

KAJEENA MINING COMPANY PTY LTD

2003 Annual Combined Report

On

EXPLORATION LICENCE's
EL 10055 & EL 10060

Kulgera Area

**Period 13th December 2002
to 12th December 2003**

LICENCEE:	Kajeena Mining Company Pty Ltd
OPERATOR:	Kajeena Mining Company Pty Ltd
STANDARD 1:250,000 SHEET:	SG 53 – 05 Kulgera
	SG 53 – 06 Finke
STANDARD 1:100,000 SHEET:	Victory 5446
	Kulgera 5546
	Umbeara 5646
DATE:	December 2003

CONTENTS.

EL10055_200312_01_report.pdf Geological Report.

Summary.

- 1. Introduction.**
- 2. Location & Access.**
- 3. Tenure Details.**
- 4. Regional Geology.**
- 5. Previous Exploration.**
- 6. Current Exploration.**
- 7. Forward Work Programmes Year 3.**
- 8. References.**

APPENDIX.

EL10055_200312_02_report.pdf Geological Report.

EL10055_200312_03_map.pdf Location Diagram.

EL10055_200312_04_map.pdf Geology Diagram.

EL10055_200312_05_map.pdf Geology Diagram.

EL10055_200312_06_map.pdf Magnetic Interpretation.

EL10055_10060 200312_expenditure.pdf Expenditure Report.

SUMMARY.

The Kulgera Project is located in the Northern Territory on the border with South Australia. The project comprises Exploration Licences EL 10055 & EL 10060 which were granted on the 13th of December, 2001.

The licences cover the Proterozoic Musgrave Block and later Eromanga Basin sediments. Exploration during the year has entailed a data compilation and geological evaluation of the area. A geological report is appended.

1. INTRODUCTION.

The Kulgera Project is located in the Northern Territory on the border with South Australia and straddles the north – south railway line. The project comprises Exploration Licences EL 10055 & EL 10060 which were granted on the 13th of December, 2001.

The licences cover the Proterozoic Musgrave Block and later Eromanga Basin sediments.

Previous explorers have undertaken limited grassroots regional scale exploration. Their targets have been sedimentary uranium, rare earths, heavy minerals, gold, base metals, opal/gemstone, and dimension stone.

The Kulgera Project area is dissected by two noted regional structures with little known about the eastern tenement. These structures will have been active during periods of deformation and metamorphism and provided conduits for fluid flow. These faults and associated structures are prospective for:

- Nickel – copper –PGE mineralisation associated with mafic intrusives.
- Gold mineralisation derived from metamorphic fluids of the classic and Tick Hill style.
- Diamond bearing diatremes. The recovery of diamonds in the area by prospectors is noted and the potential of the area to host diamondiferous diatremes is considered untested.

The region has been subject to minimal historic exploration and is amenable to modern exploration techniques.

2. LOCATION & ACCESS

The tenement areas are located on the Northern Territory South Australian Border straddling the Adelaide – Alice Springs Railway near Kulgera. Access via the Stuart Highway, then via station tracks from Kulgera and Umbera and Mount Cavenagh Homestead. Vehicle access over most of the tenements is good via station tracks and fence lines.

The region is semi-arid with long hot summers reaching 40°C + for much of January and February, winters are milder with temperatures ranging from 0°C overnight to high 20's during the day. Rainfalls are generally late summer with 250-300mm a year the average. Land usage is for pastoral properties with beef the main stock.

Low scrubby vegetation and gentle sand dunes form the topography for the main part with small hills and some ridgelines present.

EL10055_200312_03_map.pdf

Location Diagram.

3. TENEMENT DETAILS

The tenements are held by the Kajeena Mining Company Pty Ltd.

Exploration Licence	No. Blocks (Area km ²)	Grant Date	Expiry Date	Expenditure Covenant
EL 10055	500 (1528)	13/12/2001	12/12/2007	\$40,000
EL 10060	372 (1121)	13/12/2001	12/12/2007	\$40,000

3. REGIONAL GEOLOGY

There are four distinct geological divisions within the Kulgera region. They comprise the Musgrave Block, Amadeus Basin, Eromanga Basin; and surficial Cainozoic-Quaternary rocks.

Details of the tenement geology appended

EL10055_200312_04_map.pdf

Geology Diagram.

EL10055_200312_05_map.pdf

Geology Diagram.

4. PREVIOUS EXPLORATION AND MINING

Details of previous exploration have been presented in the previous annual report and are included in the appended geological report

EL_10055_200312_02_report.pdf

5. CURRENT EXPLORATION

Exploration during the year has entailed commissioning of a geological report on the area including data compilation, processing of the magnetic data, interpretation and recommendations. It is planned to conduct field work during 2004 to follow up on target mineralisation styles as identified in the appended geological report

EL_10055_200312_02_report.pdf

6. FORWARD WORK PROGRAMME YEAR 3.

EL 10055

During Year 3 it is proposed that exploration on this licence will involve follow up ground work with geochemical sampling. Further work would be dependant on results but would probably include detailed magnetics drilling.

. Travel & Accommodation.	\$ 2,000
. Vehicle Expenses.	\$ 1,000
. Geological Consultants.	\$ 4,500
. Sampling and Analyses.	\$ 10,000
. Tenement Maintenance.	\$ 1,000
. Administration.	<u>\$ 1,500</u>
TOTAL	<u>\$20,000</u>

EL 10060

During Year 3 it is proposed that exploration on this licence will involve follow up ground work with geochemical sampling. Further work would be dependant on results but would probably include detailed magnetics drilling.

.	Travel & Accommodation.	\$ 2,000
.	Vehicle Expenses.	\$ 1,000
.	Geological Consultants.	\$ 4,500
.	Sampling and Analyses.	\$ 10,000
.	Tenement Maintenance.	\$ 1,000
.	Administration.	<u>\$ 1,500</u>
	TOTAL	<u>\$20,000</u>

7. REFERENCES

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