

Otter Gold NL (100%)

TANAMI REGION
NORTHERN TERRITORY

3rd ANNUAL REPORT

For
EXPLORATION LICENCE

EL 10349 (Bush Turkey)
EL 10356 (Finch)

Gardiner 2 Agreement

17th OCTOBER 2003 to 16th OCTOBER 2004

Volume 1 of 1

Newmont Report No: 31755

Compiled By: M.Muir

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OTTER GOLD NL

TITLE: 3rd ANNUAL REPORT FOR EXPLORATION LICENCES
(ELs) 10349 & 10356

PERIOD: 17th OCTOBER 2003 to 16th OCTOBER 2004

REPORT No.: 31755

COMPILED BY: M. MUIR

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SUMMARY

Exploration Licences 10349 (Bush Turkey) & 10356 (Finch) were granted to Otter Gold NL on the 17th of October 2001, for a period of six years. EL 10349 & 10356 are located some 80km and 55km north west respectively of the Tanami Mine. This is the third year of tenure. Both tenements are part of the Gardiner 2 Agreement between Otter Gold NL and the Traditional Owners.

Work during the third year of tenure included a review of data to assess the exploration potential of EL10349 & EL10356 to budget for work in the 2005 field season. Work concentrated on interpretation and mapping as part of a new structural interpretation of the Tanami region by 'RSG' (Brett Davies) – this is a major strategic review of the Tanami Region for Newmont Exploration.

During October of 2003 a decision was made to reduce EL10349 ground from 244 blocks (742km²) to approximately 175 blocks (532km²).

During October of 2003 a decision was made to reduce EL10356 ground from 13 blocks (42km²) to 5 blocks (16km²).

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

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1.0 INTRODUCTION

Exploration Licences (EL) 10349 & 10356 were granted to Otter Gold NL (OGNL) on 17th October 2001 for a period of six years. Work within this report includes surface sampling by Newmont Exploration staff during the third year of tenure.

2.0 LOCATION AND EXPLORATION HISTORY

2.1 Location and Access

ELs 10349 & 10356 are located some 80km and 55km north west respectively of the Tanami Mine. Access to the tenements is difficult – with the easiest entry being via helicopter. Access could be either Suplejack station tracks to the east or via the Mt Frederick turnoff – either way there would be at least 15 - 20km of bush before access was gained to the tenement. Access to these areas is limited during the wet season (December to March).

2.2 Tenement Status

EL 10349 comprises of 244 blocks covering an area of 734km². See Figure 1. Rent for the third year is \$7656 with the covenant being set at \$10,000.

EL 10356 comprises of 13 blocks covering an area of 42km². See Figure 1. Rent for the third year is \$220 with the covenant being set at \$7,500.

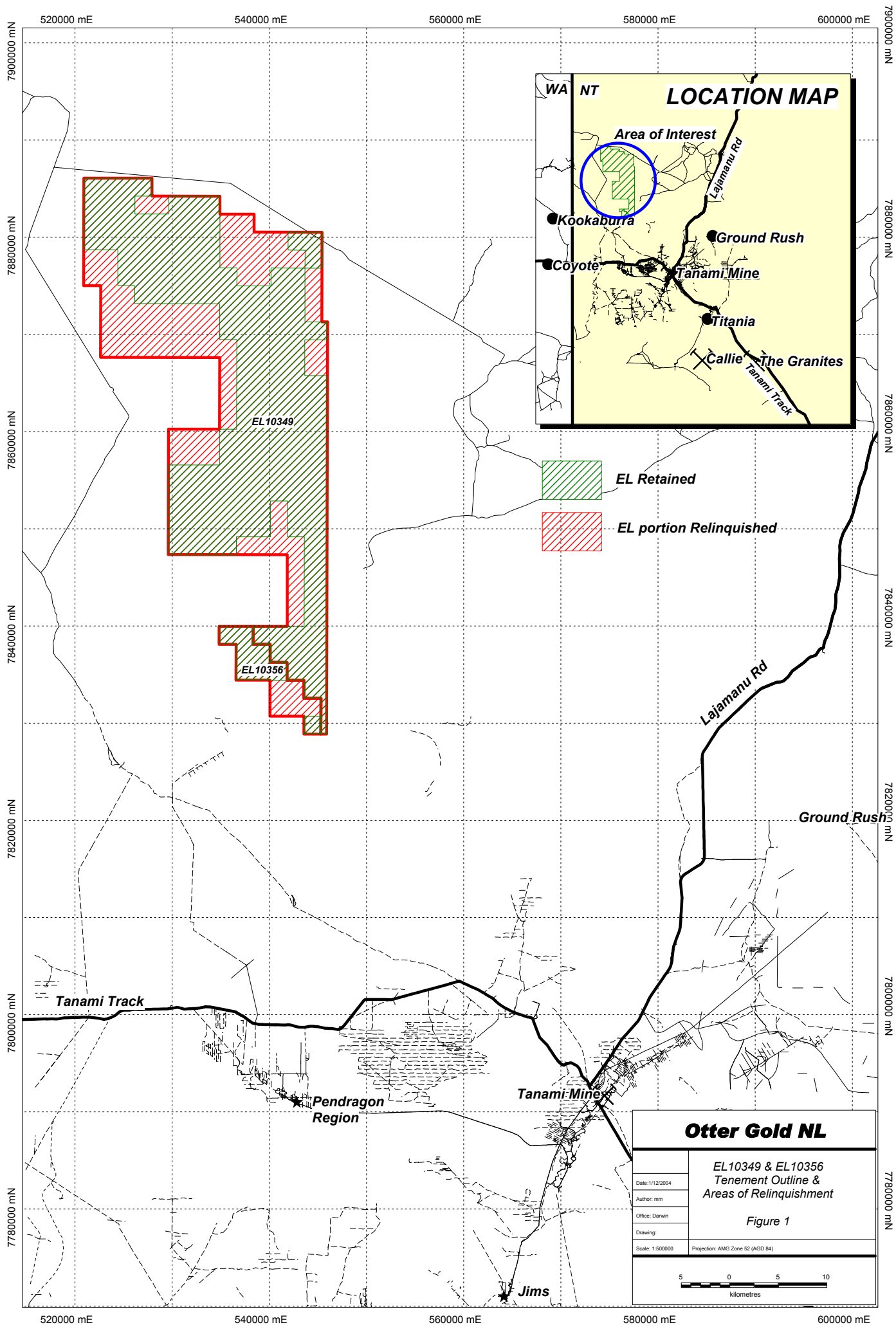
Otter Gold NL applied for and was granted both EL 10349 & EL 10356. Prior to this Stockdale Pty Ltd had acquired the ground as EL 9861.

Exploration Licences 10349 & 10356 were granted to Otter Gold NL on 17th October 2001 for a period of six years. Both tenements are part of the Gardiner 2 Agreement between Otter Gold NL and the Traditional Owners.

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

During October of 2003 a decision was made to reduce EL10349 ground from 244 blocks (742km²) to approximately 175 blocks (532km²).

During October of 2003 a decision was made to reduce EL10356 ground from 13 blocks (42km²) to 5 blocks (16km²).



2.3 Exploration History

2.3.1 Exploration of EL 10349 & EL 10356 by Otter Gold NL pre 2001.

During 2000 Otter Gold acquired secondary samples taken by Stockdale Pty Ltd while bulk sampling for diamonds within EL10349 (previously known as EL9861). These samples were taken from the surface of the sample sites and kept in a small geochem sample packet. The samples were taken on approximate two kilometre by two kilometre grid. 202 samples were purchased by Otter Gold NL and assayed using the ALS – ZARG (Zeeman Aqua Regia Gold) method. No significant results were recorded however areas with elevated values were worth follow up.

2.3.2 Work completed during 17th October 2001 to 16th October 2002.

Work during the first year of tenure included several days where a helicopter was used to collect surface samples and rockchips from across EL 10349. 38 samples were collected in total and sent off for assay using a Newmont NFM proprietary BLEG technique.

Remote discrimination of targets using an enhanced geophysical technique, the multiscale edge analysis (worming) process (developed by Fractal Graphics) was not used over these regions. The re-imaging of the worm data (multi scale edge analysis) did not extend to EL 10349 & EL 10356 thus more conventional methods (eg available aeromagnetic data, geochemistry and regolith interpretations) were used to target anomalism. No targets were identified within EL10356. Two geochemical targets were identified within EL10349.

2.3.3 Work completed during 17th October 2002 to 16th October 2003.

EL10356 – Finch: The Jet Ranger was used for 6hrs to complete a reconnaissance program of 42 soil samples (assayed using the Newmont Proprietary technique) over the Finch EL. The program was designed to test the EL for geochemical anomalism over two linear magnetic features and to assess the EL for future relinquishments. The high result was 1.06ppb Au. All sample holes were backfilled. At least one quarter of the tenement was found to be unprospective Gardiner Sandstone.

EL10349 – Bush Turkey: A review of the exploration potential of EL10349 (Bush Turkey) was undertaken to budget work for the 2004 field season.

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 1).

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.

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						Nanny Goat Creek Volcanics Mount Winnecke Group Mount Charles Formation Pargee Sandstone			
Mount Winnecke									
Pargee Sandstone									
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 1. Comparison of stratigraphic nomenclature (Hendrickx et al, 2000).

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.

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 Suplejack Down sandstone is interpreted to belong to this group but its 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.

3.2 Local Geology

These tenements are characterised by Upper Proterozoic suites such as Gardiner Sandstone (sublithic arenite, quartz arenite, medium to coarse; basal conglomerate, minor siltstone; medium to thin-bedded, cross-bedded), Talbot Well Formation (stromatolitic chert, sublithic arenite, siltstone, limestone) and Coomarie Sandstone (sublithic arenite, cross-bedded, ripple marks). NT geological survey map suggest that McFarlane Peak Group underlies the region.

Regolith across the region is residual Upper Proterozoic cover. No significant palaeochannels pass through the tenement although the circular feature in the north of the tenement holds water during the wet season with a significant lake to the west of EL10349.

4.0 EXPLORATION

4.1 EXPLORATION for 17th OCTOBER 2003 to 16th OCTOBER 2004

Work during the third year of tenure included a review of data to assess the exploration potential of EL10349 & EL10356 to budget for work in the 2005 field season.

Work concentrated on interpretation and mapping as part of a new structural interpretation of the Tanami region by 'RSG' (Brett Davies) – this is a major strategic review of the Tanami Region for Newmont Exploration.

4.1.1 EL10349

Exploration Licence 10349 (Bush Turkey) was granted to Otter Gold NL on the 17th October 2001 for a period of six years. The Exploration Lease is part of the Gardiner 2 Agreement between Otter Gold NL and the Traditional Owners.

The tenement originally comprised 244 blocks covering an area of 742 square kilometres, with control of Otter Gold NL being gained by Newmont NFM it was decided because of escalating tenement costs and adequate exploration that the ground should be partially relinquished at the end of its second year. During October of 2003 a decision was made to reduce EL10349 ground from 244 blocks (742km²) to approximately 175 blocks (532km²).

4.1.2 EL10356

Exploration Licence 10356 (Finch) was granted to Otter Gold NL on the 17th October 2001 for a period of six years. The Exploration Lease is part of the Gardiner 2 Agreement between Otter Gold NL and the Traditional Owners.

The tenement originally comprised 13 blocks covering an area of 42 square kilometres, with control of Otter Gold NL being gained by Newmont NFM it was decided because of escalating tenement costs that the ground should be partially relinquished at the end of its second year. During October of 2003 a decision was made to reduce EL10356 ground from 13 blocks (42km²) to 5 blocks (16km²).

5.0 EXPENDITURE FOR PERIOD 17/10/2003 TO 16/10/2004.

5.1 Expenditure for period 17/10/2003 to 16/10/2004 on EL 10349

Table 2 summarises the expenditure for the current licence year.

EL 10349	Actual YTD	Admissible Costs
512005 Medical Examination	0	0
520055 Conferences and Sem	36.36	36.36
520060 Entertain - Deduct	61.73	61.73
520155 Temporary Staff	0	0
800001 Proj/Explorn labour	3,250.00	3,250.00
839001 Sal & Wages Allocat	513.60	513.60
840000 Employee Cost Allo	647.09	647.09
840008 RM Expl Salary Allo	73.75	73.75
* Expln Employee Costs	4,582.53	4,582.53
520680 Stationery and Supp	338.07	338.07
839000 Fixed Asset Usage	989.21	989.21
839003 Regnl Office Alloct	1,206.51	1,206.51
840007 Expln Other Alloc	154.95	154.95
* Expln Overheads and Alloc	2,688.74	2,688.74
510000 Accom & Messing	0	0
512010 Safety Clothing	0	0
520034 On-Line Com Resourc	332.20	332.20
520615 Office equip (<\$500	468.21	468.21
520635 Publications & Subs	0	0
520681 Radio Communication	0	0
520900 Travel - Air Charte	0	0
520920 Travel & Accom Loca	1,601.76	1,601.76
550999 Consum-Direct Purch	0	0
570025 Freight	0	0
839004 Field Costs Alloctn	0	0
561010 IT Application - So	0	0
561030 IT Maintenance Soft	525.00	525.00
562015 Vehicle Registratio	53.00	53.00
840002 Trav & Accom Allo	26.96	26.96
840003 Draft & IT Alloc	25.98	25.98
840004 Expn Field Act Allo	1.15	1.15
840005 Equip & Veh Alloc	9.05	9.05
* Expln Operating Costs	3,043.31	3,043.31
521001 TLO - Comp Payments	0	
521005 Legal Fees - Deduct	1,951.55	
521010 Legal Fees - Non De	0	
560040 Tenement Fees	0	
542300 Asset Acquisitions	0	
560042 Tenement Rentals	6,960.00	
840006 Ten/Legal Cost Allo	13.53	
* Expln Tenement Costs	8,925.08	
560063 Assays - Surf Sampl	0	0
* Expln Laboratory Costs	0	0
513000 Consultants - Gen.	300.00	300.00
840001 Cont & Consul Allo	94.98	94.98
* Expln Specialist Services	394.98	394.98
** Cost element group	19,634.64	10,709.56
Covenant		10000

5.2 Expenditure for period 17/10/2003 to 16/10/2004 on EL 10356

Table 3 summarises the expenditure for the current licence year. Lab Costs have been incurred from the previous years activities.

EL 10356	Actual YTD	Admissible Costs
520060 Entertain - Deduct	61.71	61.71
520155 Temporary Staff	0	0
800001 Proj/Explorn labour	1,700.00	1,700.00
839001 Sal & Wages Allocat	117.37	117.37
840000 Employee Cost Allo	775.62	775.62
840008 RM Expl Salary Allo	45.65	45.65
* Expln Employee Costs	2,700.35	2,700.35
520600 Couriers & Bulk Mai	348.61	348.61
520680 Stationery and Supp	0	0
839000 Fixed Asset Usage	256.51	256.51
839003 Regnl Office Alloc	255.90	255.90
840007 Expln Other Alloc	317.26	317.26
* Expln Overheads and Alloc	1,178.28	1,178.28
512025 Safety Training	0	0
520086 Maintenance - Vehcl	0	0
520615 Office equip (<\$500	227.27	227.27
520635 Publications & Subs	0	0
520920 Travel & Accom Loca	869.65	869.65
550065 Consum. - Oil/Greas	0	0
550999 Consum-Direct Purch	191.44	191.44
560001 Air/Heli Chrt NonTr	0	0
839004 Field Costs Alloc	0	0
561010 IT Application - So	0	0
840002 Trav & Accom Allo	31.20	31.20
840003 Draft & IT Alloc	55.14	55.14
840004 Expn Field Act Allo	4.11	4.11
840005 Equip & Veh Alloc	7.12	7.12
* Expln Operating Costs	1,385.93	1,385.93
521001 TLO - Comp Payments	0	
521005 Legal Fees - Deduct	503.23	
521010 Legal Fees - Non De	0	
560040 Tenement Fees	0	
542300 Asset Acquisitions	0	
560042 Tenement Rentals	200.00	
840006 Ten/Legal Cost Allo	13.64	
* Expln Tenement Costs	716.87	
560063 Assays - Surf Sampl	984.07	984.07
* Expln Laboratory Costs	984.07	984.07
513000 Consultants - Gen.	2,892.00	2,892.00
840001 Cont & Consul Allo	85.88	85.88
* Expln Specialist Services	2,977.88	2,977.88
** Cost element group	9,943.38	9,226.51
Covenant		7500

6.0 PROPOSED EXPENDITURE 2004-2005

The work programme for the next reporting period will include a review of data obtained to date to relinquish ground and possible follow up surface sampling over areas of anomalism with associated regolith drilling.

See Table 4 for proposed expenditures.

	EL10349	EL 10356
Expenditure	\$10,000	\$ 7,500

Table 4: Proposed Expenditures for EL 10349 & EL 10356 2004-2005

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