

Otter Gold NL (100%)

TANAMI REGION
NORTHERN TERRITORY

8th ANNUAL REPORT

For
EXPLORATION LICENCES

EL 9569 (Marks Rise)
EL 9602 (Talbot North)

23rd OCTOBER 2003 to 22nd OCTOBER 2004

Volume 1 of 1

Newmont Report No: 31756

Compiled By: M.Muir

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OTTER GOLD NL

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SUMMARY

Exploration Licences 9569 and 9602 (Marks Rise & Talbot North) were granted on the 23rd of October 1996, for a period of six years. The Licences were extended for a two year period till the 22nd October 2004. On completion of the eighth licence year work has concentrated on a review of available data, geology and magnetic signatures within EL9569 & EL9602 for the purpose of defining field work for the 2005 proposed budget. Work also 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. The terms of EL9569 & EL 9602 were renewed for a further two year period ending on the 22nd October 2006.

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

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1.0 INTRODUCTION

During the 2002 - 2003 field season work was predominantly office based with a review of available data, geology and magnetic signatures within EL9569 & EL9602 for the purpose of defining field work for the 2005 proposed budget.

This report documents the work undertaken by Newmont Staff on EL 9569 & EL 9602 during the eighth year of tenure and outlines the previous work programmes from 1996-2003.

2.0 LOCATION AND EXPLORATION HISTORY

2.1 Location and Leasing

EL 9569 comprised of 36 blocks covering an area of 116km² that was located astride the Lajamanu Road in the southeastern corner of the Suplejack Pastoral Lease. During April 2002 EL 9569 was reduced from 36 blocks to 16 blocks (51.5km²). EL 9602 comprises 24 blocks covering an area of 68km² that is located 12km to the east of the Lajamanu Road in the southeastern portion of the Suplejack Pastoral Lease. See Figure 1.

Access is via a track from the Lajamanu Road in two places. The first is from the west through the middle of EL 9569 & EL 9602 (start point approximately 598622E, 7846238N). The second track is from the north where a road was graded into the RAB programme during 1999 – 2000 season. The track commences from near the Suplejack Station turnoff at 602149E, 7859137N.

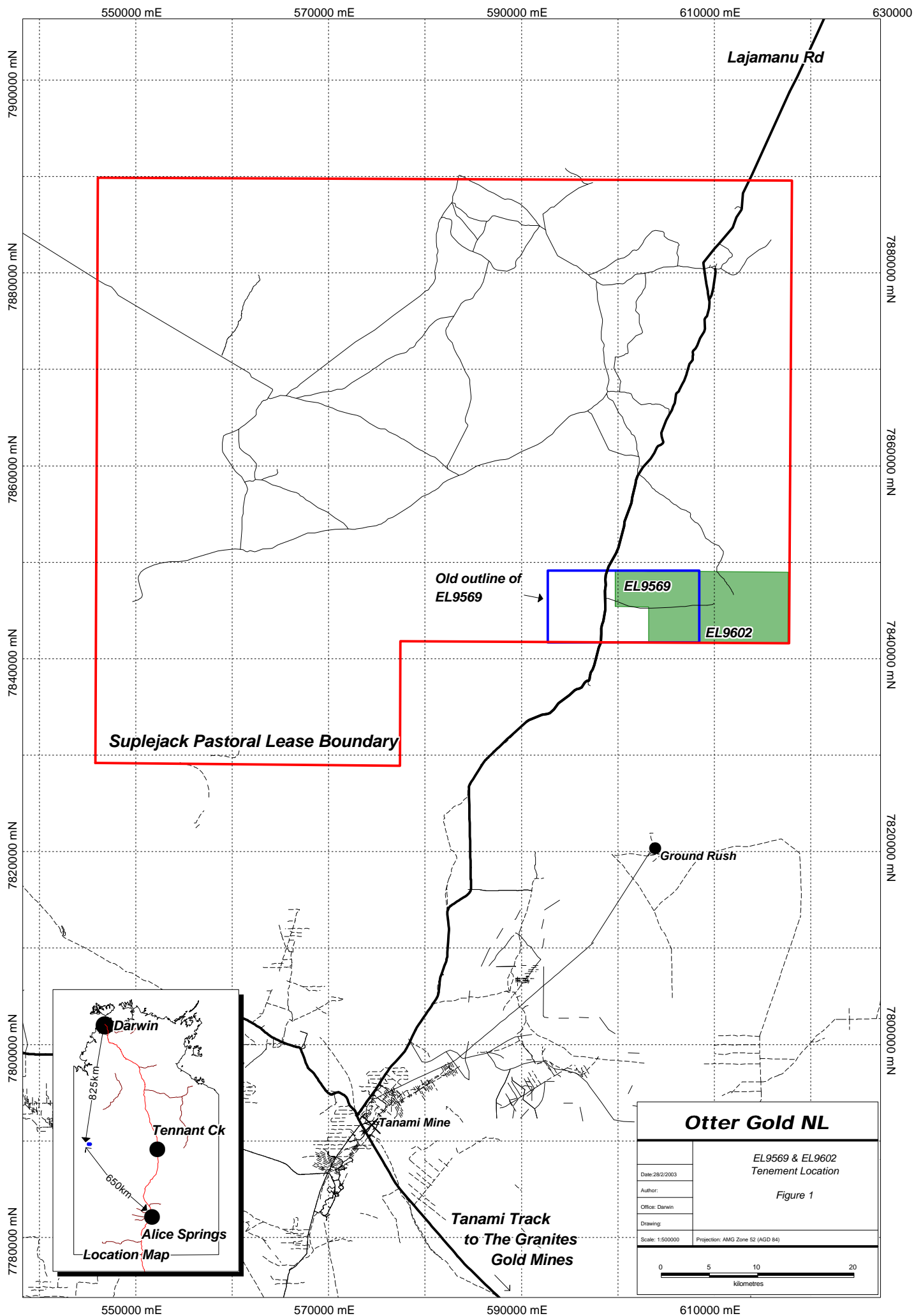
In December 2001 – January 2002 Normandy NFM gained a controlling interest in Otter Gold NL, the Normandy NFM team took control of Mining Leases and Exploration ground. By May 2002 Newmont Australia had taken over Normandy and had a controlling interest in Normandy NFM (now Newmont Tanami Pty Ltd) and thus Otter Gold NL.

Both tenements were granted initially for a six year period on completion of this an extension was granted for a further two years – year ending 22/10/2004. A further two year extension has been granted – year ending 22/10/2006. Tenement rentals were paid for two years (YE 22/10/2006) and were EL9569 \$5,632 and EL9602 \$8,448.

2.2 Exploration History

1988 – 1994: Zapopan NL carried out work in EL 5412 covering most of the Talbot Wells Group of Licences. The work carried out in EL9569 & EL9602 was restricted to surface sampling, geological reconnaissance and mapping.

1996 – 1997: During the first year of exploration delays were encountered with arranging and conduction sacred site clearances within the area of EL 9569 and EL 9602. Clearance procedures were completed with the expectation of commencing work in the 1998 field season.



1997 – 1998: Second year work programmes included regional regolith mapping utilizing Landsat imagery and ground reconnaissance. Geophysical interpretation of both gravity and aeromagnetic data highlighted prospective areas. An aerial photographic survey was flown during 1998.

1998 – 1999: Regional surface sampling was carried out on a 400m x 400m grid with the use of a helicopter. From these results stage 1 surface sampling programmes were planned and implemented. Two stage 2/3 follow up programmes were carried out to define targets for Angle RAB. Previous work on the area was researched and several field visits to the region confirmed discrepancies with the BMR outcrop geology. CRC LEME conducted a regolith study providing effective regolith mapping additional benefit arose that further ground could be checked and rockchipped prior to reductions.

1999 – 2000: Fourth year work programmes included follow up surface sampling programmes and an Angle RAB programme (Desert Rose). Previous work on the regions has shown discrepancies with the original BMR mapping – further investigation showed extensive Tanami complex as per Zapopan mapping. Antrim Plateau Volcanics were found to be extensive within EL 9569. Drilling at the Desert Rose prospect showed a contact between sediments and dacite, however results were disappointing.

2000 – 2001: Work concentrated on remotely detecting targets under cover using enhanced geophysical imaging as well as the processing to obtain these images. This imaging has been produced by Fractal Graphics and their 'worming' process and is described as a tool used for emphasizing edges – and can be used as a cost effective tool for exploring under deep cover.

2001 – 2002: Work conducted within EL9569 & EL9602 between 2001-2002 included study of previous work completed within the Licence by Zapopan NL and Otter Gold NL by Newmont NFM staff. EL9569 was partially relinquished. A field trip was organised for Newmont NFM staff to become familiar with the region.

2002 – 2003: On completion of the seventh licence year work has concentrated on a review of available data, geology and magnetic signatures within EL9569 & EL9602 for the purpose of defining field work for the 2004 proposed budget. The open file data and previous exploration by Otter was reviewed as part of an evaluation of the "Otter 100%" by Newmont Exploration staff and a prospectivity analysis was carried out to assess the EL potential for gold mineralisation. A number of target areas should have been highlighted for future surface sampling and RAB drilling.

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).

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						Pargee Sandstone	Nanny Goat Creek Volcanics	
Mount Winnecke							Mount Winnecke Group	
Pargee Sandstone							Mount Charles Formation	
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).

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, 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. This group is divided into two units including 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

Geology noted within both Els has been strongly influenced by the inhouse mapping by Zapopan NL during early 1994. EL9569 was noted to have a predominantly sandy regolith with pisolites. It is currently believed that the underlying geology is mostly Antrim Plateau Volcanics.

To the east, EL9602 has confirmed outcropping Tanami complex rocks. The Tanami Complex rocks have been described as a phyllite-schist sequence, including complexly folded and deformed metamorphosed siltstone, mudstones, cherts and sandstone. Silcrete and ferricrete are also dispersed through out the outcrop.

Drilling within EL9602 at 'Desert Rose' has shown contacts between the phyllites and a dacite unit. The contact appears to be filled with a milky white quartz vein. Unfortunately no significant mineralisation was intercepted.

Geological ground reconnaissance found several extensive 'epithermal' veins trending in a north easterly direction. These were estimated to be in the order of a couple of hundreds of metres in lengths and one or two metres in width. The veins displayed elaborate infill quartz textures.

4.0 EXPLORATION FOR 23 OCTOBER 2003 TO 22 OCTOBER 2004.

On completion of the eighth licence year work has concentrated on a review of available data, geology and magnetic signatures within EL9569 & EL9602 for the purpose of defining field work for the 2005 proposed budget.

Work also 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.

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5.0 EXPENDITURE FOR PERIOD 23/10/2003 TO 22/10/2004.

5.1 Expenditure for period 23/10/2003 to 22/10/2004 on EL 9569.

Table 2 summarises the expenditure for the current licence year.

EL 9569	Actual YTD	Admissible Costs
520055 Conferences and Sem	19.64	19.64
520060 Entertain - Deduct	105.27	105.27
520155 Temporary Staff	1,232.00	1,232.00
800001 Proj/Explorn labour	21,050.00	21,050.00
839001 Sal & Wages Allocat	774.89	774.89
840000 Employee Cost Allo	3,034.74	3,034.74
840008 RM Expl Salary Allo	1,203.85	1,203.85
* Expln Employee Costs	27,420.39	27,420.39
520600 Couriers & Bulk Mai	791.64	791.64
520680 Stationery and Supp	338.07	338.07
520685 Telephone & Fax	22.28	22.28
839000 Fixed Asset Usage	4,989.27	4,989.27
839003 Regnl Office Alloc	1,315.50	1,315.50
840007 Expln Other Alloc	3,205.46	3,205.46
* Expln Overheads and Alloc	10,662.22	10,662.22
510000 Accom & Messing	304.31	304.31
511015 Staff Amenities	43.51	43.51
512010 Safety Clothing	0	0
512025 Safety Training	520.00	520.00
516020 Equip Hire - Other	0	0
520082 Minor Capital Expen	456.96	456.96
520086 Maintenance - Vehcl	768.91	768.91
520900 Travel - Air Charte	180.97	180.97
520920 Travel & Accom Loca	1,405.20	1,405.20
550020 Consum. - General	0	0
550065 Consum. - Oil/Greas	0	0
550999 Consum-Direct Purch	2,309.80	2,309.80
839004 Field Costs Alloc	0	0
562015 Vehicle Registratio	761.84	761.84
840002 Trav & Accom Allo	191.42	191.42
840003 Draft & IT Alloc	387.29	387.29
840004 Expn Field Act Allo	114.82	114.82
840005 Equip & Veh Alloc	60.25	60.25
* Expln Operating Costs	7,505.28	7,505.28
521001 TLO - Comp Payments	788.60	
521010 Legal Fees - Non De	0	
560040 Tenement Fees	25.00	
542300 Asset Acquisitions	0	
560042 Tenement Rentals	5,120.00	
840006 Ten/Legal Cost Allo	27.94	
* Expln Tenement Costs	5,961.54	
550030 Consum. - Drilling	0	0
* Expln Drilling Costs	0	0
513000 Consultants - Gen.	6,745.63	6,745.63
520015 Audit Fees	0	0
840001 Cont & Consul Allo	59.03	59.03
* Expln Specialist Services	6,804.66	6,804.66
520025 Bank Charges	0	0
* Expln Accounting Costs	0	0
** Cost element group	58,354.09	52,392.55
Covenant		12000

5.2 Expenditure for period 23/10/2003 to 22/10/2004 on EL 9602.

Table 3 summarises the expenditure for the current licence year. Please note that the drilling costs are consumables and have been allocated as to what was planned to occur in this Licence.

EL 9602	Actual YTD	Admissible Costs
520155 Temporary Staff	0	0
800001 Proj/Explorn labour	23,566.00	23,566.00
839001 Sal & Wages Allocat	1,152.03	1,152.03
840000 Employee Cost Allo	3,074.50	3,074.50
840008 RM Expl Salary Allo	1,698.83	1,698.83
* Expln Employee Costs	29,491.36	29,491.36
520600 Couriers & Bulk Mai	683.72	683.72
520680 Stationery and Supp	0	0
520685 Telephone & Fax	0	0
839000 Fixed Asset Usage	4,650.92	4,650.92
839003 Regnl Office Alloc	1,484.29	1,484.29
840007 Expln Other Alloc	2,782.47	2,782.47
* Expln Overheads and Alloc	9,601.40	9,601.40
510000 Accom & Messing	81.17	81.17
512010 Safety Clothing	98.69	98.69
512025 Safety Training	520.00	520.00
516020 Equip Hire - Other	0	0
520085 Maintenance	257.50	257.50
520086 Maintenance - Vehcl	1,200.10	1,200.10
520555 Withholding Tax	0	0
520635 Publications & Subs	0	0
520681 Radio Communication	0	0
520920 Travel & Accom Loca	2,886.64	2,886.64
550020 Consum. - General	0	0
550999 Consum-Direct Purch	467.16	467.16
556095 Spares - Tyres/Tube	95.00	95.00
570025 Freight	0	0
839004 Field Costs Alloc	0	0
562015 Vehicle Registratio	0	0
840002 Trav & Accom Allo	197.76	197.76
840003 Draft & IT Alloc	470.63	470.63
840004 Expn Field Act Allo	64.13	64.13
840005 Equip & Veh Alloc	47.43	47.43
* Expln Operating Costs	6,386.21	6,386.21
521001 TLO - Comp Payments	788.60	
560040 Tenement Fees	25.00	
542300 Asset Acquisitions	0	
560042 Tenement Rentals	7,680.00	
840006 Ten/Legal Cost Allo	74.35	
* Expln Tenement Costs	8,567.95	
550030 Consum. - Drilling	3,209.12	3,209.12
* Expln Drilling Costs	3,209.12	3,209.12
513000 Consultants - Gen.	8,533.81	8,533.81
520015 Audit Fees	0	0
840001 Cont & Consul Allo	60.35	60.35
* Expln Specialist Services	8,594.16	8,594.16
520025 Bank Charges	0	0
* Expln Accounting Costs	0	0
** Cost element group	65,850.20	57,282.25
Covenant		14000

6.0 PROPOSED EXPENDITURE 2004-2005

During the 2004-2005 field season it is hoped that a extensive programme of RAB drilling will aimed at regional structural targets that extend from the Jasper Hills target structure.

The proposed programme and expenditure commitment is summarised in Table 4.

Table 4: Proposed Budget for ELs 9569 & 9602

License	Proposed Expenditure
EL9569	\$20,000
EL9602	\$40,000

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