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EL 23579 – WEST MOUNT FITCH

**First Annual Report
For the Year ended
29 December, 2004**

M. K. Boots
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INTRODUCTION

This tenement was applied for in early 2002 following the intersecting of major base metal mineralisation in drill holes near the Mt Fitch prospect located to the east. It is considered prospective for uranium, copper, lead, zinc, cobalt and nickel mineralisation, especially as the mineralisation intersected in the adjoining tenement (ERL125) appears to dip westward toward this tenement. During the year acquisition of exploration data was undertaken, previous drill data was compiled and the prospectivity reviewed.

TENEMENT DETAILS

An application for parts of 2 blocks (3.68 square kilometres) was made on 23 April, 2002. It was subsequently granted as EL 23579, effective 30 December, 2003 for a period of six years. Ownership is Compass Resources NL 90% and Guardian Resources Pty. Ltd. 10%, with Compass being the operator.

The tenement is located on the Darwin 1:250,000 map sheet, Tumbling Waters 1:100,000 map sheet (5072), and Collett Creek 1:20,000 topographic map (5072-22).

ACCESS

The area is located about 2km immediately west of the Mt Fitch Trig station, and is south the Finness River. Access is from the south, by travelling north from the western side of the West Finness River crossing on the Batchelor to Litchfield National Park road. The access track is not well defined.

GEOLOGICAL SETTING

This tenement is covers a section of Lower Proterozoic shaley sediments generally believed to belong to the South Alligator Group and the underlying Mount Partridge Group. Further to the west these sediments are overlain by younger deeper water sediments of the Burrell Creek Formation. Regional strike is north-south with an overall westerly dip. Recon drilling has located shale and siltstones as the rock types. The most recent published data of this area is that of Lally et al 2002 (Rum Jungle 1:100,000 Mineral Field Map).

PREVIOUS EXPLORATION

During the early 1950s, a major portion of the exploration in this Rum Jungle area was conducted by the BMR as part of a regional programme aimed at locating uranium deposits. Following the discovery of the Rum Jungle Creek uranium deposit, Territory Enterprises Pty Ltd (TEP) was responsible for much of the exploration from that time on. TEP drilled a large number of auger holes, mostly as fences across the underlying sediments in areas of no outcrop. In the period 1979 to 1984, Uranerz undertook a large exploration programme in the Batchelor area, including EL1562 over most of the present tenement.

Portions of the grid used by Uranerz still exists in some areas. Aircore drilling of 51 holes by Uranerz in the present tenement has helped define the sedimentary sequence as being of a shaley nature.

Starting in 1986, the Central Electricity Generating Board Exploration (Australia) Pty Limited (CEGBEA) commenced exploration of EL4879 which covered this area. In the first year they completed an interpretation of the 1982 aeromagnetic and radiometric survey flown by Austirex Pty Ltd for the Northern Territory Geological survey over the area. They do not appear to have undertaken any field work within the area of the current tenement.

WORK COMPLETED THIS YEAR

This tenement is one of many held by Compass and Guardian who have been actively exploring the Rum Jungle area for many years. At present a resource of approximately 80 million tonnes of base metal mineralisation has been located and reported, several more areas remain to be drilled to follow up good base metal intercepts. The work completed on this tenement in the past year follows a regional approach to exploration in the region, which has proved to be successful in nearby tenements.

Much of the first years work involved the acquiring of and familiarisation with the existing recorded exploration results. The locations and depths of the previous diamond and aircore drilling within the tenement have been compiled into an Excel format for use in future data compilations, and is included as Appendix 1 to this report. Assay data located to date is included as Appendix 2.

PLANS FOR NEXT YEAR.

Compilation of available exploration data into GIS format is proposed.

Follow up evaluation of base metal anomalies will be the prime objective of next years programme. This will form a part of the large 2005 programme proposed by Compass. Expected expenditure is anticipated to exceed \$5,000.

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EXPENDITURE REPORT
EL 23579 – WEST MT FITCH

Salary, wages, on costs	1,135.47
Land costs/searches	40.00
Field Costs	442.89
Overheads	<u>242.76</u>
	\$1,861.12



