

Otter Gold NL (100%)

TANAMI REGION
NORTHERN TERRITORY

3rd ANNUAL REPORT For EXPLORATION LICENCES

EL 9554 (Farrands Hills)
EL 9764 (Normans Rock)
EL 9765 (Palaedies)

24th JULY 2002 to 23rd JULY 2003

Volume 1 of 1

Newmont Report No: 31252

Compiled By: M.Muir

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OTTER GOLD NL

TITLE: 3rd ANNUAL REPORT FOR EXPLORATION LICENCES EL 9554, 9764 & 9765 – The Granites Agreement

PERIOD: 24th JULY 2002 to 23rd JULY 2003

REPORT No.: 31252

COMPILED BY: M. MUIR

LOCATION: GRANITES 1:250,000 SF 52-3
MT SOLITAIRE 1:250,000 SF 52-4
DAVIDSON 1:100,000 5057
GIBBESMURRAY 1:100,000 5056
PTILOTUS 1:100,000 4957

COMMODITY: GOLD

DATE: OCTOBER 2003

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

SUMMARY

This is the third annual report for tenements of the Granites Agreement (EL9554, 9764 & 9765) excluding EL9250 (which is reported separately). The Granites Agreement is also known as the Chapmans Hill Region within the Newmont Tanami Group. The original tenements (EL9554, 9764 & 9765) were granted to Otter Gold on the 24/07/2000 for a period of six years.

Activities during the third year were minimal and revolved around the relinquishment of ground and a review of data available on the exploration licences by Newmont Exploration Staff.

No environmental issues were reported during the third year of tenure.

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

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1.0 INTRODUCTION

This report contains details of exploration activities conducted within ELs 9554, 9764 & 9765 for the period 24th July 2002 to 23rd July 2003. The tenements are regarded as a single area for the purposes of reporting.

2.0 LOCATION AND EXPLORATION HISTORY

2.1 Location and Access

The OGNL tenements are located approximately 650km north west of Alice Springs and 300km south east of Halls Creek. Access to the tenements is via the Tanami Track and the old Normandy NFM access track to the Groundrush discovery, exploration tracks and gridded baselines. Access to most areas is limited during the wet season (December to April).

2.2 Tenement Status

The following table details relevant information relating to tenement status:

Tenement	Year	Area (sq km)	Blocks	Rent (\$) Year End 23/07/2003	Covenant (\$)
EL 9554	3/6	132	41	902	15,000
EL 9764	3/6	80	25	550	11,000
EL 9765	3/6	68	21	462	17,000

Table 1: Tenement Status

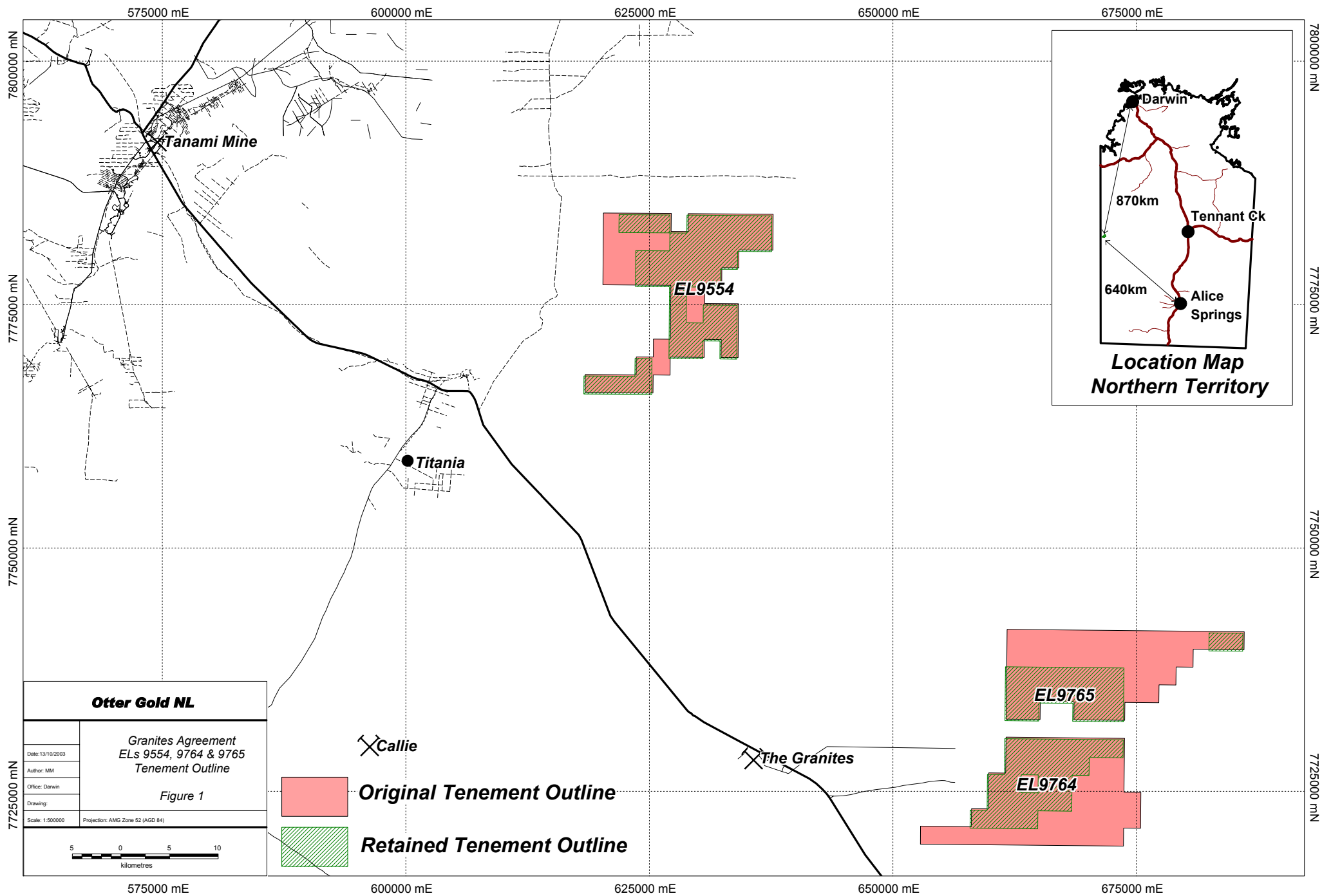
In December 2001 – January 2002 Normandy NFM gained a controlling interest in Otter Gold NL, the Normandy NFM team took control of Mining Leases and Exploration ground. By May 2002 Newmont Australia had taken over Normandy and had a controlling interest in Normandy NFM (now Newmont Tanami Pty Ltd) and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

2.3 Exploration History

2.3.1 Work completed by North Flinders Mining prior to 1997 relinquishment.

Work completed included:

- Collection of 47 rockchip samples (predominantly quartz) assayed for Au, Bi, Cu, Mn, Mo, Pb, Sb, Ti, W, & Zn (As & Te).
- 54 vertical Vac drill holes were drilled to 18 metres depth (23 of these holes reached basement).
- 59 vertical RAB holes were drilled over six traverses at approximately 1km spacing. The drillholes ranged in depth from 6-61m, with the shallowest holes intersecting granite in the west.
- A further 10 RAB holes were completed in 1996.



2.3.2 Work completed By Otter Gold NL Prior to July 2001.

Work completed by Otter included general reconnaissance and regional helicopter surface sampling on a 500mx500m grid.

- 318 samples were taken in EL9764 with no significant results.
- 131 samples were taken in EL 9765. These were low level but ‘coherent’ along the edge of a channel.
- 239 samples were taken in EL9554. Low level anomalism was defined on the north eastern portion of the Licence.
- Rockchipping did not produce any significant results.

2.3.3 Exploration completed between 24th July 2001 to 23rd July 2002.

Work completed during this period involved magnetic and gravity interpretation undertaken by Otter and Fractal Graphics in Perth. The gravity and magnetic datasets were ‘wormed’ using a process developed by Fractal Graphics and the CSIRO with the resulting data providing a new way to look information in three dimensions.

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 2).

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, volcanoclastic 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.

Blake et al (1979)						Hendrickx et al (2000)		
Birrindudu Group		Coomarie Sandstone				Birrindudu Group	Coomarie Sandstone	Suplejack Downs Sandstone
		Talbot Well Formation					Talbot Well Formation	
		Gardiner Sandstone					Gardiner Sandstone	
Suplejack Downs Sandstone						Pargee Sandstone	Nanny Goat Creek Volcanics	
Mount Winnecke							Mount Winnecke Group	
Pargee Sandstone							Mount Charles Formation	
Tanami Complex	Mt. Charles Beds	Killi Killi Beds	Nanny Goat Creek Beds	Nongra Beds	Helena Creek Beds	Tanami Group	Killi Killi Formation Twigg Formation Dead Bullock Formation	
						McFarlane Peak Group		
Archaean						Browns Range Metamorphics “Billabong Complex”		

Table 2. Comparison of stratigraphic nomenclature (Hendrickx et al, 2000).

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 Supplejack Down sandstone is interpreted to belong to this group but its relationship is unclear. The Birrindudu group lies 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.

4.0 EXPLORATION 24th July 2002 to 23rd July 2003.

Work for the third year of tenure included a review and assessment of data available for the exploration licences by Newmont Exploration staff. Also significant portions of the three licences were relinquished.

4.1 EL9554

Exploration Licence 9554 (Farrands Hills) was granted on the 24th of July 2000, for a period of six years. At the end of the second year of the Exploration Licence it was decided because of escalating tenement costs that the ground be reduced from 54 blocks (174km²) to 41 blocks (132km²).

The relinquished ground included 60 regional surface samples completed by Otter Gold NL where results were less than 0.2ppb Au. The surface samples were taken on a 500m x 500m grid using a Robinson Helicopter for access.

4.2 EL9764

Exploration Licence 9764 (Normans Rock) was granted on the 24th of July 2000, for a period of six years. At the end of the second year of the Exploration Licence it was decided because of escalating tenement costs that the ground be reduced from 53 blocks (170.5km²) to 25 blocks (80.4km²).

The relinquished ground included 98 regional surface samples completed by Otter Gold NL where results were less than 0.3ppb Au. The surface samples were taken in bulk and sieved at a later date on a 500m x 500m grid using a Robinson Helicopter for access.

4.3 EL9765

Exploration Licence 9765 (Palaedies) was granted on the 24th of July 2000, for a period of six years. At the end of the second year of the Exploration Licence it was decided because of escalating tenement costs that the ground be reduced from 49 blocks (157.6 km²) to 21 blocks (67.5km²).

The relinquished ground included 75 regional surface samples completed by Otter Gold NL where results were less than 0.6ppb Au. The surface samples were taken in bulk and sieved at a later date on a 500m x 500m grid using a Robinson Helicopter for access. Six rockchips of various types of quartz veining were also collected with one sample returning 20ppb Au.

5.0 EXPENDITURE FOR PERIOD 24/07/2002 TO 23/07/2003.

5.1 Expenditure for period 24/07/2002 to 23/07/2003 on EL 9554

Table 3 summarises the expenditure for the current licence year on EL9554.

EL 9554		Admissible Costs
800001 Proj/Explorn labour	8,208.00	8,208.00
839001 Sal & Wages Allocat	419.09	419.09
* Expln Employee Costs	8,627.09	8,627.09
520600 Couriers & Bulk Mai	44.11	44.11
520680 Stationery and Supp	1.77	1.77
839000 Fixed Asset Usage	1,076.49	1,076.49
839003 Regnl Office Alloc	1,923.81	1,923.81
* Expl Overheads and Alloca	3,046.18	3,046.18
512000 First Aid/Safety	140.65	140.65
512010 Safety Clothing	60.88	60.88
520085 Maintenance	1,442.00	1,442.00
520086 Maintenance - Vehcl	115.43	115.43
520635 Publications & Subs	11.71	11.71
520920 Travel & Accom Loca	584.86	584.86
550999 Consum-Direct Purchase	837.79	837.79
839004 Field Costs Allocatn	(5.34)	(5.34)
* Expln Operating Costs	3,187.98	3,187.98
521001 TLO - Comp Payments	0	
521002 TLO - Agrmt Complia	719.63	
521010 Legal Fees - Non De	59.37	
560040 Tenement Fees	50.00	
542300 Asset Acquisitions	0	
560042 Tenement Rentals	1,640.00	
* Expln Tenement Costs	2,469.00	
513000 Consultants - Gen.	701.86	701.86
* Expln Specialist Services	701.86	701.86
840000 Employee Cost Allo	12.10	12.10
840003 Draft & IT Alloc	6.99	6.99
840006 Ten/Legal Cost Allo	3.97	3.97
* Expln Other Costs	23.06	23.06
TOTAL EXPLORATION	18,055.17	15,586.17
Covenant		15000

5.2 Expenditure for period 24/07/2002 to 23/07/2003 on EL 9764

Table 4 summarises the expenditure for the current licence year on EL9764.

EL 9764		Admissible Costs
800001 Proj/Explorn labour	2,676.00	2,676.00
839001 Sal & Wages Allocat	351.25	351.25
520155 Temporary Staff	927.20	927.20
* Expln Employee Costs	3,954.45	3,954.45
520680 Stationery and Supp	1.77	1.77
839000 Fixed Asset Usage	157.36	157.36
839003 Regnl Office Alloct	(91.20)	(91.20)
* Expl Overheads and Alloca	67.93	67.93
510000 Accom & Messing	689.00	689.00
520086 Maintenance - Vehcl	283.62	283.62
520635 Publications & Subs	11.71	11.71
520900 Travel - Air Charter	980.00	980.00
520920 Travel & Accom Loca	3,652.59	3,652.59
550999 Consum-Direct Purch	760.50	760.50
570025 Freight	120.00	120.00
839004 Field Costs Alloctn	(0.96)	(0.96)
561025 IT Maintenance Hard	1,672.67	1,672.67
* Expln Operating Costs	8,169.13	8,169.13
521001 TLO - Comp Payments	0	
521002 TLO - Agrmt Complia	719.63	
521010 Legal Fees - Non De	59.37	
560040 Tenement Fees	50.00	
542300 Asset Acquisitions	0	
560042 Tenement Rentals	1,000.00	
* Expln Tenement Costs	1,829.00	
513000 Consultants - Gen.	608.75	608.75
* Expln Specialist Services	608.75	608.75
840000 Employee Cost Allo	12.10	12.10
840003 Draft & IT Alloc	6.99	6.99
840006 Ten/Legal Cost Allo	3.97	3.97
* Expln Other Costs	23.06	23.06
TOTAL EXPLORATION	14,652.32	12,823.32
Covenant		11000

5.3 Expenditure for period 24/07/2002 to 23/07/2003 on EL 9765

Table 5 summarises the expenditure for the current licence year on EL9765.

EL 9765		Admissible Costs
800001 Proj/Explorn labour	4,301.50	4,301.50
839001 Sal & Wages Allocat	273.11	273.11
520155 Temporary Staff	927.20	927.20
* Expln Employee Costs	5,501.81	5,501.81
520600 Couriers & Bulk Mai	77.58	77.58
520680 Stationery and Supp	8.13	8.13
839000 Fixed Asset Usage	413.60	413.60
839003 Regnl Office Alloct	307.20	307.20
* Expl Overheads and Alloca	806.51	806.51
510000 Accom & Messing	257.74	257.74
520085 Maintenance	9.16	9.16
520086 Maintenance - Vehcl	835.83	835.83
520635 Publications & Subs	11.71	11.71
520900 Travel - Air Charter	140.00	140.00
520920 Travel & Accom Loca	1,070.41	1,070.41
550999 Consum-Direct Purch	208.76	208.76
552000 Fuel - Distillate	950.85	950.85
556095 Spares - Tyres/Tube	44.12	44.12
570025 Freight	123.50	123.50
839004 Field Costs Alloctn	(1.10)	(1.10)
561010 IT Application - Software	1,039.75	1,039.75
561020 IT Infrass Hardware	456.67	456.67
561030 IT Maintenance Soft	238.00	238.00
562015 Vehicle Registration	218.06	218.06
* Expln Operating Costs	5,603.46	5,603.46
521001 TLO - Comp Payments	0	
521002 TLO - Agrmt Complia	719.64	
521010 Legal Fees - Non De	59.37	
560040 Tenement Fees	50.00	
542300 Asset Acquisitions	0	
560042 Tenement Rentals	840.00	
* Expln Tenement Costs	1,669.01	
513000 Consultants - Gen.	608.75	608.75
* Expln Specialist Services	608.75	608.75
840000 Employee Cost Allo	12.10	12.10
840003 Draft & IT Alloc	6.99	6.99
840006 Ten/Legal Cost Allo	3.97	3.97
* Expln Other Costs	23.06	23.06
TOTAL EXPLORATION	14,212.60	12,543.59
Covenant		17000

6.0 PROPOSED EXPENDITURE July 24th 2003 – July 23rd 2004.

During the 2003 – 2004 field season work for ELs 9554, 9764 & 9765 should involve site visits to regions that have returned anomalism from regional ZARG programmes and any geophysical targets. These should be covered by drill programmes designed to test any anomalism/regolith and cover issues (approximately 500m). These will be followed up by infill surface sampling programmes using the Newmont Exploration proprietary technique.

License	Proposed Expenditure
EL9554	\$ 15,000
EL9764	\$ 11,000
EL9765	\$ 12,000

Table 6: Proposed expenditures for July 24th 2003 to July 23rd 2004

7.0 REFERENCES

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