MAGNUM GOLD N.L.

THE "WATERDRUM PROJECT"
(MC N53-58, N3471 &3737)
FINAL REPORT
Northern Territory
1992

MAP REFERENCES

McKinlay River - Geological Sheet (1:100 000) - 5271
Ban Ban - Topographic Sheet (1:50 000) - 5271-3

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SUMMARY

The "Waterdrum Project", situated some 140 kilometres south-east of Darwin, comprised (overall) MCs N53 to 58, N1314 to 1316, N3471, N3737 and EL 4834. All remaining tenure was surrendered in September 1992.

Exploration undertaken since 1983 included outcrop, soil and alluvium sampling, mapping, photo interpretation, both ground and airborne magnetics and a limited reverse circulation drilling program. Exploration identified sporadic auriferous mineralization mainly within quartz reefs. Many gullies contain (visible) gold bearing alluvium. Exploration, however, did not identify a hard rock source adequately explaining distribution of the gold.

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1. INTRODUCTION

1.1. Tenure
Mineral Claims N53 to N58 pegged in 1982 by Magnum Resources Limited were initially referred to as the (Grove Hill) Eastern Block (Shields 1984 & Milligan 1986). At that time the Mineral Claims were incorporated within a group of forty-one mining tenements in four discrete blocks referred to as the (Grove Hill) East, Central, West and South Blocks.

Exploration Licence 4834 (a single block) adjoining to the south was granted during 1986 with a further three Mineral Claims (MCN 1314, 1315, 1316) to the east also granted to Magnum Resources. MCs N53 to 58 were included in the portfolio for the Magum Gold N. L. float in 1989 and subsequently transferred in full. Magnum Gold was granted MC N3471 in November 1989. EL 4834 expired in October of that same year. A further mineral claim - MC N3737 - granted in 1990, essentially filled a gap in the west of the area left vacant between Magnum held ground and surrounding tenure.

All the ground, as outlined above, for the purpose of exploration and for the purpose of reporting was treated under the name the "Waterdrum Prospect". For the purpose of this report both companies, Magnum Resources Limited and Magnum Gold N. L. can be referred to as "Magnum". Earth Resources Australia Pty Limited has undertaken management and exploration for Magnum in regard of the Waterdrum Prospect.

All the mineral claims were surrendered in September 1992.

1.2. General
The Waterdrum Prospect is located some 140 kilometres south-east of Darwin (Figure 1). Tenements were located on the Ban Ban 1:50 000 mining tenure sheet (14/3-III).

The Waterdrum Prospect is contained within a broad embayment of the Prices Creek Granite. Surface stratigraphy comprises a folded sequence of the Mount Bonnie Formation and the Gerowie Tuff. This geological setting was considered favourable for structurally hosted gold mineralization. Abandoned "gold" workings were indicated on the McKinlay 1:100 000 Geological Sheet.

This report covers previous exploration. No additional exploration has ensured subsequent to the reports as outlined in the following section.
2. PREVIOUS EXPLORATION

The first part of this section is intended as a cross reference to previous reports submitted to the Department of Mines and Energy on behalf of Magnum relating to the Waterdrum group of tenements. The reports are listed below chronologically by author name accompanied by a brief summary outlining the exploration therein. The reader is directed to the specific reports for further discussion.

The second part briefly presents an airborne magnetics survey flown in 1985.

2.1 Previous Reports

Shields (1984)
Work consisted of mapping, sampling, panning and a magnetometer survey. Quartz veins samples produced gold values up to 0.52ppm and were associated in some cases with elevated values for bismuth and silver. Interpretation of the ground magnetics outlined several anomalies.

Milligan (1986)
Air photo interpretation, further sampling and panning was undertaken. Panning produced colours from gully alluvium. Mapping confirmed the existence of an anticline. Old working were located on "Waterdrum Hill".

Milligan (1987)
The results of further sampling usually returned gold assays above detection. At one locality a quartz scorodite reef returned assays up to 37.1ppm gold - selective sampling. Seventeen of twenty-one drainage samples contained visible gold. Three major fold axes (one anticlinal) were identified plunging to the north.

Milligan (1990)
Two hundred & seventeen soil samples (minus 80#) along various lines were assayed for gold and arsenic. A suite of 25 other elements was run on selected samples. Two anomalous areas were delineated from this program; one within MC N57 - where outcrop sampling indicated auriferous mineralization; the other over the old workings on "Waterdrum Hill".

In response, grid sampling and mapping was undertaken on the quartz outcrop within MC N57. Of thirty-six outcrop samples, five returned gold values above 0.5ppm; the highest 1.97ppm. To investigate the possibility of mineralization at depth, 289 metres of reverse circulation drilling was completed to a maximum depth of 43 metres. The best intersection returned 3 metres @ 0.34ppm gold from 5 metres.

Milligan (1991)
This report deals with MC N1314 to N1316 (which was the subsection of the Waterdrum Prospect held by Magnum Resources). Exploration details are largely duplicated from the reports above though exploration specific to these mineral claims is differentiated.

This report also includes interpretation of on a regional airborne magnetic survey taking in the Waterdrum Prospect overall.
2.2. Airborne Magnetics Survey.

A low altitude high resolution aeromagnetic survey was flown by Geoterrax Pty Ltd in 1985. The survey, commissioned jointly by Magnum Resources and Territory Resources, covered an area of approximately 180 square kilometres in the Grove Hill District.

Data interpretation was presented in a report by Geopex Associates Pty Ltd (Pratt & Linberg 1986). This work was not presented in earlier reports. Interpretation especial to the Waterdrum Prospect is made in Milligan (1991). An interpretation is given from the initial work in 1986. A revised interpretation is presented in light of subsequent field mapping data.
3. SELECTED BIBLIOGRAPHY

Milligan I. M (1985)

Milligan I. M (1987)

Milligan I. M (1990)

Milligan I. M (1991)

Shields J. W (1984)