2004 4th Annual Report

On

EXPLORATION LICENCE, EL 22068

Steve’s Hill

Period Beginning 1st September 2003
And the Period Ending 30th August 2004.

LICENCEE \ OPERATOR: Renison Consolidated Mines NL
STANDARD 1:250,000 SHEET: SD5208 Pine Creek
STANDARD 1:100,000 SHEET: McKinley River 5271
AUTHOR: Chris Creagh
DATE: September 2004
DISTRIBUTION: NT Department of Mines & Energy,
Renison Consolidated Mines NL, Brisbane.
Renison Consolidated Mines NL, Tom’s Gully.
Ernie Chin, John Lewis.
Tenement Details

EL22068 is held by Arnhem Highway Estate Pty Ltd and John Michael Lewis. Renison Consolidated Mines NL signed an ‘Option to Purchase’ Agreement with the tenement holders in January 2004. Renison are now the Operators and Managers of the project.

Table 1 Tenure Details EL 22068

<table>
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<th>Marrakai 8/5</th>
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<tr>
<td>Date of Renewal</td>
<td>8th July 2004</td>
</tr>
<tr>
<td>Expiry Date</td>
<td>2nd August 2006</td>
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SUMMARY

Renison Consolidated Mines NL has been developing an exploration strategy in the Northern Territory since 1999, targeting dislocations within regional structures that intersect known stratigraphical and structural features that host economic gold mineralisation within the Pine Creek Geosyncline. EL22068 forms a part of a regional package of tenements (AuQuest Project) that have a northwest trend, which covers what the Company has called the Noonamah-Corroboree trend. Processing of Northern Territory Government supplied 400m spaced aeromagnetic and radiometric data and a small 200m line spacing aeromagnetic survey carried out by the Company has significantly enhanced the detail of the underlying geology and the subsequent interpretation of the prospectivity of that area.

Over the past two years, the Company's focus in the Northern Territory has been firstly, the development and subsequent operation of the Quest 29 dump leach operation and secondly on completing the feasibility study on an underground mine development at Tom's Gully producing approximately 40,000ozpa of gold.

Approximately $1.5m has been spent on exploration and the associated feasibility study components at Tom's Gully. The Feasibility Study is due for completion in late 2004.

Quest 29 and Tom's Gully are part of the AuQuest project, which covers approximately 1100 square kilometres of exploration licenses including EL22068. It is expected that exploration on these EL’s will find additional open cut ores which can be treated through the Tom's Gully plant and exploration will focus on these EL's and targets on completion of the Feasibility Study.

Work completed on this tenement has comprised gridding, regolith mapping, BLEG soil sampling and RAB drilling.
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1. INTRODUCTION

Sirocco Resources NL was listed on the Australian Stock Exchange on the 20th December 1996, following a recapitalisation of the failed Kakadu Resources NL Company. An additional capital raising was completed on the 5th June 1997, which allowed a series of exploration and evaluation programs to be initiated, around the existing infrastructure of Tom’s Gully and also the Quest 29 Mining Leases. Sirocco Resources NL has been renamed during 2002 after corporate restructuring to Renison Consolidated Mines NL. Renison Consolidated Mines NL entered into an Option to Purchase Agreement on EL22068 in January 2004.

Previous exploration within the licence area has been successful in locating a southwesterly oriented ridge of Early Proterozoic metasediments that hosts coarse gold over 3km of strike. The gold was detected using hand held metal detectors, which located nuggets up to 30oz in size. The initial discovery was in the vicinity of Steve’s Hill on the northern boundary of the tenement.

This report contains a detailed description and results of exploration carried out within the tenement during the reporting period.

1.1 LOCATION & ACCESS

EL22068 is located approximately 75km to the southeast of Darwin. Access to the tenement is via the sealed Arnhem Highway and Marrakai Road. Local vehicular access is via bush tracks which double as freehold property boundary fire breaks and is only passable during the dry season. Access during the wet season is limited to light 4WD only.
Figure 1 Tenement Location Map

1:2,000,000
2. REGIONAL GEOLOGY

EL 22068 is located within the Pine Creek Geosyncline, which has been interpreted as an intracratonic basin lying on an Archaen basement, and containing a 14 km thick sequence of Proterozoic sediments, accompanied by lesser volcanics, granitic plutons and dolerite intrusions. The northern portions of the project area contain the oldest sediments The Mount Partridge Group that is unconformably overlain by the South Alligator Group, which comprises most of the tenement areas. Cainozoic sediments overlie the Proterozoic units. Tertiary and Quaternary soils and gravel's unconformably overlie all the lower lying portions of the tenement area, generally referred to as “Black Soils Regions”. All of the Early Proterozoic sediments and volcanics in the region were folded in a major deformation event dated around 1800 million years. The fold axes trend north-northeast, and generally plunging gently to the south. Syn and post tectonic granites have intruded the metasedimentary package. As can be seen in Figure 2.

2.1 The Mount Partridge Group

2.1.1 Wildman Siltstone

The Mount Partridge Group is represented by the Wildman Siltstone, which is interpreted to be up to 1500m thick. The Wildman Siltstone consists of laminated and banded shale, carbonaceous and often pyritic siltstone inter bedded with undifferentiated volcanics in up to 100m interbeds, minor dolomitic sediments may also be present. The Wildman Siltstone is interpreted to be prospective for large tonnage, low-grade gold deposits and small tonnage, high-grade deposits. The Wildman Siltstone hosts the Tom's Gully gold deposit.

2.2 The South Alligator Group

The Koolpin Formation, Gerowie Tuff and the Mount Bonnie Formation represent the South Alligator Group. The rocks of the South Alligator Group are considered to be prospective for either large tonnage, low grade gold deposits (such as that at the nearby Rustler’s Roost gold mine) or small tonnage, high grade deposits.

2.2.1 Koolpin Formation

The Koolpin Formation comprises ferruginous siltstone and shale, which is commonly carbonaceous and pyritic. Chert bands and nodular horizons are common and lenses of ironstone occur occasionally, as haematitic breccias throughout the sequence into undisturbed quartz-veined siltstone and shale. Minor components of dolomite can also occur. The Koolpin is one of the most prospective units in the region, hosting gold mineralisation at West Koolpin, Taipan, BHS and North Koolpin at the nearby Quest 29 dump leach operation.

2.2.2 Gerowie Tuff

The Gerowie Tuff conformably overlies the Koolpin Formation and has similar characteristics of siltstones and shales but is not as iron rich. It is dominated by graded beds of siliceous, tuffaceous mudstones grading to greywacke and arenite, diagenetically altered, up to 600m thick, and generally poorly mineralised. The highly siliceous component
of the tuffs and arenites make them resistant to erosion, and they tend to form areas of high relief.

**2.2.3 Mount Bonnie Formation**

The Mount Bonnie Formation conformably overlies the Gerowie Tuff and is dominated by a shallow marine sequence of interbedded and graded siltstone, chert and greywacke with occasional BIF’s. The unit can be up to 600m thick and is generally iron rich and may be siliceous in places. The Mount Bonnie Formation hosts the Rustler’s Roost deposit.

**2.3 Finniss River Group**

**2.3.1 Burrell Creek Formation**

Conformably overlying the Mount Bonnie Formation is the Burrell Creek Formation interpreted as a flysch sequence of fine to coarse marine sediments and appears to be part of continuous sedimentation process. Due to the lack of marker horizons and poor exposure the width of the unit is unknown but is thought to be >1000m. This Formation is considered prospective for large low-grade gold deposits as typified by the Batman deposit of Mount Todd. The potential also exists for small high-grade deposits similar deposits such as Bandicoot, Marrakai and the Ringwood line which all lie on a major deep-seated magnetic trend (the Noonamah-Corroboree trend).

**2.4 Intrusives**

**2.4.1 Dolerite**

The Zamu Dolerite occurs as small bodies that are poorly exposed due to the easily erodable nature of the dolerite. It consists of altered quartz dolerite and gabbro and is generally narrow and broadly conformable to bedding as thin sills. The Zamu Dolerite is the only known suite of mafic intrusives that were emplaced prior to regional metamorphism and deformation. The Zamu Dolerite appears to have a controlling influence on the mineralisation at Quest 29 within the Koolpin sediments but this is not fully understood at this stage.

**2.5 Deformation & Metamorphism**

Regional deformation at around 1800My resulted in the formation of regionally significant southwest plunging isoclinal to open folds. Regional metamorphism has resulted in the conversion of the sedimentary packages to greenschist and sometimes higher to amphibolite metamorphic assemblages. This event also resulted in the intrusion of thin sills of Zamu Dolerite, and the post – tectonic emplacement of felsic granitic suites at 1790 + 110 My in the region. Structural deformation of the metasediments is complex.
Figure 2 Regional Geology Map
Figure 3 RTP Magnetics
3. PREVIOUS EXPLORATION

The Carpentaria Exploration Company carried out a regional exploration programme for precious and base metals in the region in the late 1980’s and early 1990’s following the discovery of Tom’s Gully in 1989. Due to time constraints a detailed summary of previous exploration will not be included in this report.

4. CURRENT EXPLORATION

4.1 Geophysics

Airborne magnetics and radiometric data collected in surveys by the Territory Government and the Company have been reprocessed and reinterpreted. The objective being to identify the extent of Proterozoic sequences within the licence area (previously published data suggested a predominance of unmineralised Cainozoic sediments). Previously unidentified isoclinally folded Proterozoic metasediments were able to be defined with coincident magnetic anomalies and significant structural dislocations. (Figure 3)

4.2 Gridding

A grid was constructed along a ridgeline that had an orientation parallel to the regional folding at 225° magnetic (Steve’s Hill Grid). The grid covered the three main areas where alluvial gold had been collected by prospectors in the recent past and also straddled a magnetic and radiometric anomaly. The base line extended for 5km with cross lines extending for at least 800m either side at 160m intervals. The grid was sighted using a GPS and then constructed by the tape and compass method with grid pegs emplaced every 80m.

Grid Conversion Local to MGA 94

<table>
<thead>
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<th>Northing</th>
<th>Local N</th>
<th>Local E</th>
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<td>5000</td>
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4.3 Regolith Mapping

Due to the lack of outcrop and presence of lateritic and “black” soils the grid was geologically mapped using regolith terminology. This method of mapping is more suitable when interpreting soil geochemistry. A regolith map is presented in Figure 4. Actual outcropping geology was included in the regolith map.

Outcrop mapping revealed the presence of axial planar and saddle reef quartz veining within tightly folded Proterozoic metasediments, similar in style to that which has host’s economic mineralisation elsewhere within the Pine Creek Geosyncline. These features can be traced along the entire 5km grid.

4.4 Soil Sampling

The entire grid was soil sampled. Two samples were collected at each sample point. A fine -2mm sample and a coarse +2mm sample. All samples were collected at 20m intervals and then composited over 80m into one 2kg sample for analysis. The fine -2mm sample was analysed by the Bulk Leach Extraction Gold (BLEG) technique at Northern Australian Laboratories in Pine Creek. The coarse sample was retained for follow-up analysis.

A total of 399 soil samples were collected from the grid and analysed for gold and silver using the BLEG technique. Several low order gold anomalies were detected. Of these, three anomalous areas coincided with the main prospecting areas where alluvial gold had been collected. Figure 5 gives details of the soil sample locations and results. All gold and silver analyses are listed in Appendix 1.

4.5 Rock Chip Sampling

A total of 96 rock chip samples were collected from within the grid. The samples were largely of float and supergene enriched laterite with a few samples being from outcrop where it occurred. In general the rock chip sampling was disappointing with most samples returning assays below the detection limit of .01ppm Au.

One sample of duricrust with quartz fragments contained visible gold and returned an assay of 50.1g/t Au. The next highest value was 0.71g/t Au. Follow up surface checking of the duricrust revealed only remnants remained and would be drill tested to determine the depth extent of the gold mineralisation.

4.6 RAB Drilling

A shallow RAB drilling programme comprising 258 holes for 4859 metres was carried out over the zones of coincident outcropping quartz veins and BLEG anomalies. Most of the RAB drillholes were inclined at 60° to obtain suitable horizontal and vertical coverage. The RAB drilling penetrated to an average depth of 20m below surface.

Geological logging of the RAB drillholes revealed an unexpectedly deep extensively developed regolith profile. At the nearby Tom’s Gully and Quest 29 projects (15km from Steve’s Hill) the regolith profile is commonly less than 20m deep. At Steve’s Hill the deepest vertical RAB drillhole was terminated at 45m within saprolite.

The RAB drilling programme and surface regolith mapping confirmed that severe erosion of the upper levels of the regolith had occurred since the development of the regolith. Where the RAB drilling intersected laterite (commonly the uppermost layer in a
regolith profile) at surface, anomalous gold values were recorded with the best intercept of 2m @ 5.74g/t gold. Where the laterite had been completely stripped the best result recorded was 2m @ 9.32g/t Au from 4m coincident with a saddle reef within the depleted saprolite after metasediments.

Table 2. Summary of Significant RAB Drillhole Intercepts.

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<td>5.74</td>
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A complete RAB drill programme database is shown in Appendix 2.

5. REHABILITATION & ENVIRONMENTAL PROTECTION

Existing access tracks were used for the entire exploration programme. No new tracks were constructed for the RAB drilling programme. As the RAB programme was completed on the anniversary date of the tenement, rehabilitation of the drill sites had not been completed at the time of reporting. It is intended to back fill all the RAB holes with excess drill chips and distribute the remaining RAB sample in a manner that blends in with the surrounding environment. This will be completed before the 2004-05 wet season to allow plant growth to occur as naturally as possible.

6. CONCLUSIONS & RECOMMENDATIONS

A deep weathering profile has been developed within EL22068. Subsequent erosion has removed most of the upper levels of the regolith, consequently removing most of the supergene gold mineralisation. Several low order drill intercepts indicate the source of the supergene gold to be the quartz veins and saddle reefs that occur within the Proterozoic metasediments, particularly towards the hinge zones of regional southwest trending folds.

None of the RAB drillholes within El22068 intercepted transitional or fresh rock. All of the drillholes were terminated within the zone of greatest gold depletion. Significant zones of continuous gold anomalism, up to widths of 80m were encountered in several drill fences, which contained numerous quartz veins within the depleted zone.

The RAB drilling defined several targets that require follow-up deeper RC drill testing to depths below the base of weathering. Targets are secondary supergene enrichment zones at the base of the depletion zone and primary gold mineralisation within fresh bedrock.
7. EXPENDITURE

Table 3. Expenditure Year 4

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<td><strong>TOTAL EXPENDITURE</strong></td>
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8. PROPOSED PROGRAMME & BUDGET

A programme of 1000m RC drilling is proposed for testing to the base of weathering within the Steve’s Hill grid.

Additional grass roots exploration is planned for a second parallel ridge which contains significant BIF stratigraphy which may host gold mineralisation as is common in the Archaean of Western Australia. This programme will be similar to the Year 4 programme and will consist of gridding, mapping, rock chip and soil sampling and RAB drilling.

Table 4. Proposed Expenditure Year 5

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<td><strong>TOTAL</strong></td>
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Figure 4 Regolith Map
Figure 5 BLEG Soil Sampling Results
Figure 6 RAB Drillhole Locations
Appendix 1 Soil Samples
Appendix 2 RAB Results
Appendix 3 Rock Chips