

ERL88 - MT. SHOOBRIDGE PROJECT

**ANNUAL REPORT YEAR 2
FOR PERIOD 19.09.90 - 18.09.91**

Distribution

*Dominion Darwin
Dominion Perth
NTDME
Dominion Field
Biddlecombe, RM*

ERL88

RA VOOYS
N.R. BURN
18 OCT 1991

CONTENTS

1. SUMMARY
2. PREVIOUS WORK
3. WORK COMPLETED YEAR 2
4. CONCLUSIONS AND RECOMMENDATIONS YEAR 3
5. EXPENDITURE

LIST OF FIGURES

Drawing No.

1. TENEMENT LOCATION

1. SUMMARY

Dominion entered into an option agreement with RM Biddlecombe on 27 Aug '91. The dealing, which involved ERL88 among other tenements in the Mt. Shoobridge locality, was registered on 4 Sept. '91 - some 12 days prior to termination of Year 2 of tenure for ERL88 on 18 Sept. '91.

Previous work by BHP Gold and RGC Exploration, had intercepted low grade, economic gold mineralization, but work by these companies had indicated the ERL88 tenement did not have the potential to host a "stand-alone" gold operation, and each in turn withdrew from their option agreement with Biddlecombe.

Dominion, however, perceives the Mt. Shoobridge property to have the potential to host small, low to moderate grade ore bodies which could be economically mined from shallow open pits and trucked the 10kms to the Cosmo Mine operation.

Dominion has set about re-evaluating all previous exploration data and developing an enhanced data base from which a cost efficient drill program for resource evaluation can be planned. This work is ongoing at the end of Year 2 of tenure for ERL88, and will largely be conducted during Year 3 as a consequence of the very recent acquisition by Dominion.

2. PREVIOUS WORK

ERL88 was the subject of an option agreement signed 27 August '91 with the title holder R. Biddlecombe. This dealing was registered 4 Sept '91, and thus Dominion has effectively held responsibility for conducting work programs for only the last 12 days of Year 2 of tenure.

ERL88 has now been included with a number of other tenements, as listed below and shown in Figure 1, which is called the MT. SHOOBRIDGE PROJECT AREA for which, except for minor boundary alterations associated with the recent acquisition option agreement signed with R. Biddlecombe, Dominion has recently received **Project Status** approval from the NT Dept. of Mines. Collectively these tenements cover an area of 3292 hectares:-

| Tenement(s) | Date of Granting | Date of Expiry |
|-----------------|------------------|----------------|
| MCN's 1599-1602 | 15.04.88 | 14.04.93 |
| MCN's 1604-1623 | 15.04.88 | 14.04.93 |
| MCN's 3197-3214 | 25.07.89 | 24.07.94 |
| MCN's 3804-3809 | 16.05.90 | 15.05.93 |
| ERL88 | 19.09.89 | 18.09.94 |
| EL6495 | 21.06.89 | 20.06.93 |

Previously, the area of ERL88 was held under the title EL4196.

BHP Gold held an option agreement with R. Biddlecombe from July '87 to 20 May '89. During this time, BHP completed the following work program:-

- i) gridding (unsurveyed)
- ii) costeaning
- iii) drilling, totalling 45 holes for 2375.2m

Renison then entered into an option agreement with Biddlecombe from 19.10.89 to 15.12.90. During this time Renison completed the following work program:-

- i) partial detailed mapping of the property at 1:1000 and 1:5000 scales.

- ii) soil and rock chip geochemistry in selective areas
- iii) additional costeaning, 6 for 672 metres
- iv) petrology, 6 samples
- v) ground magnetic traverses, over a 1400 metre strike length of mineralization.
- vi) a total 22 RC drill holes for 1173.5 metres
- vii) a total 52 angled RAB holes for 1092 metres to test for mineralized extensions beneath alluvial cover.

Results of the above work by BHP and by Renison indicated to each of those companies that the Mt. Shooobridge property did not reveal any potential to become a "stand-alone" gold mine. However, anomalous mineralization developing to economic widths and grades had been intercepted by these early work programs, and hence Dominion believed it may be likely to delineate zones of shallow, open pittable gold mineralized ore which could be an economic supplementary feed to the Cosmo Mine operation, located only 10kms to the east. On this basis the option agreement with R. Biddlecombe was sought.

3. WORK COMPLETED YEAR 2

Prior to signing of the option agreement on 27 Aug '91, no work had been conducted during Year 2 by the title holder except minor reporting requirements by Renison in late 1990.

Dominion has, in the final 12 days of Year 2 tenure since registration of the dealing on 4 Sept '91 for ERL88 and MCN's completed or instigated the following:-

- i) grid resurrection, including baseline Survey and drill hole collar survey.
- ii) detailed mapping 1:250 scale emphasising vein stockwork trends
- iii) coupled with rock chip sampling.
- iv) compilation, including digitizing into computer all previous drill hole and costean geological logs and assay data, and previous surface geochemical (soil + rock chip) data.

4. CONCLUSIONS AND RECOMMENDATIONS FOR YEAR 3

Appraisal of previous work program by other Company geologists has indicated that the Mt. Shoobridge property is unlikely to host a "stand-alone" gold operation. However, an economic operation based on mining from shallow pits and trucking the ore to Cosmo mill 10kms away, seems highly possible.

Gold mineralization at Mt. Shoobridge is hosted in a series of quartz vein stockwork zones contained within (probable) Mt. Bonnie Formation sediments within the anticlinal Mt. Shoobridge structure. This structure has, post development of the gold bearing quartz veins, also been intruded by late stage veining bearing a base metal signature – principally lead, and also been intruded by late stage pegmatite rock – occasionally tin bearing – which stopes out the earlier gold bearing veins structures at numerous, small area, localities. Gold mineralized stockwork zones are therefore discontinuous along the 2.2kms strike zone bearing mineralization.

In Year 3, Dominion plans to conduct the following work program:-

- i) complete detailed mapping, 1:250 scale, of vein stockwork systems
- ii) further geochemical sampling (rock chips, soil, possibly costean)
- iii) Down hole surveying of all previous drill hole by Surtron Technologies (already completed at time of writing).
- iv) A staged RC drill evaluation program, with Stage 1 comprising an estimated minimum of 20 holes for 1200 metres, with the aim being to define ore pods to 50 metres vertical depth.

The Year 3 work program is budgeted to be about \$50,000.

5. EXPENDITURE

In RGC Exploration Pty Ltd report by Herbert St. J. (Feb '91) Final Report for ERL88, EL6624, MCN's 1599-1608, 1622, 3340-3341 for Period 19.10.90 to 15.12.90, RGC report the following expenditure:-

| | |
|-----------------------------------|-----------------|
| Personnel | 7,314 |
| Travel & Accommodation | 2,601 |
| Drilling Contractors | 33,599 |
| Analytical Contractors | 13,014 |
| Transport | 357 |
| Stores, Supplies, Field Equipment | 1,066 |
| Office Costs | 37 |
| Administrative Overheads | 9,287 |
| Vehicle Costs | 3,926 |
| TOTAL | \$71,201 |

A proportion, unknown to Dominion, of the above would have been spent since 19.09.90 (i.e. within Year 2) on ERL88.

Project Expenditure by Dominion on the Mt. Shoobridge Project Group of tenements (ERL88, EL6495, MCN's 1599-1602, 1604-1608, 1623, MCN's 3197-3214, 3804-3809), for the 3 months to 30 Sept '91 were:-

| | |
|-------------------------------|---------------|
| Assay | 898 |
| Legal | 845 |
| Salaries & Wages | 7,931 |
| Travel & Accom | 817 |
| Vehicles | 1,148 |
| Drafting & Computing | 720 |
| Office Supplies & Consumables | 3,327 |
| Sub-Total | 15,686 |
| Land Purchase | 50,000 |
| GRAND TOTAL | 65,686 |

A proportion of the above costs can be attributed to ERL88.