DAVOS RESOURCES PLC

FINAL AND RELINQUISHMENT
REPORT
OVER
EL 24092

PINE CREEK DISTRICT, NORTHERN TERRITORY

VOLUME 1 OF 1

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**Pine Creek Project**

**1.0 Introduction**

The Pine Creek project consists of one granted Exploration Licence (EL24092) covering 314.2 square kilometres approximately 230 km south of Darwin in the Northern Territory (Figure 1).

The exploration licence is situated in the southern part of the Pine Creek Geosyncline, which consists of Early Proterozoic metasedimentary rocks overlying a gneissic and granitic Archaean basement. A regional shear zone, the Pine Creek Shear, extends from Pine Creek in the south and passes through the centre of the exploration licence. The Pine Creek Shear has been a major locus for the passage of gold-bearing fluids and is spatially related to the majority of gold occurrences in the Pine Creek Geosyncline.

Union Reef Goldfield (located on MLN110915 excised from EL24092) kilometres north of the Pine Creek Township was discovered in 1873. In 1991 the Shell Company of Australia Ltd purchased the Union Reef tenements. By 1998, 8.07t gold was produced from ore average 1.4 g/t Au. As at December 1998 total resources were estimated to be 17.6Mt at 1.7 g/t Au. Union North was delineated a few kilometres north if the main open cut. In April 1994, the total reserve at this orebody was 8.1Mt at 2.21 g/t Au. The Project area is within a 10 kilometer radius of the major Union Reef gold resources.

Copper mining was also carried out between 1875 and 1917, producing 3,450 tons of ore grading greater than 25% copper. United Uranium N.L (1967) has estimated a possible 90,000 tons of ore remaining, grading 6.1% Cu and 185 g/t Ag. The copper bearing areas are located in the southern portions of the exploration licence.

In May 2006 Kastellco Geological Consultancy conducted a review of historical exploration data on the Pine Creek Tenement within the Northern Territory Geological Survey Database to identify any high potential exploration targets. The following was delineated from the review:

1. Five first and second order gold bearing geochemical trends varying from 320-1,200m of strike length with gold values between 0.27-6.6g/t that warrant further exploration.
2. Exploration work is required on the highly prospective Anomaly 1 & Anomaly 3 areas hosted within the Esmeralda Trend which is a highly prospective structural target for potential gold mineralisation.
3. Exploration work is required on the highly prospective West Copperfield area that is hosted within the Playford Creek Anticlinal Trend, a highly prospective structural target for potential gold-copper mineralisation.
4. In the northwest portion of the Pine Creek Tenement, the Pine Creek Shear has the potential to host gold mineralisation along its 6.1kms of strike with 2.1km in width. In the south east of the Pine Creek Tenement, the Shear Zone has a strike length of 3.4km and a width of 2.1km. These trends represent continuations of structural targets that host the major gold deposits in the Pine Creek area.

In April 2007, Kastellco Geological Consultancy was commissioned to carry out a follow-up exploration program based on the geochemical/structural target delineated during 2006 work program as discussed in the previous section.

In June 2007, Arnhem Exploration and Rural Services were commissioned to carry out a soil and rock chip program over five areas within EL24092. Samples were taken at 100m spaces along specific lines using a handheld GPS to establish site location. The target was B horizon to a depth of 30 cms to yield a 2 kg un-sieved sample. Where outcrop or sub-crop was present, a 2 kg rock sample was taken in place of the soil sample. Over 1546 sites were sampled and 44 duplicate samples were also taken.

No expenditure was undertaken in the period August 2007 – August 2008.

Due to the amount of exploration expenditure requirements to delineate any economic deposits within EL24092, Davos Resources is surrendering the ground.
2.0 Location and Access

The Project area is within a 10 kilometre radius of the major Union Reef gold resources (Figure 1). As a consequence the area is strategically placed in major infrastructure such as the Stuart Highway, regional townships and the Alice Springs-Darwin railway.

The southern and northern boundaries of the Licence are situated approximately 8kms south and 20 km north respectively of the mining town of Pine Creek. The eastern portions of the tenements are accessible from the Kakadu Highway.

Access along the Stuart Highway is possible during the wet season except during periods of extremely high rainfall. The highway provides access from the northwest to the southeast part of the licence area, whilst other tracks provide access to the northern and southern part of the exploration licence areas. The areas are traversed by graded, locally steep tracks accessible to four wheel drive vehicles.
2.1 Tenements

The project is comprised of one granted exploration licence (EL), the tenement details are summarised in Table 1 and their locations are shown in Figures 1 & 2.

Table 1: Pine Creek Project - Tenement Summary

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Holder</th>
<th>Expiry Date</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL24092</td>
<td>Davos Resources Pty Ltd</td>
<td>19/08/2010</td>
<td>314.2 km²</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total* 314.2 km²</td>
</tr>
</tbody>
</table>

3.0 Regional Geology and Mineralisation

The tenements lie near the northern apex of the Pine Creek Embayment. This is a south-southeast trending fold belt composed of Lower Proterozoic sediments and volcanics which remain as a pendant on the intrusive Cullen Batholith. A broad south-southeast zone of shear deformation – the Pine Creek Shear – extends from Pine Creek in the south and passes immediately east of the Spring Hill area. The Pine Creek Shear Zone has been a major locus for the passage of gold bearing fluids and hosts the majority of gold occurrences in the Pine Creek Geosyncline.

The Pine Creek project area is located in the southern part of the Pine Creek Geosyncline which contains Early Proterozoic metasedimentary rocks resting on a gneissic and granitic Archaean basement. The geosynclinal sequence is dominated by mudstones, siltstones, greywackes, sandstones, tuffs, and limestones. The Pine Creek Geosyncline was folded and metamorphosed up to the amphibolite facies from \( \pm 1870 - 1899 \) Ma. Transitional igneous rocks, including pre-tectonic dolerite sills and syn- to post-tectonic granitoid plutons and dolerite lopoliths and dykes, intrude the geosynclinal sequence. Detailed geology of the Pine Creek Geosyncline is discussed by Nicholson, Ormsby, and Farrar (1994).

Stratigraphy in the central Pine Creek Geosyncline has been simplified by Nicholson, Ormsby, and Farrar (1994) into the Batchelor, Frances Creek, and Finniss River Groups. The Batchelor Group consists of shallow water coarse clastics and crystalline carbonates that are conformably overlain by the Frances Creek Group. The Frances Creek Group is subdivided into the Whites Formation, Acacia Gap Quartzite Mundogie Sandstone, Koolpin Formation, Gerowie Tuff, and Mount Bonnie Formation. The Gerowie Tuff is a basin-wide mudstone-rich sequence with interbeds of diagenetically altered distal tuff which is overlain by greywacke, mudstone, chert, and ironstone of the Mount Bonnie Formation. The Finniss River Group overlies the Frances Creek Group and consists of a thick flysch sequence of greywacke and mudstone.

Two major phases of deformation that pre-date granitoid intrusions have been recognised in the Pine Creek Geosyncline. The earliest widely recognised structures in the Pine Creek Geosyncline are bedding-concordant fabrics and breccia zones \( (D_1) \). The second phase of deformation produced the north to north-west trending folds dominant today \( (D_2) \). The folds vary from open and upright to overturned and isoclinal, and were accompanied by the development of a penetrative slaty cleavage.

The Pine Creek Fault Zone is a 300 km long structure which strikes at \( 150^\circ \) (magnetic) and can be mapped from Darwin to Katherine. The fault zone trends north-northwest and consists of a number of sub-parallel faults, over a 5 km corridor, with apparent sinistral movement of up to 2 km. The Pine Creek Fault Zone postdates \( D_2 \) and the granite intrusions. Where not seen in outcrop, the Pine Creek Structure is defined by linear magnetic anomalies caused by magnetic bearing dolerite dykes. This structure is located a centre portion of the Exploration Licence.
The bulk of the gold resources of the Inlier occur in quartz-sulphide stockworks and sheeted vein systems and in association sulphides dissemination and which attain dimensions suitable for open pit bulk mining. Many of these deposits occur along the sheared hingelines of anticlinal folds, particularly in interbedded greywackes and siltstones of the Mount Bonnie and Burrell Creek Formations towards the top of the Early Proterozoic succession. The prime examples included Union Reef Fountain Head, Spring Hill, Woolwonga Mines and Yam Creek. Presently identified gold resources and reserves in the Inlier are estimated to total more than 130,000 kg (4,000,000 ounces).

The Enterprise orebody at Pine Creek provides a model for proposed exploration in the Pine Creek Exploration Licence 24092. This deposit occurs at the boundary of the Mount Bonnie Formation and the Burrell Creek Formation, the principal host rocks being greywackes, siltstone, shale, mudstone, chert and tuff. The main structure is the Enterprise anticline, a simple, upright, moderately tight fold which plunges gently to the south. Extensive fracturing and shearing occur throughout the deposit, frequently concentrated about the anticlinal axis so that locally, the bedding hinge is not recognizable.

Most ore grade mineralisation occurs within 50 metres of the fold axis, and the orebody extends for approximately 1,000 metres along the axis of the fold. Mineralisation consists of quartz-sulphide veining with pervasive alteration of the host rocks. Common sulphides are pyrite-arsenopyrite and pyrrhotite, with lesser sphalerite, galena and chalcopyrite. Most rock alteration consists of the assemblage silica-potash feldspar-chlorite-biotite. Vein types include saddles, spurs and stockworks in the hinge zone, ladder and sheeted veins restricted to the west fold limb, and late-stage vuggy quartz veins and beccias which are relatively rich in sphalerite and galena.

Pine Creek Goldfields commenced mining the Enterprise deposit in 1885 and to July 1993 had produced approximately 20 tonnes of gold.

4.0 Pine Creek Local Geology

The Pine Greek Project area lies on the south western margin of the Pine Creek Geosyncline with metasediments of the Mount Bonnie and Burrell Creek Formations trending in a north westerly direction. The geology of the exploration licence is dominated by the intrusive Allamber Springs Granite, McMinns Bluff Granite and Tabletop Granite. Turbiditic greywackes and shales exposed in the tenement areas have been assigned to the Burrell Creek and Mount Bonnie Formations. These rocks have been folded to produce upright NNW trending folds and sub-vertical to steeply dipping bedding throughout the area. Greenschist facies metamorphism appears to be broadly synchronous with this deformation. The Pine Creek Shear trends north-northwest direction within the exploration licence and consists of a number of sub-parallel faults.

5.0 Conceptual Model

The principal conceptual model applicable to exploration of the Pine Greek Area is the (Enterprise Orebody) well established successful delineation of gold deposits based on specially anticlinal folding in Burrell Creek and Mount Bonnie Formations, and the presence of gold and lead mineralisation, or of anomalies associated with anticlinal trends, indicate a favourable geological environment for the occurrence of economic mineralisation of the Enterprise style.

Exploration during the last 25 years the identification of major gold resources and reserves have been very successful within the Pine Creek Geosyncline. The results of past exploration have been identified three main mineralised anticlinal trends which provided immediate targets for exploration.

1. The Esmeralda Trend can be recognised over a length of at least 15 kilometres, which extends from the Esmeralda Prospects (located on ERL130) in the northwest, through the mineralised area at Anomaly 1 and continues southeasterly through Anomaly 3. Union Reef lies close to the northwesterly projection of this trend.
2. Pine Creek Shear Zone which hosts the major Union Reef mineralised orebodies.
3. The Playford Creek Trend extends over a length of at least 5 kilometres, including the gold-copper mineralisation of the Copperfield West area and the anomalous BLEG drainage gold anomalies in Copperfield Creek. Further extensions of some 5 kilometres of this trend may exist beneath soil cover within the tenement.

Figure 2: Regional Geology of Pine Creek Project showing the various prospects within EL24092 and the surrounding area
6.0 Previous Exploration

6.1 Mining History

Union Reef Goldfield (located on MLN110915 excised from EL24092) kilometres north of the Pine Creek Township was discovered in 1873 by prospectors Adam Johns and Phil Saunders. It produced 1.76 t of gold from 0.58Mt of ore during 1880-1910. The old workings consisted of 1,600 pits, open cuts and shafts concentrated in an area 5 kilometres long and 450 metres wide in two sub-parallel northwest trending zone 200 metres apart. The western zone is known as the Union Reef Line and the eastern one as the Lady Alice Line. The Lady Alice Line hosts the Millars, Ping Ques, Lady Alice and Lady Alice North workings. The Union Reefs Lone hosts the Union South, Crosscourse, Union Central, Millars Prospecting Claim and Union North Workings.

In 1991 the Shell Company of Australia Ltd purchased the Union Reef tenements and carried out detailed exploration, resulting in resource delineation and open cut mining by Acacia Resources Ltd in January 1995. To 31st December 1998, 8.07t gold was produced from ore average 1.4 g/t Au. As at December 1998 total resources were estimated to be 17.6Mt at 1.7 g/t Au. Union North was delineated a few kilometres north if the main open cut. In April 1994, the total reserves at this orebody was 8.1Mt at 2.21 g/t Au

A small abandoned mine, the Caledonian, is located on MCN541 excised from the central eastern part of EL24092. The historical production is about 460 ounces of gold.

The Copperfield copper mine (located on the southern portion of the EL, located MLN21 excised from EL) was worked between 1875 and 1917, producing 3,450 tons of ore grading greater than 25% copper. Most of the ore was obtained from the 30 metres thick oxidation zone. The working consisted of at least 15 shafts, the deepest being 40 metres (down to primary ore) and an open cut 30 x 2 x 4 metres in dimensions. Second phase of production was associated with the southern extension of the lode which was 1.5 metres wide. Several hundred tones of copper ore grading 12-26% Cu was raised from a 50 metre shaft. United Uranium N.L (1967) has estimated a possible 90,000 tons of ore remaining, grading 6.1% Cu and 185 g/t Ag.

The Enterprise No.2 copper prospect is located about 2.5 kilometres southwest of the Pine Creek Township on MLN95 which is excised from EL24902 (Figure??). Access to the prospect is by a vehicle track some 750 metres southwest from the T intersection of the gravel road to Brian May’s property and a gravel road to the Enterprise Gold Mine.

The prospect lies within hornfelsed arenites of the Burrell Creek Formation in the contact aureole of the Tabletop Granite.

The main copper bearing quartz vein strikes north-northeast and (010°-020°) and outcrops discontinuously over a strike length of 330 metres. Where the shaft is located the vein is about 0.5 metres thick and dips 60° to the west. Malachite is the main copper mineral present, commonly staining the joints surfaces of vein quartz. The mineralisation at depth is largely in the form of veinlets and disseminations of chalcopyrite within the granoblastic quartz gange, however stockwork veinlets exist in the brecciated wallrock.

The prospect was investigated during 1974-75 by the Northern Geological Survey which conducted geological mapping and a diamond drilling program of 5 holes totalling 402 metres, which targeted possible enrichment of two copper bearing quartz veins at depth. The best drillhole intersected by Newton (1975) was 0.5 metres (35.5-36 m) grading 1.6% Cu from a quartz vein which contained veinlets of chalcopyrite along with minor chalcocite and bornite in DDH 1. Results indicate that there is no significant mineralisation at depth. The workings consist of a 6 metre shaft and two shallow costeans. Two parcels of ore totalling 28.5 tons were treated at the Mt Wells battery for evaluation purposes in 1974. Results were not encouraging with grades averaging about 1% Cu.

A second quartz vein is exposed about 100 metres west of the shaft and appears to outcrop again in the creek where it contains malachite and minor cuprite, chalcocite and koechlinite. The failure to intersect significant grades in the main copper lode at depth in the drilling
program severely downgrades any economic potential for copper bearing quartz veins in the area.

6.2 Exploration History

6.2.1 Exploration 1979 to 1980

Arnhem Land Mining Ltd conducted systematic reconnaissance geochemical and ground radiometric surveys over the Allamber Springs Granite, northeastern portion of the exploration licence. The results of the stream sediment sampling indicated that several drainages contained anomalously high leachable uranium values (CR1998/0128).

6.2.2 Exploration 1981 to 1987

Greenbushes Tin Ltd carried out stream sediment sampling targeting acid intrusives for cassiterite, tantalite and tungsten mineralisation over granitic plutons in the north eastern part of the exploration licence area. The work included evaluation of previous exploration, which included replotting previous geological and geochemical data and airphotographic studies for potential accumulation of alluvial/eluvial deposits. Anomalous Ta, Sn and W stream sediment samples were returned from the program which may be the result of "skarn type" mineralisation.

Enterprise Gold Mines NL and Circular Quay Holdings Pty Ltd conducted gold exploration targeted extensions of gold mineralisation along the Enterprise Gold Mine. A number of areas of low order anomalous gold were detected, the most notable being in the vicinity of the old Copperfield Workings along the Jindare Road south of Pine Creek where rock chip samples assayed up to 6.94 ppm gold which were obtained from gossanous outcrop adjacent to the workings.

Nineteen water bore holes, totalling 874 metres was completed for the first program assaying for gold, copper, lead, zinc and silver. During the second program, 15 holes totalling 810 metres were completed. The maximum gold recorded was 0.34 ppm gold in bore W28 from 24-27 metres. The highest copper value of 470 ppm was recorded in W22 at 63-66 metres depth. The highest zinc value of 2,700 ppm was recorded in W18 from 20-22 metres.

6.2.3 Exploration 1987 to 1989

Geonorth and Apple Management conducted exploration activities on the north-north western portion of exploration licence. Rock chip sampling was the main exploration activity for the locating sulphides in quartz veins, with soil samples taken then panned to locate any visible gold grains. The sampling delineated anomalous results approximately 3 square kilometres in size and open in all directions.

Union Reefs Gold NL conducted a desktop study on the central eastern portion of the tenement in 1989. A completed review of the exploration work conducted was undertaken to define targets for future exploration. A reconnaissance RAB drilling program was planned to obtained bedrock geological information which would indicate the presence of any significant gold mineralisation beneath the soil cover (interpreted as the Burrell Creek Formation) east of the historical Caledonian gold workings. Other target areas include the presence if a discrete southerly plunging anticlinal structure within the Mt Bonnie sediments adjacent to the Allamber Springs Granite contact. Field inspection carried out in this area located outcrops of gossanous cherty sediments which show evidence of widespread silicification and sulphide mineralisation, where it appears to be parallel to bedding along the limbs of the anticline.

Rockquartz Mining NL conducted rock chip sampling which yielded 0.11 g/t Au from large outcropping quartz vein in the vicinity of an anticlinal structure. Trenching was recommended along the anticlinal axis due to extensive soil coverage. Soil samples taken from colluvium found to be unreliable as an exploration technique with all assays returning very low gold values.

6.2.4 Exploration 1992 to 1995
Geonorth Pty Ltd indicated that favourable anticlinal structures and stratigraphy are present on the central east part of the tenement where the Mt Bonnie Formation/Burrell Creek Formation outcrops. Exploration activities included photogeology, geological mapping, detail gridding and sampling of rock chips and soils, concentrating mainly over Mt Bonnie Formation in the central part of the area, including the Anomaly One Prospect.

At the Anomaly One Prospect, rock chip sampling disclosed locally high gold values (up to 7.7 g/t Au) in small quartz-sulphide veins associated with more extensive gold-anomalous zones (0.28 to 1.41 g/t Au) characterized by chloritic alteration, quartz-sulphide stockworks and pyritic disseminations in shales and greywackes of the Mt Bonnie Formation, located in the axial zone of a south-plunging anticline.

Acacia Resources Ltd conducted geological mapping, gridding, stream sediment and soil sampling on the western area of the exploration licence. Grid based residual soil sampling of the Pine Creek Shear Zone and other structurally complex areas was complex with 31 line kilometres (over 1,000 samples) of soil samples taken. The results were inconclusive with thick alluvial cover hindering sample collection in some areas. A number of narrow low NW trending zones are indicated based on low level Au values of 4-16 ppb Au. Anomalous stream sediment samples ranged from 8-177 ppb.

6.2.5 Exploration 1996 to 1998

Acacia Resources Ltd conducted gridding (5.2 line km) traversed within the outcropping Burrell Creek Formation to the north of the exploration licence. The surveyed grid was orientated at 331.5° (magnetic) north. A soil program (composed of 207 samples) was collected using either hoe pick or power auger from the gridded area. A weakly anomalous gold anomaly was delineated striking a NW direction, with the area subsequently relinquished.

On the western side of the exploration licence, Acacia Resources Ltd carried out exploration targeting large tonnage low grade gold resources. Ten line kilometres of 200 x 50 spaced lines were gridded on the regional grid. The regional grid was orientated north south on a surveyed baseline at 331.5° (magnetic) north. Some 490 soil samples were taken and analysed for Au, Pb, Zn and As. Exploration results have returned a maximum result from the spot soil sampling of 270 ppb Au. Geological traversing has confirmed that these areas of anomalous gold in soil are coincident with quartz veining within the Burrell Creek metasediments.

In 1997, (central eastern side of the tenement) Acacia Resources Ltd completed a soil sampling program which included 391 samples. Anomalous gold results, up to 650 ppb Au were spread well over the area with higher results in clusters rather than spot highs. The results have been contoured on 10 ppb Au and 100 ppb Au contours and show a north westerly anomalous trend. Exploration was followed up in 1998, with a vacuum drilling program totalling 1,103 metres drilled and 277 residual samples taken. Drill holes are on average 4 metres deep. The vacuum soil results confirmed the broader lower level 10-50 ppb Au anomaly defined in the previous year and constrained the halo of higher results to width between 25 and 75 metres. The best results included are 915, 295, 170, 165 and 125 ppb Au. The proposed costeau program to follow up the encouraging soil and vacuum results was abandoned due to transported cover, which was between 2 and 3 metres thick. Three costeans were proposed and each one was only partially completed with no assays submitted for analysis. In 1999, 7 RC drill holes, totaling 293 metres were completed over the gold anomaly. A blanket of up to 5 metres of quartz rich gravel was intersected in every hole drilled. This gravel layer assayed up to 100 ppb Au. The indication is that the anomalous gold results defined in earlier soil sampling are alluvial in origin.

Peel Investments Pty Ltd used the GIGIAC method of exploration. A detailed study involving a new method of delineating fold axes using various imagery was completed over areas of poor outcrop exposure to identify fold axes before an regional targeting commenced. The field work which followed the application of this technique and the GIGIAC concept was immediately successful in that new, previously unknown low grade gold mineralisation was located. This gold mineralisation has been named the Peel Gold Prospect which was subsequently explored by Explor Min Pty Ltd in 1998. Soil sampling on the Peel Gold Prospect
revealed moderate gold, silver and arsenic anomalism in soil coincident with an area of patchy quartz reef. RC drilling of the anomalies did not intercept any significant mineralisation and results were disappointing.

Explore Min Pty Ltd conducted a first pass soil sample program on the East Copperfield, located on the southern portion of the exploration area. The results highlighted three areas of gold in soil anomalism that warrant further investigation.

6.2.6 Exploration 2000 to 2001

Anglogold Australasia Ltd completed a gridding program on the eastern side of the exploration licence designed for an extensive soil sampling program. Regional magnetic/radiometric survey was also flown. Three hundred & fifty two (352) soil samples were collected and assayed for Au, Pb, Cu, Zn and As. A peak of 33 ppb Au was returned from the program.

7.0 Work Completed by Davos Resources Pty Ltd over EL24092

Over the period of May 2006 a review program over existing historical exploration data within the Northern Territory Geological Survey Database was conducted over EL24092 to identify any high potential exploration targets. This resulted in the identification/conformation of several targets in the Pine Creek Inlier that warrant further work.

The targeting was undertaken at a high level to identify areas of interest that stand out in the regional data. Historical prospects were reviewed to determine the effectiveness of the previous exploration and determine remaining potential.

The gold targets identified from the above process are described in Table 2. The locations of these targets are shown in Figure 3. Favourable structural, stratigraphic and geophysical targets are shown on Figure 4.

7.1 Anomaly 1

Location: Anomaly 1 is situated approx 1,630 m northeast from the abandoned Caledonian Gold Mine which is wholly situated on EL24092.

Target: The overall structure of the belt is anticlinal and is analogous to the Mount Bonnie Formation inlier of the Enterprise Anticline, which contains the main Pine Creek orebody on the opposite flank of the Embayment. At Anomaly 1 the position of the inferred dyke corresponds with a possible anticlinal hinge line which is indicated by opposing dips in the metasediments

Part of the Esmeralda Trend (anticlinal trend) provides a highly prospective structural target for potential gold mineralisation. Remains untested through shallow drilling and warrants a detail ground gravity/EM survey to delineate any sulphides rich quartz veining at depth and along strike.

7.2 Anomaly 3

Location: Anomaly 3 is situated approx 1,000 m south of Anomaly 1 (wholly situated on EL24092).

Target: Part of the Esmeralda Trend (anticlinal trend) which provides immediate targets for gold exploration. The overall structure of the belt is anticlinal and is analogous to the Mount Bonnie Formation inlier of the Enterprise Anticline, which contains the main Pine Creek orebody on the opposite flank of the Embayment.

At Anomaly 3 the position of the inferred dyke corresponds with a possible anticlinal hingeline which is indicated by opposing dips in the metasediments. Remains untested through shallow drilling and warrants a detail ground gravity/EM survey to delineate any sulphides rich quartz veining at depth and along strike.
7.3 Copperfield West

Location: Copperfield West is situated approx 2,000 m WSW from the abandoned Copperfield Mine which is wholly situated on EL24092.

History: Rosequartz undertook geological mapping, rock chip sampling and steam sediment geochemical sampling in 1991. At Copperfield West values of 3.34 and 3.5 g/t Au were encountered in two samples of gossanous quartz reef, up to 1.0 metres thick, and dipping at a low angle to the northeast on a southwestern anticlinal limb. In small prospecting pits and shafts located some 500 metres to the southeast of the site gold assays of 0.1 to 0.62 g/t Au were found in thin gossans and gossanous quartz veins which also reported up to 11.8% copper and 3,450 ppm arsenic. A sample of massive milky quartz lends, up to 5 metres wide, from a site 700 metres west if the copper showings reported a value of 1.19 g/t Au

Target: Playford Creek Anticlinal Trend extends over a length of a least 5 kilometres, which includes the gold-copper mineralisation of the Copperfield West area. The area is predominately of meta-sedimentary rocks which are assigned to the Burrell Creek Formation. They appear to be folded into rather broad, SE trending anticlines, but the detail of the structure is hard to resolve due to the effects of contact metamorphism and poor exposure. The hornfels area is traversed by several prominent NNW to NNE trending zones of chloritisation, brecciation and quartz veining.

Requires substantial BLEG geochemical sampling, (assaying for gold and copper) followed by detailed ground magnetic/EM survey to delineate any sulphides rich zones.

Through detail thematic mapping of the historical gold assay results, the following geochemical anomalies were identified. Table 2 shows the strike length of the anomalies with the highest spot gold assays within the geochemical anomaly. The location of the anomalies is represented in Figure 3.

Table 2: Geochemical Targets warranted for follow up exploration work

<table>
<thead>
<tr>
<th>Name</th>
<th>Easting (GDA94, Zone 52)</th>
<th>Northing (GDA94, Zone 52)</th>
<th>Assay Result (g/t Au)</th>
<th>Strike Length of Anomaly (m)</th>
<th>Geological Setting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geochemical Anomaly 1</td>
<td>800500</td>
<td>8480100</td>
<td>0.539</td>
<td>1,200</td>
<td>Burrell Creek Formation, west of the Enterprise Anticlinal Trend</td>
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<td>Geochemical Anomaly 2</td>
<td>803330</td>
<td>8477850</td>
<td>0.27</td>
<td>610</td>
<td>Burrell Creek Formation, west of the Enterprise Anticlinal Trend</td>
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<td>Geochemical Anomaly 3</td>
<td>806280</td>
<td>8476000</td>
<td>0.02</td>
<td>1,000</td>
<td>Mt Bonnie Formation, west of the Enterprise Anticlinal Trend</td>
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<td>Geochemical Anomaly 4</td>
<td>805910</td>
<td>8472190</td>
<td>2.04</td>
<td>670</td>
<td>Burrell Creek Formation, west of the Enterprise Anticlinal Trend</td>
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<tr>
<td>Geochemical Anomaly 5</td>
<td>808400</td>
<td>8467240</td>
<td>6.6</td>
<td>320</td>
<td>Mt Bonnie Formation, along strike of the Enterprise Anticlinal Trend</td>
</tr>
</tbody>
</table>

Note: AMG coordinates are given at the centre of anomaly
Figure 3: Regional Geology of Pine Creek Project showing the Geochemical Anomaly required for follow up.
Figure 4: Regional Geology of Pine Creek Project showing favourable structural/stratigraphic targets.
7.4 Target Generated by ASIS Pty Ltd

Asis Pty Ltd completed a brief review, with emphasis on geophysics, of the Pine Creek Tenement during the month of August 2006. Geoscientific datasets and reports of previous exploration over the project area have been reviewed and options for further exploration presented. The review outlined the following:

1. Interpretation of aeromagnetic data has identified two sets of structures prospective for gold/base metal mineralisation.

2. Synthesis of public domain geological and geophysical information has highlighted the Pine Creek Tenement as prospective for uranium mineralisation.

As part of the review the following public domain information sources were accessed:


2) 1:250,000 scale topographic information from NATMAP topographic series. Horizontal resolution is 35 metres.

3) Landsat7 composite image from Geoscience Australia; RGB bands 1-2-3 and bands 2-4-7. Horizontal resolution is 25 metres.

4) Elevation data from SRTM (Shuttle Radar Topography Mission). Horizontal resolution is 90 metres. Vertical resolution is about 5 metres.

5) Open file gravity data, gridded at 200 metres, from NTGS.

6) Open file aeromagnetic and radiometric data from NTGS. This information has been derived from the Rum Jungle survey, flown on 200 metre east-west oriented flight lines, and from the Mary River survey, flown on 400 metre east-west oriented flight lines.

7) Open file mineral occurrence data derived from the NTGS MODAT database.

7.5 Magnetic Interpretation

The Pine Creek Tenement contains numerous gold and base metal deposits, none of which have a direct, unique magnetic signature. Analysis of the interpreted magnetic units and location of known mineralisation has led to identification of two significant structural directions. These are shown on the interpretation plans as “Outline of favourable structures”.

1) Gandys Hill trend. This is the two zones in the south of the Pine Creek Tenement oriented about 315 degrees, which is at a shallow angle to the Pine Creek Shear. These may represent preferential zones of dilation with respect to movement of fluids along the Pine Creek Shear. They are parallel to the group of mineral occurrences which includes the Gandys Hill prospect. Most of these deposits are excluded from the Pine Creek Tenement. However, by reference to the tilt-angle magnetic image, a similar parallel magnetic expression can be identified to the south. This zone includes the Lucknow and Mount Wigley lead occurrences.

2) Esmeralda trend. This comprises four zones generally defined by dislocations or discontinuities in weakly magnetic strata interpreted from the aeromagnetic data. One of these zones includes the Esmeralda deposit. Importantly, they are oriented about 290-293 degrees True. This is parallel to the fundamental Tethyan system of global dislocations, which, in conjunction with the complimentary Laurasian system, form a base ingredient of Lineament Tectonics as espoused by O’Driscoll (1979). These patterns can be observed in earth science data at various sites and scales around the world. Studies of these patterns played a crucial role in the discovery of Olympic Dam, the world’s largest polymetallic orebody (O’Driscoll, 1985).
It is recommended that the zones of favourable structures be investigated by appropriate geochemical and geophysical methods. It has been noted that there is an association between gold and base metal mineralisation and other sulphides e.g. pyrite, arsenopyrite. Consideration should be given to acquisition of EM or IP data along the zones. It is envisaged such surveys would be conducted on one km long traverses initially 200 metres apart. Interpretation of this data would provide direct drilling targets. Importantly, these surveys are capable of detecting deeper concentrations of sulphides e.g. 100-200 metres deep. A common attribute of smaller gold deposits is that they are subject to exhaustive investigations and drilling of the shallow, supergene mineralisation, and often no investigations of the hard rock resource at depth.

### 7.6 Radiometric Interpretation

The airborne radiometric data over the study area has been derived from the NTGS Rum Jungle survey, flown on 200m east-west traverses at a height of 80 metres, and from the NTGS Mary River survey, flown on 400m east-west traverses at a height of 80 metres. On a regional basis the Pine Creek Tenement is located in a uranium province. Specifically, the margin of the Allamber Springs Granite in the central north of the Pine Creek Tenement shows elevated uranium values approximately three times the background in the airborne uranium
channel. Consideration should be given to exploration for vein style deposits in the contact aureole of the granites, or mineralisation within reducing members of the Burrell Creek Formation or Mount Bonnie Formation peripheral to the granites. Other attributes to vector prospects are the presence of mafic dykes or an unconformity surface. Two specific areas of interest are shown on the plan below.

Figure 6: Regional Radiometric Interpretation of Project showing favourable uranium targets

A number of options present for further exploration. Additional interpretation could be carried out on existing datasets to define specific areas for detailed exploration. A simple ground-based radiometric survey, using a multi-channel spectrometer, might be sufficient to isolate zones of elevated radiometric response. A more comprehensive approach is flying the whole Pine Creek Tenement with detailed helicopter-borne magnetics and radiometrics.

Several areas of unusual aeromagnetic signature occur within the interpreted boundaries of the Pine Creek Shear and are all mapped as Burrell Creek Formation. Possible explanations are that this magnetic signature is the result of varying primary magnetism in the Burrell Creek Formation or represent areas of magnetite destruction. If magnetic destruction occurs could indicate gold-related alteration.
RSG Global conducted a remote structural interpretation of aeromagnetic datasets provided by ASIS Pty Ltd.

Work undertaken included:-

- Examination and interpretation of variously processed aeromagnetic survey data (dominantly TMI, RTP,1VD and phase filter);
- Review, interpretation and application of Davos supplied geology files
- Acquisition of unpublished geological maps (Geological Survey of Northern Territory);
- All interpretations have been digitised and fully attributed;
- A structural targeting exercise has been completed; and
- Suggestions for future exploration programmes are outlined.

**7.7.1 Targeting Exercise**

RSG Global has defined six groups of targets which warrant further work, namely demagnetized zones, high-strain zones, structural intersections, flexures in major shears zones, granitoid/sediment contacts, and embayments between granitoid bodies. The highest priority targets exist where multiple target criteria overlap e.g. EM1/DM7, ST4/DM6, HS1/FL1, HS1/DM1, ST5/DM3.

### 7.7.1.1 Demagnetised Zone

- DM1 – moderate demagnetized zone in the PKSZ adjacent to FL1 (see FL1 below).
- DM2 – small zone of demagnetization in or adjacent to PKSZ.
- DM3 – strong demagnetized zone associated with anticlinal hinge and ST5 (see ST5 below).
- DM4 – minor demagnetized zone.
- DM5 - minor demagnetized zone.
- DM6 – moderate demagnetized zone associated with rhombic zone of faults.
- DM7 – minor demagnetized zone associated with EM1 (see EM1 below).

### 7.4.1.2 High-Strain Zone

- HS1 – the entire Pine Creek Shear.

### 7.4.1.3 Structural Intersections

- ST1 – intersection of granite/sediment contact and north-north-west striking fault.
- ST2 – intersection of north-north-west and north-west striking faults.
- ST3 – intersection of north-west and north striking faults and granite contact.
- ST5 – intersection of north and north-west striking faults near DM3.
- ST6 – intersection of east, north and north-west striking faults near DM5.

### 7.4.1.4 Flexures in Major Faults/Shear Zones

- FL1 – arcuate flexure in PKSZ adjacent to DM1.
- FL2 - tight flexure in PKSZ.
- FL3 - arcuate flexure in PKSZ adjacent to granitoid.
7.7.1.5 Granitoid/Sediment Contacts
- GS1 – parallel and possible extension of the Pine Creek mineralisation.
- GS2 – granitoid/sediment contact and possible N-striking faults.

7.7.1.6 Embayment between Granitoid Bodies
- EM1 – V-shaped embayment between granitoids, possible low mean stress area.

7.8 Exploration 2006 to 2007 – Davos Resources Pty Ltd

In April 2007, Kastellco Geological Consultancy was commissioned to carry out a follow-up exploration program based on the geochemical/structural target delineated during 2006 work program as discussed in the previous section.

In June 2007, Arnhem Exploration and Rural Services were commissioned to carry out a soil and rock chip program over five areas within EL24092. Samples were taken at 100m spaces along specific lines using a handheld GPS to establish site location. The target was B horizon to a depth of 30 cms to yield a 2 kg un-sieved sample. Where outcrop or sub-crop was present, a 2 kg rock sample was taken in place of the soil sample. Over 1546 sites were sampled and 44 duplicate samples were also taken.

Sample location are shown in the file “Geochem.xls”, with all assays dispatched to ALS in Townsville for Au (ppm), Cu (ppm), Pb (ppm), Zn (ppm), U (ppm) and Fe %. The method by which the gold assays were analyzed was FA50 finished by AA with the rest of the element analyzed by ICP-AES. Soil assay results and sample ledgers are presented in Appendix 1 and in Figures 8 to 15.

Based on the assay results several Pb and Zn anomalies have been delineated within EL24092 which require further follow up as the anomalies remain open to the south and also in the east. The table below outlines base metal assay >300 ppm. Sample 1085 identifies that ore grade copper is associated with anomalous grades of gold within Grid 1 area situated in the north of the current tenure area.

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Figure 7: Geochemical Results based on 2007 Work Program
(Au ppm Plot Map)
Figure 8: Geochemical Results based on 2007 Work Program
(Au ppm Contour Map)
Figure 9: Geochemical Results based on 2007 Work Program
(Cu ppm Plot Map)
Figure 10: Geochemical Results based on 2007 Work Program
(Cu ppm Contour Map)
Figure 11: Geochemical Results based on 2007 Work Program

(Pb ppm Plot Map)

CLASSIFIED POST PLAN
OF Pb (ppm)

- 0 to 10
- 10 to 20
- 20 to 30
- 30 to 50
- 50 to 100
- 100 to 200
- 200 to 300
- 300 to 500
- 500 to 1000
- 1000 to 1500
Figure 12: Geochemical Results based on 2007 Work Program
(Pb ppm Contour Map)
Figure 13: Geochemical Results based on 2007 Work Program
(Zn ppm Plot Map)
Figure 14: Geochemical Results based on 2007 Work Program
(Zn ppm Contour Map)
8.0. CONCLUSION

The rock chip and soil program delineated untested and undefined base metal zones which have never been previously been detected. Some of the assays results show there is a close association between high grade copper mineralisation with high anomalous gold. Further work is required to test these areas situated in the southern portion of EL24092.

Also due to the amount of exploration expenditure requirements to delineate any economic deposits within EL24092, Davos Resources is surrendering the ground.

9.0 Principal sources of information


