ANNUAL REPORT

EXPLORATION LICENCE 6345

V.R.D.

TITLE HOLDER

Peter Piromanski 85%

Aboriginal Exploration and Development Pty Limited 15%

February 1990
EXPLORATION LICENCE 6345

Report Contents

1. Summary

2. Expenditure to 28 February 1990

3. Geological Report

4. 90/91 Expenditure

5. Processing plant

Appendices

A. Plan of Area

B. Copy of Grant

ORS-11/ADEP
1. **SUMMARY**

During the course of preliminary exploration of the lithologies in the area, large deposits of Zebra stone were located.

At this time extensive effort has been put into developing, plans to extract, cut and market Zebra stone.

Investigations for other minerals will be carried out in 1990/91.

In relation to the Zebra stone deposit arrangements have been concluded with other parties in relation to extraction and cutting.

A business named Zebra and Lace Stone Marketing has been established to market the stone and an interstate trip will be undertaken in March 1990 to introduce the stone to Southern markets.

Mineral Claims have been lodged (see Part 5 of this report).
2. EXPLORATION EXPENSES EL 6345 AS AT FEBRUARY 1989-1990

Capital Items

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<td>Maps of Area</td>
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<td>Freight Costs</td>
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* Receipts still in Perth

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ORS-11/ADEP
3. GEOLOGICAL REPORT
GEOLOGICAL REPORT

ON ZEBRASTONE DEPOSITS

EL 6345

VICTORIA RIVER DISTRICT

Consulting Geologist
D. McLaughlin

August 1989
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<th>Contents Page</th>
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<td>5. Zebrastone Deposits EL 6345</td>
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<td>5.2 Zebrastone Deposit No. 2</td>
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<td>6. Conclusions and Recommendations</td>
</tr>
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<td>References</td>
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<tr>
<td>Maps:</td>
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<tr>
<td>Map 1 Regional location of EL 6345</td>
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<tr>
<td>Map 2 Map of EL 6345 and location of known Zebrastone deposits</td>
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<td>Map 3 Zebrastone Deposit No. 1</td>
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<td>Map 4 Zebrastone Deposit No. 2</td>
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<tr>
<td>Plate 1</td>
</tr>
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<td>Plate 2</td>
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<td>Plate 3</td>
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<td>Plate 4</td>
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<td>Plate 5</td>
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<td>Plate 6</td>
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1. Introduction

EL 6345 contains a significant new occurrence of a multi-coloured siltstone commonly known by the trade name of Zebrastone (see colour plates).

The writer carried out field activities in the area over 31 May - 1 June and 17 - 18 July 1989 for purposes of exploration and mapping of Zebrastone outcrop on behalf of the involved joint venture partners.

This report outlines the geology and resource potential of known deposits in the licence area. Two deposits have been identified in the licence area with potential for location of additional resources beyond those already identified.

2. Location

EL 6345 adjoins the Top Springs to Victoria River Downs rural road 64 kilometres west of Top Springs. Top Springs is 285 kilometres south of Katherine and is linked by a bitumen road. (See Map 1).

The identified Zebrastone deposits are accessed by a graded station track which proceeds 10 kilometres north from the Top Springs to VRD Station road (see Map 2).

3. Tenure

The exploration licence was granted to Mr Peter Piromanski on 1 March 1989 for a period of 6 years and comprises 80 blocks covering 258 square kilometres. A subsidiary company called DARE Corp has negotiated a joint venture with Mr Piromanski for the purposes of developing and marketing the Zebrastone identified in the Exploration Licence.

4. Geology and Exploration

The dominant lithologies in the licence area comprise manganiferous dolomite, siltstone, shales and sandstones, of the Battle Creek Formation overlain by the Antrim plateau volcanics (BMR 1:250,000 map sheet, 1973). In the vicinity of the Zebrastone localities, the Battle Creek formation outcrops in the valleys and low hills bordering the creeks, with volcanics capping the higher hills bordering the valley.

A ferruginous siltstone layer of undetermined thickness outcrops over a transect distance of 6 1/2 kilometres from where the access track crosses O.D. Creek to a kilometre north of No. 2 Zebrastone deposit.

Layers in this lithology comprise white siltstone with red and brown ferruginous bands which form circular, linear and wavy patterns which penetrate the rock in three
dimensions. The origin of the manner of formation is unknown. The iron colouring component may have been injected into the soft sediment during hydraulic fracturing while the sediment was still unconsolidated.

Zebrastone float can be observed in all creek crossings along the station access track for the length of the outcrop. Zebrastone deposit no. 1 was identified initially both in creek outcrops and a grader cut in the siltstone, while the second deposit was located by tracing up creek float. Further potential for additional deposits exists to the south and north of the current localities where overburden masks the sources of float material located in creeks.

4.1 Regional Context

Zebrastone is also known from a locality near Kununurra in Western Australia and from Newry Station in the Northern Territory. The Newry Station locality is a popular fossicking area as described in "A Guide to Fossicking in the N.T." (D.M.E., 1982). The Zebrastone at this locality is confined to a thin layer (Sweet 1977, 42) and is located in the Ranford formation. The Ranford Formation occupies a much higher position in the stratigraphic column for the Victoria River District as described by the Bureau of Mineral Resources (Sweet 1977). This observation suggests that the special mix of forces responsible for these unusual formations were not restricted to a single formation or particular horizon in the sediments of the district. The differences between the Ranford Formation and Battle Creek formation zebrastone are also highlighted in the different patterns found at these spatially separate localities e.g. rod and linear patterns dominate in Ranford Formation stone, whereas circular ring and wavy patterns dominate in Battle Creek siltstone. Surface outcrops in EL 6345 also exhibits potential for the location of fine linear and regular rod patterning e.g. see plate 4.

5. Zebrastone Deposits EL 6345

5.1 Zebrastone Deposit No. 1

Map 3 is a plan of the geology and topography in the surrounds of No. 1 deposit which is located on the Victoria River Downs Sheet 5165, 1:100,000 scale at coordinates 452 east and 980 north.

Two shallow hand dug sample pits have been developed by Mr Piromanski (see Plate 1) adjacent to the station track. Coherent large slabs of Zebrastone 1 metre across were initially removed from an outcrop exposed by the road. Although shallow overburden of up to 1 metre depth overlies the deposit, the flat lying nature of the siltstone and the evidence from outcrop and the pits allow estimates of a
minimum resource in terms of surface area of 50 x 50 metres. Zebrastone layers in the two pits point to the existence of at least two 7cm layers in the siltstone. Additional layers could repeat directly below or between the known sampled layers. Further delineation of the horizontal and vertical extensions of the deposit will require the use of a backhoe.

Other outcrops of the ferruginous siltstone with surface Zebrastone debris are evident over 300 metres along a strike ridge to the south of the identified deposit and at the campsite area on the west side of the main creek channel.

Map 3 also depicts five lenses of agatized vuggy hydrothermal quartz that transgresses siltstones and red manganiferous dolomites over a length of 1 kilometre on the east side of the creek. The patterns created in the quartz are referred to by the tradename of "Australian Lace". The deposits also represent a potential marketable resource that could be extracted concurrently with Zebrastone.

5.2 Zebrastone Deposit No. 2

Map 4 depicts outcrop of Battle Creek Formation siltstone exhibiting a range of linear and wavy patterns. The deposit was discovered by tracing up Zebrastone float from where the station track crosses the creek.

The Zebrastone is exposed in the bed of a small dry creek and in small drainage channels flowing into the north side of the dry creek. The formation has a north east strike and dips gently at less than 5° to the south east. A surface outcrop was noted over a strike distance of 500 metres and width of 200 metres (100,000 square metres). Although the deposit is open ended to the south west and north east a conservative resource of 50,000 square metres is estimated for this deposit. This reserve estimate assumes a 50% loss due to wastage, quality variation and the mining of a single thin horizon. Alluvium and weathered rock cap much of this deposit to a depth 0.5 to 1.5 metres.

The patterns are not limited to a single horizon. Their delineation requires machine excavation. The formation containing the Zebrastone continues under alluvium of unknown depth (2-3 metres?) on the south side of the dry creek.
6. **Conclusions and Recommendations**

Field inspection by the writer have established the presence of two deposits of Zebrastone on EL 6345 with the potential for discovery of additional deposits and extension to known deposits.

The two known deposits already represent a significant resource amenable to shallow extraction using light weight machinery.

The Joint Venture is in a position to pursue marketing of the known resource and should secure suitable tenements to augment development work.

Dehne McLaughlin
CONSULTING GEOLOGIST
REFERENCES


DME (1982), A Guide to Fossicking in the N.T., N.T.G.P.

Sweet, I.P., (1977), The Precambrian Geology of the Victoria River Region Northern Territory, Canberra; A.G.P.S.
Plate 1: Mr Piromanski and Consulting Geologist with samples from test pit at Zebrastone No. 1 Deposit.

Plate 2: "Aussie Lace" from vicinity of Zebrastone No. 1 Deposit. Specimen is 30cm across.
Plate 3: Inspection of outcrop in small drainage line north of prospecting pit at Zebrastone No. 2 Deposit.
Plate 4: Linear patterns at insitu outcrop adjacent to dry creek bed. Zebrastone No. 2 Deposit.

Plate 5: No. 2 Deposit - Wavy patterns at insitu outcrop in creek bed.
Plate 6: No. 2 Deposit - Manager, Dare Corp, exhibiting the range of wavy Zebrastone designs extracted during deposit testing.
4. **1990/91 EXPENDITURE**

4.1 **Zebra and Lace Stone**

Mineral Claims have been lodged over those areas in which Zebra Stone is deposited. These claims are being held by the Department pending our advice on possible changes to company structures. These matters will be concluded shortly to enable the MC's to be processed.

Expenditure allowed as per application $136,500.00

4.2 **All Minerals**

It is our intention to evaluate this EL for mineralization during the year.

Projected expenditure is as follows:

<table>
<thead>
<tr>
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</tr>
</thead>
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<tr>
<td>Sampling</td>
<td>2,000.00</td>
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<tr>
<td>Operational</td>
<td>15,000.00</td>
</tr>
<tr>
<td>Salaries &amp; Office Expenses</td>
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$40,000.00

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TOTAL 4.1 and 4.2 $176,500.00

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Ref: PIRD001:F:TN:smol
Date: 3rd October, 1989.

The Managing Director,
P. & V. Minerals Pty. Ltd.,
7 Eldorado Crescent,
TENNANT CREEK N.T. 0860

ATTENTION: MR. PETER PIROMANSKI

Dear Sir,

RE: DEVELOPMENT AT LOTS 1 & 2 RUCHANAN HIGHWAY, TOP SPRINGS N.T.

Further to our meeting with Messrs. Dave Harders, Peter Piromanski and Terry Nixon of this office on Tuesday 3rd September, 1989, the following schedule of buildings to be constructed, was discussed and agreed.

1. Manufacturing shed with front office, workshop, storage and staff facilities.
2. Single quarters for approximately 10 people in transportable accommodation.
3. 3 bedroom residence with surrounding verandahs and attached office/salesroom.

We have assumed, for the purpose of fee calculation, a total value (excluding transportables) of $480,000.00 would be appropriate for construction at this location.

This is representative of:

(a) Manufacturing shed 400m² at $600/m² $240,000.00
(b) Adjoining front office 100m² at $800/m² $80,000.00
(c) 3 bedroom residence 100m² at $800/m² $120,000.00
(d) Attached office/sales 50m² at $800/m² $40,000.00

TOTAL $480,000.00

We consider that buildings would be of a conventional nature therefore a base fee scale, in accordance with Royal Australian Institute of Architects' Guidelines, of 7.5 % would be applicable or $36,000.00.

This fee would be discounted upon breakup of various services to be provided as follows:

Director:
William R. Giles
Hans Vos
Gary J. Hunt
David King Jones

Regional Director:
Peter K. Worburn

Assistant:
Keith L. Savage
Stewart M. Brand

WOODHEAD AUSTRALIA
INTL. PTY LTD
INCORPORATED IN N T
ADELAIDE • DARWIN
ALICE SPRINGS • CAIRNS
FORT DOUGLAS • PERTH
Stage 1  Schematic design & presentation
to Town Planning for development
approval (5% of total fee)  $1,800.00

Stage 2  Development of the design and client
liaison (9% of total fee)  $3,240.00

Contract documentation including
Specification & Building Authority
Submission (37% of total fee)  $13,323.00

Stage 3  Contract administration & site
supervision (30% of total fee)  $10,801.00

TOTAL  $29,164.00

Accordingly, a discount of 18.9% can be achieved.

Additional costs that would occur include:
* Fees for structural, civil, hydraulic, mechanical and
electrical consulting engineers for which we would be
able to make a recommendation or alternatively, we would
be willing to work with consultants of your choice.

* Fees for Statutory Authorities such as Town Planning,
Building Board and Power and Water Authority etc.

Other costs for services which may be required but are not
included in this Schedule of Fees are:-
* Fees for Quantity Surveyor or cost estimates
* Costs for travel, travelling time & accommodation and
meals in respect of site visits
* Costs for preparation of architectural models &
perspective drawings or artist's impressions
* The provision of plan printing over and above the six
copies provided as part of the fee schedule

We trust that this arrangement meets with your approval and
we look forward to an early start to initial design work and
sketches upon receipt of your written concurrence.

Yours faithfully,
WOODHEAD AUSTRALIA - ARCHITECTS

[Signature]

P. WARBURTON
ARCHITECT/REGIONAL DIRECTOR
SECOND SCHEDULE
(Plan of Area)

EL6345
80 BLOCKS
258 sq km

Waterbag
Sandy
Creek
OD Creek
NORTHERN TERRITORY OF AUSTRALIA

Mining Act

EXPLORATION LICENCE

No. 6345

Piotr Piromanski is hereby licenced, for a period of 6 (six) years from the date hereof, to explore in accordance with the provisions of the Mining Act, the regulations thereunder and the terms and conditions specified in the First Schedule, all that area of land delineated in red in the Second Schedule excluding therefrom all land that is the subject of a mining tenement or an application for a mining tenement made before the application for the grant of this licence and excluding all land the subject of a reservation from occupation under the Mining Act and all land vested in the Commonwealth.

C P SMITH
Principal Registrar
as delegate of the Minister

DATE 1/3/84

FIRST SCHEDULE

Terms and Conditions

1. The licensee shall ensure that a minimum amount of $79,000 is expended in carrying out exploration on the licence area during year one(1) of the licence.

2. The licensee shall comply with the provisions of and directions lawfully given under this Act and all other laws in force in the Territory in relation to his activities on the licence area.

3. Not later than one(1) month before the expiration of each 12 month period of this licence, the holder shall submit in writing a statement specifying the details of the exploration programme and estimated expenditure for the next year of the licence.