EL 9775 KINTARO
MT TODD DISTRICT, NT

ANNUAL REPORT FOR EXPLORATION YEAR SEVEN OF TENURE 28 APRIL 2003 - 27 APRIL 2004

YIMUYN MANJERR (INVESTMENTS) PTY LTD (CONTROLLER APPOINTED) (SUBJECT TO DEED OF COMPANY ARRANGEMENT).

YILGARN GOLD LTD (CONTROLLER APPOINTED) (SUBJECT TO DEED OF COMPANY ARRANGEMENT).

VALLANCE HOLDINGS PTY LTD (CONTROLLER APPOINTED).
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1. **INTRODUCTION**

Exploration Licence 9775 (Kintaro) was granted to Pegasus Gold Australia Pty Ltd (subject to Deed of Company Arrangement), ("PGA") on 28 April, 1997 for a period of six (6) years. A Renewal Application has been lodged in respect of this licence. The licence covers an area of approximately 6.5 square kilometres, comprising two (2) graticular blocks.

Prior to EL 9775 being granted, the area of the licence was covered by a number of Mineral Claims held by Kintaro Gold Mines.

Following the severe decrease in the gold price and faults in the project design criteria, the Mt.Todd (now Yimuyn Manjerr) mine was put on care and maintenance status on 15 November, 1997.

The Administrators of PGA undertook an extended sale process during 1998, with sale to the Yimuyn Manjerr Joint Venture (Multiplex Resources Pty Ltd then renamed Yimuyn Manjerr Investments Pty Ltd 93%, General Gold Resources NL 2%, PGA 5%) finalised on 18 March, 1999. General Gold Operations Pty Ltd (GGO) held the Exploration Licence in trust for the Yimuyn Manjerr Joint Venture and had management control.

Operational and financial difficulties forced the shutdown of the Yimuyn Manjerr project on 7 July, 2000 with GGO placed under administration. Management of this licence is being undertaken by Yimuyn Manjerr Investments Pty Ltd, under the control of PGA (subject to Deed of Company Arrangement).

Exploration Licence 9775 was transferred on 1 October, 2001 to Yimuyn Manjerr (Investments) Pty Ltd (Controller Appointed) (Subject to Deed of Company Arrangement) - 95.73%, General Gold Resources NL (now called Yilgarn Gold Ltd) (Controller Appointed) (Subject to Deed of Company Arrangement) - 2.01% and Vallance Holdings Pty Ltd (Controller Appointed) - 2.26%.

This Report summarises exploration activities undertaken on EL 9775 during the twelve (12) months ended 27 April, 2004.
2. LOCATION AND ACCESS

EL 9775 is situated approximately 55km north of Katherine and is centred approximately 10km to the northeast of the Yimuyn Manjerr Gold Mine (Figure 1). Access is gained via Yimuyn Manjerr Mine access roads and exploration tracks north from the sealed Edith Falls Road.

Topography within EL 9775 is considerably varied, ranging from low relief scree rises and black soil plains in the north and west, to moderate and high relief rocky ridges and deep valleys in the south and east. The region is traversed by a number of creeks and drainages, including the relatively major Driffield and Stow Creeks. most of the licence is lightly timbered.

3. GEOLOGICAL SETTING

EL 9775 is located within the southeastern portion of the Early Proterozoic Pine Creek Geosyncline. Metasediments, granitoids, basic intrusives, acid and intermediate volcanic rocks occur within this geological province (Figure 2).

Within the Mt.Todd area the oldest outcropping rocks are assigned to the Burrell Creek Formation. These rocks consist primarily of interbedded greywackes, siltstones and shales of turbidite affinity, which are interdispersed with minor volcanics. The formation contains slump structures, flute casts, graded beds and occasional crossbeds.

Rocks of the Burrell Creek Formation have been folded about northerly trending F1 fold axes. The folds are open to closed style and have moderate to steep westerly dipping axial planes, with some rocks being overturned. A later north-south compression event resulted in east-west trending open style upright D2 folds.

Metasediments of the Burrell Creek Formation outcrop extensively throughout EL 9775. Ridges and creeks host exposures of greywacke and siltstone, with lesser shale and minor tuff and feldspathic sandstone. These rocks have been folded into a series of tight anticlines and synclines with steep, westerly dipping axial planes trending 350 degrees to 020 degrees magnetic. These folds generally plunge steeply to either the south or north, and often have an overturned eastern limb.
Figure 2. Regional Geological Setting
3. Quartz is abundant within the licence area, occurring as both massive white “bucky” veins and blows, and thin veinlets or stockworks. Three main structural trends are apparent over EL 9775. A northwest structural trend is represented by a moderate to strong vertical joint set or foliation, striking 310 degrees to 340 degrees magnetic. A northeast trend hosts much of the massive white quartz veins, striking 030 degrees to 060 degrees magnetic. The third structural trend is near bedding-parallel, and often results in shearing and brecciation along bedding planes. Quartz veining exists along all of these structural trends. Pyrite pseudomorphs are often associated with sheared and brecciated quartz veins.

Several prospect pits and alluvial diggings are scattered throughout EL 9775, with the abandoned Emerald Creek tin mine adjacent to the northeast boundary of the licence.

4. **PREVIOUS EXPLORATION PRE-EL 9775**

Previous exploration by Kintaro was carried out on a moderate scale over the area now covered by EL 9775. Work completed prior to the grant of EL 9775 consisted of:-

- Geological reconnaissance.
- Stream sediment sampling.
- Rock chip sampling.
- Soil sampling.
- Gridding.
- Bulldozer and excavator costeaming.

This work delineated a number of prospective areas, which were being targeted by PGA for further exploration under EL 9775.

5. **WORK CARRIED OUT - YEARS 1 TO 6 ON EL 9775**

Full details of all previous exploration work carried out is contained in the Annual Reports for EL 9775 for Years 1, 2, 3, 4, 5 and 6 of Tenure.
6. **WORK CARRIED OUT - YEAR 7 ON EL 9775**

Operational and financial difficulties forced the shutdown of the Yimuyn Manjerr project on 7 July, 2000. Due to this shutdown there was no work carried out on the licence during Year 7.

During Year 5 of the licence (2001-2002), a number of attempts were made to find a buyer for EL 9775 and other licences surrounding the Yimuyn Manjerr Mine. In mid-2002, agreement was reached for the sale of the exploration licences and settlement was expected in the immediate future. This settlement is still to be finalised. Apart from matters to do with the sale of this licence, there has been no other work carried out on the licence during Year 7.

7. **REHABILITATION**

No exploration activities were undertaken during the year that required rehabilitation.

8. **CONCLUSIONS AND RECOMMENDATIONS**

Exploration by PGA within EL 9775 targeted previously defined anomalous surface geochemistry in several areas. GGO was targeting these anomalous areas as well as geophysical and base metal (Zn, Pb) geochemical anomalies in the northern block.

Compilation of all geological mapping, stream sediment sampling, rock chip sampling and soil sampling has delineated several areas which require further investigation. Soil sampling on the northern graticular block has generated a 500 metre x 700 metre Zn anomaly (+200ppb Zn) which is open to the south and has coincident Pb anomaly.

A systematic exploration approach is recommended for Year 8 exploration on EL 9775. This would be composed of grass roots exploration, including infill and extension soil and rock chip sampling, targeting both Au and Zn anomalies and if warranted, RAB drilling, on the defined anomalous areas.
9. **PROPOSED EXPLORATION AND BUDGET**

Exploration proposed on EL 9775 during Year 8 is as follows:-

- Expanded and Infill Soil Sampling $5,000
- Geological Mapping and Rock Chip Sampling $5,000

**TOTAL** $10,000

10. **EXPENDITURE STATEMENT**

Due to the present operational difficulties of the management company, expenditure figures for Year 7 of EL 9775 are unavailable at this stage.