CENTRAL DESERT JOINT VENTURE

Otter Gold NL (60%) Anglogold Australia Pty Ltd (40%)

> TANAMI REGION NORTHERN TERRITORY

6th ANNUAL REPORT

For the

Pendragon Agreement

EL 8012 EL 9477 EL 9759 EL 9992 SEL 10188

6^{th} JULY 2003 to 5^{th} JULY 2004

Volume 1 of 1

Newmont Report No: 31492

Compiled By: M.Muir

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CENTRAL DESERT JOINT VENTURE

- **TITLE:** 6th ANNUAL REPORT FOR EXPLORATION LICENCES EL8012, EL9477, EL9759, EL9992 & SEL10188
- **PERIOD:** 6th JULY 2003 to 5th JULY 2004
- **REPORT No.:** 31492
- **COMPILED BY:** M. MUIR
- LOCATION: TANAMI 1:250,000 SE 52-15 GRANITES 1:250,000 SF 52-03 PARGEE 1:100,000 4758 McFARLANE 1:100,000 4757 FRANKENIA 1:100,000 4857
- **COMMODITY:** GOLD
- **DATE:** JULY 2004
- **KEYWORDS:** RAB DRILLING, REGIONAL GEOLOGY, PROTEROZOIC, SUPERGENE DEPOSITS, VEIN DEPOSITS

SUMMARY

The Pendragon Project area is located within the south-western sector of the Tanami, and the north-western sector of the Granites, 1:250,000 Sheet areas. Exploration Licences (EL) 8012, 9477, 9759, 9992 and SEL 10188 are held by the Central Desert Joint Venture (Otter Gold NL 60%; AngloGold Australasia Limited 40%) and are subject to the **Pendragon Deed** executed 15 June 1998.

Exploration work undertaken during the sixth licence year comprised data review and target generation by Newmont Exploration and drilling these targets.

All of the area covered by the subject ELs remains under CDJV title and therefore details covered in this report should remain on **CLOSED FILE**.

Activity	Sample	No. of	Drilling	Drilling	Drill Intercept
	Numbers	Samples	No.	Metres	maximum
			Holes		
RAB drilling-EL8012	3513782 - 3698142 3698710 - 3699095	747	45	2151	3m @ 0.14 g/t Au LEGRB0025 45-48m
RAB drilling-EL9759	3698143 - 3698709	567	37	1630	-

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1.0 INTRODUCTION

Exploration Licences (EL) 8012, 9477, 9759, 9992 and SEL 10188 are held by the Central Desert Joint Venture (Otter Gold NL 60%; AngloGold Australasia Limited 40%). Collectively, the ELs form the CDJV's **Pendragon** Project area.

This report summarises exploration work undertaken by Otter Gold NL (on behalf of the CDJV) during the sixth licence year for Exploration Licences 8012, 9477, 9759, 9992 and Substitution Exploration Licence 10188. Ongoing tenure of the land means that detail contained within this report should remain on **closed file**.

This report also outlines *proposed* exploration activities and expenditure to be completed on the subject licences.

2.0 LOCATION AND EXPLORATION HISTORY

2.1 Location and Access

The Pendragon Project area is located within the southwestern sector of the Tanami 1:250,000 Sheet area (SE 52-15). The tenements straddle the Tanami Road some 30km west of the Tanami gold mine (Groundrush) and covers approximately 352km² (Figure 1). Access within the project area is provided via pre-existing exploration tracks and Haul Roads.

2.2 Tenement Status

On 6th July 1998 the Northern Territory Department of Mines and Energy (NTDME) granted Exploration Licence Applications covered by the **Pendragon Deed** (ELs 8012, 9477, 9759, 9992, & SEL 10188 (previously 6760 and 7423). The Pendragon Deed for Exploration Agreement between the CDJV and Central Land Council (CLC) was executed 15 June 1998. On 19th May 1997 all Western Mining Corporation Limited (WMC) tenements were purchased by the CDJV. These tenements included EL 8012, 9992, SEL 7423, and EL 6760.

	Year	Area	Blocks	Rent(\$)	Rent for	Covenant (\$)	Covenant
		(km2)					covering period
EL8012	6/6	35	11	1936	6/07/03-5/07/04	15000	6/07/03-5/07/04
EL9477	6/6	33	13	2288	6/07/03-5/07/04	10000	6/07/03-5/07/04
EL9759	6/6	51	16	2816	6/07/03-5/07/04	22000	6/07/03-5/07/04
EL9992	6/6	51	16	2816	6/07/03-5/07/04	11000	6/07/03-5/07/04
SEL10188*	2/2	194	60	10568	6/11/03-5/11/04	35000	6/07/03-5/07/04

Table 1: Tenement Status

* Note that rent on SEL10188 was a renewal and paid for a two year period.

2.2.1 EL8012

EL8012 was formerly a WMC tenement and was granted to the CDJV 06/07/98. Transfer of the Title to the CDJV occurred 19/05/97.

2.2.2 EL9477

The Minister's consent for negotiation with the CLC was received 15/05/96 and the EL was granted 06/07/98.

2.2.3 EL9759

Minister's consent to enter into negotiations with the CLC was given 18 April 1997 and subsequently granted 06/07/98.

2.2.4 EL9992

The area now covered by EL 9992 was previously a WMC tenement ERL 137. It comprises 9 complete blocks and 7 blocks shared with EL9477, the total area being 38.7 km^2 . Otter Gold NL, on behalf of the CDJV, lodged an application 17 October 1997 receiving consent to enter negotiations 6 November 1997. The EL was granted 06/07/98.

With the successful definition of an ore reserve at **Beaver Creek** within EL9992 (ERL 137), the CDJV lodged an application for a Mineral Lease (Molech) on February 24th 1998. The area nominated covered a 40km² within ERL 137-139. ML 180 was granted on the November 18th 1998 and has currently seen the completion of six pits (Beaver/Banjo{referred to as Banjo North by the exploration team}/Bonsai/Orion/Orion North/& Cheeseman).

2.2.5 SEL10188

Substitution Exploration Licence 7423 was granted to Western Mining Corporation Ltd (WMC) on 24th April 1991 for a period of four years. A subsequent application for a two-year renewal expired before negotiations under the terms of the Aboriginal Land Rights (NT) Act (ALRA) could be completed. A further renewal application was lodged on 17th January 1997.

On 19th May 1997 SEL 7423 was transferred from WMC to the Central Desert Joint Venture.

On 6th November 1998 an application for a new SEL (10188) incorporating SEL 7423 and EL 6760 was granted.

2.2.6 CORPORATE CHANGES

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.



3.0 PREVIOUS EXPLORATION

Various companies have undertaken exploration in the Tanami area over a thirty-year period. This section summarises the work undertaken by WMC and Otter that has been reported previously in Annual Reports to the NTDME. Exploration undertaken by WMC is summarised in Reports to the NTDME (Norriss, 1990, 1991, 1992, 1993, 1994, Barratt, 1995: Wedekind 1995, 1996, 1997).

Geopeko Limited undertook the earliest documented exploration in 1969 – 1970 with their quest for both gold and uranium mineralisation. Two anomalies were identified in airborne radiometric and magnetic surveys, but only one was followed up with drilling and this produced negative results (Twiggs, 1970).

Exploration by PNC between 1985 and 1988 was more extensive with the main focus of their effort being the discovery of uranium mineralisation. Work carried out included reconnaissance geological mapping, followed by more detailed mapping (1:25,000) in areas of interest. Airborne magnetic and radiometric surveying was also completed. No areas were targeted for further exploration.

WMC began exploration in the Tanami in 1989, initially in joint venture with PNC, but later in their own right. Exploration targeted gold mineralisation of both the Granitesstyle iron formation and Callie-style vein array gold mineralisation. Substitute Exploration Licence 7423 was granted to PNC on 24th April 1991 from the amalgamation of EL6457 (WMC) and EL's 4827, 4828 and 4829 (PNC). With PNC opting out of the joint venture and reverting to a royalty position, the SEL 7423 was transferred to WMC on 17th October 1995.

WMC originally targeted the Pendragon area because of the complex structure in the region that is clearly evident in regional aeromagnetic imagery and anomalous geochemistry returned in surface sampling near the south western margin of the Coomarie Dome. Mineralisation was outlined at Bonsai and Perisher but sampling on tenements lying outside of these prospects were ineffective largely to the extensive and often very deep alluvial cover.

Although drilling of the Bonsai prospect intersected gold mineralisation in a high proportion of holes WMC was unable to define continuity on 100m section spacings and concluded the prospect by itself, unlikely to support a stand alone operation. Thus a regional exploration program was implemented. The company identified significant anomalism in a broad zone extending NW of Bonsai for a distance of some 10km.

With mineralisation intersected at Bonsai and Perisher and highly anomalous regional geochemical targets established, WMC applied for four ERL's to secure title and access to the area when the existing EL's were in their final licence year. The grant of four ERLs on 20th April 1995 coincided with a protracted internal reorganisation within WMC, which eventually led to the decision to divest its Tanami interests in late 1996.

3.1 1995 – 1996 (Wedekind, 1996)

PNC withdrew from the Western Desert Joint Venture and as a result ERLs 138-140 were transferred to WMC on 17th October 1995.

Exploration included reconnaissance bedrock geochemical drilling and RC drilling of selected targets. Extensive geochemical anomalism was intersected at Cheeseman (peak value 580 Au ppb). Limited drilling at the Beaver Creek Prospect provided promising results.

Despite successful definition of anomalous areas, together with the discovery of potentially ore-grade mineralisation at Beaver Creek, WMC ran out of steam during 1996 and this work was never followed up.

3.2 1996 – 1997 (Wedekind, 1997)

Reorganisation within WMC and associated budgetary constraints prevented WMC from mounting any field programmes during 1996 and 1997. However, prior to its decision to divest its Tanami interests, a complete re-evaluation of the Tanami project was undertaken.

Otter completed a review of the data and planned a work programme for the coming year.

3.3 1997 – 1998 (Scriven and Wedekind, 1998)

Exploration continued to focus on areas of known mineralisation within the Pendragon area. A detailed aeromagnetic survey (25m x 25m) was carried out over the tenement area including the Bonsai and Beaver prospects.

RC drilling at Bonsai completed coverage of the prospect down to 50m sections spacing. Results were not spectacular, but an inferred mineral resource of **420,000 Tonnes (a) 1.9** g/t was calculated.

Posthole drilling undertaken to follow-up WMC's paleochannel anomaly confirmed anomalism, but did not repeat the levels previously reported. This result is possibly related to WMC's misinterpretation of the transported/residual unconformity in the regolith profile.

3.4 20th April - 6th July 1998 (Wedekind and Burgess 1998)

Work conducted in the relatively short period between the Annual Report and the relinquishment of the tenements (ERL 137-140) was predominantly focussed within ERL 137.

Drilling activity was concentrated on definition drilling at Beaver Creek, extension drilling at Banjo, and angle RAB and posthole testing of anomalies and structural targets in the immediate vicinity of known mineralisation. The programme to infill WMC's 400m spaced traverses down to 200m was

completed. Depths of transported cover vary between 5 and 30m. Results were quite promising with several >100ppb results indicating a continuation of anomalism northwest from Bonsai.

A detailed orientation sampling programme undertaken to evaluate the effectiveness of low-level surface sampling techniques defined coherent low order surface anomalism.

Regional geophysical datasets including WMC's survey over the Pendragon were merged with the new Otter survey.

3.5 6th July 1998-5th July 1999 (Burgess and Mohammed 1999)

Exploration work undertaken during the first licence year under the **Pendragon Agreement** comprised regional surface and posthole geochemical sampling with local angle RAB and RC follow up of anomalies generated. Otter focused much of its efforts into utilising this unique analytical method to implement a relatively cheap and effective first pass exploration strategy.

3.6 6th July 1999-5th July 2000 (Burgess and Mohammed 2000)

Exploration work undertaken comprised of infill surface and posthole geochemical sampling with local Angle RAB and aircore follow up of anomalies generated. Surface sampling comprised the bulk of the exploration activity (with 4533 samples collected) and RAB drilling (with 4623m drilled).

3.7 6th July 2000 -5th July 2001 (Muir 2001)

Regional and Infill surface sampling and posthole comprised the work completed in the Pendragon region. Three hundred surface samples, utilising low level gold detection analysis (ZARG) were collected. Drilling figures for the period included 54 postholes for 1111 metres. No significant results were returned from either the surface sample programmes or the posthole drilling (max 14ppb Au).

3.8 6th July 2001 -5th July 2002 (Muir 2002)

Fourth year work programmes were put on hold within this region due to the reduction of staff and the turmoil of potential takeovers and takeovers. Fourth year work involved remote discrimination of targets using the enhanced geophysical technique multiscale edge analysis (worming) process as developed by Fractal Graphics over the Tanami Region and as discussed in the previous years Annual Report.

Regions within all the tenements were subject to assessment of surface sampling programme and follow up work was proposed however unable to be completed as priorities changed.

3.9 6th July 2002 -5th July 2003 (Muir 2003)

During 2002 - 2003 three targets were identified within EL8012 and one target was identified within EL9759. Work should be completed during the next field season.

No work was completed within EL9477 during the fifth Licence Year.

Within EL9992, five lag samples were taken around the area of the pits, with a +3mm sieve size. The samples were predominantly of pisolites. The high result was 11.4ppb Au (Sample No 3634488).

Within SEL10188 limited rock chipping and lag sampling was carried out. Three rockchips and two lag samples were taken, a fine grained mafic volcanic and quartz vein both returned a negative result, a lag sample of pisolites returned a 470ppb Au (sample No 3634491).

RAB Drilling – programme 2002

21 Angle RAB holes (DERB0001-0034) were drilled for 2040m in the "Dolphin" region east of Pendragon. The programme was the first phase of drilling to be completed by the CDJV this year to test the prospective north west trending Pendragon-Galifrey trend.

Weak mineralisation was intersected with the most significant results being

DERB0005 6-9m 3m @ 0.15ppm Au DERB0005 18-21m 3m @ 0.24ppm Au DERB0009 48-51m 3m @ 0.57ppm Au

RAB Drilling – programme 2003

RAB drilling within SEL10188 along the Pendragon Trend was completed for a total of 2838 RAB metres (2738 blade and 100 hammer) and 987 samples were collected (some 49 holes).

<u>*Target A*</u> Results were disappointing with a maximum of 0.05ppm Au from hole GORB0009 @12m-15m.

<u>**Target B**</u> The maximum result was GORB0036 42m-45m @ 0.17g/t Au and was part of 18m @ 0.1 g/t Au from 33m to 51m (BOH).

<u>**Target** C</u> The maximum result was GORB0043 42m-45m @ 0.22g/t Au but this was a duplicate of 0.03ppm Au. So a question mark exists about the validity of the sample.

4.0 GEOLOGY

4.1 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 1).

Blake et al (1979)				Hendrickx et al (2000)				
Birrindudu		Co	Coomarie Sandstone		Birrindudu	Coomarie		
Group	up		Group	Sandstone	Suplejack			
		Ta	Talbot Well Formation			Talbot Well	Downs	
							Formation	Sandstone
Gardiner Sandstone		ne		Gardiner				
							Sandstone	
Suplejack Downs Sandstone				Nanny Goat Creek	Volcanics			
Mount Winne	ecke					Mount Winnecke Group		
Pargee Sands	tone					Pargee	Mount Charles Formation	
						Sandstone		
Tanami	Mt.	Killi	Nanny	Nongra	Helena	Tanami	Killi Killi Format	ion
Complex	Charles Beds	K1111 Beds	Goat Creek	Beas	Creek Beds	Group	Twigg Formation	
	2000	2000	Beds		Deas		Dead Bullock For	mation
						McFarlane Peak Group		
Archaean			Browns Range Metamorphics					
						"Billabong	Complex"	

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

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, volcaniclastic 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.

The Tanami group is subdivided into three formations:

Twigg Formation:	purple siltstone with minor sandstone and chert
Killi Killi Formation: Dead Bullock Formation: formation	turbiditic sandstone siltstone, mudstone, chert and banded iron

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 Suplejack Down sandstone is interpreted to belong to this group but is relationship is unclear. The Birrindudu group lie 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.

4.2 Local Geology

The Project area is located over the southwestern margin of the Coomarie Dome, covering predominantly Lower Proterozoic stratigraphy of the Tanami Complex (Blake et al, 1975). The Coomarie granite is interpreted to have intruded into the already tightly folded rocks during a major period of plutonism that occurred between 1820 Ma and 1700 Ma (Page et al, 1976).

Aeromagnetic surveying reveals a well defined package of magnetic stratigraphy that wraps around the margin of the Coomarie dome in what has been interpreted as a southeast plunging syncline (Norris, 1990). Obvious evidence for both truncation and folding of the magnetic units attests to the complex tectonic history of the area. Two fault orientations are observed; a dominant WNW to NW structural trend, which is characteristic of the Granites-Tanami province in general, and a local pattern of NE trending faults on which relatively minor displacements of the stratigraphy are observed. The latter orientation is possibly related to the intrusion of the Coomarie granite.

Recent mapping within the CDJV areas (Large, 1998), has subdivided the Black Peak formation into several units, which are continuous with the Pendragon stratigraphy. The Tanami mine sequence (**Mine Basalts**), comprising basalts with intercalated thin to thick bedded turbidites are traced through the Jim's Find area into Pendragon where they host the mineralisation at Bonsai, Beaver Creek and Banjo. Marginal to the Mine Basalts is the **Lower Sequence** that is interpreted to comprise undifferentiated sediments below the mine sequence. Two west-northwest trending structures separate the Mine Basalts and Lower Sequence from the **Wild Turkey Sandstone** to the south and the **Flores Complex** to the north.

Recent work dating basalts, by the NT DME suggests that the Pendragon region is part of the older McFarlane Peak Group (Hendrickx, et al 2000).

Detailed examination of rocks found around the margin of the Coomarie Dome indicates that they are variably metamorphosed from greenschist facies through to amphibolite facies. The metamorphic fabrics described are interpreted to describe a transitional sequence from regional metamorphism into a contact metamorphic environment. Thus the distinction of "upper" and "lower" sequences possibly relates to differing degrees of metamorphism.

South and west of the Coomarie Dome, the magnetic character of the rocks is subdued and generally lacking in contrast. Limited drilling and scattered outcrop indicates that these rocks are similar to the Killi Killi Beds (Blake et al., 1975), which are regionally extensive in the west of the Granites-Tanami Block. Locally, these sediments are unconformably overlain by flat lying cover rocks comprising conglomerate and quartzite (Pargee Sandstone).

Shallow reconnaissance drilling and prospect-sale RC drilling undertaken on the ERLs suggests that the sequence is dominated by deeply weathered wacke and shale that are probably derived from a mafic source. These rocks are steeply dipping and display a prominent foliation that is typically defined by the preferential alignment of biotite. Locally, mapping indicates complex deformation with evidence of syn-sedimentary slump folds, tectonic isoclinal folding and regional tight-to-open folds (Norris, 1990).

Basaltic rocks have been intersected in drilling and there is a general correlation between these rocks and magnetic units within the sequence. However, drilling at Beaver prospect also indicates that at least some of the magnetic units are correlated with coarse wacke units that contain a significant iron oxide component. The mafic units are more deeply weathered than the adjacent sedimentary rocks, but are typically less deformed; an observation that is probably related to the competency contrast compared to the adjacent sediments.

Mineralisation

The Tanami Mine Sequence has yielded over 1,000,000oz Au that was mined from numerous pits that are commonly developed on high-grade ore shoots. These shoots are localised at the intersection of 020° and 060° trending structures and plunge ~60° to the southeast. In section, the orebodies display an en-echelon array of one or more sub-parallel shoots dipping to the east at a high angle to stratigraphy (Marsh, 1996).

The mineralisation tends to occur in clusters of deposits where the total gold content is of the order of 250,000 oz of gold. Individual deposits typically range from 5,000 oz to 200,000 oz.

Local Mineralisation

Mineralisation in the Pendragon region has resulted in five pits (Beaver, Bonsai, Banjo North, Cheeseman and Orion). Structurally controlled quartz veins containing gold and minor sulphides are hosted within a sequence of basaltic units intercalated with 'volcanic-derived' sedimentary rocks. Several targets have not been able to be brought to resource status (Marlena and Pablo most notably).

The style, size and clustering of mineral deposits observed to date in the whole Pendragon area is very similar to those developed in the Mine Sequence.

5.0 **EXPLORATION**

5.1 EXPLORATION for 6th July 2003 to 5th July 2004

Work within the Pendragon group of Licences concentrated on interpretation and mapping as part of preparation for a new structural interpretation of the Tanami region by 'RSG' (Brett Davies) – as part of a major strategic review of the Tanami Region.

Data review and interpretation continued for the gathering of information for the 2004 budget.

5.1.1 EL8012 & EL9759

During July and August of 2003 drilling at Legless Lizard (EL8012, 1041m – July, 1100m - August) and Woma Snake (EL9759, 1630m) encountered cover sequences of colluvium/laterite averaging nine metres (maximum 25 metres). Bedrock comprises interbedded mudstone/siltstone with minor greywacke and quartzite units. Quartz veining has been limited.

See Figure 2 for all hole locations.

All assay results have been received for Legless Lizard (EL8012) and Woma Snake (EL9759). No significant results to report with the maximum 3m composite sample returning 0.14ppm Au taken from weakly quartz veined mudstone (strong saprolite) hole LEGRB0025 45m -48m. Other results were below detection limits (0.01 ppm Au).

5.1.2 EL9477

No other work was completed within this Lease other than the preparation for the structural study during the current Licence Year.

5.1.3 EL9992

No other work was completed within this Lease other than the preparation for the structural study during the current Licence Year.

5.1.4 SEL10188

No other work was completed within this Lease other than the preparation for the structural study during the current Licence Year.



6.0 EXPENDITURES FOR PERIOD 6/07/2003 TO 5/07/2004

6.1 Expenditure for period 6/07/2003 to 5/07/2004 on EL 8012

Table 3 summarises the expenditure for the current licence year.

EL 8012 Legless Lizard	Actual YTD	Admissible Costs
800001 Proj/Explorn labour	2,942.00	2,942.00
839001 Sal & Wages Allocat	104.26	104.26
840000 Employee Cost Allo	1,015.61	1,015.61
* Expln Employee Costs	4,061.87	4,061.87
520600 Couriers & Bulk Mai	45.00	45.00
839003 Regnl Office Alloct	340.26	340.26
840007 Expln Other Alloc	358.89	358.89
* Expln Overheads and Alloc	744.15	744.15
510000 Accom & Messing	96.52	96.52
512025 Safety Training	0	0
514040 Contract - General	82.50	82.50
520086 Maintenance - Vehcl	101.88	101.88
520555 Withholding Tax	0	0
520635 Publications & Subs	0	0
520681 Radio Communication	(283.75)	(283.75)
520900 Travel - Air Charte	Ó	0
520920 Travel & Accom Loca	0	0
550065 Consum Oil/Greas	0	0
550999 Consum-Direct Purch	362.33	362.33
840002 Trav & Accom Allo	17.50	17.50
840003 Draft & IT Alloc	288.56	288.56
840004 Expn Field Act Allo	2.46	2.46
840005 Equip & Veh Alloc	2.70	2.70
* Expln Operating Costs	670.70	670.70
521001 TLO - Comp Payments	4,000.00	
521002 TLO - Agrmt Complia	2,352.84	
521010 Legal Fees - Non De	0	
560040 Tenement Fees	25.00	
542300 Asset Acquisitions	0	
560042 Tenement Rentals	5,280.00	
840006 Ten/Legal Cost Allo	17.79	
* Expln Tenement Costs	11,675.63	
560063 Assays - Surf Sampl	521.96	521.96
560065 Assays - RAB	9,658.20	9,658.20
* Expln Laboratory Costs	10,180.16	10,180.16
550030 Consum Drilling	0	0
514025 Contract - Drill RA	17,444.37	17,444.37
* Expln Drilling Costs	17,444.37	17,444.37
513000 Consultants - Gen.	3,080.00	3,080.00
840001 Cont & Consul Allo	69.64	69.64
* Expln Specialist Services	3,149.64	3,149.64
** Cost element group	47,926.52	36,250.89
Covenant		15000

6.2 Expenditure for period 6/07/2003 to 5/07/2004 on EL 9477

Table 4 summarises the expenditure for the current licence year.

EL 9477 Mallee Snake	Actual YTD	Admissible Costs
800001 Proj/Explorn labour	400.00	400.00
839001 Sal & Wages Allocat	0	0
840000 Employee Cost Allo	690.85	690.85
 * Expln Employee Costs 	1,090.85	1,090.85
520600 Couriers & Bulk Mai	90.00	90.00
520680 Stationery and Supp	0	0
839003 Regnl Office Alloct	0	0
840007 Expln Other Alloc	83.85	83.85
 * Expln Overheads and Alloc 	173.85	173.85
510000 Accom & Messing	303.10	303.10
514040 Contract - General	82.50	82.50
520086 Maintenance - Vehcl	109.85	109.85
520555 Withholding Tax	0	0
520635 Publications & Subs	0	0
520900 Travel - Air Charte	0	0
520920 Travel & Accom Loca	393.79	393.79
840002 Trav & Accom Allo	18.20	18.20
840003 Draft & IT Alloc	85.90	85.90
840004 Expn Field Act Allo	0.75	0.75
840005 Equip & Veh Alloc	2.70	2.70
 * Expln Operating Costs 	996.79	996.79
521001 TLO - Comp Payments	4,000.00	
521002 TLO - Agrmt Complia	2,352.84	
521010 Legal Fees - Non De	0	
560040 Tenement Fees	75.00	
542300 Asset Acquisitions	0	
560042 Tenement Rentals	6,240.00	
840006 Ten/Legal Cost Allo	17.79	
* Expln Tenement Costs	12,685.63	
513000 Consultants - Gen.	1,414.53	1,414.53
840001 Cont & Consul Allo	69.64	69.64
* Expln Specialist Services	1,484.17	1,484.17
** Cost element group	16,431.29	3,745.66
Covenant		10000

6.4 Expenditure for period 6/07/2003 to 5/07/2004 on EL 9759

Table 5 summarises the expenditure for the current licence year.

EL 9759 Woma Snake	Actual YTD	Admissible Costs
800001 Proj/Explorn labour	3,175.00	3,175.00
839001 Sal & Wages Allocat	96.56	96.56
840000 Employee Cost Allo	1,051.06	1,051.06
* Expln Employee Costs	4,322.62	4,322.62
520600 Couriers & Bulk Mai	241.24	241.24
520680 Stationery and Supp	0	0
520685 Telephone & Fax	58.54	58.54
839003 Regnl Office Alloct	197.26	197.26
840007 Expln Other Alloc	388.47	388.47
* Expln Overheads and Alloc	885.51	885.51
514040 Contract - General	82.50	82.50
520086 Maintenance - Vehcl	41.81	41.81
520555 Withholding Tax	0	0
520635 Publications & Subs	0	0
520920 Travel & Accom Loca	144.45	144.45
550065 Consum Oil/Greas	253.92	253.92
550999 Consum-Direct Purch	353.60	353.60
556095 Spares - Tyres/Tube	146.18	146.18
840002 Trav & Accom Allo	18.37	18.37
840003 Draft & IT Alloc	289.95	289.95
840004 Expn Field Act Allo	3.08	3.08
840005 Equip & Veh Alloc	2.70	2.70
 * Expln Operating Costs 	1,336.56	1,336.56
521001 TLO - Comp Payments	4,000.00	
521002 TLO - Agrmt Complia	2,352.84	
521010 Legal Fees - Non De	0	
560040 Tenement Fees	75.00	
542300 Asset Acquisitions	0	
560042 Tenement Rentals	7,680.00	
840006 Ten/Legal Cost Allo	17.79	
* Expln Tenement Costs	14,125.63	
560065 Assays - RAB	7,383.90	7,383.90
* Expln Laboratory Costs	7,383.90	7,383.90
550030 Consum Drilling	0	0
514025 Contract - Drill RA	17,444.38	17,444.38
* Expln Drilling Costs	17,444.38	17,444.38
513000 Consultants - Gen.	1,925.00	1,925.00
840001 Cont & Consul Allo	69.64	69.64
Expln Specialist Services	1,994.64	1,994.64
** Cost element group	47,493.24	33,367.61
Covenant		22000

6.5 Expenditure for period 6/07/2003 to 5/07/2004 on EL 9992

Table 6 summarises the expenditure for the current licence year.

EL 9992 Blue Tongue Lizard	Actual YTD	Admissible Costs
800001 Proj/Explorn labour	2,500.00	2,500.00
839001 Sal & Wages Allocat	177.42	177.42
840000 Employee Cost Allo	623.25	623.25
* Expln Employee Costs	3,300.67	3,300.67
520685 Telephone & Fax	751.54	751.54
839003 Regnl Office Alloct	1,251.46	1,251.46
840007 Expln Other Alloc	27.00	27.00
 * Expln Overheads and Alloc 	2,030.00	2,030.00
510000 Accom & Messing	247.88	247.88
514040 Contract - General	82.50	82.50
520086 Maintenance - Vehcl	55.81	55.81
520555 Withholding Tax	0	0
520635 Publications & Subs	0	0
520920 Travel & Accom Loca	816.76	816.76
550999 Consum-Direct Purch	179.46	179.46
840002 Trav & Accom Allo	17.50	17.50
840003 Draft & IT Alloc	62.15	62.15
840005 Equip & Veh Alloc	2.70	2.70
* Expln Operating Costs	1,464.76	1,464.76
521001 TLO - Comp Payments	4,000.00	
521002 TLO - Agrmt Complia	2,352.84	
521010 Legal Fees - Non De	0	
560040 Tenement Fees	75.00	
542300 Asset Acquisitions	0	
560042 Tenement Rentals	7,680.00	
840006 Ten/Legal Cost Allo	17.79	
* Expln Tenement Costs	14,125.63	
513000 Consultants - Gen.	1,063.05	1,063.05
840001 Cont & Consul Allo	69.64	69.64
* Expln Specialist Services	1,132.69	1,132.69
** Cost element group	22,053.75	7,928.12
Covenant		11000

6.6 Expenditure for period 6/07/2003 to 5/07/2004 on SEL 10188

Table 7 summarises the expenditure for the current reporting year. The drilling costs and Laboratory costs are carried over from the previous year.

SEL 10188 Goanna	Actual YTD	Admissible Costs
800001 Proj/Explorn labour	1,150.00	1,150.00
839001 Sal & Wages Allocat	55.92	55.92
840000 Employee Cost Allo	690.84	690.84
* Expln Employee Costs	1,896.76	1,896.76
839003 Regnl Office Alloct	297.09	297.09
840007 Expln Other Alloc	83.84	83.84
* Expln Overheads and Alloc	380.93	380.93
510000 Accom & Messing	250.00	250.00
520086 Maintenance - Vehcl	0	0
520635 Publications & Subs	0	0
520681 Radio Communication	0	0
520900 Travel - Air Charte	0	0
520920 Travel & Accom Loca	280.00	280.00
550999 Consum-Direct Purch	38.52	38.52
570025 Freight	0	0
561030 IT Maintenance Soft	997.50	997.50
840002 Trav & Accom Allo	18.20	18.20
840003 Draft & IT Alloc	85.89	85.89
840004 Expn Field Act Allo	0.75	0.75
840005 Equip & Veh Alloc	2.70	2.70
 * Expln Operating Costs 	1,673.56	1,673.56
521001 TLO - Comp Payments	4,000.00	
521002 TLO - Agrmt Complia	2,352.86	
521010 Legal Fees - Non De	0	
560040 Tenement Fees	50.00	
542300 Asset Acquisitions	0	
560042 Tenement Rentals	0	
840006 Ten/Legal Cost Allo	17.79	
 * Expln Tenement Costs 	6,420.65	
560063 Assays - Surf Sampl	0	0
560065 Assays - RAB	12,214.78	12,214.78
 * Expln Laboratory Costs 	12,214.78	12,214.78
514025 Contract - Drill RA	7,500.00	7,500.00
* Expln Drilling Costs	7,500.00	7,500.00
513000 Consultants - Gen.	0	0
840001 Cont & Consul Allo	69.64	69.64
* Expln Specialist Services	69.64	69.64
** Cost element group	30,156.32	23,735.67
-		
Covenant		35000

7.0 PROPOSED EXPENDITURE 2004-2005

During the 2004-2005 field season exploration will refocus on the Central Desert Joint Venture. A detailed structural study on the Pendragon region will be completed by RSG. Combined with this RAB drilling will be used to test targets generated by the structural study and IP work will be used to define further targets. At least 1000m of RAB has been allocated to resolve the economic potential of the Perisher Prospect in the CDJV 2004 budget. Orientation soil sampling will also be planned across the Pendragon exploration licences.

License	Proposed Expenditure
EL8012	\$ 34,500
EL9477	\$ 7,500
EL9759	\$ 13,000
EL9992	\$ 7,500
SEL10188	\$ 24,000

TABLE 8: Proposed Expenditures 6th July 2004 – 5th July 2005

8.0 ENVIRONMENT

In the main, exploration activity during the previous year has had a low environmental impact on the Pendragon Licences. Tracks existing from previous exploration work were utilised when site visits were conducted to the Mining Leases. All drill holes were backfilled and plugged with concrete plugs.

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APPENDIX 1

Sampling Data

See attached Files