots of all three components for each of the six traverses appear in Appendix 1. Using the Maxwell/Emax processing software, Conductivity Depth Images (CDIs) of each line using the Z-component data were calculated, and these also appear in Appendix 1.

The only potentially significant basement conductor observed occurs on traverse CH 1, where an apparent late-time vertical-source response is located at 7453350N, but this is largely at the noise level of the data (refer fig Nov 2002 2 in Appendix 1). The responses over traverses CH 3 and CH 8 appear to reflect only conductive cover, while those over traverses CH 6, CH 7 and CH 9 indicate shallow to sub-cropping resistive basement flanked by conductive cover.

6. YEAR 1 EXPENDITURE

The exploration expenditure for the first year of grant from 28 August 2002 to 27 August 2003 is outlined below:
Table 2: Exploration Expenditure

<table>
<thead>
<tr>
<th>Category</th>
<th>$</th>
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</thead>
<tbody>
<tr>
<td>Salaries/Wages – Field &amp; Office</td>
<td>11,595</td>
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<tr>
<td>Geophysical Surveys</td>
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<tr>
<td>Land Maintenance &amp; Access</td>
<td>5,478</td>
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<tr>
<td>Office, Computing, Drafting &amp; Database</td>
<td>139</td>
</tr>
<tr>
<td>Administration</td>
<td>6,927</td>
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<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>$53,111</strong></td>
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</table>

7. YEAR 2 EXPLORATION PROGRAM & BUDGET

Several conceptual gold and IOCG targets identified from TGNL regional assessment remain untested. The targets lie beneath transported cover and testing will require RAB/Aircore drilling which is planned for the second year of grant. Approximately 1500m of drilling is planned to test the highest ranking conceptual targets.

Table 3: 2003-2004 Exploration Budget

<table>
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<th>Category</th>
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</thead>
<tbody>
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<td>Office, Computing, Drafting &amp; Database</td>
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</tr>
<tr>
<td>Field &amp; Camp, Supplies &amp; Equipment</td>
<td>$1,500</td>
</tr>
<tr>
<td>Travel &amp; Accommodation</td>
<td>$1,500</td>
</tr>
<tr>
<td>Vehicles, Fuel &amp; Maintenance</td>
<td>$1,500</td>
</tr>
<tr>
<td>Drilling</td>
<td>$15,000</td>
</tr>
<tr>
<td>Analysis</td>
<td>$5,000</td>
</tr>
<tr>
<td>Remote Sensing &amp; Geophysical</td>
<td>$500</td>
</tr>
<tr>
<td>Land Maintenance &amp; Access</td>
<td>$1,000</td>
</tr>
<tr>
<td>Administration</td>
<td>$4,500</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$34,500</strong></td>
</tr>
</tbody>
</table>

8. REFERENCES

APPENDIX 1

Coles Hill EM Data
Target CH-1:

- Moderate TEM anomaly
- Coincident with mag linear
- Possible vertical basement conductor, but response at noise-level.
Line CH-1

TRANSIENT EM SURVEY DATA
Window MAGNITUDE

values in microV/volts
Component: Hz, Rho: 10000.0

SURVEY LINE DATA
Line Diente - N
Survey Date: Sep 2002

Window NUMBER and TIME (seconds)
W1: 65.18u W7: 194.0m W21: 97.6m W31: 96.83m
W2: 126.3u W8: 194.0m W22: 15.5m W32: 15.4m
W3: 187.3u W9: 194.0m W23: 15.4m
W4: 248.3u W10: 295.6m W24: 19.38m
W5: 373.8u W11: 2.144m W25: 26.395m
W6: 370.4u W12: 3.102m W26: 30.86m
W7: 490.7u W13: 3.887m W27: 36.87m
W8: 663.5u W14: 4.977m W28: 48.54m
W9: 703.3u W15: 6.195m W29: 81.1m
W10: 856.3u W20: 7.769m W30: 76.9am

Field Job 0921
ZONE3 ZP33 7.27
File CH-12. Plotted 30 Sep 02
**Target CH-3:**

- Cover response only
Target CH-6:

- Resistive basement?
- Cover response to North
Target CH-7:

- Resistive basement?
- Flanking cover responses
Target CH-8:

- V. Weak TEM anomaly
- Probable thick cover response
Target CH-9:

- Resistive basement outcrop
- Conductive cover to North
Explanatory Note:
Reduce computation utilizing aeromagnetics, gravity, radiometrics and Landsat imagery for the plan was produced primarily for the Tanami Region and incorporated NTGS data from Tarnami Region and in-house TGNL interpretations by Ding PuQuan, Deng Qi, Jayson Meyers and Tim Smith between 2000 and 2002.

Mafic Intrusive Complex

Mesoproterozoic granitoids

Undifferentiated granitoids, probably Paleoproterozoic

Hatches Creek Group

Waite Formation

Greenschist facies retrograde shear zones within Paleoproterozoic basement

Alice Springs Orogeny

IGNEOUS INTRUSIONS

Neoproterozoic granitoids

Felsic Dolerite dykes

Mordor Alkaline Complex

Andrew Young Hills

Mafic Intrusive Complex

1640 - 1600Ma

Neo-Prot

Pza

Pzg

Strangways Metamorphic Complex

Ca

Na

TENNANT CREEK BLOCK

Alieon Gneiss Complex²

Wigley Metamorphics³ >1700Ma

Arltunga Gneiss Complex²

Cadney Metamorphics²

Cadney Metamorphics³

>1780Ma

Florence Detachment Zone²

Irindina Metamorphics³ (650 - 500Ma Alice Springs Orogeny) / Harts Range Orogenic Belt²

Narwietooma Metamorphics³

>1870Ma

Enita Gneiss Complex²

Garden Metamorphics²

¹ NTGS subdivision for Tanami Region

² Dr Puquan Ding subdivision

³ NTGS subdivision for Strangways & Southern Arunta

Palaeproterozoic granitoid intrusions

1845 - 1790Ma

Tanami Region