THIRD ANNUAL REPORT FOR
EL 8994 (GYPSY)

for the period
8/3/2001 to 7/3/2002

Desertex Project
NORTHERN TERRITORY

Volume 1 of 1

1:250,000 SHEET: Green Swamp Well SE53-13

1:100,000 SHEET: Billiatt 5558

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TENEMENT HOLDERS: Newmont Gold Exploration Pty. Ltd.
Anglogold Australasia Ltd.

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EL 8994 is centred approximately 95 km SW of Tennant Creek and covers an area of 194km² within NT Portion 2844, Karlantijpa South Aboriginal Land Trust. This report details exploration undertaken for the period from 8 March 2001 to 7 March 2002.

No ground based exploration activities were conducted over the tenement during the 8th March 2001 to 7th of March 2002 period. Difficulties getting onto the ground at EL8994 have arisen due to sensitive access issues in other areas in the Rover Field area.

The primary exploration target for this lease is an old Geopeko Ltd prospect; Explorer 142 which is currently within a large exclusion zone but there is still hope that this zone will be reduced.

This reporting period has seen the exploration management of the project transfer from Normandy Tennant Creek Operations to Normandy Gold Exploration on the 30th of March 2001 and then on the 1st of March 2002 to Newmont Gold Exploration. This centralisation of management will result in considerable savings in operating costs.
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1 CONCLUSIONS & RECOMMENDATIONS

Regrettably no field-based exploration could be conducted over the tenement from 8 March 2001 to 7 March 2002. Sensitive access issues persist in the area and because of the demonstrated prospectivity of the Rover Field area, a cautious approach has been taken. During the reporting period management of the project has been transferred from Normandy Tennant Creek to Normandy Gold Exploration Pty Ltd (Normandy) and then to Newmont Gold Exploration Pty Ltd (Newmont). This change in management has seen a change in focus for Newmont in the Tennant Creek area, away from feeding Newmont’s Tennant Creek mill to finding stand-alone operations. This means that Newmont Gold Exploration is free from the earlier perceived distance constraints of finding ore for an existing mill.

2 INTRODUCTION

This report details a compilation of previous exploration activities and work undertaken during the reporting period on EL 8994 and proposals for the 2002 to 2003 work program.

3 LOCATION, ACCESS AND CLIMATE

EL 8994 is centred approximately 95km SW of Tennant Creek. Access is via the sealed Stuart Highway south of Tennant Creek to Cabbage Gum Bore, then 100km west and south along tracks. Alternatively from Tennant Creek to Warrego, then west for approximately 11.5km along the Wiso Bore graded road then south and west for approximately 120km on tracks (Figure 1).

The climate of the Tennant Creek district is mild and dry through most of the autumn to spring months. The summer period is hot with seasonal heavy rainfall between January and March making access very difficult during these periods.

4 TENURE

EL 8994 covers an area of 194km$^2$ within NT Portion 2844, Karlantijpa South Aboriginal Land Trust. The application was lodged on the 7/11/1994 and approval to negotiate was given on the 20/2/1995.

EL 8994 was granted on the 8 March 1999 after the signing of an agreement with the Central Land Council (Babylon Deed of Terms & Conditions for Exploration) on the 8 December 1998. The exploration licence covers an area of 60 graticular blocks.
5  REGIONAL GEOLOGY

The geological understanding of the Tennant Creek Inlier and adjacent areas underlying the Cambrian Wiso Basin has been advanced by detailed geological mapping over the Tennant Creek and Flynn 1:100,000 map sheets (Donnellan et. al. 1995), precision dating of stratigraphic components of the region (Compston, 1995) and regional geophysical interpretations.

The oldest exposed lithologies in the Tennant Creek Inlier are the metasedimentary rocks of the Warramunga Formation, which host the Au-Cu-Bi mineralisation of the Tennant Creek Goldfield. These Proterozoic sediments were deposited approximately 1860 Ma. Deformation and intrusion of the Warramunga Formation by porphyries and granitoids occurred during the Barramundi Orogeny (1858 Ma to 1845 Ma).

Deposition of the volcanics and volcaniclastics of the Flynn Sub-Group followed the Barramundi Orogeny between 1845 Ma and 1827 Ma. An additional deformation event preceded the deposition of the Hatches Creek Group/Tomkinson Creek Sub-Group (1820 Ma to 1785 Ma) and the intrusion of late-stage granitoids and porphyries into both the Warramunga Formation and Flynn Sub-Group at 1650-1712 Ma.

6  LOCAL GEOLOGY

Lower Proterozoic Warramunga Group and Flynn Subgroup are known to occur under thick Cambrian Wiso Basin Succession and Quaternary cover within this tenement. Historical drilling at four locations within the tenement and in areas to the east and south of the tenement has intersected characteristic lithofacies and in some cases Tennant Creek-style mineralisation.

The Warramunga Group consist of turbiditic siltstones and sandstones with subordinate volcaniclastic lithofacies. The Flynn Subgroup is dominated by intermediate to silicic volcanic and volcaniclastic facies.

The area is largely covered with Quaternary sands with minor outcrops of lateratised Middle Cambrian Merrina sedimentary beds that unconformably overlie the Proterozoic basement. Spinifex and acacia scrub are dominant in the areas of Quaternary cover and patchy mulga and gum thickets are present adjacent to areas of outcropping Cambrian rocks.
7 PREVIOUS WORK

A low level aeromagnetic survey was conducted by Geopeko during 1973 to 1974 and covered a large area that included the present EL 8994. A number of discrete magnetic anomalies occurred throughout the area and resembled a Tennant Creek type ironstone response.

Geopeko held the area south of EL 8994 from 1974 to 1978 under EL 981 (Bujtor, 1977).

Australian Ores and Minerals Limited held the area east of EL 8994 with an Authority to Prospect 2451 prior to 1970 and a detailed aeromagnetic survey undertaken at the end of 1970 (Williams, 1972). A number of anomalies were defined in this survey. This Authority was converted to EL 228 on the 21/5/72 and relinquished on the 21/5/1977 (Duck, 1977).

From 31/10/1978 to 30/10/1983, Geopeko, Shell Minerals Exploration and Australian Ores and Minerals held the area east of EL 8994 under EL 1849. Between 1979 to 1983, detailed magnetic surveys were conducted over selected prospects to assist in exploratory drilling. A gravity survey totalling 94.2 line kilometres was carried out in 1978/79. Results were encouraging and a further 61.4 line kilometres surveyed in 1979/80. Twenty-three prospects were investigated and mineral leases pegged. Exploratory drilling was undertaken to delineate mineralisation (Harbon, 1983a).

The area of EL 8994 was applied for by Geopeko with EL 1286 in 1976 and granted in 1978 and relinquished in 1983. Four prospects, Explorer 108, 111, 120 and 142, were drill tested, significant Ironstone-Cu mineralisation being intersected at Explorer 142 where Warramunga Group sediments were intersected below 221m of Cambrian dolomites and dolomitic siltstones (Harbon, 1983b).

In 1998 a review of historical assay was conducted from drilling in the areas that are now granted tenement EL 8994. A total 700 preserved coarse rejects and pulps were assayed for gold, silver, arsenic, bismuth, cobalt, copper, iron, lead and zinc. The samples were taken from drilling at Explorer 108 and 142. Re-assaying of the preserved coarse rejects and pulps showed that the previous assayed results were of a variable quality and should only be used for semi-quantitative interpretation. However, there is a high level of confidence in the accuracy of high grade base metals intersections but low confidence in the accuracy of gold intersections (Clifford, 1998).

During 1999 Newmont used the contractor Kevron to fly an aerial geophysical survey at a variable 100m to 200m line spacing and a mean terrain clearance of 40m. Preliminary analysis of this survey data confirmed magnetic anomalies suitable for exploration targeting as Tennant Creek style Au-Cu mineralisation hosted by magnetite ironstone, with the historical prospect Explorer 142 being considered a high priority target.

A critical consideration to exploration of this tenement for Tennant Creek-style mineralisation is the depth to Proterozoic basement that is known to exceed 200m in drilled prospects within the tenement. To estimate depth to basement, Newmont using in-house proprietary algorithms modelled the AMAG data. The results of this modelling suggested that although there were some areas of limited cover the overall depth to basement is in excess of 150m with some areas including cover in excess of 500m.

Aerial photography was completed over the Babylon Project area which includes tenements EL 8921, 8994 and 8823 (Clifford, 1999). A total of 370 photographic frames covering 1570 km$^2$ were taken by the contractor Quasco Northern Surveys.
This program produced 1:25,000 precision located colour photography over the tenement with the aircraft flying at approximately 4,000m.

The aerial photography was reviewed together with Landsat TM data and Radiometric data. The southwestern area of the tenement is dominated by Quaternary sand dunes, while the central through to northeastern portion includes exposures of lateratised Wiso Basin Succession lithofacies and Quaternary sediments.

The contractor Ecologia conducted a Biological Assessment Survey in 1999. The detailed study area of 10kms was centred at 331,220mE 7,791,200mN. The results of this survey were provided in Appendix 2 in Orton 2000.

8 WORK CARRIED OUT DURING THE REPORTING PERIOD

Due to the sensitive land access issues in the area and the change in management from Normandy Tennant Creek to Normandy Gold Exploration and then to Newmont Gold Exploration work on EL8994 has progressed slowly during the 8 March 2001 to 7 March 2002 period. Work on EL8823 has involved a reassessment of existing data and previous interpretations.

9 EXPENDITURE STATEMENT FOR THE PERIOD 8/3/2001 TO 7/3/2002

During the reporting period of tenure, the EL 8994 incurred an expenditure of $17,862.77 of which $1,087.50 can be credited towards the covenant. A breakdown of this expenditure follows (Table 1):

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<th>EXPENSE</th>
<th>COST</th>
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<tr>
<td>Employee Costs</td>
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<td>Overheads</td>
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<tr>
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<td>Specialist Services</td>
<td>$</td>
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<tr>
<td>Tenement Costs</td>
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<td>Indigenous Affairs</td>
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<tr>
<td>Accounting Transactions</td>
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<tr>
<td>Audit Fees</td>
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<tr>
<td>TOTAL</td>
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<td>TOTAL COVENANT</td>
<td>$ 1087.50</td>
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</tbody>
</table>

The expenditure of $1,087.50 falls below the covenant that has been set at $96,400.


Proposed exploration activities for the period 8 March 2002 to 7 March 2003 will involve further modelling of aeromagnetic data for the purposes of refining estimated depth to basement in specific areas, refinement of the AMAG-geological interpretation and modelling of identified magnetic anomalies.
Provision is made for a 500m drill hole to test a single magnetic target, if refined modelling justifies it.

The proposed exploration expenditure for EL 8994 for the next year of tenure is as follows (Table 2):

<table>
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<td>Drilling</td>
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<td>Assays</td>
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<tr>
<td>Specialist Services</td>
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<tr>
<td>Tenement Costs</td>
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<tr>
<td>Indigenous Affairs</td>
<td>$ 15,400</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 96,400</strong></td>
</tr>
</tbody>
</table>

11 ENVIRONMENTAL / REHABILITATION REPORT

No environmental rehabilitation has occurred during the reporting period because no on-ground work that could have caused substantial disturbances has been conducted on EL 8994.
12 REFERENCES


Clifford, B A (1998): Jawatawata Project Geochemical Assessment, Part 1: Re-Assaying of Salvaged Historical Geopeko Pulps and Coarse Rejects for Ore and Ore Associated Elements (Au, Ag, As, Bi, Co, Cu, Fe, Pb and Zn) Volume 1 of 1. Normandy Tennant Creek Pty Ltd.


APPENDIX ONE

BIBLIOGRAPHIC DATA SHEET
BIBLIOGRAPHIC DATA SHEET

REPORT NUMBER: ADELAIDE: 29470


PROSPECT NAME(S): GYPSY, EXPLORERS 108 & 142

TENEMENT NUMBER: EL 8994

OWNER/JV PARTNERS: NEWMONT GOLD EXPLORATION LTD ANGLOGOLD AUSTRALASIA LTD

AGREEMENTS: DESERTEX BABYLON AGREEMENT

COMMODITIES: GOLD, BASE METALS

TECTONIC UNITS: TENNANT CREEK INLIER, WISO BASIN

STRATIGRAPHIC UNITS: WARRAMUNGA GROUP, FLYNN SUB-GROUP, WISO BASIN SUCCESSION

1:250,000 MAP SHEET: GREEN SWAMP WELL SE53-13

1:100,000 MAP SHEET: BILLIAT 5558

KEYWORDS: EXPLORATION PROPOSAL, EXPLORATION REVIEW, GEOPHYSICS, AERIAL MAGNETIC SURVEY, GEOPHYSICAL INTERPRETATION, RECONNAISSANCE