Mount Todd Rehabilitation Project Pty Ltd

EL 23618

MT TODD DISTRICT, NT

ANNUAL REPORT FOR EXPLORATION

YEAR ONE OF TENURE

28 MARCH 2003 – 27 MARCH 2004

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Compiled: C.R.BOLGER

February 2004

MT TODD REHABILIATION PROJECT PTY LTD

CONTENTS

TABLES

FIGURES

MT TODD REHABILIATION PROJECT PTY LTD

1 SUMMARY

EL 23618 (area 73km^2) was granted to Mount Todd Rehabilitation Project Pty Ltd (100% owner) on March 28, 2003.

EL 23618 covers an area containing existing tenements that are under control of an Administrator appointed when General Gold Operations went into administration in July 2000. The current and eventual status of this tenement package needs to be resolved in order that the full mineral potential of the area can be investigated and the development of mineral resources considered.

The principal focus of past exploration and future exploration is the discovery of gold mineralisation which may ultimately be developed as a profitable mining operation..

The majority of work undertaken in Year 1 involved:

- Collection/retrieval of electronic data
- Recompilation of data
- Data validation
- First pass data review

No drilling, soil sampling, rock chip sampling, field mapping or any other sort field work was undertaken.

All electronic data has been recompiled and structured for use in Arcview GIS software and Gemcom geological software. The databases recompiled and validated are Microsoft Access databases.

All GIS data when not in local grid is stored as AGD84 Zone 53.

Data relating to the area covered by EL23618 is intimately mixed with data from other tenements held by PGA/GGO in the past. During reconstruction of the various databases no attempt has been made to segregate data for EL23618 as it would have added a further complication to the process, which may have resulted in a loss of data.

Expenditure in Year 1 totalled approximately $224,000 not including tenement rent of about $112,000.

A similar level of expenditure is planned for Year 2 concentrating mainly on field work including geological mapping and geochemical sampling.

2 INTRODUCTION

EL 23618 (area 73km^2) was granted to Mount Todd Rehabilitation Project Pty Ltd (100% owner) on March 28, 2003.

EL 23618 covers an area containing existing tenements that are under control of an Administrator appointed when General Gold Operations went into administration in July 2000. The current and eventual status of this tenement package needs to be resolved in order that the full mineral potential of the area can be investigated and the development of mineral resources considered.

EL23618 overlays MLN1070, MLN1071 (includes the Batman open pit, Golf and Tollis open pits and the Quigleys area) and surrendered portions of SEL9679. These MLs have defined mineral resources, in the Batman pit and as stockpiles.

2.1 Location

The Mt Todd project area is located approximately 220km south east of Darwin, 50km east of Pine Creek and approximately 25km north west of Katherine. The area of interest can be found on the Mt Evelyn and Katherine 1:250,000 geological sheets (SD53-5, SD53-9) and the Ranford Hill and Katherine 1:100,000 geological and topographical sheets (5370, 5369).

Access can be gained via the Stuart Highway, Kakadu Highway, Edith Falls Road and 4-wheel drive tracks. See Figure 1 for tenement location. Figures 2 and 3 show the relationship between EL23618 and existing tenements and prospects.

MT TODD REHABILIATION PROJECT PTY LTD

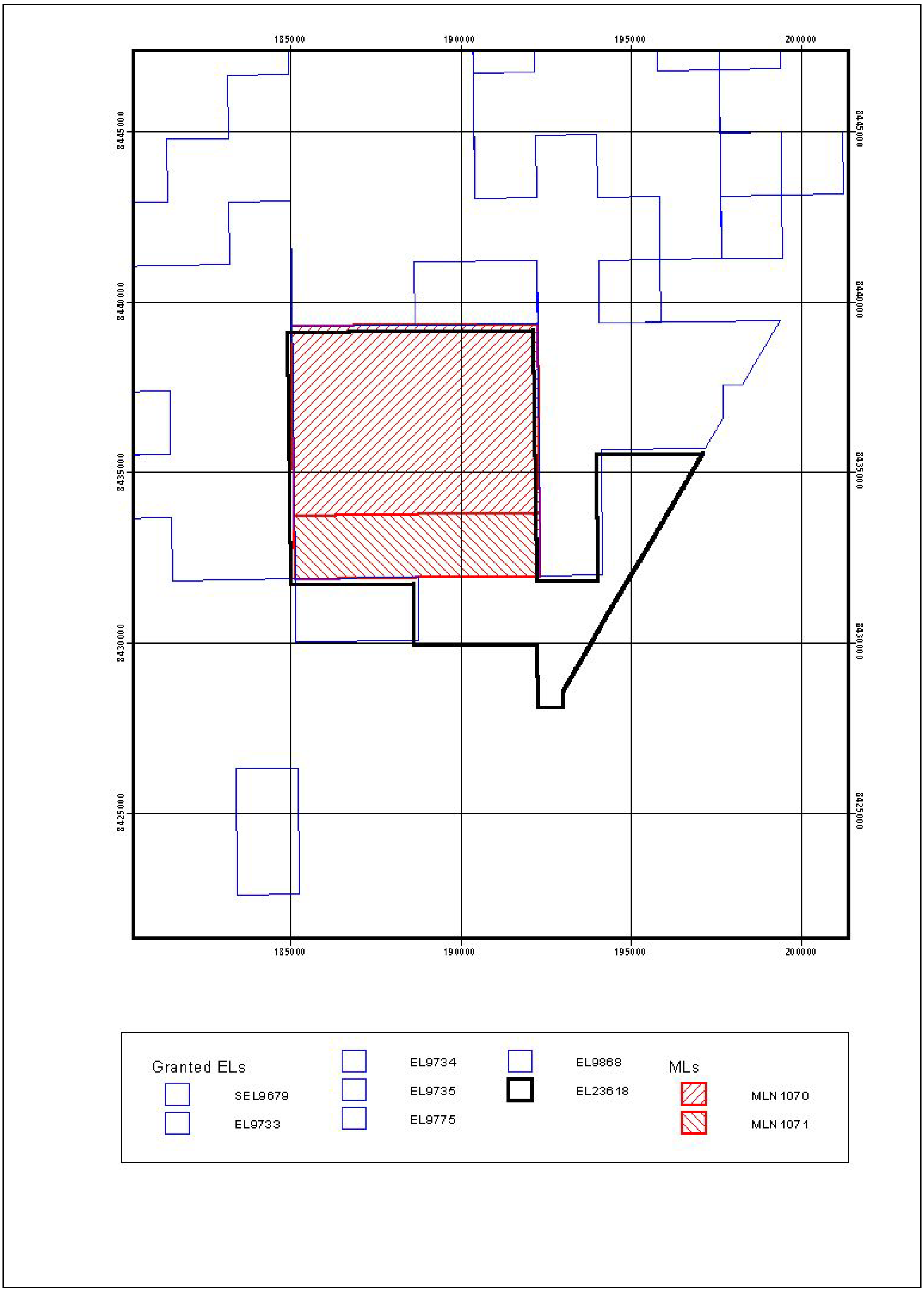


Figure 1 EL23618, MLN1070, 1071

MT TODD REHABILIATION PROJECT PTY LTD

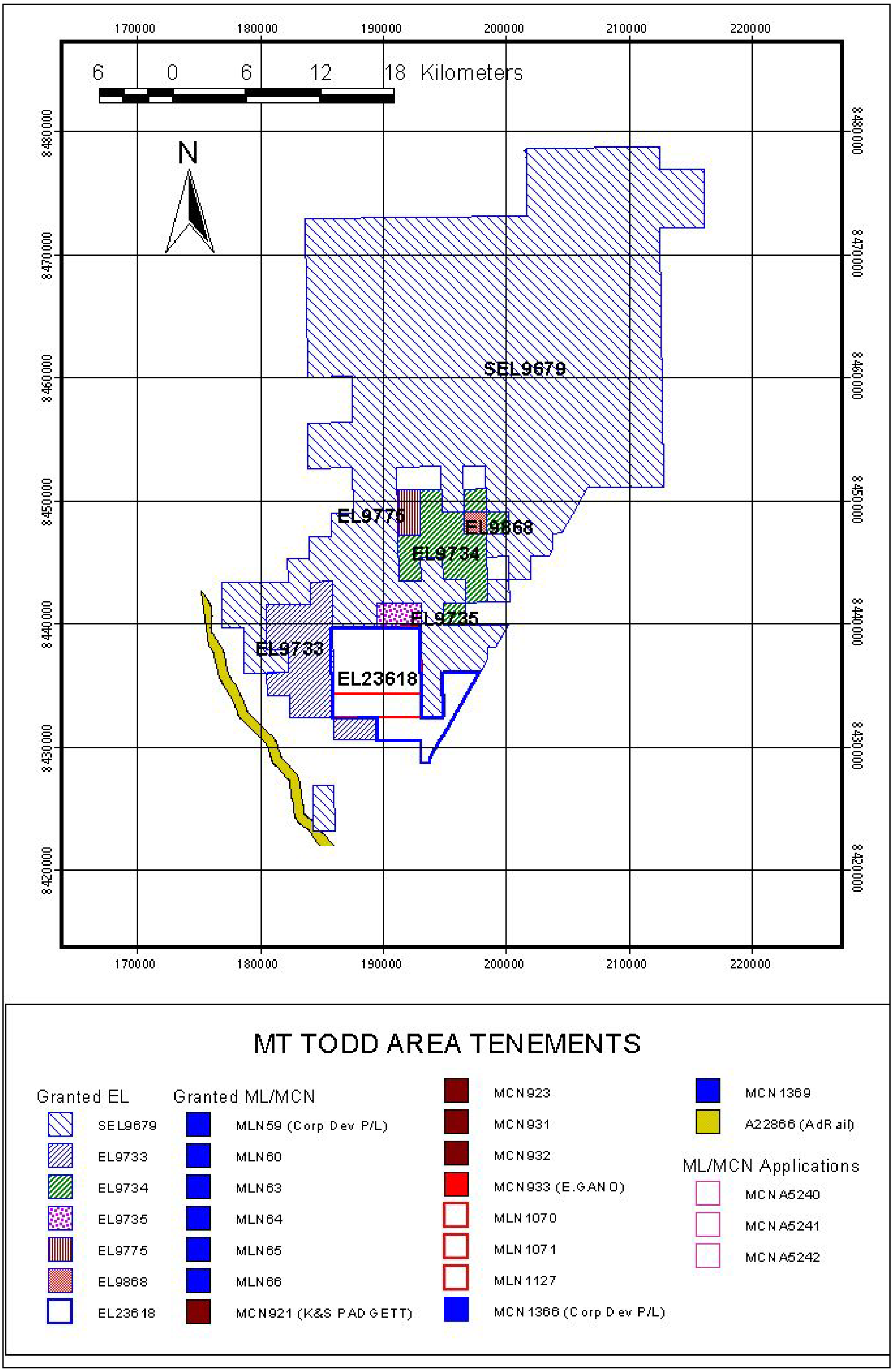


Figure 2 All Tenements In Project Area

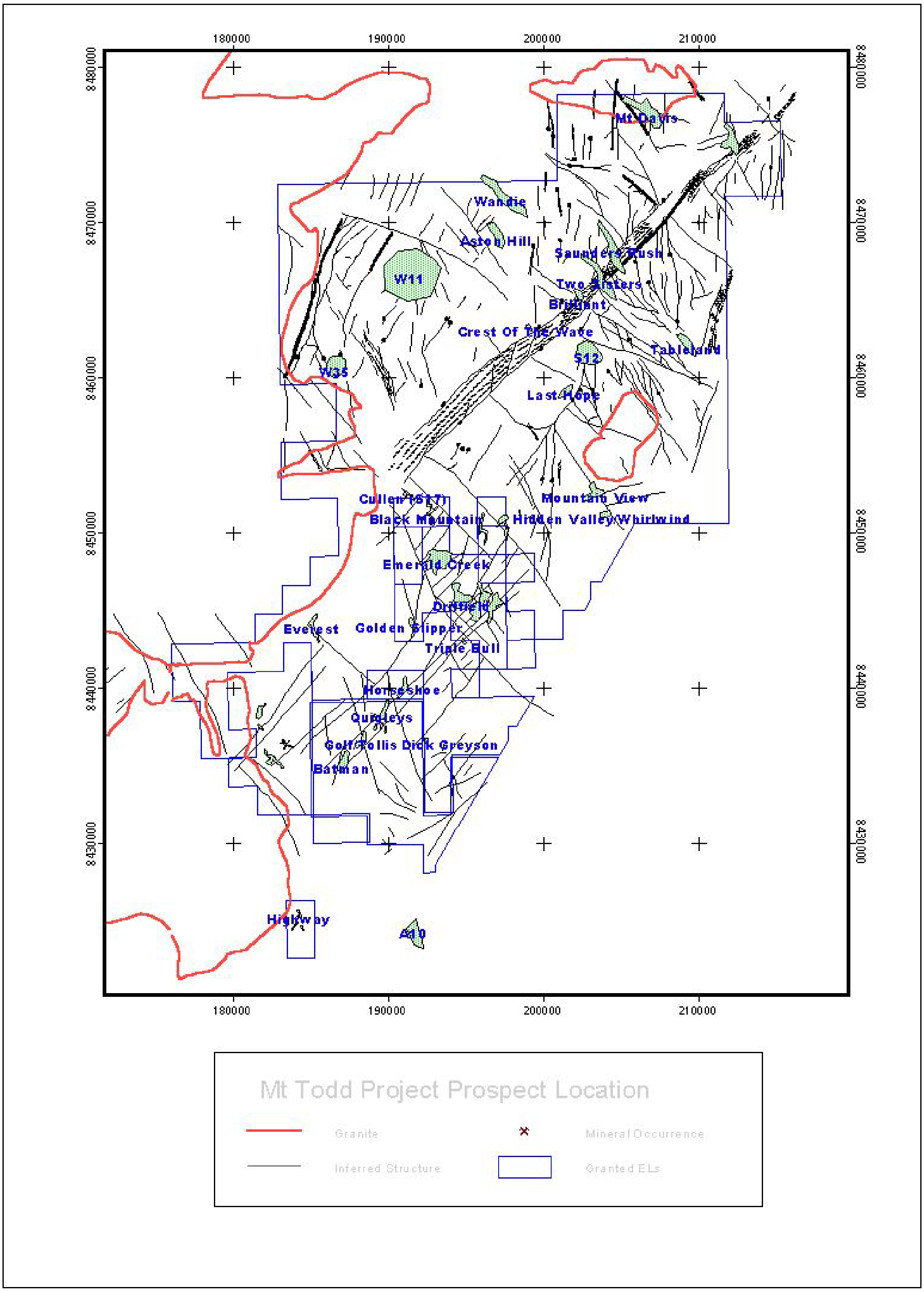


Figure 3 Prospects In Project Area

2.2 Recent Mount Todd History

2.2.1 Exploration

For a detailed description of activity on each tenement in the Mt Todd area refer to the various annual reports (retained in archive in Darwin or NT DBIRD library).

Tenements in the area have been explored by several companies at various levels of intensity from grass roots through to mine development.

Literature review of the area reveals a history of mining beginning with the mining of gold at the Wandie Goldfield in 1895. Other metals mined in the area include copper, lead and tin.

During recent years numerous companies including Moline Management, Cyprus Gold Australia, Geopeko, Lachlan Resources, Arimco, Billiton Australia, RGC Exploration, Newcrest Mining, Dominion Mining, Pegasus Gold Australia and General Gold Operations have carried out exploration in the tenement area.

Past exploration has consisted of regional broad spaced, geochemical sampling guided in part by aeromagnetic data and partly from review of data held at the NT DBIRD Mines & Energy. This led to targeting of a number of priority areas centred on the historic Wandie goldfield and to areas surrounding and along strike of the Mt Todd gold mine. Follow up work included gridding, lag/soil/rock chip sampling, bedrock vacuum drilling, vertical and angled RAB drilling, RC drilling, diamond drilling and stream sampling.

In general regional geochemistry was followed up with a combination of geological mapping, rock chip sampling, infill geochemical sampling and if warranted, RAB, RC or diamond drilling.

2.2.2 Mining

The Mt Todd project has gone through several recent phases of production:

- The earliest being in the mid 90's prior to Pegasus taking ownership
- Until November 1997 when Administrators took over control from Pegasus Gold Australia
- In early 1999 General Gold Resources through the Yimuyn Manjerr JV (YMJV) started activities aimed at the recommencement of mining and milling operations in the third quarter of CY 1999
- General Gold Operations as operators for YMJV mined the Batman open pit from July 1999 until July 2000 and milled from September 1999 until July 2000
- Late on July 6, 2000 Administrators were appointed by GGO.
- Administrators arrived on site on Friday, July 7 2000.
- All mining/geology technical staff were made redundant on Monday, July 10 2000.

- Mining activity did not continue past July 6 and crushing of reclaimed ROM stocks continued until July 17.
- Subsequent to crushing operations ceasing, milling continued until crushed stocks could no longer be reclaimed. Then the processing plant was shut down.
- In June 2001 most of the plant, equipment and infrastructure was sold at auction or in a pre auction deal.

3 MT TODD AREA GEOLOGICAL SETTING

3.1 Lithology

The project area is located within the south-eastern portion of the Early Proterozoic Pine Creek Geosyncline (PCG). Metasediments, granitoids, basic intrusives, acid and intermediate volcanic rocks occur within this geological province.

Within the project area the oldest outcropping rocks are assigned to the Burrell Creek Formation. These rocks consist primarily of interbedded greywackes, siltstones and shales that are interspersed with minor volcanics.

The metasediments were folded and metamorphosed ~1870 Ma to lower to upper greenschist facies and, in places, to amphibolite facies. Largely undeformed late Early Proterozoic volcanics and sediments, and Middle Proterozoic, Palaeozoic, and Mesozoic strata rest on the geosynclinal sediments with marked unconformity. The geosynclinal sediments are intruded by pre-orogenic dolerite sills and syn-orogenic to post-orogenic granitoid plutons (~1840-1780 Ma) and dolerite lopoliths and dykes.

The project area comprises rocks from the following stratigraphic groups:

1. Katherine River Group	Kombolgie Formation
2. Cullen Granitoids	
3. El Sherana Group	Tollis Formation
4. Finniss River Group	Burrell Creek Formation
5. South Alligator Group	Mt Bonnie Formation

The oldest rocks in the area belong to the Mt Bonnie Formation, which is the upper member of the South Alligator group. Shale, siltstone, greywacke, chert and minor tuff and dolomite represent the Mt Bonnie Formation. These rocks have been tight to isoclinally folded and extensively hornfelsed close to granite contacts. Outcrop is restricted to low rubbly rises, strike ridges or incised creek beds.

The Burrell Creek Formation conformably overlies or is faulted against the Mt Bonnie Formation. Burrell Creek Formation is dominated by greywacke and siltstone/shale and crops out extensively throughout the area on lightly timbered rubble strewn rises and low strike ridges. Within the hornfelsed aureole adjacent to the granites it forms prominent ridges and ranges up to 200m high. Most of the rocks within the unit are well cleaved and tightly folded about north to northwest fold axes.

The Tollis Formation is separated from the underlying Burrell Creek Formation by a structural and metamorphic discontinuity. The Tollis and Burrell Creek Formations are very similar with the boundary difficult to place.

The Cullen batholith is a composite I-type batholith comprising 23 different plutons. Sixteen of the plutons coalesce or join at shallow depths while the others surround the main body and are probably interconnected at depths of less than 3 km (eg the granite to the north of Mountain View). The granites intruded the Early Proterozoic sediments imparting differing levels of contact metamorphism. Rugged ridges of hornfels rise up to 200m above the level of the granitoids and topographically define their margins.

The Kombolgie Formation sandstone rests unconformably over the early Proterozoic sediments and the Cullen batholith and forms a discontinuous line of rocky hills and tablelands. Flat lying Mesozoic sediments and a thin layer of Cainozoic sand and laterite in many areas unconformably overlie the Kombolgie Formation.

3.2 Structure

Several stages of deformation are believed to have taken place in the PCG. Deformation events nomenclature conforms to that of Partington and McNaughton (Chronique De La Recherche Miniere, No 529, 1997).

Much of the discussion below relies on interpretation of geophysical images with the northern area attributable to Southern Geoscience Consultants and the southern area to World Geoscience Consultants. The airborne surveys were flown in 1995 (south) and 1997 (north). Modifications and additions have been made recently but the overall interpretation pre dates 2003. It is also believed that much of the dip/strike and fold axes data shown on the maps extracted from the original Autocad files is in fact taken from AGSO geology maps and may not be reliable at the scale required.

3.2.1 Folding

In the project area the sediments have been folded about N-NNW trending fold axes (D2). The rocks are tightly folded with axial plane cleavage developed and generally have moderate to steep westerly dipping axial planes, with some sequences being overturned. Thrusting and shearing is common in the fold hinge zones. A later north-south compression event (related to intrusion of the granite?) resulted in east-west open style upright D4 folds commonly found adjacent to the granitic intrusives (granite intrusion during D4).

In the southern portion of the project area fold axes generally trend northerly to NNW and in the northern area the trend is rotated more to the NW.

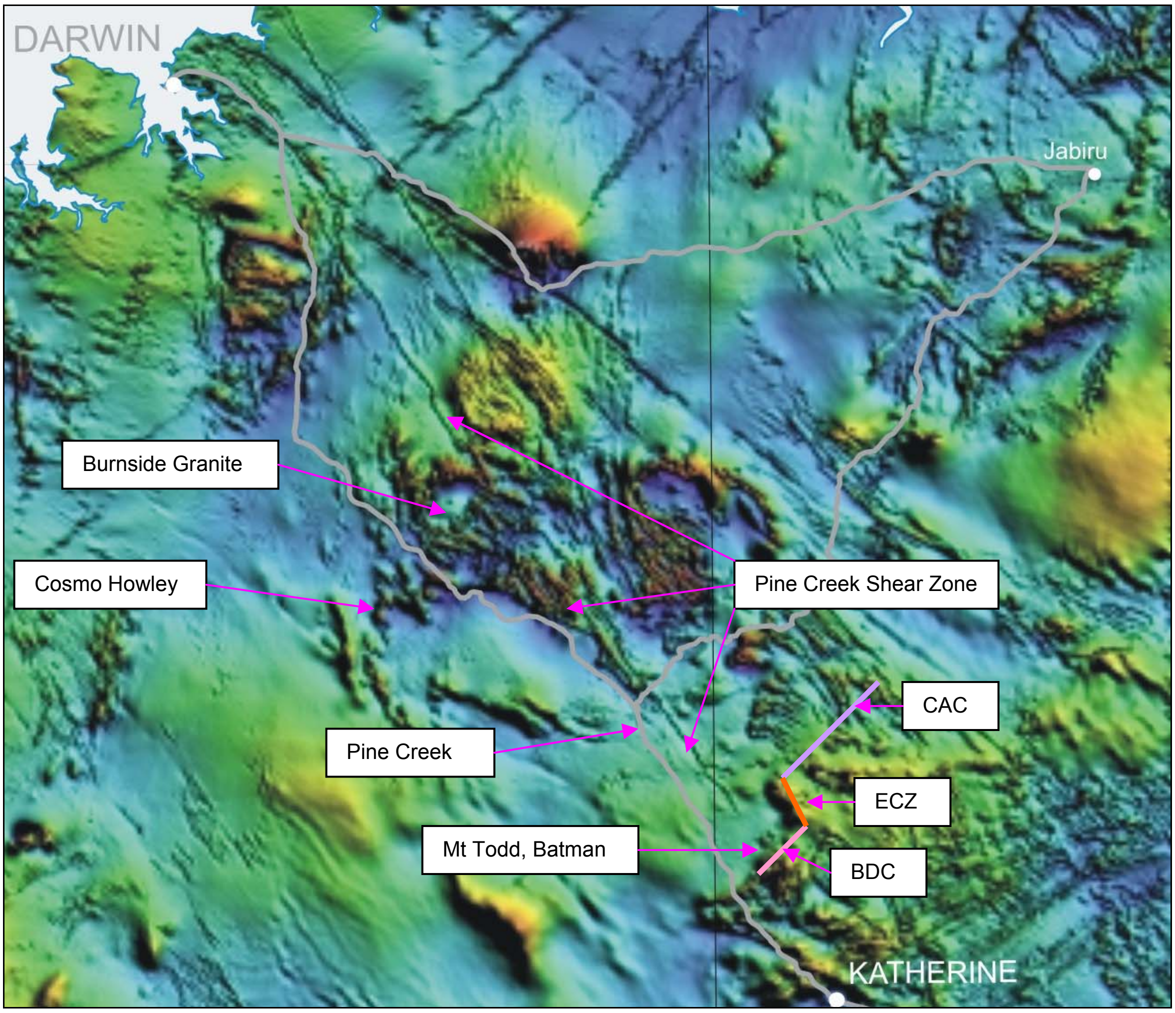


Figure 4 Regional Aeromagnetic Image (NT DBIRD)

3.2.2 Faulting

Two main structural trends can be inferred from study of aeromagnetic images, satellite images and aerial photographs. These trends form linear features trending NNE and NNW and are orientations occurring regionally in the Pine Creek Geosyncline (PCG).

Numerous NNW- NW trending structures have been interpreted from the aeromagnetic images, the satellite image, aerial photos and have been mapped also by PGA geologists and many other geologists who have worked in the project area. These structures are placed within the D2 deformation.

One of the regionally continuous structures the Pine Creek Shear Zone (PCSZ) lies adjacent to the project area to the west towards the Stuart Highway. It is a D2 structure trending NNW and is traceable as far south as Katherine, northwards past Woolwonga and to the north of the Burnside granite. This structure is believed to be of regional significance for the focus of mineralisation. It is likely that the PCSZ passes just to the east of the Yinberrie Leucogranite outcrop south-east of Batman.

Two strong NNE trending features are recognised in the project area and are geographically associated with Au mineral occurrences:

- The southern feature, the Batman-Driffield corridor (BDC) passes through Batman in the south-west and on to Driffield in the north-east as 2-3 subparallel linear features for which no sense of movement can be readily discerned. Gold mineralisation contained within these zones occurs in N-S trending vein arrays eg. Batman or in faulted (thrusts?) hinge zones of anticlines eg Golf, Quigleys etc or as bedding parallel shears and is associated with NNW trending structures
- The northern feature, the Cullen-Australus corridor (CAC) is more clearly and spectacularly defined on the aeromagnetic image and passes from adjacent to the granite in the south-west through to the Australus area in the north-east. This zone is wide and its morphology suggests a dextral sense of movement. Several Au occurrences are associated with the CAC and follow NNW trends away from the CAC. N-S trending veining/vein arrays are found to be auriferous in this zone also.

The NNE structures are recognised regionally (eg Hayes Creek Fault, Chinese-Burnside linear) and are associated with Au mineralisation. Their timing is uncertain and has been variously attributed to, pre D2 during initial formation of the PCG, D2 and D4. They have most likely been active throughout the deformation history of the area.

The area from Driffield trending NW through Emerald Creek (Emerald Creek Zone, ECZ) and on towards the CAC is anomalous. It marks possible terminations of the CAC and BDC and is close to granite outcrop. Many NNW structures are inferred and seem to terminate on and terminate the CAC and BDC zones. Au mineralisation seems to be constrained by the NNW trending structures to the NE and SW.

The ECZ is in contact with a zone of strong magnetic response on its south-western margin (related to metamorphism close to buried granite?), which drops off sharply to the north-east heading toward Mountain View. It also marks a change in the magnetic fabric. Within this zone there is a NE and a NNE trend, which disappears to the north. Further north surrounding the CAC the trend is NW to NNW.

The ECZ marks a change in domain and may be indicative of a link between the CAC and the BDC.

East-West trending structures occur throughout the area and represent the last phase of faulting and can be placed as post Au mineralisation and post granite intrusion. These are often quartz – carbonate veins with accessory base metals sulphides but no Au.

3.3 Gold Mineralisation

A variety of mineralisation styles occur within the Mt Todd area.

Of greatest known economic significance are auriferous quartz-sulphide vein systems. These vein systems include the Batman, Jones, Golf, Quigleys and Horseshoe prospects, which occur within a north-easterly trending corridor (BDC), and are hosted by the Burrell Creek Formation.

The majority of gold occurrences within the project area are related to the Early Proterozoic quartz vein-type mineralisation, predominantly within the Burrell Creek Formation sediments, and located in a variety of structural traps eg shear/fault/breccias, anticlinal culminations, shears/faults close to fold hinges etc. This style of mineralization is typical for the Pine Creek region with Pine Creek (9.2Mt @ 2.7 g/t), Union Reefs (19Mt @ 1.98 g/t) and Goodall (4.2Mt @ 2.35 g/t) all examples of quartz vein mineralization located spatially related to fold hinge zones in sediments.

Two other Au mineralization styles have been noted in the project area (1) Polymetallic mineralization (Au, W, Cu) related to quartz veining in the late stage felsic granites, and (2) sheared granite-sediment contacts prospective for Au.

The commonly accepted model for quartz vein type mineralisation relies on structural preparation to form conduits for mineralising fluids, traps sites for deposition of the mineralisation from the fluids and later reactivation of these structures synchronous with or late in the granite intrusive phase, with the granite providing a heat source and the mineralising fluids either directly or as consequence of remobilisation during metamorphism.

In terms of the project area this means the precursors for structural preparation are the D2 structures and folds followed by D4 deformation events and granite intrusion.

D4 deformation allowed formation/modification of earlier NNW (D2) trending structures and the introduction and/or remobilisation of gold fluids into these structural settings after decompression. Other factors that may influence mineralisation include variations in lithological competency, relative metamorphic grade and granite location ie. metallogenic zoning.

Gold mineralisation takes the form of stockwork/sheeted vein systems such as Batman, which exhibits a crude stratigraphic control (lithological competency related) and is most probably the product of structures consequent to a dextral strike slip component of movement on bedding plane shears.

Mineralisation also occurs much more clearly controlled by fold hinge zones, faulting (thrusts) and bedding parallel shearing eg Golf, Tollis, Quigleys and Dead Car. Quartz veining in these deposits may take the form of crosscutting veins within structures, stockworks and bedding parallel veins (may extend over hundreds of metres).

The mineralisation from Batman through to Quigleys, whilst associated with the NNE-NE trending BDC and NNW-NW trending D2 structures shows a strong north to slightly east of north trending spatial control on Au mineralisation. In places like Golf this is related to the strike of bedding and the axial plane thrusts in Batman it is the trend of the more intensely veined zone. These northerly trends may be an indication of a dextral component of movement on the BDC and may be compared to the warping of beds adjacent to the CAC as shown in the aeromagnetic image.

3.4 Other Mineralisation

The project area has a history of small scale base metal mining principally tin/tungsten and also copper and silver –lead –zinc. Tin commonly occurs in a north-westerly trending structures. The tin mineralisation comprises cassiterite, quartz, tourmaline, kaolin and haematite bearing assemblages, which occur as bedding parallel breccia zones and pipes.

These deposits are hydrothermal granite related, proximal to the Cullen granite and are similar in style to the gold deposits in the area ie. veins, stockworks or breccias associated with structurally prepared zones eg. folds, shears, faults and other structurally disturbed features. The deposits generally occur in zones where brittle deformation has occurred.

No evidence of skarn related deposits has been found in the project area. It is most likely that this is a consequence of the lithochemistry of the rocks in locations where the right temperature and pressure conditions could lead to the development of skarn type mineralisation.

In general little emphasis has been placed on exploration for any commodity other than gold so the potential for small scale high grade deposits or large scale low grade stockwork/vein or disseminated deposits has yet to be fully addressed.

The gold-lead-zinc soil geochemical anomaly revealed on EL9775 in November 1999 shows that some potential does exist and that the search for other styles of mineralisation may be successful at some point in the future.

Polymetallic Au, W, Mo and Cu mineralisation occurs in quartz-greisen veins within the Yinberrie Leucogranite; a late stage highly fractionated phase of the Cullen Batholith. Only minor occurrences of mineralisation, including uranium, tin and copper are located within the Cullen Batholith itself (Yinberrie Leucogranite).

Air borne radiometric data and geological mapping suggest that the potential for economic uranium or PGE mineralisation can be regarded as low to non existent.

4 YEAR ONE ACTIVITY

The majority of work undertaken involved:

- Collection/retrieval of electronic data
- Recompilation of data
- Data validation
- First pass data review

No drilling, soil sampling, rock chip sampling, field mapping or any other sort field work was undertaken.

All electronic data has been recompiled and structured for use in Arcview GIS software and Gemcom geological software. The databases recompiled and validated are Microsoft Access databases.

All GIS data when not in local grid is stored as AGD84 Zone 53.

4.1 Data

A large amount of data relating to EL23618 exists both as hardcopy and electronically. The only data handled so far is that available electronically (PGA/GGO) as discussed below. Data relating to the area covered by EL23618 is intimately mixed with data from other tenements held by PGA/GGO in the past. During reconstruction of the various databases no attempt has been made to segregate data for EL23618 as it would have added a further complication to the process, which may have resulted in a loss of data.

4.1.1 Data Available

During the period leading up the June 2001 auction, data from the local drives of work stations located around the site were copied on to Bluegum since it could not be reliably determined which files represented up to date and valid data. This has resulted in multiple files with similar data and/or filenames.

In August 2003, all retrievable data on Bluegum were copied on to CD, some in compressed format and some in uncompressed format (22 CDs in total). The Bluegum server is still available, but it should be noted that hardware problems were encountered accessing Bluegums HDDs. The Blonde server, which was used mainly for mill control software, is also available but was not fully accessed due to not knowing the password to gain full access. However the only accessible data found on Blonde was duplicated on Bluegum so it is not seen as a problem of significance.

The data from Bluegum were further subset into data that would be useful for reconstruction of the exploration database and mineralisation models. Data relating to mine production, grade control, monthly processing spreadsheets and monthly site reports are retained in the exploration dataset. This subset was cleaned (duplicate files removed) to provide a final subset for work, which has been ongoing since August 1 2003.

What has been done with data and its current structure is documented in several internal memos.

All hardcopy files, plans etc reside in the Administrator archive in Darwin.

4.1.2 Geochemical Data

Several phases of geochemical sampling have occurred in the project area in the main related to the different land tenures that were in place in the past. The sampling ranges from stream sediment sampling, to lag sampling and screened soil samples.

The data have been compiled in a new database from the bits and pieces lying around in the old electronic records. The rock chip geochemistry table has 3069 records and the soil geochemistry table has 28,309 records.

It is reasonably certain that the rock table only contains rock chip data as the files that were used for this table were well identified and the sample ID was usually distinctive. Figure 5 shows the rock chip geochemistry with regolith and inferred structures.

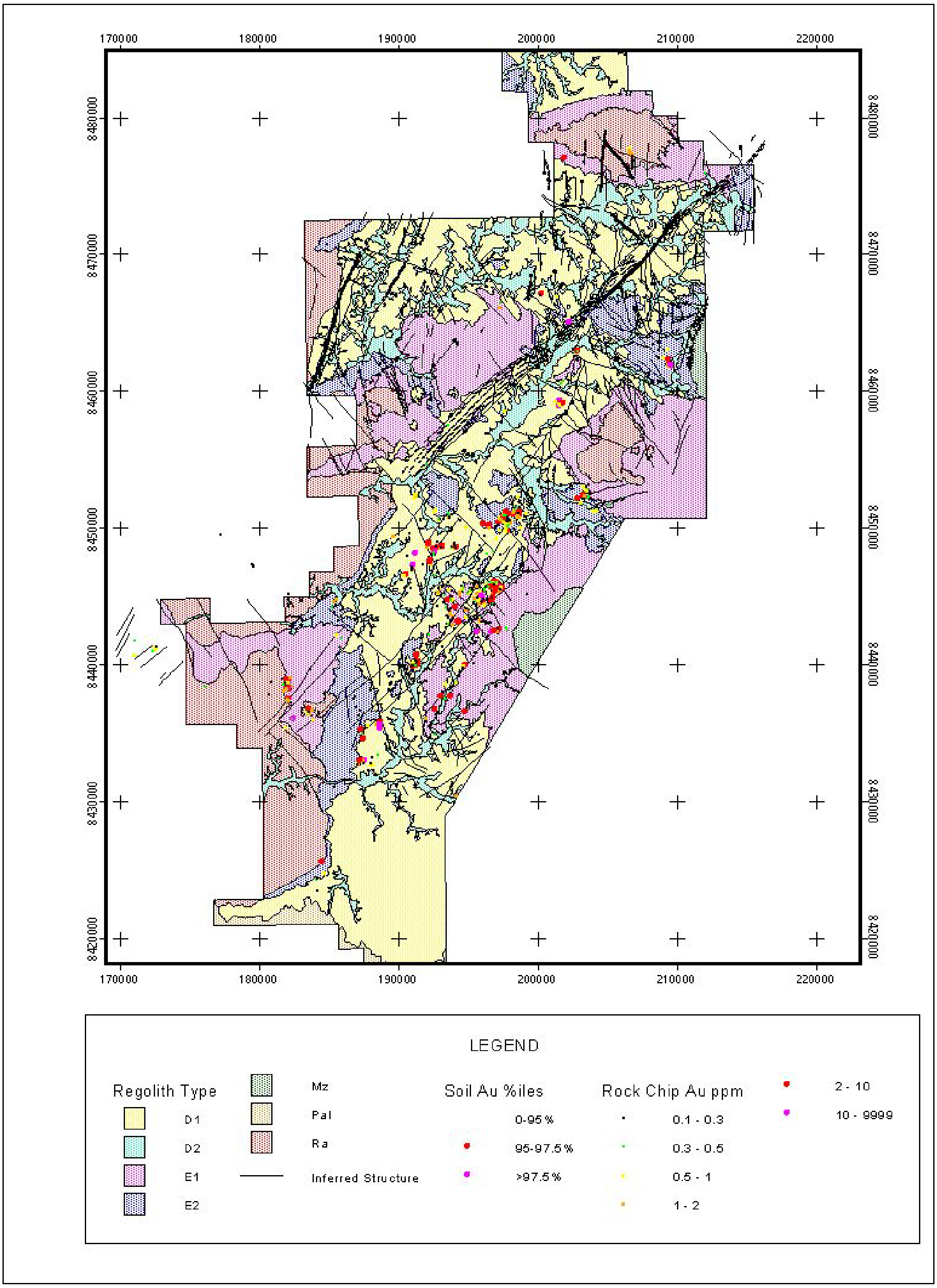


Figure 5 Rock Chip Geochemistry

4.1.2.1 Soil Samples

The soil data was scattered all over the place with some samples having two IDs for the same sample. BLDs were not clearly defined and it appears that not all sample sets have the same BLD threshold. The sample type is also not defined. It was not possible to discern which were lag samples, which were soil samples etc as there was no field in the data recording this detail. Consequently all the data have been lumped together and considered to be soil samples. It should be possible however to resolve this issue when access is obtained to hard copy data and reports either from the administrators archive or the NT DBIRD annual reports library.

The sample spacing is generally 50m and less commonly about 25m irrespective of the line spacing (25m is usually on infill lines if it occurs). There are some lines however with 100m and 200m sample spacings. The line spacing varies from 1600m to 400/500m for regional grids down to 200/100m for infill grids. Typical infill grids are 100/200m line spacing with 50m sample spacing.

It is not certain in general how samples were taken or what the basis was for the method of sampling (due to being limited to electronic data), the quote below from two annual reports details what is believed to be the standard for PGA and GGO:

> "………Samples (171) were collected by contract field crew Arnhem Exploration, on a 200m x 50m grid, from the "B" soil horizon within the non-transported regolith.
>
> All samples were collected at 50m spacing along grid lines (GPS and Pegasus survey grid control) and sieved to –40# size fraction in the field. Samples were dispatched to Assaycorp Pine Creek and analysed for Au by low level fire assay techniques (1 ppb detection limit). Basemetal analyses (As, Cu, Pb, Zn) were also undertaken………"

> "………..A regional soil sampling program was undertaken to test the potential of the NE trending Batman-Driffield structural corridor within EL9868 and for possible extensions of the Driffield Mining Centre mineralisation.
>
> Samples (110) were collected by contract field crew Arnhem Exploration, on a 500m x 50m grid, from the "B" soil horizon within the non-transported regolith.
>
> All samples were collected at 50m spacing along grid lines (GPS and Dominion survey grid control) and sieved to –40# size fraction in the field. Samples were dispatched to Assaycorp Pine Creek and analysed for Au by low level fire assay techniques (1 ppb detection limit)……….."

The basis for the sieving size fraction and soil horizon selection is unknown as yet.

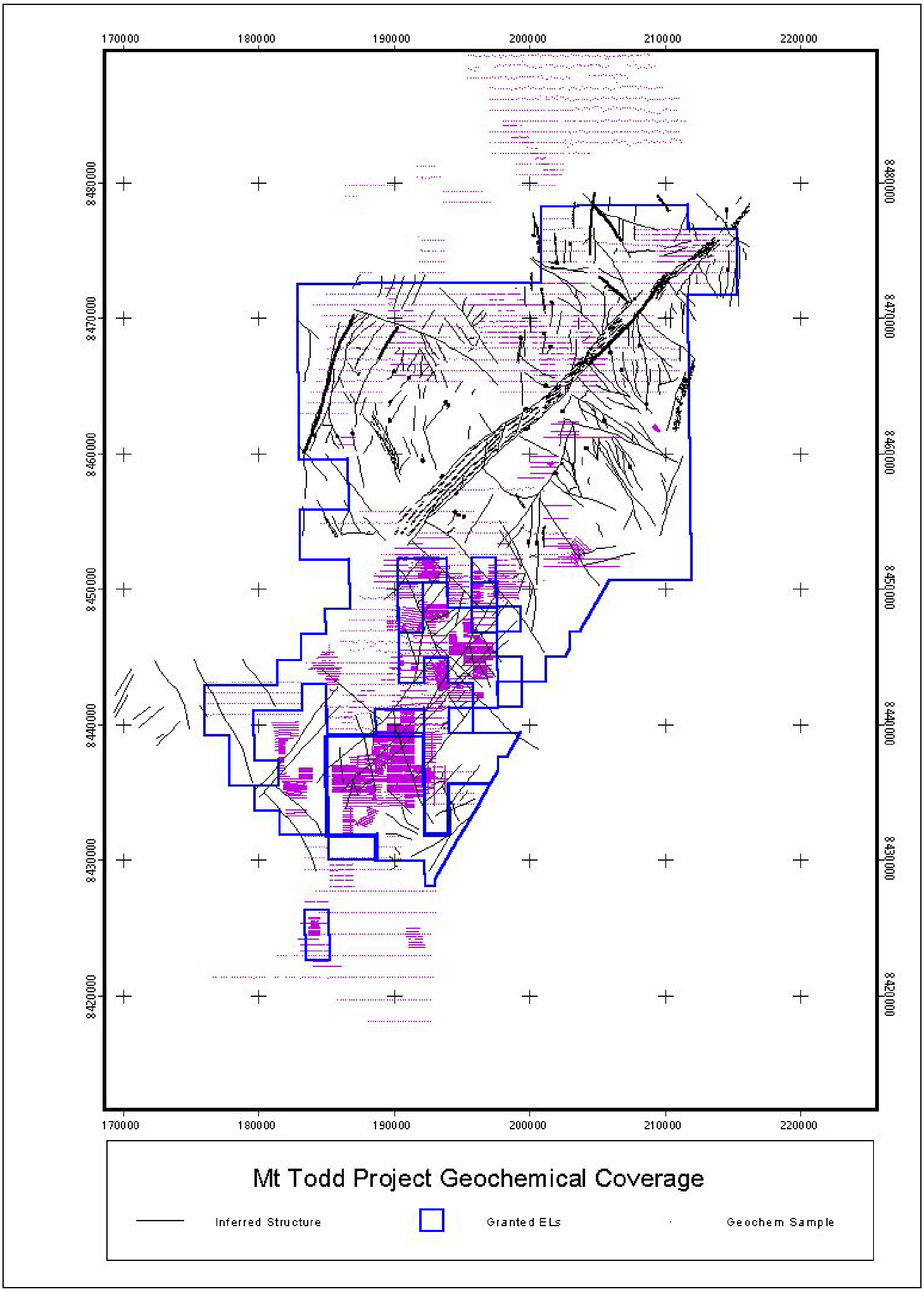


Figure 6 Geochemical Coverage

4.1.2.2 Regolith

A regolith map covering the whole project area was not available electronically in the data to hand. However a scanned image covering the southern half of the project area was found along with a line drawing covering the whole project area, which was clearly regolith type outlines.

The original map was compiled by Dominion Mining personnel and has been adopted along with their regolith types. It appears that it is more likely than not that the regolith map is based on photo interpretation rather than actual mapping on the ground.

The regolith map now available (Figure 7) is the line drawing polygonised to permit construction of a map to be used in Arcview (also in MapInfo format). The southern half is based on the scanned image the northern half represents an interpretation of the line drawing based on geometrical relationships, and interpretation of aerial photos (where available) and a satellite image.

The regolith type descriptions (ex DML) are:

- **E1**; highly dissected steep to moderate slopes. >80% outcrop, abundant scree. Thin to very thin soils. Lag dominated by coarse, +6mm, fraction. Often hronfelsed.
- **E2**; low to moderate slopes, moderately dissected. Outcrop common. Scree common. Moderate to thin soils. Generally well developed lag +2mm to –6mm.
- **D1**; low to very low hills and rises separated by channels/floodplains. Strike ridges of outcrop. Moderately to poorly dissected. Poor to well developed lag, +2mm to –6mm fraction.
- **D2**; floodplains, channel deposits, gravel bars, overbreak deposits, loamy soils. Not representative of bedrock. Not suitable for lag sampling.
- **Ra**; deep sandy soils, generally granite derived, typically residual in nature.
- **Mz**; Mesozoic soils and outcrop.
- **Pal**; Cambrian soils and outcrop

Inferred structures have been superimposed on the regolith map (Figure 8).

The regolith map has been used to code the soil samples so that there is a regolith type field in the soil geochemistry table for each sample.

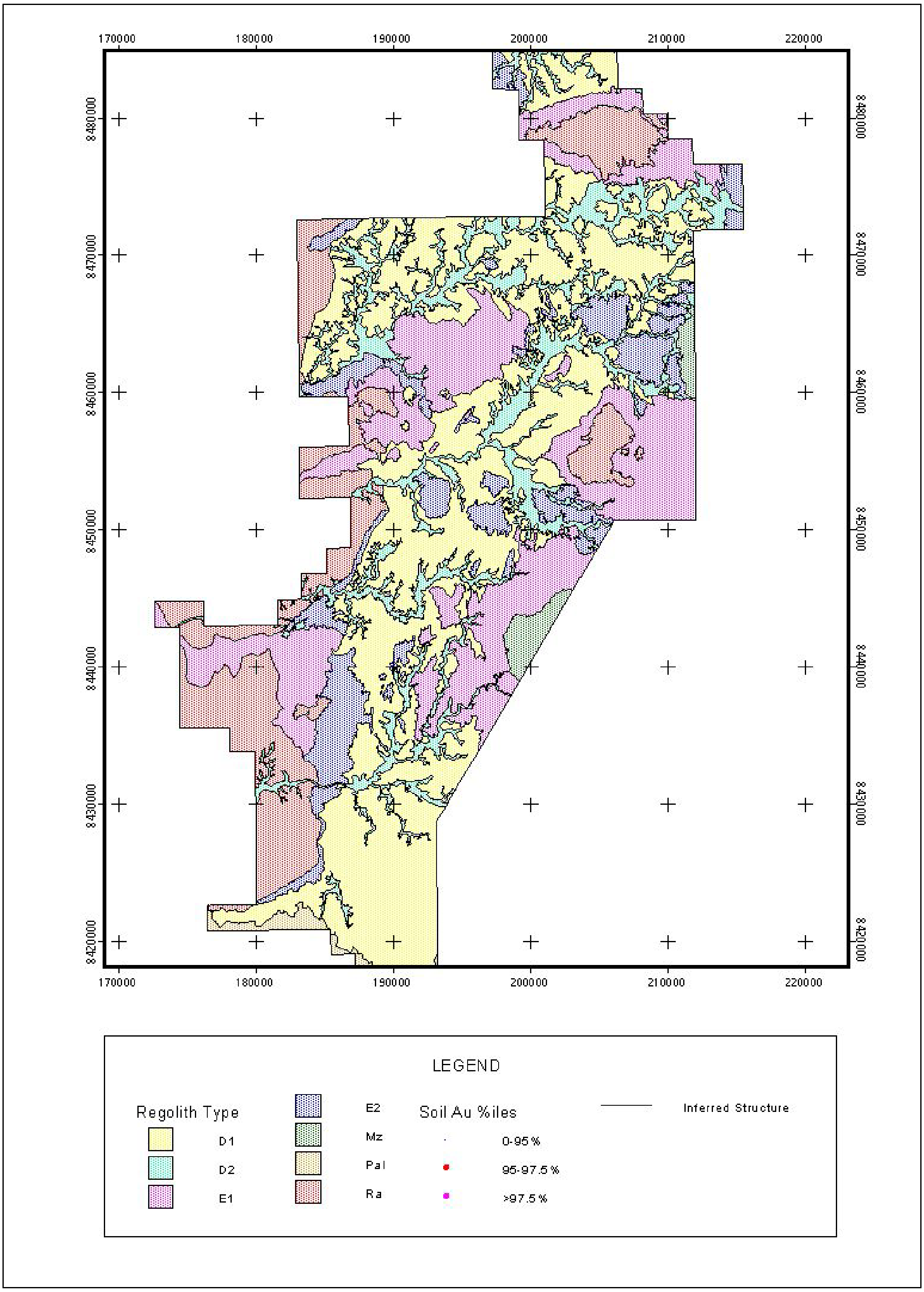


Figure 7 Regolith Map

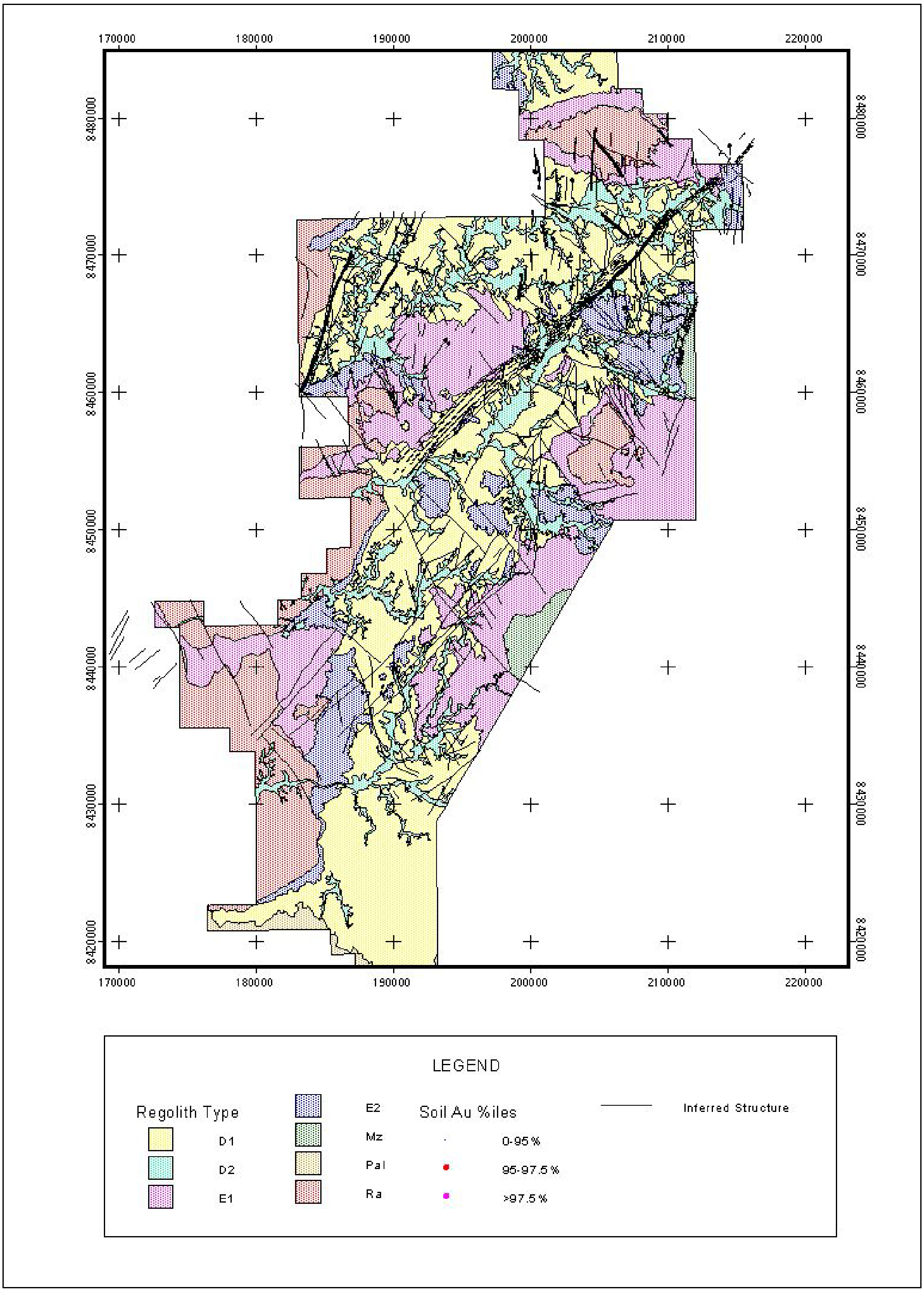


Figure 8 Regolith And Structure

4.1.2.3 Soil Geochemistry

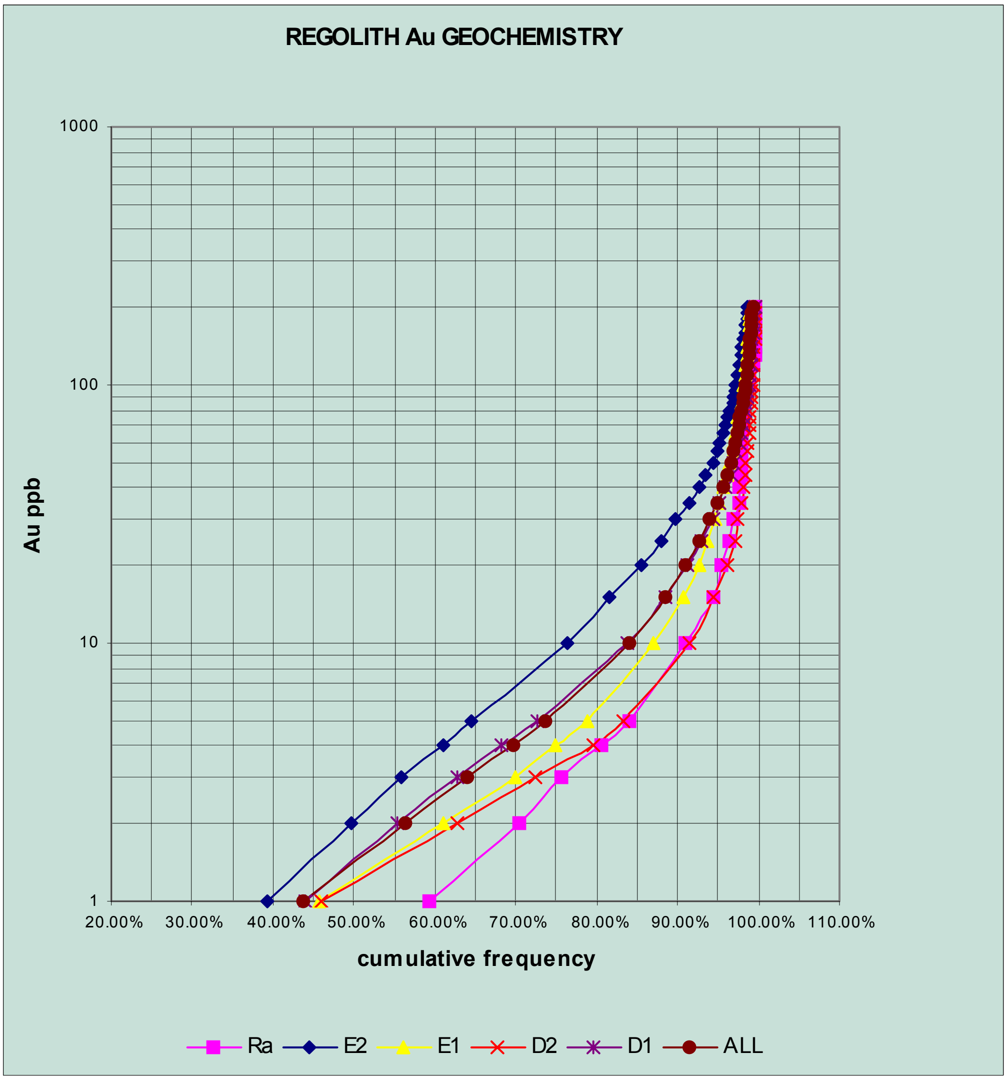
Normal statistics for the soil Au data are tabulated below. The distribution of Au values clearly does not well approximate a normal distribution and log transforming the data does not really improve things. The data has a strong positive skew.

Table 1 Soil Au ppb Normal Statistics

Regolith Type (Au ppb)						
Statistic	*All*	*D1*	*D2*	*E1*	*E2*	*Ra*
Mean	11.67	9.52	6.55	14.71	19.17	5.70
Standard Error	0.50	0.38	0.81	1.73	1.80	0.72
Median	2.00	2.00	1.40	2.00	2.50	1.00
Mode	1.00	1.00	1.00	1.00	1.00	1.00
Standard Deviation	84.81	43.95	44.74	127.17	128.09	18.96
Sample Variance	7192.26	1931.72	2001.68	16172.61	16408.32	359.32
Kurtosis	1883.51	928.59	1060.63	1125.35	803.20	67.18
Skewness	37.34	24.07	28.48	30.47	25.22	7.49
Range	5412.00	2420.00	1880.00	5412.00	4720.00	239.00
Minimum	0.00	0.00	0.00	0.00	0.00	0.00
Maximum	5412.00	2420.00	1880.00	5412.00	4720.00	239.00
Count	28308	13530	3065	5389	5082	686
Confidence Level(95.0%)	0.99	0.74	1.58	3.40	3.52	1.42
Thresholds (approx %ile)	*All*	*D1*	*D2*	*E1*	*E2*	*Ra*
95.00	35	35	20	35	55	20
97.50	70	60	30	75	110	35

Statistics for all data are strongly influenced by D1 samples, the most populous sample group. The graphs following provide a feel for the grade distribution with the above thresholds of the probability distribution determined from cumulative probability plots.

Consideration of the cumulative frequency plots may suggest that more than one population of data exists within a regolith type. No attempt has been made to address this possibility in this analysis.



Contouring raw Au data or point representation of raw Au data (Figure 9) does little to reveal anything of the nature of any trends in the data. Consequently the data have been manipulated to make any anomalous zones more obvious and grouped by regolith type.

One method (Figure 10) shows point data plotted as percentiles of the frequency distribution and permits clearer comparison of data from differing regolith types. The data plotted are the 95^{th} and the 97.5^{th} percentile. Values in these ranges would be considered anomalous given a good fit with a normal distribution (not the case here due to the skew) with the 97.5^{th} percentile being the mean + two standard deviations. However given the skew the absolute value at the 97.5^{th} percentile for D2 for example would be the mean (6.5 ppb) plus 2x 44.74 (standard deviation) or roughly 96 ppb. The value at the 97.5^{th} percentile from the frequency distribution is 30 ppb, significantly different. Thus the logic behind using the cumulative frequency percentile value is that it will give a better idea of anomalous values than using the mean plus whatever multiple of the standard deviation, because the distributions are strongly skewed and do not fit a normal distribution model.

The other method employed to attempt to reveal anomalous trends in the data has been to create an indicator field, contour the indicator and create a surface from the contours (Figure 11). The indicator is a binary function set at a threshold value and the contours in effect become a probability map of the threshold being exceeded.

For the surface shown in Figure 11 the threshold value of 70ppb Au (the 97.5th percentile value for all soil Au data) was applied as a rough discriminator. If the raw value was 70ppb or more the indicator had a value of 1 if not a value of zero was assigned. This data was interpolated and contoured on a 50x 100m grid using ID2 weighting. The interpolation was isotropic with a 2500m search radius and an octant search with a maximum number of points used per octant (4) and a minimum number of octants (2) with data required for a value to be interpolated.

Both methods show trends in the data and anomalous zones with more clarity than just using raw data. The percentile method gives a feel for the location of anomalous data and its trends. The indicator method provides a surface based on interpolated values, which are a measure of the probability that a point is 70ppb, or higher, where the probability is a function of the number of points used to estimate the grid value that are equal to or exceed 70ppb. High values indicate that more of the raw data used to interpolate the contour point were greater than or equal to 70ppb, that is the point is more likely to represent a true anomaly rather than an anomalous spike. This is however dependent to some extent on the sample density in the area being considered. Consequently the decision to ignore a lone spike must be based on review of the sample density and other geological factors.

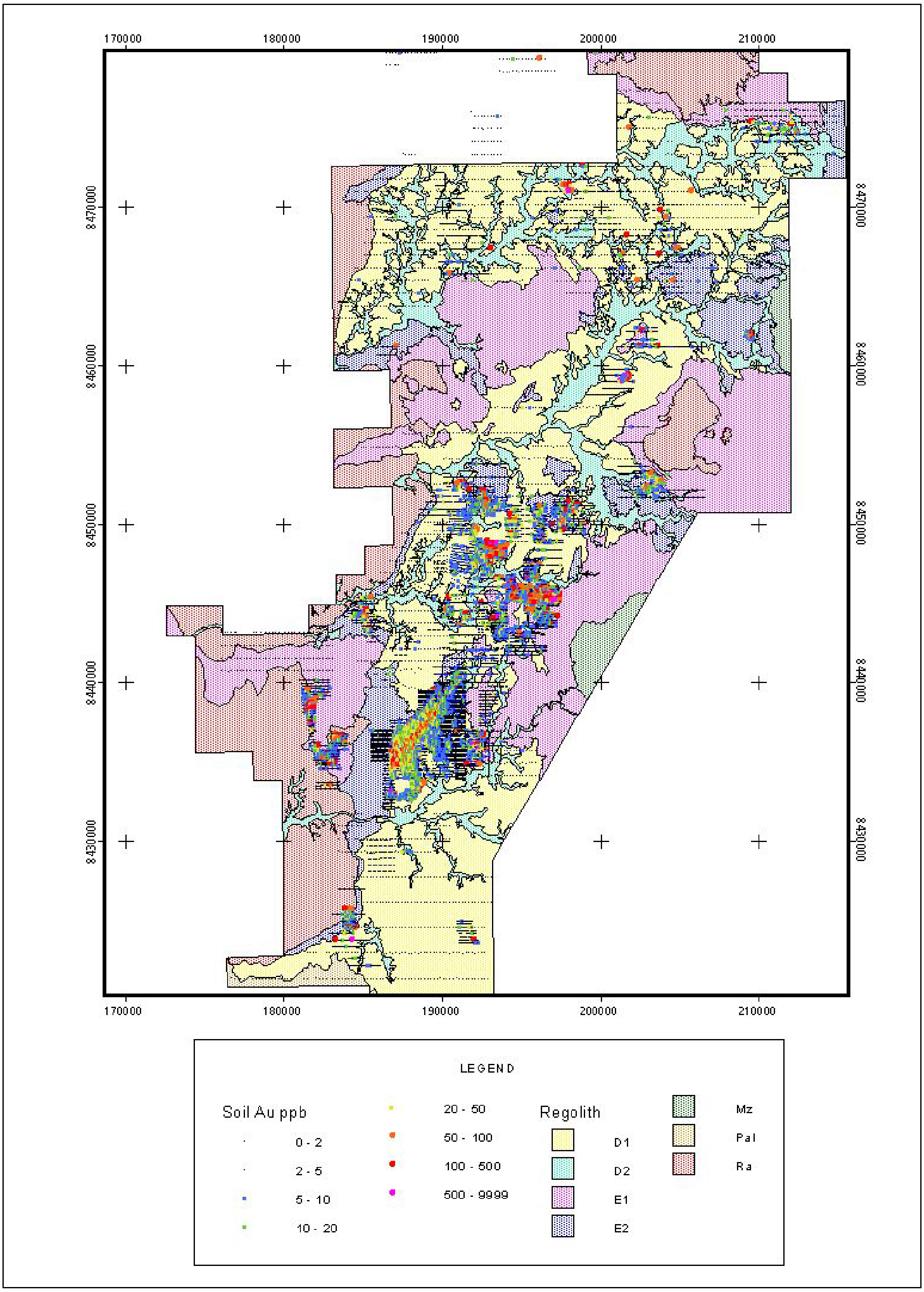


Figure 9 Soil Au ppb (raw data)

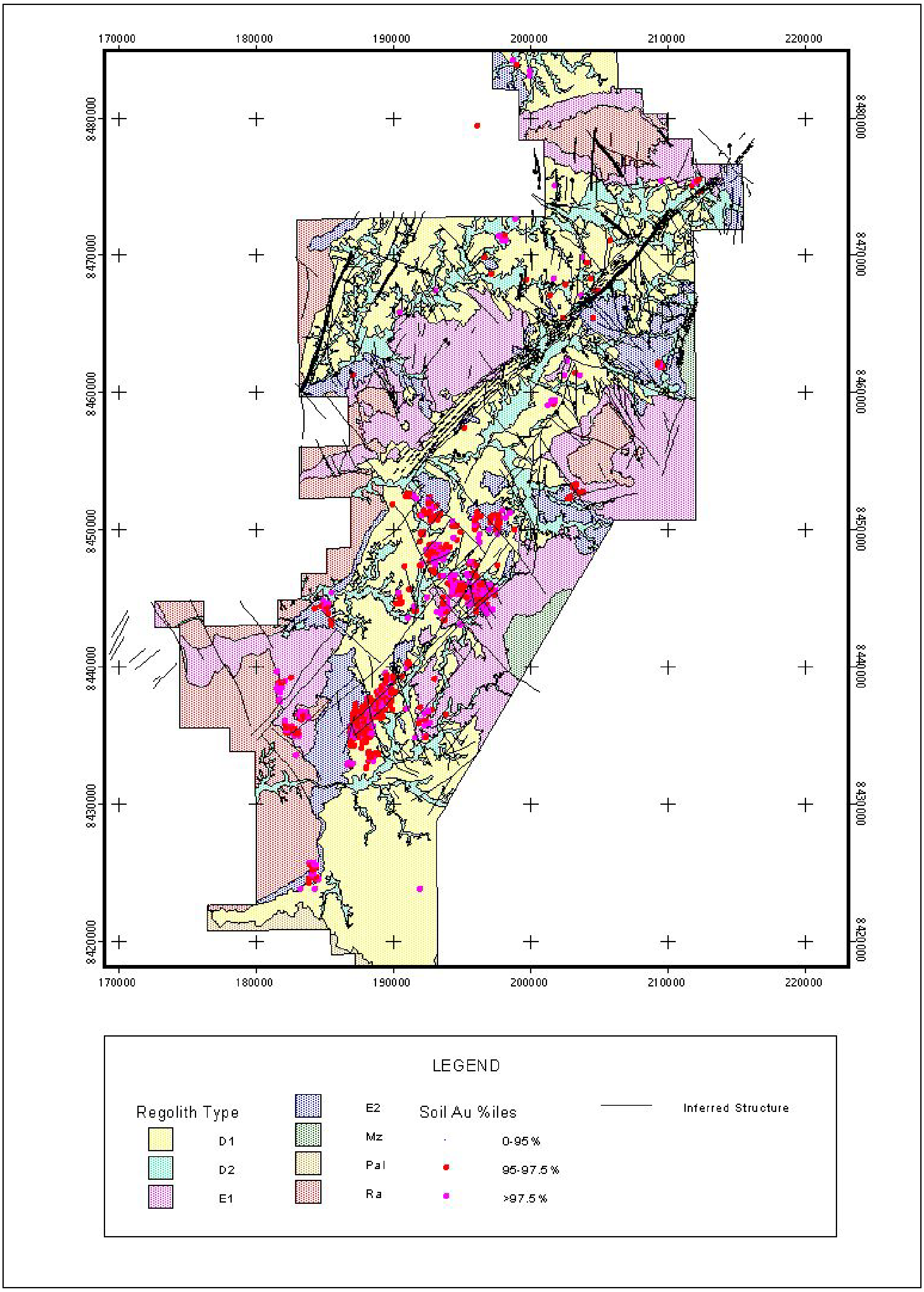


Figure 10 Regolith And Anomalous Soil Geochemistry

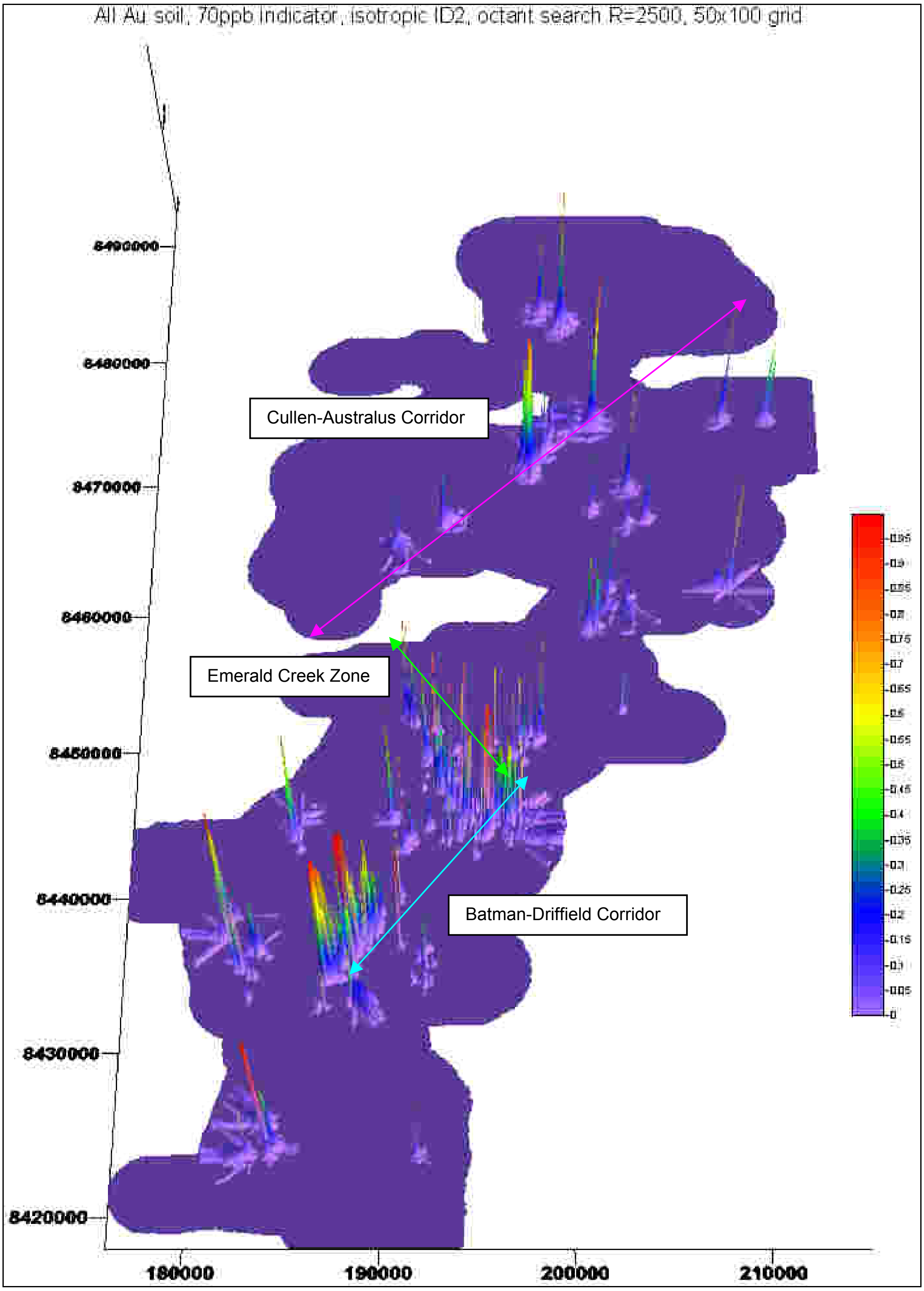


Figure 11 Soil Au ppb (no subsetting) 70ppb indicator surface

4.1.3 Remote Sensing And Geophysical Images/Data

Various geophysical images exist over the project area derived from low level aeromagnetic (Figure 12) and radiometric data. The details of the data collection are well covered in previous annual reports by PGA/GGO. These images and the data have been retrieved. The data collection was done two passes (a northern and southern area) with the report and interpretation for the northern area being the only one found. The whereabouts of the consultants report for the southern area is unknown as yet.

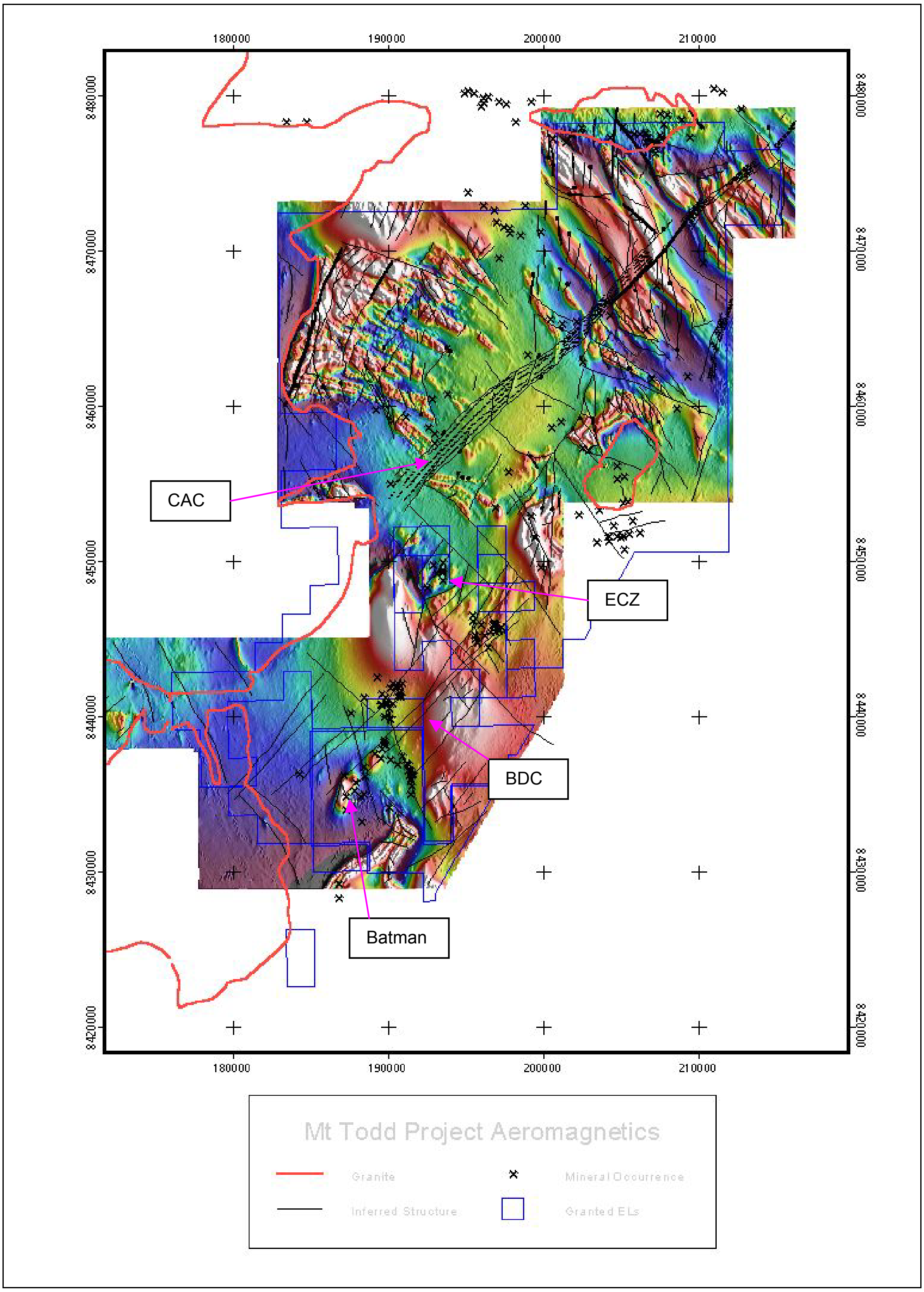


Figure 12 Geophysical Coverage

One Landsat image and three located digital aerial photographs have also been retrieved.

4.1.4 Drilling Data

The drillhole database GCDBXP.mdb retains all drilling data and is the source for all other files containing exploration drillhole data. It also exists in a Gemcom project GCDBXP to facilitate plotting of drillhole data and 3D modelling of geology.

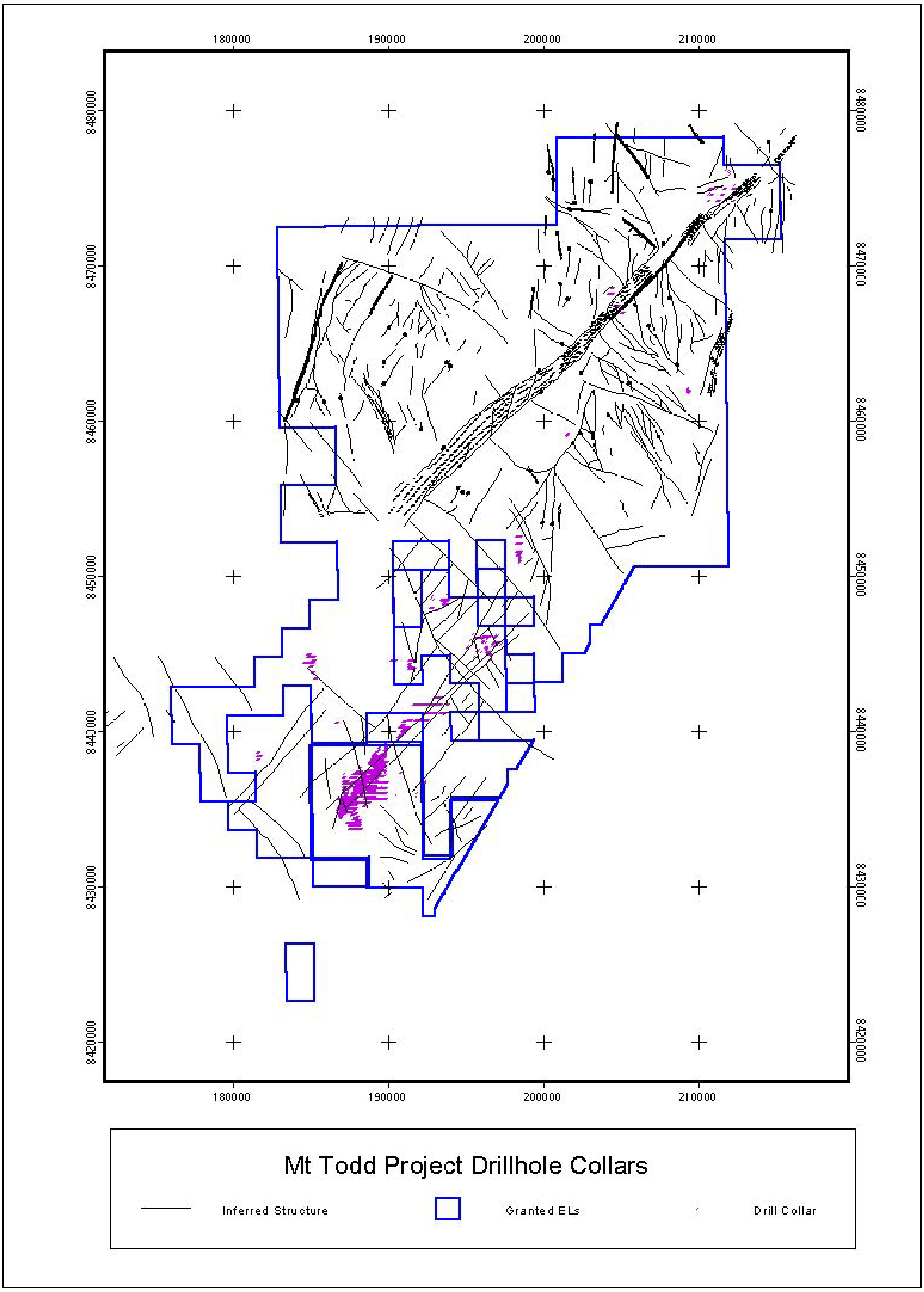


Figure 13 Drillhole Collar Location

Data for 4258 holes reside in the database of which 3155 holes have been drilled in the area from Batman through to Quigleys. The remainder have been drilled at Yinberrie, Everest, Horseshoe, Golden Slipper, Driffield, Emerald Creek, Dead Car, Last Hope, Tableland, Saunders Rush and Australus.

Figure 13 shows the collar locations of all drillholes including RC, RAB, Percussion, auger and diamond holes. Very few auger holes were drilled with most of the holes being RAB or RC.

5 ENVIRONMENT

No fieldwork has been undertaken and no rehabilitation was required. Rehabilitation of areas previously disturbed may be carried out concurrently with any rehabilitation of any areas requiring ground disturbance for exploration purposes in the future.

6 CONCLUSIONS

6.1 Geochemistry

An extensive geochemical database exists over the project area. However there are still gaps with no sampling in areas where structures are inferred that are regarded as prospective, the Cullen Australus Corridor (CAC) for instance.

In general the sample density is low but possibly good enough to define large anomalies such as that associated with the Batman pit. The Batman Au soil footprint is roughly 1200m x 400m, for Golf/Tollis it is 500m x 300m and for Horseshoe four non-contiguous sample spikes in an area of around 300m x 100m. All of these were drilled with varying levels of success.

Many Au soil anomalies remain which have not been drill tested but appear to be quite prospective, with contiguous anomalous samples over many metres in both directions.

It appears that the basis for following up Au soil anomalies has been rock chip sampling and possibly? geological mapping.

Criteria for ranking of the prospectivity of the soil anomalies have not been defined in any of the documentation to hand and are unknown.

Batman is a large low grade orebody, yet the veins themselves are quite high grade in excess of 10 g/t au. This is a consequence of the veins being millimetres or less in thickness and what is defined as ore is in effect a vein frequency.

There are documented occurrences of mining occurring on quartz veins alone which are thin (300mm to 1500mm) and high grade in excess of 10-15 g/t Au, eg Jones Reef in the mine area and the majority of late 19th Century and early 20th Century underground workings in the PCG (Pine Creek, Chinese Howley, Yam Creek, Zapopan etc). These are typically less than 1m thick veins parallel to bedding or fold axial planes (commonly associated with fold hinge zones) usually exhibiting strong spatial continuity and more often than not having a plunge component on the high grade shoot. These veins are often stratabound and/or stratiform. They may have a strike length of 80-200m and a plunge of 30-50 degrees.

The thin high grade veins represent small targets that are unlikely to be defined by wide spaced geochemical sampling. However they do have the potential to contain significant amounts of gold in a small volume eg Zapopan, approximately 80-100kozAu in around 180-200 ktonnes of ore.

6.2 Drilling

Some RAB fences have been drilled and most have gaps varying from 10m to 40m, sufficient for thin high grade mineralisation to be missed. This gap potential is further enhanced if the orientation of the drilling is parallel to any potential vein sets. RAB lines are usually drilled in one orientation with no holes drilled in the opposite direction. The situation has even higher potential where the RAB drilling has been vertical on 40m centres. The RAB holes generally seem to be drilled to a set depth rather than RAB refusal.

593 holes have no assay records these are mainly RAB holes covering the tails dam, but also include quite a few holes at Quigleys, which are metallurgical holes, based on a guess relating to the hole ID.

7 RECOMMENDATIONS

The recommendation listed below does not take into account the effects that any land tenure issues have on project development strategies. Neither is any timeframe or priority suggested for implementation of the recommendation. However it is assumed that priority must be given to those areas which have the potential to yield economically exploitable resources soonest i.e. areas that already have significant amounts of drilling data and are not grass roots exploration targets.

Assess that part of EL23618, which lies outside MLNs1070, 1071 with respect to detecting favourable structural settings for mineralisation. This will require mapping, rock chip sampling and some focussed soil sampling.

8 EXPENDITURE

Table 2 Expenditure Summary

ITEM	AMOUNT $
Salaries/wages	39,240
Consultants	64,483
Consumables	6,851
Assays	516
Vehicles/Fuel	22,892
Travel/Accommodation	23,931
Administration/Legal & Overheads	65,835
TOTAL	**223,748**

Tenement rents not included above total $111,999.

9 PROPOSED EXPLORATION AND BUDGET

Exploration proposed for Year 2 of tenure includes geological mapping, soil sampling, rock chip sampling, follow up RAB drilling and RC drilling as required and geological modelling and resource estimation where appropriate.

No allowance is made in the expenditure estimate for Year 2 for any activity required to follow up positive results.

Table 3 Proposed Expenditure

ITEM	AMOUNT $
Salaries/wages	60,000
Contractors (technical and non technical)	10,000
Consultants (R&D, technical and legal)	50,000
Consumables	5,000
Assays (soils and rock chips)	6,000
Vehicles	20,000
Travel/Accommodation	25,000
Environment (rehab items)	5,000
Administration/Legal & Overheads	65,000
TOTAL	**246,000**