SRO **SIROCCO RESOURCES NL**

ANNUAL REPORT

MINERAL CLAIMS N68 to N91

MOUNT BUNDEY JOINT VENTURE

FOR THE PERIOD ENDING
19 JULY 1998

LICENCEE:	Pinnacle Mining NL.
OPERATORS:	Sirocco Resources NL & Rustler's Roost Mining Pty Ltd.
STANDARD 1:250 000 SHEET:	Darwin.
AUTHOR:	James Venables, Consultant Geologist.
DATE:	October, 1998.
DISTRIBUTION:	Department of Mines and Energy, Darwin Pinnacle Mining NL, Perth. Sirocco Resources NL, Brisbane. William Resources Inc, Toronto.

CR98/702

DISCLAIMER

The author of this report has been commissioned by William Resources Inc. and Sirocco Resources NL to compile and prepare the relevant information and data contained within this report in a format acceptable to the Northern Territory Department of Mines and Energy.

The author acts as an independent consultant with no statutory authority to act as an agent of, or on behalf of William Resources Inc., Sirocco Resources NL or any of their subsidiary companies.

The information contained within this report has been supplied to the author by William Resources Inc and Sirocco Resources NL. Although every effort has been made to ensure that the information and data presented within this report is accurate and complete at the time of writing, the author accepts no responsibility for any errors, omissions or inaccuracies.

SUMMARY

During the period ended 19 July 1998, Mineral Claims N68-91 were held by Pinnacle Mining NL and operated firstly by William Resources Inc. through a joint venture agreement, thence by Sirocco Resources NL following the purchase of William's holding. William Resources' interest was represented through its wholly-owned subsidiary, Rustler's Roost Mining Pty Ltd.

The Mineral Claims are operated concurrently with Exploration Licence 8508 as part of a regional project area referred to herein as the Mount Bundey Project. The area is considered prospective primarily for stratabound or stockwork gold mineralisation within the Early Proterozoic South Alligator suite of sedimentary rocks.

A request was made to the Northern Territory Department of Mines and Energy on 07 April 1997 by Rustler's Roost Mining for permission to collectively report all of the Mount Bundey Joint Venture tenements as one project area, consistent with the character of the exploration program. As this request was subsequently denied, it must be noted that the details reported herein have been necessarily extracted piecemeal from the operating Company's relevant files and databases. Some errors or omissions are inevitable and where recognised, attempts will be made to rectify such problems within future reporting.

Although this report specifically details exploration completed within MCN's 68-91 throughout the relevant annual period, some data from the surrounding EL 8508 may be included which cannot be presented separately due to the nature of company records.

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1. INTRODUCTION

Mineral Claims N68-91 *Mount Bundey*, are located approximately 100 kilometres southeast of Darwin and approximately 10 kilometres southeast of the Rustler's Roost gold mine. The tenements occur in the southern portion of the Mount Bundey 1:50,000 sheet (5272-iii). Access from Darwin is via the Arnhem Highway thence via a well-formed gravel road that leads to the Rustler's Roost mine; the graded track to the tenement area intersects this road approximately 5 kilometres northeast of the mine. Access within the tenement areas is generally good, with station tracks, fence lines, exploration tracks and cleared grid lines in abundance. The area is currently inaccessible by vehicle during the wet season. The regional location of the Mineral Claims is shown on Figure 1.

Topography of the area local to the tenements is characterised by steep, rugged, strike ridges separated by silty creek flats.

Prior to the involvement of William Resources, the tenements were intensively explored by Pinnacle Mining NL, who outlined several significant gold mineralised zones, the most prospective of which occur at the Mobile Hill and Taipan Hill prospects. Further evaluations of these zones have formed the focus of ongoing activities performed by William Resources and Sirocco Resources throughout the tenement year.

130°
131°
132°
133°
11°
12°
13°
14°
15°
16°
N
ARAFURA SEA
Melville Is.
Bathurst Is.
Van Diemen Gulf
TIMOR
SEA
DARWIN
Mary River
Cons. Res.
Humpty Doo
Marrakai
Cons. Res.
Jabiru
MCN's
Tom's Gully
RUSTLER'S ROOST
Bark Hut Inn
Cooinda
Woodcutters
(Pb,Zn,Ag)
EL8508
Rum Jungle
(U)
Mt Ringwood
Litchfield
Park
Goodall
Kakadu
Nat. Park
Adelaide River
PINE
Western Arm
Bridge Creek
Woolwonga
Brocks Creek
Cosmo Howley
CREEK
Spring Hill
Coronation Hill
Union Reefs
Moline
SHEAR
Enterprise
Pine Creek
ZONE
Mount Todd
Katherine Gorge
Nat. Park
Maud Creek
Katherine
Mataranka
MAP AREA
AUSTRALIA
0
50
100km
SCALE 1:2,500,000
WILLIAM AUSTRALIA N.L.
COMPILED: G.R.
CHECKED: G.R.
DATE: 30.4.1997
DRAWN: Sun Drafting
REF: Mt Bundey
REVISION:
DRAWING No.
MBARD002.CDR
MOUNT BUNDEY PROJECT
EL 8508 & MCN's 68 to 91
REGIONAL LOCATION MAP
SCALE 1:2,500,000
FIG. No.
1

2. TENURE

Pinnacle Mining NL acquired exploration and mining rights to MCN's 68-91 during early 1993 and title was transferred during 1994. All tenements were renewed for a further 5 years on 12 April 1994, following the expiry of the original 10 year Licences. The expiry date of MCN's 68-91 has thus been set at 19 July 1999.

William Resources Inc. formally entered a joint venture agreement with Pinnacle Mining NL on 12 July 1996 through its wholly owned subsidiary, Rustler's Roost Mining Pty Ltd, which operated the nearby Rustler's Roost gold mine prior to the suspension of operations during early 1998. Since execution of the joint venture, William Resources has earned a 51% interest in the project through the minimum expenditure of $250 000 during the first year. Transfer of the titles from Pinnacle Mining to William Resources was being finalised at the time of preparation of this report.

Sirocco Resources commenced negotiations with William Resources during early 1998 and executed an agreement on 31 August 1998 whereby Sirocco will assume William's interest through the maintenance of the tenements and the provision of a 1% precious metals royalty.

Full details of all tenements are presented in Table 1, below.

Table 1: Schedule of Mount Bundey Mineral Claims

Tenement Number	Area (Ha)	Date Renewed	Term Granted (Years)	Expiry Date	Current Year	Current Annual Rental
MCN 68	20	12.04.94	5	19.07.99	4	$200
MCN 69	20	12.04.94	5	19.07.99	4	$200
MCN 70	20	12.04.94	5	19.07.99	4	$200
MCN 71	20	12.04.94	5	19.07.99	4	$200
MCN 72	20	12.04.94	5	19.07.99	4	$200
MCN 73	20	12.04.94	5	19.07.99	4	$200
MCN 74	20	12.04.94	5	19.07.99	4	$200
MCN 75	20	12.04.94	5	19.07.99	4	$200
MCN 76	20	12.04.94	5	19.07.99	4	$200
MCN 77	20	12.04.94	5	19.07.99	4	$200
MCN 78	20	12.04.94	5	19.07.99	4	$200
MCN 79	20	12.04.94	5	19.07.99	4	$200
MCN 80	20	12.04.94	5	19.07.99	4	$200
MCN 81	20	12.04.94	5	19.07.99	4	$200
MCN 82	18.08	12.04.94	5	19.07.99	4	$190
MCN 83	13.16	12.04.94	5	19.07.99	4	$140
MCN 84	20	12.04.94	5	19.07.99	4	$200
MCN 85	20	12.04.94	5	19.07.99	4	$200
MCN 86	20	12.04.94	5	19.07.99	4	$200
MCN 87	20	12.04.94	5	19.07.99	4	$200
MCN 88	20	12.04.94	5	19.07.99	4	$200
MCN 89	20	12.04.94	5	19.07.99	4	$200
MCN 90	20	12.04.94	5	19.07.99	4	$200
MCN 91	20	12.04.94	5	19.07.99	4	$200

3. REGIONAL GEOLOGY

The Project Area tenements are located within the central northern portion of the Proterozoic Pine Creek Geosyncline. They straddle a prominent, southerly plunging anticlinal structure which occurs on the southern side of the Lower Proterozoic Mount Bundey Granite. Outcrop throughout the tenement area is abundant, occurring dominantly on steep, rugged, strike ridges which are separated by silty, alluvial creek flats.

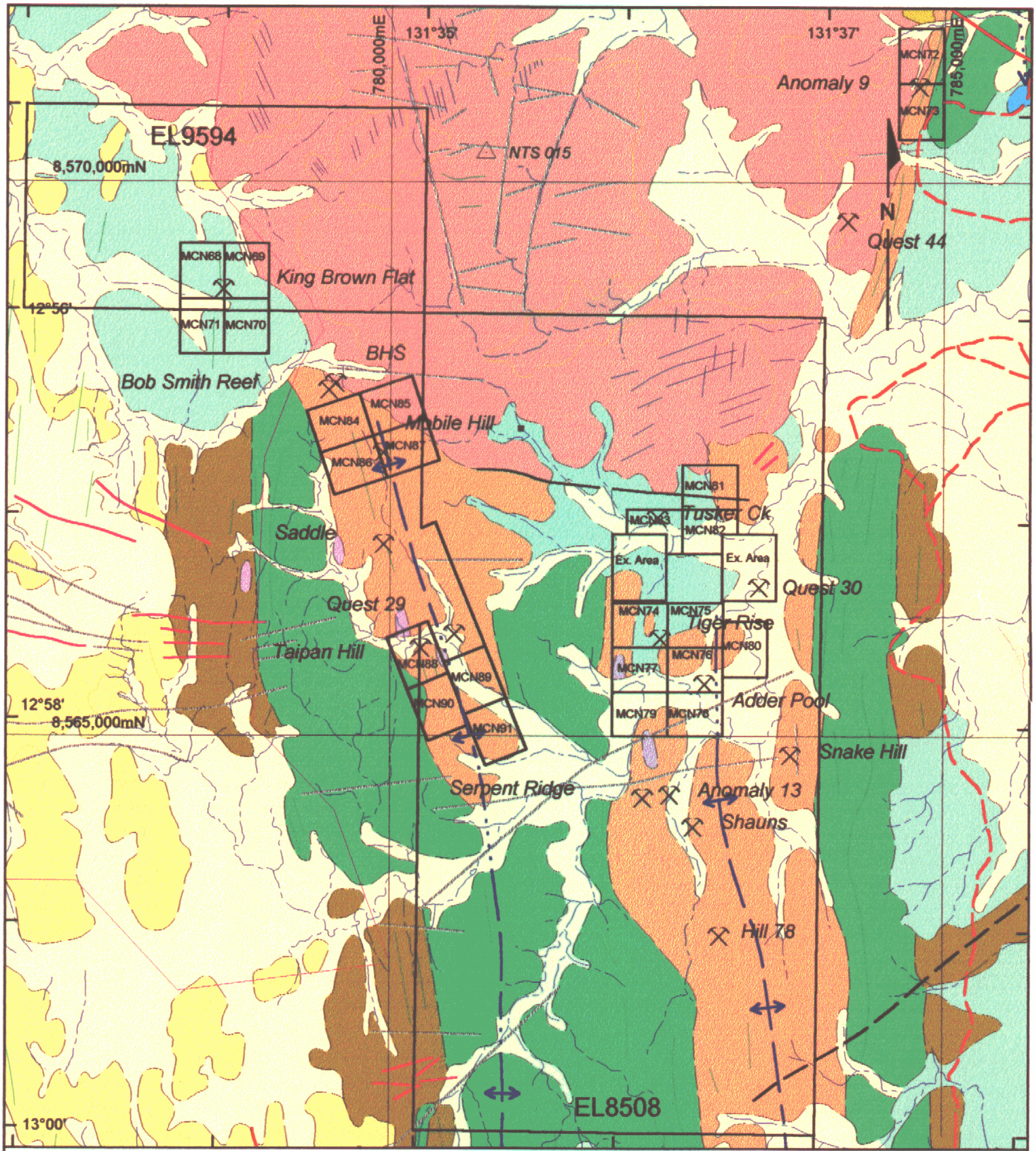
Proterozoic basement rocks within the Project Area consist of shale, carbonaceous shale, siltstone and minor greywacke of the Koolpin Formation, dolerite and associated intrusive rocks of the Zamu Dolerite (?) unit, siliceous tuff of the overlying Gerowie Tuff and shale, siltstone, greywacke, tuff and chert-rich sediments of the Mount Bonnie Formation. Intrusive rocks of either the Mount Bundey Granite or the Mount Goyder Syenite outcrop in the northeastern portion of the area. Surficial deposits consist of remnants of Tertiary laterite and a minor, weakly lateritised Tertiary to Quaternary conglomerate.

Significant gold and/or base metal mineralisation is known in all of the Proterozoic stratigraphic units and the Zamu Dolerite elsewhere within the region. The Woodcutters base metal mine and the Tom's Gully gold deposit are located within the Mount Partridge Group; the main part of the Cosmo Howley gold deposit is located within the Koolpin Formation; the Coronation Hill, Quest 29 and Taipan Hill gold deposits are located at and adjacent to Koolpin Formation-Zamu Dolerite contact; the Chinese Howley and Big Howley gold deposits occur in the Gerowie Tuff and the Woolwonga gold deposit and the Rustler's Roost gold mine both occur within the Mount Bonnie Formation.

The geology of the area satisfies most or all of the geological criteria which apply at the majority of moderate to large gold and base metal mines within the Pine Creek Geosyncline:

- Close proximity to an intrusive granite body associated with a basement high.
- The presence of anticlinal structures.
- Axial shearing and brecciation.
- Favourable stratigraphy.
- The possibility of closed anticlinal/domal structures or corresponding changes in anticlinal plunge.
- Evidence of significant gold and base metal mineralisation within the region.

The regional geology is summarised on Figure 2.



QUATERNARY

Qa	silt, sand, clay and gravel in creek and river alluvium and flood plain deposits	

TERTIARY TO QUATERNARY

Czl	Laterite
Cz	Gradational red soils and yellow earth type soils

EARLY PROTEROZOIC

	KATHERINE RIVER GROUP
Pgu	*MOUNT BUNDEY GRANITE* coarse pink granite
Pdz	*ZAMU DOLERITE* massive quartz dolerite

FINNIS RIVER GROUP

Pfb	*BURRELL CREEK FORMATION* laminated shale and siltstone with minor greywacke and conglomerate

SOUTH ALLIGATOR GROUP

Pso	*MOUNT BONNIE FORMATION* laminated shale and siltstone with minor laminated black chert bands, lenses and nodules, minor pyritic banded iron formation and greywacke and rare silicified dolomite
Psg	*GEROWIE TUFF* laminated siliceous tuffaceous shale and siltstone, minor chert nodules and thin beds of iron formation
Psk	*KOOLPIN FORMATION* ferruginous siltstone and shale commonly carbonaceous and pyritic, with chert bands, lenses and nodules, minor silicified dolomite lenses and ironstone

MOUNT PARTRIDGE GROUP

Ppw	*WILDMAN SILTSTONE* laminated colour banded shale and siltstone pyritic and carbonaceous at depth; minor silicified dolomite

0 2km

SCALE 1:50,000

WILLIAM AUSTRALIA N.L.

COMPILED: G.Rabone	**MOUNT BUNDEY PROJECT**
CHECKED: G.Rabone	EL 8508 & MCN's 68 to 91
DATE: 30.4.1997	
DRAWN: SUN DRAFTING	**GEOLOGICAL MAP**
REF: Mt Bundey	
REVISION:	
DRAWING No. MBMPD002.wor	SCALE 1:50,000
	FIG. No. 2

4. PREVIOUS ACTIVITY

The earliest significant exploration within the region was undertaken by Geopeko during the early 1970's following their acquisition of the then relatively new BMR aeromagnetic and radiometric survey data which was flown during 1970. Geopeko's exploration programs were directed primarily at uranium and secondarily at base metals with only minor attention being paid to gold. Interpretation of this geophysical data outlined a large number of potential target areas throughout the region, which were subsequently investigated by ground-based geophysics and geochemical sampling. These sampling programs defined anomalies that were thence designated "Quest" numbers for identification. These anomalies became the focus of Geopeko's exploration activities for some four years. The majority of the Quest prospects were covered by Mineral Claims during this exploration program.

A Joint Venture between Aquitaine, Jimberlana Minerals and Pan d'Or Mining carried out between 1978 and 1983 involved a similar exploration program to Geopeko's and was directed at their large EL 1653. Similar results were obtained and the work culminated in minor costeaning, drilling and the pegging of Mineral Claims MCN's 68-91.

Newmont carried out broad scale geochemical sampling and other work over their large tenure holding during the period 1988-90. Part of Newmont's holding and exploration work adjoined the eastern side of the present MCN 81. Highly anomalous surface gold values were found in several areas but follow-up exploration was very limited.

Pinnacle Mining NL completed an intensive exploration program following their acquisition of the current tenements during 1994-95. Initial regional soil and lag sampling was followed by shallow RAB-style drilling of several indicated prospect areas. The Taipan Hill and Mobile Hill zones displayed strong gold mineralisation which formed the basis of ongoing exploration by William Resources.

During 1996, William Resources completed a detailed RC percussion drilling program on the Taipan Hill and Mobile Hill zones. At Taipan Hill, the drilling confirmed the tenor and extent of the mineralised zones outlined by Pinnacle and extended the possible strike length of the mineralised system to at least 720m. Metallurgical testing of several mineralised intercepts was completed. At Mobile Hill, additional mineralised zones were discovered.

5. CURRENT ACTIVITY

During the fourteenth year (1997-98), exploration activity on the Mineral Claims was conducted by Sirocco Resources NL and concentrated on the Taipan Hill and Mobile Hill areas. Work included data reviews and validation, prospect evaluation, surveying, formulation of appropriate exploration strategies and drill site preparation. Table 2 summarises all work completed by Sirocco during the reporting period.

Sirocco completed a detailed exploration program on the neighbouring Quest 29 area during 1997-98, the success of which led to negotiations with William Resources with respect to acquiring the Mount Bundey tenements. Sirocco's primary objectives were to enhance the exploration potential of the local region, expand the parameters of the gold deposit outlined at Quest 29 by incorporating the Taipan Hill zone and aggregate their holding of exploration tenure in the region local to the Tom's Gully operation.

Although the agreement between William and Sirocco was not executed until 31 August 1998, William permitted the commencement of exploration late in the tenement year, to enable Sirocco to complete their scheduled drilling program prior to the onset of the 1998/99 wet season.

5.1 SITE INSPECTION AND RECONNAISSANCE

Following an initial inspection of the area, excessive spear grass growth, which blanketed the prospect following the wet season, was burned-off to reveal outcrop, previous drill collars and the original survey grid. The burn-off was conducted in conjunction with "Old Mount Bundey" station, under a current Permit to Burn.

A geological and logistical reconnaissance was thence conducted, primarily aimed at defining the boundaries of the tenements, locating collars of RC drill holes and inspecting outcrop prior to the planning and implementation of exploration activities.

5.2 DATA REVIEW AND INTERPRETATION

An inspection of open file reporting held at the Department of Mines and Energy library in Darwin, a review of published data and literature and examination of available geological mapping was completed as a thorough preliminary introduction to exploration of the area.

Departmental and internal reports which catalogue the exploration completed by Pinnacle Mining and Rustler's Roost Mining were acquired from William Resources. Drilling and lag sampling results were reviewed and geochemical data prepared for entry to an appropriate Microsoft Excel based database system. Digital drilling geochemistry, survey and lithological data was acquired from William Resources, reviewed and incorporated into the database.

Comprehensive drill hole sections and site plans were prepared using a combination of Mapinfo and Surpac software for use in evaluating the known mineralised zones and planning for additional drilling of the prospect areas. Additionally, a comparison was made between the geometry, grade and occurrence of mineralisation and those of the neighbouring Quest 29 prospect to assist in defining possible common controls and constraints on mineralisation.

The potential for strike extensions was investigated through close scrutiny of geochemical data on drill hole sections, niche mapping of geochemical trends and extrapolation of mineralised zones into areas of little or no drilling data. Several areas designated as potential strike extensions were investigated in the field and incorporated into the proposed drilling program.

A program comprising over 120 reverse circulation drill holes was proposed (including drilling of Sirocco's neighbouring Quest 29 prospect, to be completed during the first quarter of the 1998/99 financial year. The program incorporates both infill drilling and testing for interpreted strike extensions to the mineralised zones delineated to date.

5.3 SURVEYING

Contract surveyors, Phillip Verrall Surveys were commissioned to undertake a detailed survey of the tenement boundaries and selected drill hole collars. The survey, which included all 24 Mineral Claims, was conducted over a period of 11 days.

5.4 DRILL SITE PREPARATION

The main access track to the prospect from the Rustler's Roost entrance road was upgraded prior to commencement of field activities using a grader wet-hired from CBC Earthmoving. Damage from the wet season rainfall was repaired and erosion control measures implemented to reduce further environmental impact.

Drill sites were prepared using a Komatsu D85 bulldozer wet-hired from CBC Earthmoving. Care was taken to minimise topsoil disturbance by clearing with a raised blade where possible, thereby merely 'sweeping' the surface of light growth and fallen timber. In some areas, ripping and removal of hard rock was required to form adequately proportioned drill pads to suit the drilling equipment required for the proposed program.

5.5 ENVIRONMENTAL REHABILITATION

An inspection of the Taipan Hill and Mobile Hill prospects was completed by two officers from the Environmental Division of the Department of Mines and Energy on 17 June 1997, accompanied by personnel from the Rustler's Roost mine, representing William Resources. The major issue raised at the time was the permanent capping of drill holes and the stabilisation of all disturbed areas (drill pads). Due to the impending execution of an agreement with Sirocco Resources, rehabilitation work was not commenced, recognising the requirement for future use of the drill pads and possible requirements to re-enter and extend drill holes following Sirocco's reappraisal of the data.

It is recognised that the issue is sensitive and all care has been taken in conducting activities within recognised codes of practise and environmental policies. It is intended that drill sites no longer required will be rehabilitated as soon as practical after the investigations are completed. Garbage and other refuse will be removed from site and disposed of in a suitable manner. Drill holes will be temporarily capped with a heavy duty PVC cap placed on the protruding PVC collar thence permanently plugged below ground level following the completion of all activities.

Should costean or trench sampling be conducted, excavations will be backfilled and compacted immediately following sampling and mapping of the exposed bedrock.

Table 2: Summary of Work Completed by Sirocco Resources NL

Date	Activities Completed	Logistics
17.06.98	Burn-off excessive spear grass.	1 Field technician 1 Vehicle
18.06.98 to 19.06.98	Site inspection; locate Claim corner points and boundaries.	1 Geologist 1 Field technician 1 Vehicle
26.06.98 to 01.07.98	Review Pinnacle and William drilling and surface geochemistry.	1 Geologist
27.06.98	Data entry. Plot Claims, sections and geochemistry.	1 Geologist
28.06.98	Review potential for strike extensions. Reconnaissance of prospect areas.	1 Geologist 1 Field technician 1 Vehicle
30.06.98	Review Taipan Hill data.	1 Geologist
01.07.98 to 11.07.98	Survey Claim boundaries.	1 Contract surveyor 1 Field technician 1 Vehicle
02.06.98	Review open file reports at DME library, Darwin.	1 Geologist
03.07.98 to 04.07.98	Planning drilling program.	2 Geologists
06.07.98	Validating previous drilling details.	2 Geologists
08.07.98	Mark out drill holes.	1 Geologist 1 Field technician 1 Vehicle
13.07.98 to 29.07.98	Drill pad preparation (76 sites).	1 Field technician 1 Vehicle 1 Bulldozer & operator
14.07.98	Review and revise drilling program where required according to site access.	1 Geologist 1 Vehicle
15.07.98 to 16.07.98	Geochemistry data entry and validation.	1 Geologist
17.07.98	Niche mapping (surface vs downhole geochemistry).	2 Geologists
18.07.98	Field review of niche mapping interpretations.	1 Geologist 1 Vehicle
19.07.98	Site inspection and review drill program with company directors.	2 Geologists 2 Visitors 2 Vehicles

6. CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

Mineral Claims N68-91 are located in the northeastern portion of the Proterozoic Pine Creek Geosyncline and cover stratigraphy considered prospective for stratabound and/or stockwork gold mineralisation. William Resources Inc formally entered a joint venture agreement with Pinnacle Mining NL on 12 July 1996 through its wholly-owned subsidiary, Rustler's Roost Mining Pty Ltd. Under the terms of the joint venture, William Resources earned a 51% share of the properties through the minimum expenditure of $250 000 during the first year.

Sirocco Resources NL executed an agreement with William Resources on 31 August 1998 to acquire the properties and amalgamate their Quest 29 deposit with the Taipan Hill zone.

Work completed throughout the 1997-98 tenement year was undertaken by Sirocco Resources NL and concentrated on familiarisation with the project geology and the results of previous exploration, to assist with scheduling the ongoing evaluation of the Taipan Hill, Mobile Hill areas and other peripheral prospects.

Preparation for an intensive reverse circulation drilling program was completed. Drilling is to commence during the first quarter of the 1998/99 financial year.

6.2 Proposals

Ongoing exploration of the tenements will be aimed primarily at acquisition of information required to develop one or more mineable satellite gold resource for Sirocco Resources' Tom's Gully operation.

Continued work is expected to include:

- Construction of a fully surveyed grid with local benchmark control converted to AMG based coordinates and relevant RL.
- Metallurgical studies.
- Petrographic analysis of host lithologies, alteration assemblages and gold style and occurrence.
- Trench or costean sampling through the near-surface portion of the mineralised zone.
- Reverse circulation & diamond drilling.
- Resource calculation and pit design.

7. REFERENCES

The following published and unpublished sources were used to provide background information relevant to Mineral Claims N68-91 during the initial planning stages of the exploration program and during the preparation of this report.

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