EL 23722

Batchelor, Northern Territory

First Annual Report

18.9.03 to 17.9.04

by
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for
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Wolpers & Flowers Constructions (NT) Pty. Ltd.
Kimalta Pty. Ltd
Dolwave Pty. Ltd.
Poatina Pty.Ltd
Rod Hass

Batchelor
October 2004

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SUMMARY

Field work has been limited to the northwest portion of the tenement and has indicated widespread minor gold mineralisation as evidenced from stream sediment and rock chip sampling

1. INTRODUCTION

This document is the First Annual Report for Exploration Licence 23722. The document reports on preliminary activities prior to grant as well as field activities during the period 18th September 2003 through to 17th September 2004.

2. TENEMENT STATUS

The tenement was applied for by J A Earthrowl on 29th October 2002; advertised on 2nd April 2002 and granted on 18th September 2003. A cash guarantee of $5,000 has been lodged and in conjunction with neighbouring EL 23677, a Mine Management Plan (Authority 0160-02) is in place, along with an additional cash guarantee of $1,500. The tenement is over Freehold land and all landowners were notified as required.

On 6th October 2003 the original grantee J. A. Earthrowl transferred 10% equity to five partners in exchange for financial participation in the exploration of the tenement. This arrangement has been formalised in the 'Rum Jungle West Joint Venture Agreement Exploration Licence 23722' and registered with the Mining Registrar on 20th February 2004 as Dealing No. 91866.

The equity partners with 10% each are

Rod Hass
Poatina Pty. Ltd.
Wolpers & Flowers Constructions (NT) Pty. Ltd.
Dolwave Pty. Ltd.
Kimalta Pty.Ltd
leaving John A. Earthrowl with 50% equity.

3. LOCATION (Fig 1)

EL 23722 is located west of Batchelor and is centred at 13˚00˝ S, 130˚56˝ E. It is east of Litchfield National Park and is accessible from the bitumen road that serves that park from Batchelor. Poorly maintained bush tracks give access to the EL only during the dry season from June to November, hindering exploration activity at other times.

4. GEOLOGY (Fig 2 and Fig 3)

EL 23722 is underlain by Early Proterozoic stratigraphy basal to and west of the Rum Jungle and Waterhouse Granite Complexes. The regional strike of the rocks is north to north northwest with folding tight.
The stratigraphy within the tenement comprises:

Burrell Creek Formation
Gerowie Tuff
Whites Formation
Coomalie Dolomite
Crater Formation

5. PREVIOUS EXPLORATION

EL 23722 flanks the Rum Jungle Mineral Field and as such has been subjected to some systematic exploration in the past. The past exploration has been primarily targeting uranium and, to a lesser extent, base metal mineralisation. Some regional sampling of stream sediments and rock chip for gold has been recorded. A base metal prospect known as Hoppy has been investigated in detail by several parties without success. A gold/arsenic anomaly two kms to the south of EL 23722 discovered in the mid 1990s was not fully followed up . (Earthrowl)

6. EXPLORATION PROGRAM AND TARGETS

The main target for EL 23722 is gold mineralisation within the folded Burrell Creek Formation and to a lesser extent base metal mineralisation at the Coomalie Dolomite/Whites Formation interface. Known gold mineralisation has been reported from the south and east of the tenement .

7. METHODS

7.1 Stream Sediment Sampling

Stream sediment samples have been collected in areas of poor outcrop where an incised stream system exists. Samples, wherever possible, were collected from recent (last wet season) sands/silts at natural traps in the stream bed.

Samples are collected, sieved to <6mm and stored in plastic and/or calico bags with unique sample numbers. A GPS reading is recorded for each site. Samples are then sent to laboratories (ALS Chemex) for assaying by cyanide extraction/BLEG.

7.2 Rock Chip Sampling

Rock chip sampling from outcrops, suboutcrops and in some cases boulders, was conducted wherever rocks were found on traversing. In most cases a composite sample comprising of chips from several sources within 5–20m was collected, described and a GPS location recorded.

7.3 Assaying

Samples have been sent to ALS Chemex as shown in App 3. Various assaying methods were chosen for the stream sediment and rock chip samples collected. Conventional methods included:

ME-ICP41:	Multi-Element, aqua regia digest followed by inductively coupled plasma with atomic emission spectroscopy
Au-TL43:	Aqua regia digest, extraction and graphite furnace Atomic absorption spectroscopy
Au-AA12:	Cyanide leach extraction by bottle roll of >1kg of Sample followed by AAS.

8. WORK DONE AND RESULTS

Field work in Year 1 has been concentrated in the northwest part of the tenement where previous explorers had not done much work.

8.1 Stream Sediment Sampling (BLEG)

Ten stream sediment samples have been collected and assayed by the BLEG method. Appendix 1 shows their GPS locations and Fig 7 their location. Appendix 4 gives their results.

Of the ten samples collected only two (# 7192, 7196) assayed below the detection limit of 0.1ppbAu . A further two assayed 0.1ppb. The maximum readings of 0.8ppb were recorded from #3383 and #7193 . All other samples returned values between 0.2ppb and 0.7ppb.

[Two stream sediment samples collected just west of EL 23722 , in EL 23677 , recorded values of 706ppb and 580ppb Au. , which are very high values. Resampling of the two sites ,as well as additional sampling in adjoining creeks, has not supported the initial anomalous values. The ALSChemex laboratory is checking their procedure for possible contamination or lab mixup.]

8.2 Rock Chip Sampling

The location of the 44 rock chip samples are given in GPS form in App 1 and on a map on Fig 7.

Of the 44 samples assayed:

- one sample (#1941) recorded below the detection limit of 0.001 ppm Au
- thirteen samples recorded 0.001 ppm Au
- twenty-six samples recorded between 0.002 and 0.027 ppm Au

The highest rock sample assay came from #7336 of 0.128 ppm Au which was from a complex quartz vein within the Burrell Creek shales.

The second highest value of 0.05 ppm Au from #7333 was from quartz stockworks also in Burrell creek shales.

9. CONCLUSIONS

Overall the work on EL 23722 is indicating the presence of minor gold mineralisation within quartz veining in the Burrell Creek Formation.

The regional stream sediment results indicate minor gold within the stratigraphy.

Regional rock chips values have produced no highly anomalous values , however they support the widespread presence of minor gold mineralisation as indicated by stream sedimment sampling.

No follow up work is required in the northwest area of the tenement as a result of Year 1 work.

10. RECOMMENDATIONS

Year 2 will concentrate on following up soil gold anomalies as indicated by other explorers work in the central areas of the tenement.

11. EXPENDITURE STATEMENT

Expenses Incurred Prior to Granting

Geologist	2 days @ $500	1,000.00	
Vehicle Use		200.00	
Office & Field Overheads		50.00	
	Sub-Total		$1,250

Expenses incurred in Year 1 of EL 23722

Geologist	8 days @ $500	4,000.00	
Field Assistant	6 days @ $250	1,500.00	
Assaying		860.00	
Vehicles		800.00	
Freight		62.00	
Consumables		210.00	
Office Overheads		175.00	
	Sub-Total		$7,607.00
	Grand Total		$8,857.00

Year 1 Covenant was $7,000

12. PROGRAM AND BUDGET FOR NEXT YEAR

Year 2 Program for EL 23722

Phase 1

Stream Sediment Sampling	1,500.00
Auger Soil Sampling	1,500.00
Rock Chip Sampling	1,000.00
Bedrock Sampling	1,000.00
Assaying	2,000.00
Consumables/Overheads/Vehicles	1,000.00
	$8,000.00

A Covenant of $8,000.00 is suggested for Year 2.

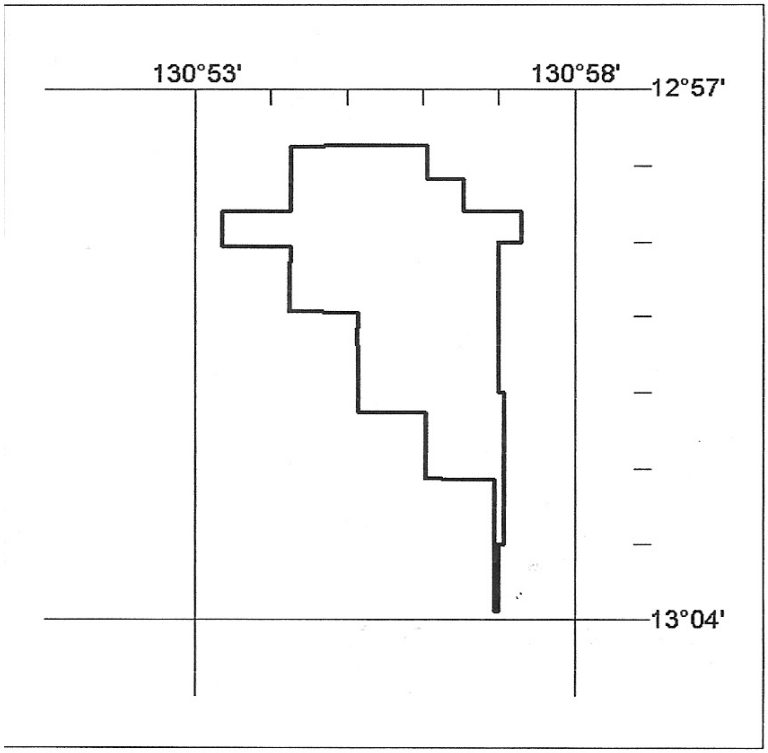
Phase 2 *(If Warranted)*

Auger Soil Sampling	2,000.00
Follow-up Bedrock Sampling	4,000.00
Assaying	5,000.00
Consumables/Overheads/Vehicles	3,000.00
	$14,000.00

REFERENCES

Earthrowl (2002) SEL 9437 Final Report. Period 13th May 1996 to 7th Feb 2002. Open File Report to DME (CR 2002-0107)

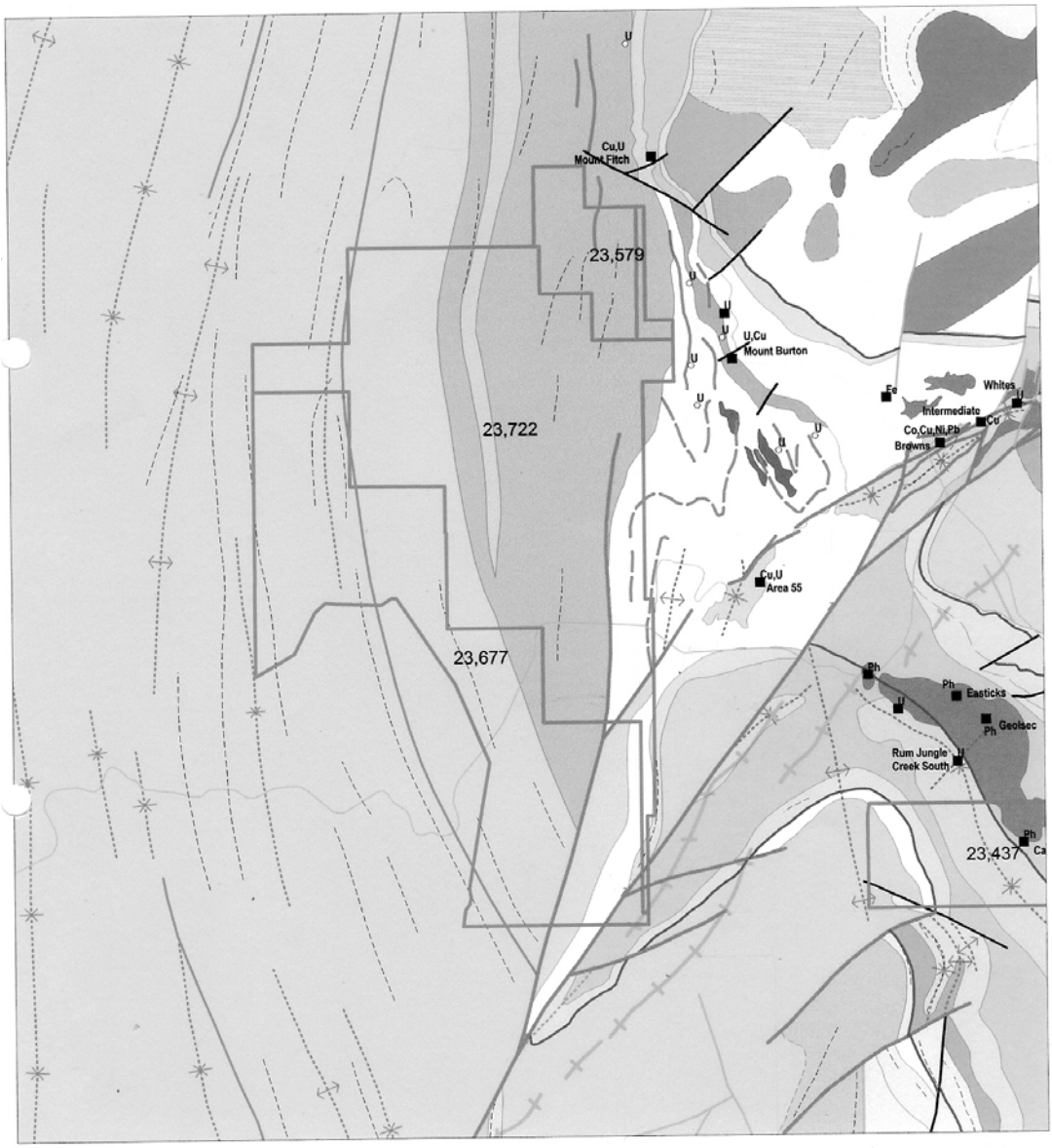
Second Schedule
(Plan of Area)



EL23722
20 Blocks
31.69 sq kms

Fig. 1

RUM JUNGLE WEST PROJECT EL23677, EL23722
Geology after NTGS

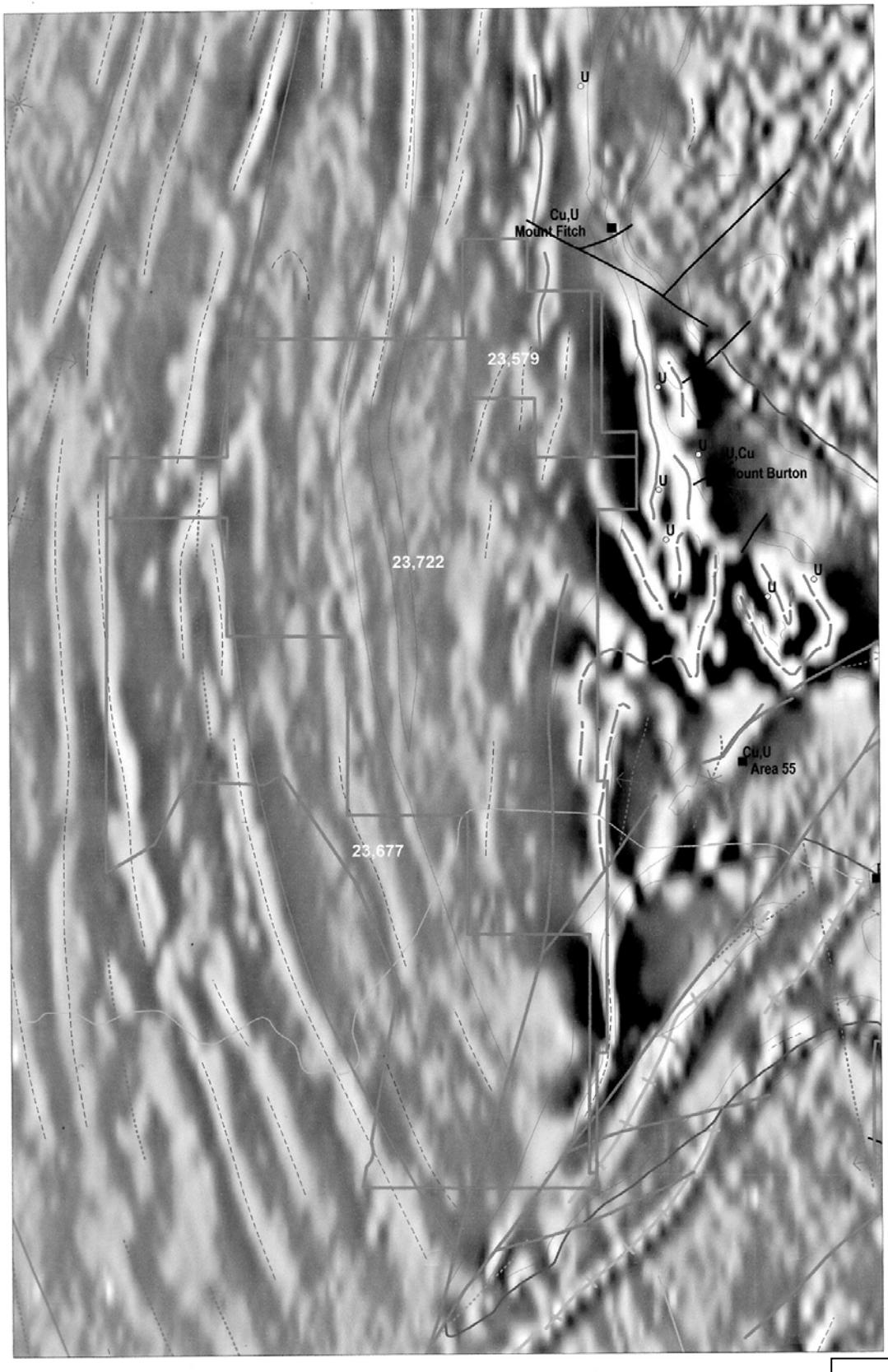


EL 23722 Regional Geology

Fig. 2

Fig. 3

RUM JUNGLE WEST PROJECT EL23677, EL23722
First Vertical Derivative AGC TMI



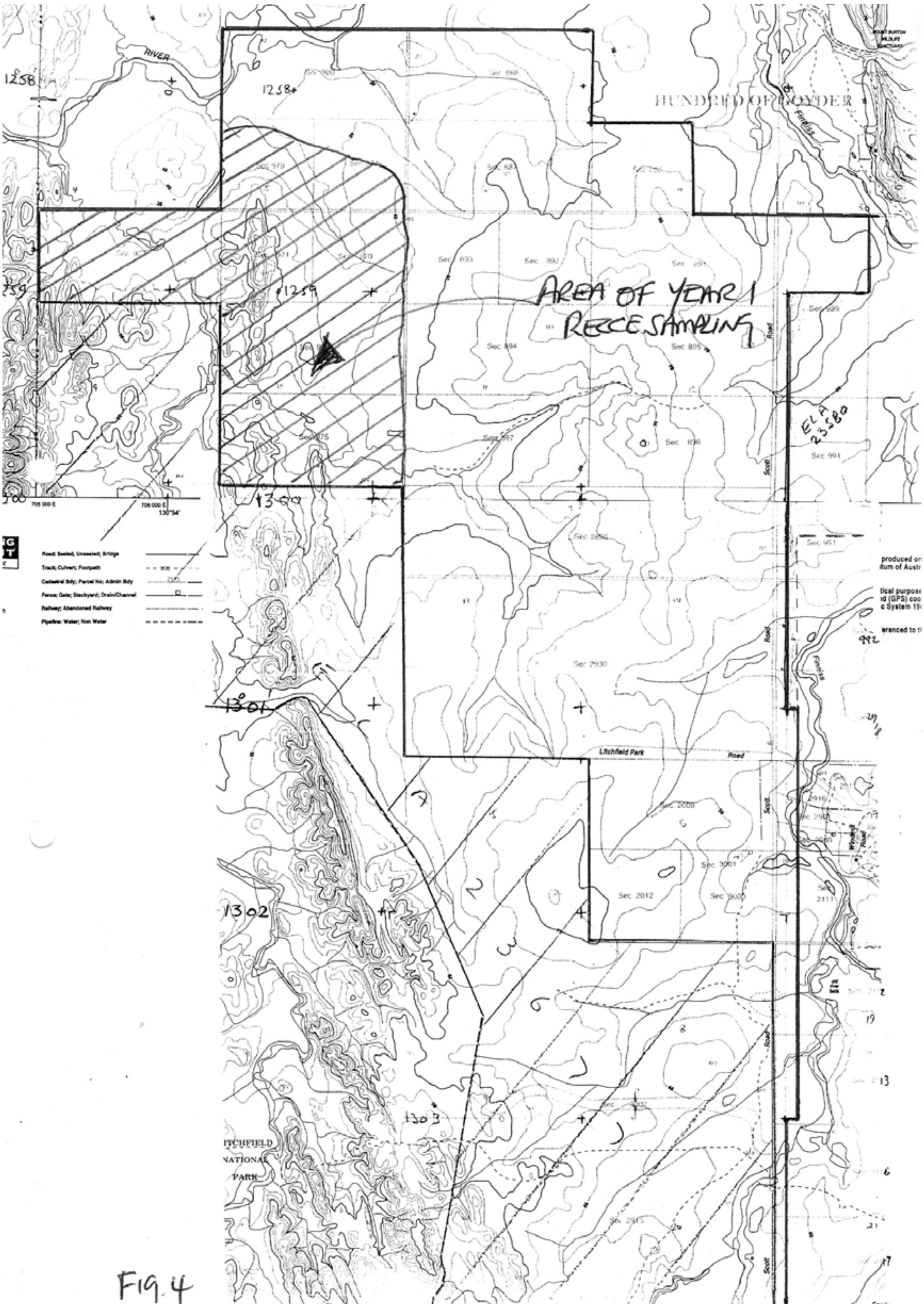
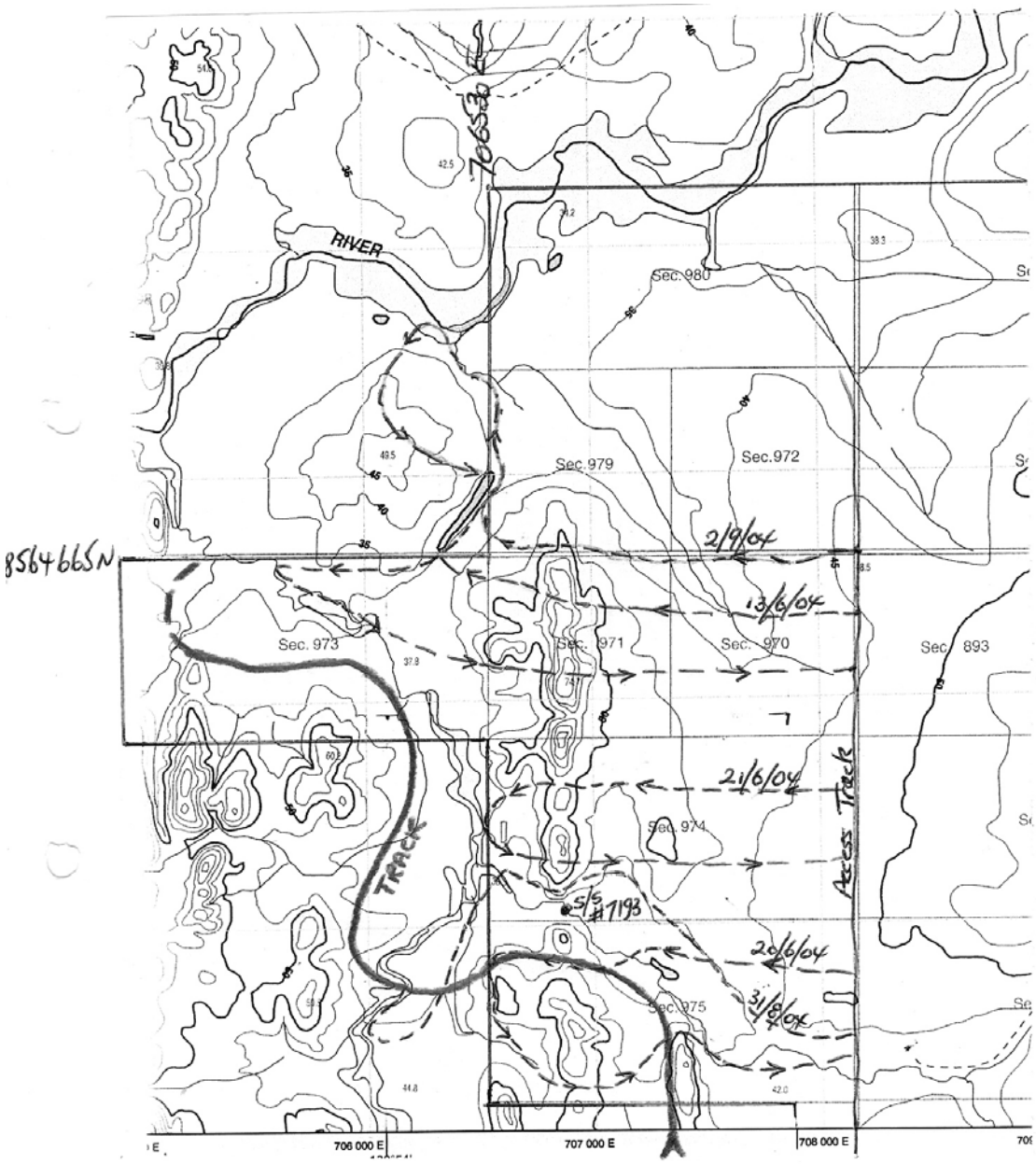

AREA OF YEAR 1
RECCE SAMPLING
HUNDRED OF GOYDER
ELA 23280
Litchfield Park Road
Scott Road
Finniss
RIVER
LITCHFIELD
NATIONAL
PARK
1258
1259
1300
1301
1302
1303
Road: Sealed, Unsealed; Bridge
Track; Culvert; Footpath
Cadastral Bdy; Parcel No; Admin Bdy
Fence; Gate; Stockyard; Drain/Channel
Railway; Abandoned Railway
Pipeline: Water; Non Water

FIG. 4



NW Corner EL 23722 showing Year2 Travers and significant sample sites

Fig. 5