EL 9735 HORSESHOE
MT TODD DISTRICT NT

FINAL REPORT FOR EXPLORATION

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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CONTENTS

1. Introduction
2. Location and Access
3. Geological Setting
4. Previous Work Carried Out - Years 1 to 7
5. Work Carried Out – Final Year
6. Rehabilitation
7. Conclusions
FIGURES

1. EL 9735 Tenement Location
2. Regional Geological Setting
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) held the Exploration Licence in trust for the Yimuyn Manjerr Joint Venture and had 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%.

Exploration Licence 9735 was cancelled on 24 May 2005.
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 7**

Full details of all previous exploration work carried out is contained in the Annual Reports for EL 9735 for Years 1, 2, 3, 4, 5, 6 and 7 of Tenure.

5. **WORK CARRIED OUT – FINAL YEAR**

Operational and financial difficulties forced the shutdown of the Yimuyn Manjerr project on 7 July 2000.

During Year 6 of the licence (2001-2002), a number of attempts were made 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 was expected in the immediate future. However, this sale was abandoned and a further buyer was being sought.

6. **REHABILITATION**

All rehabilitation of areas disturbed from work carried out while the Yimuyn Manjerr Mine was still operational has been carried out.

7. **CONCLUSIONS**

Exploration within EL 9735 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.