2004 Annual Technical Report
(Report Number EL5702/2004)

Musgrave Joint Venture
EL5702 Petermann Range
January 2004

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[ ] Independence Gold NL
[ ] Goldsearch Limited
[ ] AHL Syndicate
[ ] NTDBIRD
[ ] CLC
Summary

During the current year of tenure a wide-spaced regional geochemical survey was completed over high priority geology on EL5702.

No results which justified subsequent follow up were returned from this program.
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Digital Appendices

2004_maglag.xls – magnetic concentrate geochemical sample results
2004_75um.xls – minus 75 micron geochemical sample results

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1 Introduction

Application for EL 5702 was made on 24th August 1987 and it was granted to Allender, Hosking & LeBrun, on January 14th 2002. Goldsearch Limited has a Joint venture agreement whereby it can earn up to 70% in EL5702. Independence Gold NL is earning a 51% interest in Goldsearch’s share of EL5702 as part of a Joint Venture agreement signed on the 25th August 2000.

Independence is manager of exploration on behalf of the Joint Venture.

Upon granting of the tenement a comprehensive report detailing the proposed year one work program was lodged and sacred site clearance was undertaken. Notification of aboriginal heritage exclusion zones and access approval for exploration was received by the Joint Venture on 16th of October 2002.

2 Location

EL5702 is located approximately 28km south east of Kaltukatjara and 170km west northwest of Yulara immediately south of the main road between Yulara and Kaltukatjara Figure 1. The lease covers a total area of 311km$^2$; with a total of 2.4km$^2$ excluded from exploration due to aboriginal cultural and heritage reasons.

3 Regional Geology

Exploration Licence EL5702 covers an area in the central northern part of the Musgrave Block. The Musgrave Block is a high-grade, Mid to Late Proterozoic metamorphic terrane (Figure 2). Basement gneisses of igneous and metasedimentary origin were intruded by mafic and ultramafic magmas of the Giles Complex at moderate to deep crustal levels and are now exposed in the southern half of the block. The Giles Complex represents one of the largest layered mafic/ultramafic intrusive complexes in the world, and is probably associated with a major mantle thermal event beneath the crust that is now Central Australia.

Basement gneissic rocks were also intruded by several suites of granitic rocks derived from both partial melting of crustal material and in some cases fractionation of mantle melts. Several generations of mafic dyke swarms intrude the complex. A sequence of Middle Proterozoic felsic to mafic volcanics and sedimentary rocks and minor granite unconformably overlies and intrudes the metamorphic basement in the southwest and northwest of the complex. In the north (Northern Territory) they consist of the Mt Harris Basalt, Tjuianta Formation, Puntitijata Rhyolite and the Bloods Range Beds (Tjauwata Group) and the Hull Granite Suite. In the south and west (Western Australia) the Bentley Supergroup. The upper unit of the Bentley Supergroup is contemporaneous with the lowermost units in the bounding Officer and Amadaus sedimentary basins.

The region has been affected by at least four major metamorphic events and at least seven individual deformation phases have been recognised. The area was greatly affected by at least two major Australian orogenic events, the c1200Ma “Grenvillian” Orogeny and the c550Ma Petermann Ranges Orogeny. Deep seismic surveys suggest that during the Petermann Ranges compressional event the area was subject to “Thick-skinned Tectonics” whereby deep crustal structures offset the entire section of crust and the Moho discontinuity. It is possible that these structures developed along pre-existing, deep-seated and potentially mantle-tapping structures. This compressional event exposed a section through the crust. From deep crustal rocks immediately south of the south-dipping Woodroffe Thrust Zone through intermediate depths to upper crustal volcanics (Bentley Supergroup) in the southwest. The c300Ma Alice Springs Orogeny may have also affected the region.

In the north the Musgrave block is overlain by the intracratonic Amadaus Basin. Late Proterozoic to Palaeozoic basal Amadaus sequences are tectonically intercalated with
Figure 1. EL5702 Location.
Woodroffe Thrust

Petermann Ranges Nappe

Mann Fault

Neoproterozoic & Mesozoic basin sediments
Granite
Mafic Intrusions; hornblende - Giles Complex
Quartzite
Felsic volcanics, granophyre
Mafic volcanics, sandstone
Schist, granite (greenstone facies)
Schist, gneiss, schistose granite (amphibolite facies)
Gneiss (transitional amphibolite-granulite facies; sedimentary)
Felsic and mafic granulites (meta volcanic and metasedimentary)
Musgrave metamorphics in the Petermann Ranges Nappe structure. This structure is associated with the Petermann Ranges Orogenic event. The basal Amadaus sequences are thought to be equivalent to the Adelaidean sequences of the Adelaide Geosyncline.

The exploration licence subject of this report covers Mid Proterozoic granitic rocks of the Pottoyu Granite Suite (c1190-1140Ma) and Late Proterozoic (c1000-820Ma) basal Amadaus sediments of the Petermann Ranges Nappe structure in the Wankari Detachment area. In the Wankari Detachment the Nappe consists of a moderate to steep south-dipping, east-striking zone of younger sediments intercalated with older basement granites. The Petermann Ranges Nappe was developed during the Petermann Ranges Orogeny (c560-520Ma).

3.1 Pottoyu Granite
The Pottoyu Granite Suite consists of coarse-grained, foliated, porphyritic, biotite granites. Porphyroblasts consist of K feldspar and are often rounded showing a rapakivi texture. This suite of rocks is typically well exposed in the lease area.

3.2 Late Proterozoic sediments in the Wankari Detachment area
In the Wankari Detachment area basal Amadaus sediments occur as a 1 to 5 km wide zone of steep south (overturned) quartz sandstone, schists, phyllites and dolomites, intercalated with possible minor mafic volcanic rocks. Intense mylonitisation occurs within the zone. Basal Amadaus units consist of the Kulail Sandstone, Dean Quartzite and the Pinyinna Beds.

The Kulail Sandstone is a red to purple ferruginous, quartz sandstone with abundant trough crossbeds and local heavy mineral horizons. The Dean quartzite is a clean, white crystalline quartz sandstone or quartz muscovite schist. The Pinyinna Beds consist of a sequence of grey to red-brown phyllites, and dolomites with rare tuffaceous beds.

4 Exploration Targets
The exploration program is focussed on both precious and base metals with the interpreted potential of the region based on two distinct ore deposit models.

4.1 Shear and Lode-hosted Precious Metal Deposits
Extensive quartz vein systems developed in the Pottoyu Granite country rock were considered to have limited potential for this style of deposit.

4.2 Sediment-hosted Stratiform Basemetals
The Neoproterozoic Pinyinna Beds which overly a basalt, red bed sequence which is interpreted as an early rift phase sequence is considered prospective for this style of mineralization.

5 Exploration Completed
During the period 14th January 2003 to 13th of January 2004 work completed by the Joint Venture partners was a program of regional geochemical sampling.

5.1 Regional Geochemical Sampling
Regional geochemical samples were collected on a 4km x 500m spaced sample grid over target geology. A total of 19 fine fraction (minus 75 micron) soil samples and 19 magnetic concentrate samples were collected from 19 sample sites. No anomalous results which justified subsequent follow up sampling were returned.
6 Expenditure

Total expenditure excluding costs associated with native title, aboriginal ethnographic and compensation payments and annual rents for EL5702 for the period was $12,720 as detailed in Table 1.

Table 1. EL5702 Expenditure

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<td>Legal</td>
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The annual expenditure commitment for EL2910 is $10,000.

7 Forward Work Program

The forward program involves an assessment of geochemical sampling completed to date and a review of the merits of extending the regional geochemistry over the remainder of the lease area. Budgeted expenditure for the proposed program is $24,180 as detailed in Table 2.

Table 2. Proposed Expenditure

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