EXPLORATION LICENCE 9067

BUCHANAN DAM   BARKLY TABLELAND

NORTHERN TERRITORY

ANNUAL AND FINAL REPORT

S. & C.R. KENNEDY
11 CHEVIOT AVENUE
SOUTH AUSTRALIA 5062

MARCH 1996
INTRODUCTION

Exploration Licence 9067 was granted to Sean Kennedy and Cynthia Robin Kennedy on 12th April 1995. The Licence covers an area of 135 square kilometres, centred on Buchanan Dam, 30 kilometres east northeast of Alroy Downs homestead on the Barkly Tableland.

FIELD WORK

No field work was carried out by the Licencees during the period of tenency.

LITERATURE SEARCH

A literature search was made of reports produced by companies that formerly held ground within the EL 9067 area. Two reports are of interest, and copies were purchased from the Northern Territory Department of Mines and Energy.

(i) Kennedy, T.J., of Minoil Services Pty Ltd “Report on 1971 Drilling Programme on Authority to Prospect 1874, Alroy Area, Northern Territory” August 1971


From these reports it was determined that a base metal and silver anomaly was detected in the 1971 exploration programme. The 1982, CRA, exploration programme downgraded this anomaly, but did not completely negate the potential of the area. A phosphate resource was outlined by the 1971 exploration programme.

APPROACH TO POTENTIAL JOINT VENTURERS

Several mineral exploration companies were approached and invited to participate in a Joint Venture with S. and C.R. Kennedy over Exploration Licence 9067. However all companies declined to be involved. Companies approached were : Aberfoyle, MIM, Beach and Savage.

A copy of a typical Joint Venture proposal is included as Appendix 1 in this report. It effectively summarises previous exploration work.
EXPENDITURE

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL 9067 application fee and rental</td>
<td>620</td>
</tr>
<tr>
<td>Advertising fee</td>
<td>130</td>
</tr>
<tr>
<td>Miners Rights 12334 and 12335</td>
<td>40</td>
</tr>
<tr>
<td>Acquisition of reports on early exploration</td>
<td>150</td>
</tr>
<tr>
<td>Postage</td>
<td>30</td>
</tr>
<tr>
<td>Telephone</td>
<td>15</td>
</tr>
<tr>
<td>Photocopying</td>
<td>30</td>
</tr>
<tr>
<td>Professional time  S. Kennedy</td>
<td>2000</td>
</tr>
</tbody>
</table>

Total $3015

CONCLUSIONS

The Buchanan Dam area of the Northern Territory has the potential for black shale hosted base metal resources. There is also the possibility of a significant phosphate resource.

However because we, the Licencees, have been unable to attract Joint Venture partners, we hereby relinquish Exploration Licence 9067

Sean Kennedy

Cynthia Robin Kennedy

8th March 1996
SECOND SCHEDULE
(Plan of Area)

EL9067
42 BLOCKS
135 sq kms

5 km
APPENDIX 1

JOINT VENTURE PROPOSAL
BUCHANAN DAM, ALROY DOWNS
NORTHERN TERRITORY

EXPLORATION LICENCE 9067

JOINT VENTURE PROPOSAL

BY

S. AND C.R. KENNEDY

11 CHEVIOT AVENUE
LOWER MITCHAM
SOUTH AUSTRALIA 5062

TELEPHONE 08 276 5523

OCTOBER 1995
INTRODUCTION

In mid 1971, promising base metal values were intersected during a drilling programme searching for phosphate deposits on Alroy Downs station on the Barkly Tableland in the Northern Territory. The exploration was on Authority to Prospect 1874 and was a joint venture between Continental Oil Company of Australia Limited and Amalgamated Chemicals (Exploration) Pty Ltd. The partnership did not follow up this discovery.

CRA took up the ground in the early 1980s under Exploration Licence 3536 and drilled several shallow holes. Although anomalous base metal values were encountered the results were not as promising as in the 1971 programme. CRA relinquished their Exploration Licence.

Up until the present, the ground has not been taken up by any other exploration group.

On the strength of the 1971 discovery, and in the belief that the area has been inadequately explored, G. and C.R. Kennedy have taken out Exploration Licence 9067, granted on April 12, 1995, covering this ground. G. and C.R. Kennedy invite Savage Resources Limited to participate in a Joint Venture exploration programme, or to purchase the Exploration Licence.

GEOLOGY

The area covered by Exploration Licence 9067 is part of the Cambrian Georgina Basin. The BMR explanatory notes for ALROY 1:250 000 describe shale, siltstone, chert and limestone of the Middle Cambrian Wonara Beds, as outcropping between the South Barkly Stock Route and the Barkly Highway. This is south of the area of interest. There is no outcrop in the Buchanan Dam area. This region of low relief has a black soil covering.

PREVIOUS DRILLING

Continental Oil - Amalgamated Chemicals drilled 22 percussion holes on two separate half-mile (800 metre grids) in June 1971. This was a follow up programme to phosphate exploration drilling in 1968 and 1970. The western grid contains the hole A-2-71 where anomalous base metal and silver values were encountered in a black shale. The original plan showing the location of these holes is unavailable from the Geoscience Resource Section of the NT Department of Mines and Energy where the rest of the report was obtained. The 1971 holes were drilled to a maximum depth of 37.5 metres.

CRA Exploration drilled 14 percussion drill holes in 1982, mostly on a 500 metre grid to search for black shale in the vicinity of the 1971 discovery hole A-2-71. Positions of these holes and estimated positions of the 1970 and 1971 holes is given in the plan contained in the CRA report. The deepest 1982 hole was 27 metres.
ASSAYs

Continental Oil - Amalgamated Chemicals had all samples assayed for phosphate, either in field tests or by AMDEL laboratories. The black shale, intersected in hole A-2-71, was analysed by AMDEL for base metals and silver. The interval 43-53 feet (13.1-16.1m), assayed at 1 foot (0.3m) intervals gave the following average results.

Cu 790 ppm
Pb 5050 ppm
Zn 4020 ppm
Ag 2.5 ppm
Co 955 ppm
Mn > 10 %

CRA Exploration assayed the black shale of hole PD82BD1 which was drilled at the approximate location of A-2-71. The best result was from 12-13m. A comparison of a narrower intersection from the Continental Oil-Amalg Chem hole with CRA assays follows.

<table>
<thead>
<tr>
<th></th>
<th>CONOCO-AMALG CHEM 1971</th>
<th>CRA 1982</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HOLE A-2-71</td>
<td>HOLE PD82 BD1</td>
</tr>
<tr>
<td></td>
<td>14.0 - 15.5m</td>
<td>12.0 - 13.0m</td>
</tr>
<tr>
<td>Co</td>
<td>0.19%</td>
<td>0.02%</td>
</tr>
<tr>
<td>Ni</td>
<td>0.03%</td>
<td>0.01%</td>
</tr>
<tr>
<td>Mo</td>
<td>70ppm</td>
<td>-</td>
</tr>
<tr>
<td>Mn</td>
<td>11.6%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Cu</td>
<td>0.11%</td>
<td>0.10</td>
</tr>
<tr>
<td>Pb</td>
<td>0.74%</td>
<td>0.19%</td>
</tr>
<tr>
<td>Zn</td>
<td>0.55%</td>
<td>0.18%</td>
</tr>
<tr>
<td>Cr</td>
<td>-</td>
<td>80ppm</td>
</tr>
</tbody>
</table>

Only one other hole from the western grid, A-5-71, had a section assayed for base metals. The best result was from 70-77 feet (21.3-23.5m), and this section had been recorded as limestone.

Cu 129 ppm
Pb 1486 ppm
Zn 829 ppm
Ag 0.6 ppm
Co 39 ppm
Mn 607 ppm

PHOSPHATE RESERVES

Two holes, A-10-71 and A-12-71 from the 1971 programme intersected promising phosphate values. The possible resource calculated from these intersections is about 13 million tonnes of +20% P₂O₅.
GEOPHYSICS

The 1971 drill holes were radiometrically logged, using a manually operated gamma logger. An examination of the profiles obtained for holes A-2-71 and A-5-71 reveals a positive correlation between gamma log count and anomalous base metal values. Highest gamma log values were 1000 CPS in A-10-71 more than 10 times the maximum in all other holes.

Prior to the 1982 drilling, CRA Exploration carried out ground gravity and magnetic surveys over a 5 km by 4 km area surrounding the discovery hole A-2-71. Two gravity highs are evident. A broad, 2 mGal high trends north and lies just west of the discovery hole A-2-71. A narrower 0.5 mGal high trends northeast and corresponds with hole A-10-71, the hole with the high gamma count.

The northeastern trending gravity anomaly corresponds with a 100 nT magnetic anomaly. CRA modelled the latter and concluded it was caused by a non continuous flat lying body 400-500 metres in width and about 50 metres deep, perhaps a basalt flow.

PROSPECTIVITY

The Buchanan Dam area is considered to be highly prospective. The following points should be kept in mind.

(i) In two previous drilling programmes, black shale with anomalous base metal and silver values has been intersected.

(ii) There may be some doubt that the location for A-2-71 and PD82BDI is identical, as the original 1971 plan is missing. Discrepancy in assays suggests CRA Exploration were in the wrong spot.

(iii) Limited assaying of the limestone in 1971 shows that this too is prospective. CRA Exploration only analysed the black shale in 1982.

(iv) If there is a correlation between gamma count and base metal values then sites such as A-10-71 have great potential.

(v) Holes drilled in 1971 and 1982 were only shallow. There may be other black shales below the limit of these holes. Furthermore the 50 metre deep magnetic anomaly was never tested.

(vi) No geochemistry has been carried out in the two previous exploration programmes. The high mobility of metallic ions in a limestone regime makes soil sampling a logical tool in exploration.

(vii) No attempt was made by CRA Exploration to search for conductive bodies using ground based EM techniques.
PROPOSED EXPLORATION PROGRAMME

(i) Soil sampling on a 200 metre grid over the area of interest.

(ii) Ground based EM work. The area is flat lying and vegetation free.

(iii) Percussion drilling down to a depth of at least 100 metres depending on the interpretation of EM results. Drilling should also be carried out at the estimated site of A-10-71

(iv) Systematic base metal and silver assays of all samples, say at 5 metre intervals within limestone, and one metre intervals in black shale.

(v) Follow up drilling in areas of interest.

CONCLUSIONS

Base metal anomalies and geophysical anomalies in the Buchanan Dam area of the Northern Territory have not been adequately tested by previous exploration programmes. In particular, an EM programme together with geochemical sampling could better define drilling targets where promising black shales have previously been intersected.

A phosphate resource adds extra interest to the area.

S. and C.R. Kennedy recommend that Savage Resources participate in a Joint Venture over Exploration Licence 9067, or purchase the tenement outright.

Sean Kennedy,
(for S. and C.R. Kennedy)