EL 9735 HORSESHOE
MT TODD DISTRICT, NT

ANNUAL REPORT FOR
EXPLORATION
YEAR SIX OF TENURE
25 OCTOBER 2001 - 24 OCTOBER 2002

YIMUYN MANJERR (INVESTMENTS) PTY LTD
(CONTROLLER APPOINTED).

YILGARN GOLD LTD
(CONTROLLER APPOINTED) (SUBJECT TO
DEED OF COMPANY ARRANGEMENT).

VALLANCE HOLDINGS PTY LTD
(CONTROLLER APPOINTED).
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1. INTRODUCTION

Exploration Licence 9735 (Horseshoe) was granted to Pegasus Gold Australia Pty Ltd (subject to Deed of Company Arrangement), (“PGA”) on 25 October, 1996 for a period of ten (10) years. The licence (2 graticular blocks) was granted under the Mt. Todd Project Further Agreement, effective 18 October, 1996, and covers a number of surrendered Mineral Claims and part of an Exploration Licence that were held by PGA.

Following the severe decrease in the gold price and faults in the project design criteria, the Mt. Todd (now Yimuyn Manjerr) mine was put on care and maintenance status on 15 November, 1997 and PGA was placed under a Deed of Company Arrangement.

The Administrators of PGA undertook an extended sale process during 1998, with sale to the Yimuyn Manjerr Joint Venture (Multiplex Resources Pty Ltd then renamed Yimuyn Manjerr Investments Pty Ltd 93%, General Gold Resources NL 2%, PGA 5%) finalised on 18 March, 1999. General Gold Operations Pty Ltd (GGO) holds the Exploration Licence in trust for the Yimuyn Manjerr Joint Venture and has management control.

Operational and financial difficulties forced the shutdown of the Yimuyn Manjerr project on 7 July, 2000 with GGO placed under administration. Management of this licence is being undertaken by Yimuyn Manjerr Investments Pty Ltd, under the control of PGA (subject to Deed of Company Arrangement).

Exploration Licence 9735 was transferred on 1 October, 2001 to Yimuyn Manjerr (Investments) Pty Ltd (Controller Appointed) (Subject to Deed of Company Arrangement) - 95.73%, General Gold Resources NL (now called Yilgarn Gold Ltd) (Controller Appointed) (Subject to Deed of Company Arrangement) - 2.01% and Vallance Holdings Pty Ltd (Controller Appointed) - 2.26%.

This Report summarises exploration activities undertaken on EL 9735 during the twelve (12) months ended 24 October, 2002.
2. **LOCATION AND ACCESS**

EL 9735 is situated approximately 55km north of Katherine and 8km to the northeast of the Yimuyn Manjerr Gold Mine (Figure 1). Access is gained via Yimuyn Manjerr Mine access roads and exploration tracks north from the sealed Edith Falls Road. The licence is immediately adjacent to, and includes, the historic Horseshoe tin workings.

Topography within EL 9735 is mostly gently undulating and the country is lightly timbered. Numerous small creeks and drainages are present, including Driffield and Horseshoe Creeks, which traverse the licence.

3. **GEOLOGICAL SETTING**

Horseshoe is located within the southeastern portion of the Early Proterozoic Pine Creek Geosyncline. Metasediments, granitoids, basic intrusives, acid and intermediate volcanic rocks occur within this geological province (Figure 2).

Within the Mt. Todd area the oldest outcropping rocks are assigned to the Burrell Creek Formation. These rocks consist primarily of interbedded greywackes, siltstones and shales of turbidite affinity, which are interdispersed with minor volcanics. The formation contains slump structures, flute casts, graded beds and occasional crossbeds.

Rocks of the Burrell Creek Formation have been folded about northerly trending F1 fold axes. The folds are open to closed style and have moderate to steep westerly dipping axial planes, with some rocks being overturned. A later north-south compression event resulted in east-west trending open style upright D2 folds.

Locally, EL 9735 consists of interbedded volcanolithic siltstones and greywackes, and rare coarse pyroclastic breccias or conglomerates. These rocks generally strike NE to NW and dip moderately to steeply west. In the Horseshoe Prospect area in the south of the licence however, the rocks have been folded about an open, west plunging D2 syncline and an associated weaker, west-plunging D2 anticline.

Prominent thin shear/breccia zones with associated sheeted/anastomosing and lode style quartz veins are common in the southern portion of EL 9735, often forming low, silicified ridges. These zones strike predominantly north to northeast, and dip at steep angles either east or west. These shears/veins have been found to be strongly auriferous in part.
Figure 2  Regional Geological Setting
4. **PREVIOUS WORK CARRIED OUT - YEARS 1 TO 5**

Full details of all previous exploration work carried out is contained in the Annual Reports for EL 9735 for Years 1, 2, 3, 4 and 5 of Tenure.

5. **WORK CARRIED OUT - YEAR 5**

Operational and financial difficulties forced the shutdown of the Yimuyn Manjerr project on 7 July, 2000. Due to this shutdown there was no work carried out on the licence during Year 5.

A number of attempts were made during the year to find a buyer for EL 9735 and other licences surrounding the Yimuyn Manjerr Mine. In mid-2002, agreement was reached for the sale of the exploration licences and settlement is expected in the immediate future. Apart from the ongoing negotiations for the possible sale of this licence, there has been no other work carried out on the licence during Year 6.

6. **REHABILITATION**

No exploration activities were undertaken during the year that required rehabilitation.

7. **CONCLUSIONS AND RECOMMENDATIONS**

Exploration within EL 9734 has targeted previously defined anomalous surface geochemistry and drill intercepts at the Horseshoe Prospect. RAB drilling to further evaluate the potential of the surface anomalies was disappointing with a maximum intercept of 3m @ 3.67g/t Au (HRB077: 15-18m).

Further RC drilling, soil sampling, rock chip sampling and mapping at Horseshoe has suggested that the Prospect consists of a number of thin, high grade shears with a minimal stockwork mineralisation in the hangingwall and footwall.

Ongoing exploration to test for further narrow, high grade zones is warranted, with additional RC drill follow up of drill intercepts for resource definition recommended. A number of targets remain fully or partially untested at this stage i.e. the anticlinal hinge, possible extensions below transported cover and conceptual targets from the GIS compilation.
8. PROPOSED EXPLORATION AND BUDGET

Exploration proposed on EL 9735 during Year 7 is as follows:-

- RC Drilling $10,000
- Earthworks $2,000

TOTAL $12,000

9. EXPENDITURE STATEMENT

Due to the present operational difficulties of the management company, expenditure figures for Year 6 of EL 9735 are unavailable at this stage.