Cameco Australia Pty Ltd

MAJARI PROJECT

EL 3346

ANNUAL REPORT FOR 2002 - 2003

CONFIDENTIAL

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SUMMARY

This report describes exploration work undertaken on the Majari project between 6 September 2002 and 5 September 2003. The tenement is situated approximately 330 km to the east of Darwin, and is wholly within the Arnhem Land Aboriginal Reserve.

The tenement was granted to Afmeco Mining and Exploration Pty Ltd on 6 September 2000 for a period of six years. AFMEX was in joint venture with SAE Australia Pty Ltd and Cameco Australia Pty Ltd. Cameco became sole owner and manager of the tenement in 2002.

This report details work performed by Cameco Australia on EL 3346, since Cameco Australia's involvement. Five days of fieldwork comprising regional sampling, traverses and ground investigations were carried out during the reporting period. This report also contains results from work previously reported during 2001 - 2002, which includes ground investigations of airborne radiometric anomalies and interpretation of the airborne electromagnetic survey.

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INTRODUCTION

Exploration Licence 3346 was explored in joint venture by Afmeco Mining and Exploration Pty Ltd, SAE Australia Pty Ltd and UAL Pty Ltd. In 2002, Cameco Australia Pty Ltd entered into the joint venture and has now attained ownership of the licence.

The prime objective of the project is to discover economic uranium mineralisation within a geological environment similar to deposits to the known deposits of the Alligator Rivers Region, Northern Territory and the concealed high-grade deposits of the Athabasca Region, Saskatchewan, Canada.

The project is underlain by interpreted Nimbuwah granitoid basement rocks, which are not considered favourable to host unconformity uranium mineralisation. The Kombolgie Subgroup sandstone outcrops extensively throughout the southern portion of the tenement. Several large structures are present in the region. Uranium occurrences have been identified to the west of the project area, an indication of a favourable mineralising and alteration event.

The exploration activities planned for 2002 and 2003 were designed to determine the uranium potential of the exploration licence over the next several years. Work was aimed at targeting future drill holes on the tenement and consisted of outcrop sampling, preliminary mapping and airborne geophysical surveys. A helicopter was utilised to transport field personnel for outcrop sampling and movement on the project.

The 2003 field based exploration activities were conducted over a period of five days from the end of May. The Cameco operated King River Camp was utilised as the base camp for exploration activities.

Exploration activities in 2002 were based out of Myra Falls Camp. Work commenced in early September with two days of helicopter-assisted sampling.

The objectives of the work completed by Cameco during the 2002 were:

- To characterise the stratigraphy, structure, alteration and uranium mineralisation potential of the Majari project. These objectives were to be achieved by evaluating features identified megascopically and by using physical properties, reflectance spectroscopy (PIMA) and geochemistry;
- To commence and generate regional datasets of outcrop samples with regional and detailed geological mapping and prospecting;
- To delineate areas requiring investigation by drilling.

Location and Access

Exploration Licence 3346 is located in western Arnhem Land. The tenement is centred approximately 340km east of Darwin and 35km southwest of Maningrida.

Road access is via the Oenpelli – Maningrida road that traverses the tenement. Several subsidiary tracks branch off the main road, servicing outstations in the region. Much of the tenement is flat lying and can most likely be accessed by four-wheel drive vehicle. The principal access to most of the tenement is by helicopter.

Location Map

Tenure

On 5 September 2003 the subject licence will reach the end of its third year of tenure. The licence, which is on Aboriginal freehold land in northwestern Arnhem Land, was granted to Afmeco Mining and Exploration Pty Ltd (Afmex) on 6 September 2000 for a period of six years. Afmex were in joint venture with SAE Australia Pty Ltd and UAL Pty Ltd. Cameco, though acquisition of UAL assets became involved with the project in 2001. After the withdrawal of Afmex from Arnhem Land in late 2002, Cameco became sole owner and manager of the tenement.

EL3346 comprises 178 blocks covering an area of 597.6 square kilometres. There has been no previous reduction in the area of the licence.

Cameco Australia wishes to retain the full area of the tenement, i.e 178 blocks, which is in excess of the requirement under section 26 (1) of the Act. The company is therefore applying to the department for a Waiver of Reduction.

Physiography

Much of the topography in the north of the tenement is relatively flat lying and covered by savannah woodland. The western and southern portions of the tenement are sandstone covered and mark the northern and eastern limits of the Arnhem Land plateau country in the region.

The principal drainage on EL 3346 is the north flowing Liverpool River, located to south and east of the tenement. Several minor creeks traverse EL 3346.

Tenement Geology

Based on the most recent NTGS mapping (Milingimbi 1:250000 geological series), the oldest rocks within the tenements comprise the basement Paleoproterozoic Nimbuwah Complex. Sandstones of the Kombolgie Subgroup sediments overlie these basement rocks. Cambrian Buckingham Bay sandstone crops out as scattered remnants to the north and east of the tenement, which is largely overed by Quaternary sands and black soil floodplains.

The Nimbuwah Complex consists of gneiss, migmatite and various granitic intrusives. The most recent age determinations place the Nimbuwah within 1870-1850 Ma. The 'complex' has an I-type granite origin and is considered to be, in part, intrusive into Paleoproterozoic metasediments, in this case the Myra Falls Metamorphics. (Carson et. al., 1999). Within EL 3346, visible Nimbuwah is restricted to a series of scattered outcrops in the northwest corner of the tenement.

The basement Nimbuwah Complex rocks are overlain by the Kombolgie Subgroup, which comprise the lower subgroup of the early Proterozoic Katherine River Group, the oldest rocks of the McArthur Basin. The Kombolgie Subgroup comprises an alternating sequence of quartz arenite sandstones and basaltic flow volcanics. The Mamadawerre Sandstone is the basal unit of the Kombolgie Subgroup, which is disconformably overlain by the Nungbalgarri Volcanic Member, a regionally distributed basaltic flow volcanic. Gumarrirnbang Sandstone overlies the volcanic member. The age of the Mamadawerre has been constrained between 1822 and 1720

Ma and is probably closer to 1800 Ma (Sweet and others 1999). Mamadawerre Sandstone outcrops in the central-western portion of the tenement and disappears under sand and ferricrete cover to the east. The ferricrete may be interpreted as being the residual debris from the now eroded Nungbalgarri Volcanic Member. Dissected sandstone plateaux and rugged hills of the Gumarrirnbang Sandstone overlie the southern portion of the tenement.

The basal unit of the Cambrian Wessel Group, the Buckingham Bay Sandstone, crops out in EL 3346 as scattered outcrops in the eastern portions of the tenement. These Cambrian sediments, which comprise the oldest rocks of the Arafura Basin, obscure any northern and eastern extensions of the Paleoproterozoic basement and sandstone.

Oenpelli dolerite has been observed at one location on EL 3346, within a northwest trending lineament intruding the Gumarrirnbang Sandstone. The dolerite is exposed as small boulders and rounded outcrop in the bottom of the linear.

A variety of quaternary surficial materials cover much of the region, obscuring the basement rocks and Kombolgie Subgroup sediments.

Geology Map

Regional Structure and Geological History

The early Proterozoic rocks of the region have been affected by the Top End orogeny (1880 to 1780 Ma), which includes the initial Nimbuwah Event or Barramundi Orogeny at about 1870 Ma. This event produced a prograde metamorphic effect with associated tight folding and faulting. The various 'domains' exhibit a variability of deformation and metamorphic grade, with the western and eastern margins of the Pine Creek Inlier (Litchfield Province and Nimbuwah domain respectively) exhibiting the most pronounced effects.

Major regional faults, which affect the early Proterozoic, have northwest (Bulman), north-northwest (Aurari) and northerly (Anuru, Goomadeer) strikes. Another significant set trends to the east and includes both the Ranger and Beatrice faults. The Bulman Fault Zone is the principal regional feature and is considered to represent a long-lived, deep crustal structure, which has exerted a large lateral component in rocks of the Pine Creek Inlier.

A more intense concentration of structures traverse the mid Proterozoic and younger rocks and include northwest, east, northeast and north trends. Both faulting and jointing, with displacements ranging from a few metres up to 100 metres, locally heavily dissect the Kombolgie.

Deposition of the Mamadawerre Sandstone took place in an environment of extension and local basin formation with probable fault-controlled sedimentation. Rapid thickening and thinning of the sequence imply this.

The widespread Oenpelli Dolerite intrusive event took place at about 1715 Ma. Localised effects in the sandstone include silicification, the introduction of magnesium rich to intermediate chlorite and the formation of muscovite-illite. A characteristic mineral assemblage of prehnite-pumpellyite-epidote has formed in the quartzofeldspathic basement rocks adjacent to the intrusions.

Exploration Target

The focus of the exploration strategy is the discovery of unconformity-related uranium deposits. The nearby deposits at Ranger, Jabiluka and Koongarra and the now depleted Nabarlek Mine serve as models for this strategy. The presence of gold, palladium and platinum in these deposits plus the economic gold-platinum resource at Coronation Hill in the South Alligator Valley, indicates an additional potential for this deposit style.

Previous Exploration

McIntyre Mines (Australia) in joint venture with Canadian Superior Oil (Australia) and Ocean Resources conducted exploration on Exploration License 144 from 1971 to 1973. An airborne radiometric survey over the western portion of EL 3346, and the eastern portion of Cameco operated EL 5892 located two significant U anomalies associated with the Nungbalgarri Volcanic Member to the northwest of Gudjekbinj outstation. Drilling was recommended for the prospect, but was not conducted before the EL was relinquished in 1973. The prospect lies outside of EL 3346 and EL 5892.

Afmex gained exploration access to EL 3346 in September 2000. Afmex carried out limited exploration prior to Cameco involvement, and was restricted to geophysical remote sensing surveys. A detailed (100m line spacing) airborne radiometric and magnetic survey was conducted over the entire tenement during September 2001. Results from the radiometric survey identified 15 low order anomalies for follow up ground investigation. An airborne electromagnetic survey (TEMPEST) was flown in August 2002 over a small area in the central portion of the tenement. The survey area was selected based on an interpreted shallow depth to basement rocks and a suggestion from magnetics that several large structures are present in an area of relatively sparse rock outcrop. During early September 2002, Cameco personnel conducted ground investigations of radiometric anomalies and performed broad regional outcrop sampling over sandstone outcropping areas.

EXPLORATION PROGRAM

The 2003 work program was conducted from 30 May to 2 June 2003 with a further day on 26 August 2003, and consisted of regional background outcrop sampling and small ground traverses. Outcrop sampling data collected during 2002 is included in this report. In total 36 samples were collected from 36 stations during 2002, and 46 samples collected from 49 stations during 2003.

Data from the airborne geophysical TEMPEST survey flown during August 2002 was interpreted, with the results included in this report.

All digital data, which has been acquired by Cameco has been submitted on CD and DVD with this report. In some cases data over culturally sensitive “nogo” zones has been excised from figures and data in accordance with requests by Traditional Owners.

Geophysics

In 2002, Fugro Airborne Surveys Pty Ltd (Fugro) undertook a TEMPEST airborne electromagnetic survey over a portion of the Majari project. TEMPEST is a high-powered time-domain system with a broad bandwidth, which enables good resolution of variations in resistivity and penetration through relatively thick sandstone. The airborne platform allows electromagnetic data to be acquired over areas where ground geophysics is impractical due to rugged topography. The survey was flown with the aim of providing 3-D electromagnetic data over a broad area to identify structure/alteration and in particular, infer the depth to the unconformity below sandstone. Geology within the survey area is interpreted to have a high proportion of Mamadawerre sandstone, which is stratigraphically below the Nungbalgarri Volcanics (A. Bisset, 2002). A total of 575 line kms were flown with a survey line spacing of 200 m and flying height of 120 m. EMFlow was used by Fugro to produce CDIs (Conductivity Depth Images), which have been combined by CIN3D processing to produce various 3-D renditions.

Airborne Electromagnetics - TEMPEST

TEMPEST Location Map

Logistics Report for TEMPEST

TEMPEST Conductance Map
TEMPEST RGB Conductivity Map
TEMPEST Top of Body Map

TEMPEST AVI Slide Show – CDI's (z-component)
TEMPEST AVI Slide Show – Depth Slices (z-component)
TEMPEST AVI Slide Show – Body Vary Azimuth (z-component)
TEMPEST AVI Slide Show – Body Vary Conductivity (z-component)

TEMPEST and Remote Sensing Compilation

The TEMPEST system has been used in Arnhem Land over the past two years, and from this experience several conclusions can be made:

- A weakly conductive semi-horizontal feature is consistently identified from line to line within the CDI sections.. This feature has been named the "conductive unconformity" since its position is defined by a resistivity contrast caused by alteration surrounding a lithological unconformity and may not in fact be the location of the true sandstone – basement unconformity.
- Generally the TEMPEST conductive unconformity is within +/- 30 m of the true sandstone – basement unconformity. However, the presence of Oenpelli Dolerite and cover may complicate the response since both of these units may actually be conductive or resistive.
- At this stage the increased conductivity at the sandstone – basement unconformity cannot be related to a specific type of alteration observed from drilling (i.e. clay or hematite). Instead, we can merely assume that it is due to physical property changes at the unconformity, which may be due to

mixing of basinal and basement fluids proximal to the sandstone – basement unconformity or a paleoregolith feature.

- It is important when interpreting the TEMPEST data to:
  - Observe the x and z component data since these couple differently (z component is generally best for horizontal features),
  - Apply linear and log colour schemes due to the large and variable range in conductivities, and
  - Confirm the consistency of features from line to line to avoid errors introduced by the inversion.

Unconformity Elevation and Structure

In the south of the survey area, the CDIs indicate a weak to moderately conductive feature at shallow depth within a resistive host. This conductive feature is attributed to the Nungbalgarri Volcanic Member, which is consistent with the interpretation from airborne magnetics.

In the north of the survey area the NTGS has mapped surface Gumarrirnbang Sandstone and Cretaceous sediments. CDIs covering the Gumarrirnbang Sandstone show a weakly conductive feature at depths ranging up to approximately 400 m. This is thought to represent the conductive unconformity contact between sandstone and basement rocks rather than the Nungbalgarri Volcanic Member, which is generally more conductive over a broader zone (especially in areas affected by Oenpelli Dolerite). The interpreted absence of the Nungbalgarri Volcanics in the TEMPEST data is also suggested by the magnetics and implies this sandstone is basal to the unconformity. It is postulated from CDIs that this basal sandstone is present in most of the northern two-thirds of the survey area. In the northeast of the survey, the depth of sandstone decreases so that Cretaceous sediments directly overlie basement rocks. A thinning of the lower Kombolgie Subgroup (Nungbalgarri Volcanic Member and/or Mamadawerre sandstone) is required in order for this interpretation to be valid. Cameco has not directly observed this stratigraphic thinning, however the NTGS mapping on the Cameco operated EL 2857 (Gunbatgarri Project) supports the possibility of thinning of the Mamadawerre Sandstone and Nungbalgarri Volcanics. Both the NTGS and Cameco have classified the sandstone in the northeast part of the survey area as Gumarrirnbang rather than Mamadawerre. Albeit unlikely, if this sandstone is wrongly classified then the lower Kombolgie Subgroup thickness could be more constant as it dips to the south and west.

Several structures are indicated by sudden changes in the conductive unconformity elevation, with many being confirmed by magnetics. Alternatively, basement paleotopographic highs are also indicated and could provide additional conceptual targets. One possible structural target is shown in the below figure and centred at 381439mE, 8652525mN (AGD66, TMAMG53). TEMPEST indicates that the conductive unconformity deepens from being near-surface to a depth of 250 m (over a distance of 350 m). This sudden change in depth may indicate the presence of significant structure. Further evidence of this possibility is provided by the intersection of major northerly and northwest trending lineaments identified from magnetics and the NTGS mapping.

TEMPEST Structural Target Compilation

Conductors

The CIN3D conductance grid is the primary dataset for interpreting conductors. There is no basement conductors indicated by the TEMPEST, instead the main conductive features appear to be related to the Oenpelli Dolerite and the Nungbalgarri Volcanic Member. There is no conductive feature associated with the magnetic bull's eye identified by A. Bisset (2002).

Outcrop Sampling

Exploration on EL 3346 during the third year of licence consisted of reconnaissance outcrop sampling; ground proofing of previous geological mapping and general familiarisation of the tenements in context with the regional scale of the area.

The work included in this report was completed over a period of two field seasons, beginning in 2002 and continuing into 2003. The work completed during 2002 was not previously reported due to Afmex not receiving results prior to report generation.

The Cameco King River Camp was utilised as the base camp for field operations during the 2003 work program. The exploration activities commenced on 30 May 2003 continuing until 2 June 2003 with one further day on 26 August 2003.

The following tables outline the work completed and expenditures on the project. All digital data, which has been acquired by Cameco has been submitted on CD and DVD with this report. In some cases data over culturally sensitive "nogo" zones has been excised from figures and data in accordance with requests by Traditional Owners.

Majari Work Summary 2002

Majari Annual Expenditure

The outcrop-sampling program was designed to provide a semi-regional lithogeochemical and clay mineralogy dataset. This dataset would be used as a basis for definition of alteration systems and anomalous areas that may be associated with unconformity-style U mineralisation.

Cameco selected areas of investigation based on a model that any mineralisation requires a post-Kombolgie structural element in order to focus and provide a pathway for basinal fluids to interact with basement fluids and form a deposit. Sampling traverses were conducted within and proximal to identified lineaments from satellite, remote sensing imagery and magnetics, as these areas may be the surficial expression of structural elements, where alteration fluids may have interacted with the wall rocks.

In total 81 outcrop samples were collected from the Majari tenement of which 14 were collected from the Mamadawerre Sandstone, 66 were collected from the Gumarrirnbang Sandstone and the remaining one sample from Nimbuwah Complex basement rock. Two fracture samples were collected from brecciated faulted sandstone.

Sample Location Map

Geology Map with Sample Locations

Outcrop Locations and Description

Outcrop Lithology and Physical Properties

Outcrop Alteration and Structural Measurements

Outcrop Sample Procedures

Outcrop samples collected are used to create regional background signatures for lithological, spectral and geochemical parameters at each location. Geomorphological, geological and radiometric parameters are recorded, and a digital photograph at each site is taken. The samples are systematically processed in the field camp. Lithological textures, alteration colours (Munsell), grain-size variations, petrophysical parameters (magnetic susceptibility) are routinely recorded.

All samples are taken using a hammer, and sometimes a chisel, in order to collect only the targeted vein or fracture. Fracture samples consist of small broken pieces of rock, which are placed into a 100ml vial. The fracture sample physical shape and size characteristics are not favourable for PIMA spectral measurements. Sampling from breccia and veins provides a medium, which can be subjected to low level detection geochemical techniques, and may display geochemical anomalies indicative of alteration, and leakage of uranium or indicator element from an otherwise blind uranium deposit at the unconformity. This type of sampling is referred to as fracture sampling and the samples are subjected to the G950 geochemical method, which provides ultra-low detection limits.

Sampling Technique

Samples are routinely halved using a core saw. One half is described (grain-size, Munsell colour, and magnetic susceptibility). The same sample is measured for spectral parameters using the PIMA II spectrometer. These samples are retained within the Cameco storage facility in Darwin. The other half of the sample is used for litho-geochemical analysis. A segment of each sample is also sent for petrographic thin section processing.

Codes for Competency Friability & Grain Size

Codes for Munsell Colours

Geochemical Processing

All samples were sent to NTEL in Darwin and Pine Creek, Northern Territory, for multi-element analysis. In total, four separate methods were used to analyse up to 65 elements and four isotopes. The geochemical methods used are detailed in the following tables.

G400 Analytical Procedures

G950 Analytical Procedures

The following tables list the geochemical results for the outcrop samples collected. G400 results for samples MJ03C10240 – MJ03C10248 have not been received and will be included in the next annual report. Results for the G950 (W samples) samples collected have not been received and will be included in the next annual report.

Outcrop G400 Geochemistry

Reflectance Spectroscopy (PIMA)

Reflectance spectroscopy (PIMA) analysis was completed using the PIMA II short-wave infrared spectrometer on all samples collected. This instrument measures the reflected energy from a sample in the short wave infrared (SWIR) region of the energy spectrum. The sampling area on the rock specimen that is measured is permanently marked. Multiple measurements are occasionally taken, particularly if variations in spectral features are noted. The spectra are converted to an ASCII format and processed using "The Spectral Geologist" (TSG) developed by AusSpec International, and a Cameco in-house software program called Minspec.
TSG is routinely used to process all spectral data. The SWIR spectra, once processed, provide a mineral identification utilising internal software pattern matching algorithms called "The Spectral Assistant" (TSA). The experienced user can collect information on the degree of mineral crystallinity, and chemical composition variations within mineral groups from the spectra. The program also allows the user to create scalars based on spectral features and parameters. This allows for quantifying crystallinity parameters; classifying chlorite species based on Mg and Fe absorption features and a multitude of other features.

The in-house software "Minspec" utilises the PIMA spectra to classify the data into proportions of six clay mineral species (illite, kaolinite, dickite, halloysite, chlorite and dravite). A signal to noise ratio is calculated. Careful visual attention to detail along with the signal to noise value within each spectra, is required to determine the validity of the classification.

All outcrop samples were processed using PIMA, with results in the following tables and figures.

Outcrop Samples TSA Analysis (Identified Mineral Species)

Outcrop PIMA TSA Clay Distribution Map

Outcrop PIMA Minspec Analysis

Outcrop PIMA Minspec Clay Distribution Map

Outcrop Sampling Results

The airborne radiometric follow-up sampling on the Majari project failed to identify any areas of U mineralisation. Ground investigations concluded that most of the anomalies were due to ferruginous ferricrete, pisolites and reworked laterite profile overlying sandy areas, and black soil swamps. One anomaly was located within outcropping Nimbuwah Complex granitic gneiss in the north of the tenement.

The highest U value from all outcrop sampling is 8.5ppm from sample MJ02C10005, and was collected in associated with radiometric follow-up work in the central portion of the project. The next highest U value is 5.6ppm sampled from the Nimbuwah granitic gneiss. All other samples returned U values of less than 2ppm. In the southern sandstone outcropping area, the gridded U distribution map shows a broad correlation with stratigraphy.

Gridded Uranium Map

The metals (sum of As, Co, Cu, Mo, Ni, Pb, V, Ni and Zn) distribution map indicates a highly anomalous sample (MJ03C10233) in the south-eastern portion of the tenement, with a lesser anomalous sample (MJ03C10010) in the north from the sampled Nimbuwah granitic gneiss. Both samples have anomalous levels of Pb with MJ03C10233 and MJ03C10010 returning values of 220ppm and 52ppm Pb respectively.

Gridded Metals Map

Cataclastic fault brecciation was observed at two localities (MJ030205 western structure; and MJ030220 southeastern structure) on the EL 3346. Both structural features outcrop over a distance of approximately 250m, with a clearly defined linear extending over a larger distance. Large (up to 40cm) blocks of sandstone with smaller cobbles have been milled and amalgamated to form the fault breccias. Both areas lack any significant associated hydrothermal quartz veining, which would greatly increase the favourability of the structures with respect to U mineralisation.

Mapped Structures – Geology Map

The western structure (MJ030205) trends northeast and may be subsidiary to a larger structure that extends onto the Cameco operated tenement EL 5892. Structural measurements indicate that the fault breccia has a normal west side up sense of movement. A smaller outcrop somewhat removed to the west of the main outcropping breccia indicates an east side up normal sense of movement, opposite to main structure.

The main outcropping southern fault breccia (MJ030220) trends northwest, and has a smaller poorly defined northeast trending subsidiary component. Satellite imagery suggests that the main structure in this area trends to the northeast expressed surficially as a sandy linear creek. In contrast the main outcropping feature trends northwest. Structural measurements and observations indicate the northwest trending fault has a sinistral strike slip sense of movement.

The PIMA clays show a general correlation with stratigraphy. Clay distribution mapping of the PIMA results shows a dominance of dickite in the southern sandstone covered portion of the tenement. The PIMA clay distribution maps with the underlying DTM of the area shows the broad trend of dickite clays within the higher relief, stratigraphic units of sandstone. It can be interpreted that the dickite is associated with more silicified stratigraphic horizons in the Gumarrirnbang Sandstone, and that this horizon is less prone to weathering indicated by the higher topographical relief.

Outcrop PIMA TSA Clay Distribution Map

Illitic clays are dominantly found in the lower stratigraphic levels in the sandstone, in those areas that have been preferentially eroded, eg linears and valley edges. Muscovite clays are indicated from PIMA associated with the cataclastic fault breccia in the southeast corner of the tenement, and is also identified in two samples in the central part of the tenement.

Conclusions

The exploration work performed in the three years of tenure on EL 3346 has not identified any areas of anomalous U. Outcrop geochemistry results indicate a broad correlation of chemistry with stratigraphic units in the sandstone. An interpretation of the TEMPEST data suggests basement rocks lie close beneath the surface in an area in the central portion of the tenement. The interpreted structure observed in the TEMPEST data is corroborated by a diffuse lineament in the magnetics.

WORK PROGRAM 2004 – 4TH YEAR OF TENURE

Planned activities for 2004 on EL 3346 may include follow-up helicopter assisted rock sampling and ground traverses of structural corridors and lineaments. A diamond drill hole is planned to test the geophysical structural target in the central portion of tenement. This hole will validate the interpreted structure and depth to the unconformity from the airborne TEMPEST, and determine the favourability of this structure in relation to U mineralisation.

The estimated budget for the Majari project during the 4th year is estimated to be $70,000 to complete the program as planned.

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