2003 ANNUAL REPORT FOR

MLC’s 512 - 517, 521, 525 - 526, 531 - 534, 537 - 545, 548 - 550,
556, 589 - 590, 688 - 691

FOR THE PERIOD ENDING 31 DECEMBER 2003

NOBLES NOB GROUP OF TENEMENTS

TENNANT CREEK DISTRICT

NORTHERN TERRITORY

TENNANT CREEK 1: 250,000 SHEET SE 53-14

VOLUME 1 of 1

AUTHOR: LAURIE E WHITEHOUSE

DATE: JANUARY, 2004
CONTENTS

1. INTRODUCTION 2
2. LOCATION AND ACCESS 2
3. TENURE 2
4. MINERALISATION 2
5. PREVIOUS WORK 4
6. WORK CARRIED OUT DURING THE PERIOD 1/1/2003 – 31/12/2003 4
7. EXPENDITURE STATEMENT FOR THE PERIOD 1/1/2003 – 31/12/2003 14

LIST OF TABLES

<table>
<thead>
<tr>
<th>Table No.</th>
<th>Title</th>
<th>Facing Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1</td>
<td>Tenement Status as at 15 January 2004</td>
<td>3</td>
</tr>
<tr>
<td>Tables 2,2A</td>
<td>Exploration Targets – Nobles Nob Tenements</td>
<td>6</td>
</tr>
<tr>
<td>Table 3</td>
<td>Drilling &amp; Budget Summary</td>
<td>16</td>
</tr>
<tr>
<td>Table 4</td>
<td>Risk Reward Table</td>
<td>16</td>
</tr>
</tbody>
</table>

LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure No.</th>
<th>Title</th>
<th>Facing Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Location Plan for Nobles Nob Tenements</td>
<td>2</td>
</tr>
<tr>
<td>2.</td>
<td>Nobles Nob Tenements – Target Areas</td>
<td>7</td>
</tr>
</tbody>
</table>

LIST OF APPENDICES

Appendix 1 Southern Geoscience Proposal of 10 September 2003
Appendix 2 AAPA Authority Certificate C2003/080
1. INTRODUCTION

This report details exploration undertaken by Sitzler Savage Pty Ltd, the holder of the tenements MLC’s 512 - 517, 521, 525 - 526, 531-534, 537 - 545, 548 - 550, 556, 589 - 590, and 688 – 691. These tenements constitute the Nobles Nob group of tenements for the 12 month period ending 31 December 2003 and form part of the Peko Tailings Project, managed by Peko Rehabilitation Project Pty Ltd. All other non-exploration activities undertaken on the Peko Tailings Project are detailed in the Mining Management Plan, which is submitted annually as a separate report by the operator, Peko Rehabilitation Project Pty Ltd, a subsidiary of Sitzler Savage Pty Ltd.

2. LOCATION, ACCESS AND CLIMATE

The Nobles Nob group of tenements lie approximately 8 to 15 kilometres southeast of Tennant Creek Township. Access is via the sealed Peko and Nobles Nob roads and the unsealed Gosse River Road. A well-developed network of good gravel tracks provides good vehicular access within and to most of the tenements.

The climate of the Tennant Creek district is mild and dry through most of the autumn, winter and spring months. The summer period is hot, with seasonal heavy monsoonal rainfall in January, February and March making vehicular access off sealed roads very difficult during these months.

3. TENURE

The Nobles Nob group of tenements contains the following mineral leases: MLC’s 512 - 517, 521, 525 - 526, 531-534, 537 - 545, 548 - 550, 556, 589 - 590, and 688 – 691 totalling 261.81 hectares in area. On 13 October 2000 ownership of these tenements was transferred from Santexco Pty Ltd, a subsidiary of the Normandy Group of Companies, to Sitzler Savage Pty Ltd. These tenements are included in 89 tenements held by Sitzler Savage Pty Ltd, which form part of the Peko Tailings Project. The operator of this project is Peko Rehabilitation Project Pty Ltd (“Peko”), a subsidiary company of Sitzler Savage Pty Ltd.

The Nobles Nob tenements are listed in the accompanying Table 1.

4. MINERALISATION

Most of the gold and copper production within the Tennant Creek goldfield has come from ironstone pods and hydrothermally altered metasediments adjacent to and below the ironstones. Of the 700 recorded ironstone occurrences within the field, only 200 contain any significant mineralisation and of these, only 25 have produced more than 100kg of gold.

The following table lists those 8 of those producers that lie within the 89 tenements held by Sitzler Savage Pty Ltd.
<table>
<thead>
<tr>
<th>Mine</th>
<th>Ore (tonnes)</th>
<th>Ore Grades</th>
<th>Metals Produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nobles Nob</td>
<td>2,140,000</td>
<td>17.0 g/t Au</td>
<td>34,580 Kg Au (1,112,000 ozs)</td>
</tr>
<tr>
<td>Juno</td>
<td>450,000</td>
<td>57.0 g/t Au</td>
<td>26,130 Kg Au (840,000 ozs)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7.0 g/t Ag</td>
<td>2,752 Kg Ag</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.4% Cu</td>
<td>1,429 tonnes Cu</td>
</tr>
<tr>
<td>Peko</td>
<td>3,160,000</td>
<td>3.5 g/t Au</td>
<td>7,481 Kg Au (241,000 ozs)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>14.0 g/t Ag</td>
<td>44,163 Kg Ag</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4.0 % Cu</td>
<td>118,884 tonnes Cu</td>
</tr>
<tr>
<td>Rising Sun</td>
<td>10,466</td>
<td>27 g/t Au</td>
<td>284.7 Kg Au (9,153 ozs)</td>
</tr>
<tr>
<td>Rising Sun West</td>
<td>7,000</td>
<td>19 g/t Au</td>
<td>122.5 Kg Au (4,035 ozs)</td>
</tr>
<tr>
<td>Two Blues</td>
<td>500</td>
<td>40 g/t Au</td>
<td>20.2 Kg Au (649 ozs)</td>
</tr>
<tr>
<td>Kimberley Kids</td>
<td>305</td>
<td>50 g/t Au</td>
<td>16.1 Kg Au (517 ozs)</td>
</tr>
<tr>
<td>Weabers Find</td>
<td>10</td>
<td>300 g/t Au</td>
<td>3.0 Kg Au (96 ozs)</td>
</tr>
</tbody>
</table>

The orebodies themselves are not very big in size, so looking for a buried one is like looking for a needle in a haystack. Sophisticated exploration techniques are needed in order to minimise the amount of expensive exploratory drilling that is required to discover any new orebodies. The following illustrates this point:

Peko (119,000 tonnes Cu, 241,000 ozs Au) was a pipelike structure, 450 metres long, 35 metres wide and 430 metres in depth. The surface expression of this orebody was an outcrop of massive magnetite just 30 metres across. An aeromagnetic survey in 1935 led to the recognition that a much larger body lay at depth.

Nobles Nob (1,112,000 ozs Au) was a tabular body, 190 metres long, 40 metres wide and 80 metres in depth. It outcropped at surface but was barren of gold down to a depth of 16.5 metres. If not for the perseverance of prospectors, Nobles Nob would not have been discovered until the arrival of more sophisticated aeromagnetic and computing techniques many years later, which led, showed that the hematite body gave a magnetic response which had been undetectable by earlier surveys.

Juno (840,000 ozs Au) was a tabular body, 200 metres long, 45 metres wide and 60 metres in depth. It had no surface expression and its discovery was the result of drilling a small aeromagnetic anomaly that had been previously overlooked.

As can be seen, such small bodies of hematite-magnetite can be host to quite large gold and copper orebodies. Because thousands of prospectors and geologists have explored every square centimetre of the Tennant Creek district over the last 40 years since the discovery of the first such body, there are no more such deposits to be found by prospecting. Similarly, the most obvious targets have already been identified by numerous aeromagnetic surveys over the years and it is only the smaller, deeper or more hematite altered bodies that have yet to be found by this method. Hence the next Peko or Nobles Nob or Juno orebody must rely on other exploration techniques such as gravity or other geophysical methods.
5. PREVIOUS WORK

Previous exploration and mining history has been presented by Normandy in earlier annual reports and in particular, Lidbury (1999) and Orton (2000).

In 1998 Normandy flew a detailed airborne magnetic and radiometric survey covering the southern Tennant Creek mineral field including the Nobles Nob leases. Survey specifications were 40m-sensor height, 50 m line spacings on a N-S line orientation with a 7m in line sample spacings. Elevation recordings were recorded every seventh sample for digital terrain modelling.

In 1999 Normandy flew airborne Time Domain Electro Magnetics (TDEM), a Normandy propriety system, over the Nobles Nob and Peko leases. The helicopter borne sensor was flown at 30m mean terrain clearance and 100m-line spacing. Analysis of the data was to have been reported to the NTDME in March 2001 but was never submitted.

Whilst Normandy carried out geophysical data interpretation and modelling in 1999 and 2000, Sitzler Savage Pty Ltd has only been provided with the raw data from these surveys. A quotation to carry out reprocessing and reinterpretation of this data, including magnetic modeling of selected targets has been received from Southern Geoscience Consultants in Perth and is included in Appendix 1.

Several ground gravity surveys have been carried out across the Nobles Nob leases and Peko is in possession of the raw data. A re-interpretation of the gravity data utilising the DTM elevation data from the 1998 aeromagnetic survey to produce 3D model as per Southern Geoscience Consultants proposal will readily identify any hematite (as distinct from magnetite) bodies at shallow depth that have not yet been drill tested.

An environmental rehabilitation programme was carried out over the old Nobles Nob mine area in which ripping, seeding, analysis of contaminated soils, tailings characterisation studies and monitoring were completed.

6. WORK CARRIED OUT DURING THE 12 MONTH PERIOD ENDING 31/12/2003

(a) Exploration

During the calendar year 2003, a six-month study of company and mine records held at Peko’s Tennant Creek office, open file company and other technical reports held at the Northern Territory Mines Department offices in both Darwin and Alice Springs as well as various digital reports of aeromagnetic, gravity and other geophysical surveys conducted in the Tennant Creek region, was carried out. Extensive use was made of Mapinfo/Discover GIS computer mapping programmes to identify twenty target areas within the Peko, Nobles Nob and Juno tenements.
The following is a discussion of the exploration techniques, which were relied upon in this study to identify target areas.

**Aeromagnetics:**
Following the discovery of copper and gold in massive magnetite at Peko in 1935 and the completion of aeromagnetic surveys by the BMR in 1937, 1956 and 1960 on 1,600 metre spacing, exploration concentrated on drilling aeromagnetic “bulls eye” anomalies. This led to the discovery of the Warrego, Orlando, Ivanhoe and Juno orebodies. Company aeromagnetic surveys at later dates led to the discovery of other deposits, including TC8 and Gecko. The high, near surface magnetite content on the ironstones at these mines allowed their early recognition from the magnetic data. In contrast, the Nobles Nob mine is hosted in non-magnetic hematite ironstone and it is only in the roots of this system that magnetite is present. Prospectors sinking a shaft on an ironstone outcrop found gold at 16.5 metres, which led to the opening of the Nobles Nob mine. It was only from later, higher resolution aeromagnetic surveys that a subtle magnetic anomaly over the Nobles Nob deposit was recognised. Interpretation of AGSO’s 1998 high resolution (200 metre line spacing) aeromagnetic survey data over the Tennant Creek district and Normandy’s 1999 higher resolution (50 metre line spacing) aeromagnetic survey data over the Nobles Nob and Juno leases will undoubtedly lead to the recognition of many more subtle magnetic anomalies akin to Nobles Nob and Juno.

**Gravity**
Close spaced gravity surveying is becoming an important exploration tool as a way of detecting heavier mineral masses (caused by magnetite-chlorite and sulphide mineralisation) beneath shallow cover or beneath oxidized and barren (at surface) hematite ironstone bodies. Interpretation of AGSO’s 2001 gravity survey over the Tennant Creek area combined with company acquired data has yielded several target areas for follow-up exploration.

**Electromagnetic Techniques (IP,EM)**
Induced Polarisation (IP) has long been recognized as a fast and cheap exploration tool for the detection of sulphides beneath the surface. Unfortunately, apart from an early survey in 1961/1962 in the Nobles Nob area in which the anomalies found by the survey have not yet been properly followed up, IP has not been used to any useful degree in the Tennant Creek area. Electromagnetic Surveying (EM) is useful in defining conductive bodies at depth and has been most successfully utilized in the search for volcanogenic massive sulphide deposits around the world. Poseidon conducted a trial EM survey across part of the Nobles Nob leases in 1996 but did not properly follow up the results of this survey. Reprocessing and reinterpretation of the original data from this survey utilizing more refined computer techniques will undoubtedly lead to the definition of ready to drill targets at Nobles Nob.

Normandy has utilized airborne EM with much success in the Tanami region and elsewhere in Australia and has found that hematite bodies such as Noble Nob were very responsive to this technique. In 1999 Normandy conducted a trial airborne EM survey over Nobles Nob. Whilst Peko has been able to access the raw data from this survey, it has been unable to source any information relating to the processing and interpretation of the results of this survey. A quotation to reprocess and interpret the acquired raw data from this survey has been prepared by Southern Geoscience Consultants in Perth and it is expected that this work will be carried out during the year 2004.

**Other Geophysical Techniques**
In 2001, Fugro Airborne Surveys Pty Ltd carried out an airborne aeromagnetic and mineral mapper survey over the Peko and Nobles Nob leases on behalf of the NT Department of Mines and Peko Rehabilitation Project Pty Ltd. The survey did not cover the Juno leases. Only processed data in the form of coloured maps and computer images was provided to Peko and the NT Mines Dept. and is of little use in this form. Enquiries are continuing into the usefulness and cost of acquiring the raw data and whether it can be used to prepare distribution plans for key alteration minerals such as hematite, dolomite, talc, chlorite and silica.

**Geology**
**(a) Structure**
Structures can also be favoured loci for ironstone replacement with gold-copper mineralisation being hosted in anticlinal structures at Juno, White Devil, Gecko, Peko and Argo. The east-west trending brittle-ductile shear zones and faults also contain many smaller deposits. Within the Nobles Nob
leases, north-south faults are intimately associated with the Nobles Nob, Kimberley Kids, Weabers Find and Rising Sun deposits. A great deal of structural information can be derived from aeromagnetic data and Landsat imagery. One aspect of structure that has not received much attention to date is the role of re-activated deep-seated basement structures in mobilizing mineralising fluids into favourable structures and lithologies. Landsat imagery clearly shows one such structure just west of Peko (between Peko and Peko West) passing in a NE-SE direction through Juno. The intersection of this structure with stratigraphic horizons hosting known mineral deposits gives rise to several target areas for follow-up exploration and drilling.

(b) Lithology
The ironstones are developed in close association with hematite shale units, lying on and partly replacing these units (Nobles Nob, Juno, TC8) or may be found as replacement bodies along contacts between sedimentary rocks and quartz porphyry intrusions (Warrego) or within intraformational slump breccias (Gecko and Peko). During the course of this study, an untested area of hematitic shales in the vicinity of IP anomalies has been recognized as a target area to be followed up.

(c) Alteration
Recent studies have shown distinct lateral and vertical distribution of alteration and mineralogy away from the massive magnetite-chlorite inner core of some of the ironstone bodies. Figure 40 of Gold Deposits of the Northern Territory, Report 11, NTGS, 1999 demonstrates very well these zonation patterns, which are important vectors for future exploration in the Tennant Creek district. A study of past exploration drillhole data has indicated areas of alteration or suitable lithological units (hematitic shales, porphyry intrusions, sedimentary breccias) that have been overlooked in the past and represent valid target areas for follow-up exploration and drilling.

(d) Base of Oxidation
The Tennant Creek region has been subjected to very strong leaching, with the base of oxidation extending down to 80 metres on average. Surface geochemistry (soil sampling) has been ineffective although vacuum geochemistry has been used successfully by Normandy-Poseidon to identify anomalous areas for follow-up RAB and RC drilling. Supergene enrichment of gold at the base of oxidation can be quite pronounced. At Nobles Nob, gold was depleted to 16.5 metres, supergene enrichment produced grades in excess of 1,550 g/t (50 oz/t) between the 30m and 60m levels, and the base of oxidation was at 82 metres. At Peko, whilst the host magnetite body only contains on average 3.5 g/t Au, a zone of supergene enrichment at the 120 to 170 levels (35-50m) contains grades averaging 20g/t Au. During the course of this study it became quite obvious that much of the drilling to date on the Nobles Nob leases has been ineffective in failing to test below the base of oxidation. Conversely at Juno, most of the drilling has targeted to test below 250 metres whilst there appears to have been very little drilling undertaken to test for supergene enrichment zones above the main bodies, especially in the 50-150 metre level below surface. Hence it is important to recognize what level is to be targeted (i.e. oxide zone, supergene zone, primary zone) when designing future exploration and drilling programmes.

Within the Nobles Nob tenements, ten target areas have been identified as shown on Figure 2 and Tables 2,2A. The exploration potential for near surface gold resources other than those contained within small pods containing 5-10,000 ounces of gold is quite low. However the potential for Nobles Nob and Juno style gold mineralisation contained within hematite bodies is very high, with six of the ten target areas holding the potential to host +250,000 ounce gold resources at depths below 100 metres. A total of 15,800 metres of RC and diamond drilling at a total exploration cost of $885,000 will be required to test the ten target areas.

(i) Nob West Gravel Pits
The Nob West area has been the subject of an extensive surface exploration (mapping, costeaming, geochemical sampling, vacuum drilling) and drilling programme. The prospect was first identified by ground magnetic surveys during the period 1960-1990, which identified a subsurface dipolar feature, known as NobWest 1. Drilling of this feature defined a lenticular body with a steep northerly dip, the top of which is 80 metres below the surface. Various
resource estimates have been calculated based on the limited drilling and range from 45,000 tonnes @ 4.5 g/t Au (6,500 ounces Au) to 10,170 tonnes @ 11.7 g/t Au (3,825 ounces Au) to 6,500 tonnes @ 9 g/t Au (1,880 ounces Au). NobWest 1 lies wholly within Peko’s MLC 541. During a search of the Tennant Creek map cabinets, three maps of interest were found and which were prepared based on the results of the 1999 Normandy aeromagnetic survey. The first was a map dated 19 January, 1999 showing 1st Vertical Derivative Reduced to Pole aeromagnetic imagery. Of great exploration significance is this image shows the Nob West area, and in particular, NobWest 1, to be part of a greater system that is yet to be properly tested. The second and third maps, dated 10-11 February 1999 show a plan view and cross section view of a large untested magnetic anomaly immediately south of NobWest 1. A geological section through a proposed drillhole shows that Normandy had modelled this anomaly and interpreted it to be at least 10 times larger than the currently defined NobWest1 body (6,500 tonnes @ 9g/t Au) i.e. 65,000 tonnes of similar or better grade and possibly containing 20,000 ounces of gold or more (this is a conservative figure as the lowest tonnage (6,500 tonnes vs. 45,000 tonnes) figure has been used and the grade could be greater than the 9g/t Au given).

Reference to tenement boundaries shows that the southern boundary of MLC 541, in which the NobWest 1 body lies, transects the middle of the postulated body at depth. At the time (February 1999), EL’s 8430 and 8991, applied for to cover prospective ground in the immediate Nobles Nob area outside the granted mineral leases and claims had not yet been granted. These were subsequently granted on 8 March 1999 for a 6-year period, but by then a decision had been made by Normandy to withdraw from the Tennant Creek area. As a consequence, this target remains untested and is a high priority drill target.

A secondary target area identified lies close to where the Joker Fault cross the Peko-Nobles Nob road and is sandwiched between two discrete gravity anomalies. All three anomalies (gravity and magnetic) are valid exploration targets and are worthy of testing by drilling.

A budget of $ 237,500 to carry out RC (9 holes for 2,250 metres) and diamond drilling (3 holes for 1,200 metres) has been proposed, but is contingent upon either negotiating a 50:50 joint venture agreement with Giants Reef or waiting, possibly until year 2009, for EL’s 8430 and 8991 to be relinquished and the area to be incorporated into Peko’s MLA 23743.

(ii) Bees Knees

The Bees Knees hematite ironstone outcrop and workings (Shaft 11) have been previously tested by seven wagon drill holes (1959) and two RC holes (1991) without significant success. An untested geochemical anomaly 250 metres north of Bees Knees was attributed to contamination flowing along a paleochannel northwards from the Nobles Nob waste dumps. In 1993 Normandy drilled 8 vacuum holes to bedrock at 25 metre centres from the Bees Knees outcrop to 200 metres to the north as a re-check of this anomaly. The depth of the holes ranged from 5 to 18 metres, with bedrock being reached at depths of 0.5-2.1 metres. Of the eight holes drilled, four were anomalous in gold (4, 14, 1, and 6 g/t Au), two in copper (13,52 ppm Cu) and one in bismuth (4 ppm Bi), with the most anomalous samples coming from an untested area 100 metres to the north of the Bees Knees workings. This drilling appears to have disproved the paleochannel theory since the anomalous geochemistry has been shown to
originate in bedrock, not transported overburden, although the geochemical dispersion of metals from the waste stockpiles into the supergene environment cannot be ruled out.

A discrete gravity anomaly, 200 metres across, lays 200 metres to the northeast of this area. Geological mapping of rocks exposed on a hill another 200 metres further along the same northeast trend has shown an anticlinal fold plunging shallowly (15-20 degrees) towards Bees Knees. This enhances both the gravity anomaly and the vacuum drillhole geochemical anomaly as valid exploration targets.

Results from the Fugro 2001 aeromagnetic survey show a major NE trending lineament (Joker fault) passing just south of this area. The survey also shows that the sedimentary horizon hosting the Two Blues and Archangel workings have been dragged northwards along this fault and show continuity with the same sedimentary horizon hosting the Nobles Nob mineralisation. The Joker fault in this location is highly prospective for shear controlled gold and base metal mineralisation and it is quite possible that this fault acted as the channel way for the later gold-copper-bismuth mineralisation that permeated into the magnetite-hematite bodies and formed the Nobles Nob orebodies. This target area lies to the south of the Bees Knees outcrop but is considered here as part of the Bees Knees Target Area.

Two mineralisation targets have thus been identified:

(a) Nobles Nob type gold-base metal mineralisation hosted in podiform hematite-magnetite bodies in the hinge zone of a shallow anticlinal fold plunging towards Bees Knees.
(b) Shear controlled gold-base metal mineralisation lying within the Joker fault.

A budget of $50,000 to drill 4 RC holes for a total meterage of 1,000 metres has been proposed.

(iii) Bees Knees North Magnetic Target

The Bees Knees North Magnetic Anomaly target area lays 500 metres north of the Nobles Nob Lookout turn-off on the main Peko-Nobles Nob road.

During a search of the Tennant Creek map cabinets, a map dated 19 January 1999 showing 1st Vertical Derivative Reduced to Pole aeromagnetic imagery and based on the results of the 1999 Normandy aeromagnetic survey was found. This imagery shows a magnetic anomaly which is 750 metres long, elongated in an WNW-ESE direction and is 250 metres wide and lying to the north of the Nobles Nob pit.

No evidence could be found in the records stored in Tennant Creek of any exploration or drilling having been carried out across this anomaly. A search of past exploration data from expired leases previously covering this area has failed to find any evidence also. It is quite possible that the anomaly has, in the past, been overlooked as representing a target that is too deep or one which represents an intrusive or magnetic sediments and as such, not worthy of drilling.
It is a target worthy of further exploration as it has the size potential to contain Nobles Nob type gold-base metal mineralisation hosted in podiform hematite-magnetite bodies in the hinge zone of a possible double reversal anticlinal fold plunging shallowly to both the east and the west.

A budget of $137,500 has been proposed to carry out the following exploration:
(a) processing and modelling of the Fugro/Normandy aeromagnetic data with emphasis on the Bees Knees North area (in conjunction with other target areas).
(b) Ground magnetic surveying to ground locate the anomaly and to provide additional data for modeling of anomalies and drillhole siting.
(c) Depending upon the results of the aeromagnetic and ground magnetic survey interpretation, allowance to be made for three fences of RC holes, 250 metres apart, with three holes to 250 metres downhole depth per fence for a total number of 9 holes and a total meterage of 2,250 metres.

(iv) C31 Geophysical Target

The C31 Prospect is a small magnetic anomaly that lies 500m northeast of Nobles Nob. Two RC holes were drilled to test the magnetic anomaly. Failure of the holes to intersect the target was due to incorrect GPS positioning of the collar taken from aeromagnetic coordinates. To correct the position of the magnetic anomaly, a detailed ground magnetic survey was undertaken. This survey showed that the two holes were drilled north of the target centre. However, the ground magnetics and the probe results showed that the target may be a small shallowly buried magnetite-hematite pod (probably <10,000 tonnes) akin to the Nob North target (mined out) or Kimberley Kids/Weabers Find/Rising Sun pods.

Whilst it can be concluded that this is a low priority area, a budget of $17,500 has been proposed to carry out the following exploration:
(a) Close look at this area following the reprocessing of Normandy/Fugro aeromagnetic survey data and reinterpretation by Southern Geoscience Consultants (in conjunction with other target areas)
(b) Depending upon the results of the aeromagnetic survey reinterpretation and successful granting of MLA 23743, allowance to be made for one RC hole to a downhole depth of 300 metres to test any possible target located in (a) above.

(v) Nob East RAB Anomaly

This target area lays 200-250 metres east of, and along the same structural strike as the Nobles Nob deposit.

A Normandy Tennant Creek Pty Ltd Memo dated 12/12/1999, refers to the Nob East Prospect as one of the top five exploration targets within the southeastern Tennant Creek Field with a plus 250,000 ounce potential, suggesting that a 1:10 chance exists to define shallow (<150 m below surface) oxide ore-grade mineralisation at Nob East by mid 2000 and presenting a $50,000 budget for four preliminary reconnaissance holes within that depth range. These holes have not yet been drilled.
Nob East conforms to most of the criteria of Normandy’s exploration model in that it features a coincidence of:

- RAB Au-Cu-Bi anomalism
- Location on the Nobles Nob-Kimberley Kids Shear Structure, part of the prospective Nob Line which includes Nobles Nob, Juno, Eldorado and Red Terror, as well as other anomalies.
- Hematite-limonite (after chlorite) altered sediments in RAB samples
- Adequate space from surface to Base of Oxidation for a Nobles Nob/Juno style body
- Lack of previous exploration data exhaustively testing the zone.
- Weak magnetic anomaly
- Only 250 metres from Nobles Nob, a former 1.1 Moz orebody.

Title to the tenements were transferred to Peko before Normandy could complete processing of airborne TDEM and combining that data with magnetic and vacuum drilling data to yield other new oxide gold targets.

A budget of $50,000 has been proposed to carry out the drilling a fence of 4 RC holes along Line 26100E (i.e. in between the six anomalous RAB holes), each 250 metres in length for a total meterage of 1,000 metres.

**(vi) Weabers Find**

Three targets have been identified at Weabers Find as follows:

(a) **Weabers Find**

During the 1970’s the Weabers Find workings were re-entered, mapped and sampled for remnant resources. A resource of 4,000 tonnes at a grade of 6.9 dwt (10.73 g/t) Au was determined from long hole and DDH assays as well as drive and cross cut samples. This resource contains 1,393 ozs Au. The potential for along-strike and down dip extensions to this mineralisation is quite high and has been inadequately tested by drilling to date.

(b) **Low Grade Halo**

A plot of the results of a vacuum drilling programme carried out by Normandy/Poseidon shows anomalous copper-bismuth (-gold) geochemistry in the vicinity of, and to the north of Weabers Find workings. Many of the holes drilled in this area by Australian Development Limited in 1959 contained substantial intercepts of low grade gold mineralisation as a halo to the massive magnetite-hematite lodes that were mined by the Weabers Syndicate in the 1930’s and 1940’s. There appears to be substantial (20-40metres) intercepts of 2-3 g/t Au mineralisation. An area 100m x 50m by 20 m deep x SG 2.5 would contain 250,000 tonnes of material, which at an average grade of 2.5 g/t would contain 20,000 ounces of gold. Such a target in not out of the realm of possibility and is certainly a worthwhile exploration target.

Centred on this area is a large copper anomaly and somewhat displaced to the south, a bismuth anomaly. WFP001 intersected a wide zone of hematite-talc alteration with assays in the 0.5-1.2 g/t Au range before being abandoned in underground workings. The hematite-talc alteration intersected in WFP001 is suggestive of the upper levels of an as yet untested larger mineralised system at depth. Further deep drilling below this drillhole is certainly warranted.
(c) Anomalous Copper Geochemistry in RAB Holes 32-36

These holes, lying 100-200 metres to the west and northwest of Weabers Find, show highly anomalous copper geochemistry, increasing with depth. The anomalous geochemistry may be related to a shallow down plunge extension of the anomalous copper geochemistry at surface in vacuum drillholes immediately north of Weabers Find shaft. Further investigation of this area including follow-up RC drilling at greater depth is warranted.

A budget of $82,500 has been proposed to carry out an RC drilling of an initial 7 holes totalling 1,050 metres to test the low-grade gold halo around Weabers Find and coincident anomalous Cu-Bi geochemistry as well as an initial 4 holes totalling 600 metres to test the Cu anomalous RAB holes west of Weabers Find.

(vii) Rising Sun East

The Rising Sun Target area was the subject of two separate mining operations: The first during the period 1933-1954 extracted 9,000 ounces of gold from 10,466 tonnes of hematite-magnetite ore from surface to a depth of 40 metres. A glory hole 30m long, 8 m wide and 35 m deep remains as testament to the old mine. A second mining operation, 50 metres to the west, was carried out in 1986 during which 4,400 ounces of gold were extracted from 7,000 tonnes of ore grading 19 g/t Au from near surface to a depth of 35 metres.

A reinterpretation of ground magnetics, gravity and downhole magnetics in 1993 generated two anomalies adjacent to Rising Sun. Diamond drillhole NLDH002 sited 100 metres to the east of the historical Rising Sun workings, intersected 7 metres of hematite-chlorite ironstone at a vertical depth of 150 metres below the surface. This intersection was interpreted to be a separate ironstone lens 40 metres to the north and parallel to the main Rising Sun orebodies. Very little drilling has been carried out to test an easterly plunge (as at Nobles Nob) of the main shoot or to test the northerly lenses.

Further follow-up work needs to be carried out to ascertain the remaining exploration potential of the northern pod and a possible east plunge of the main Rising Sun shoot with the target being the identification of another buried small magnetite-hematite pod (probably <10,000 tonnes) akin to the Rising Sun and Rising Sun West pods.

A budget of $115,000 has been proposed to drill 9 RC holes totalling 2,250 metres to test these targets.

(viii) Nobles Nob IP Targets

In 1961 McPhar Geophysics carried out an Induced Polarisation (IP) survey in the Nobles Nob-Weabers Find-Rising Sun area. The survey found definite anomalies across the Nobles Nob minesite area on Lines 85E, 90E and 94E as well as two strong anomalies on line 85E centred at 9.5N and on line 137E from 2-5N.

In 1962 McPhar repeated the survey, this time using a lower frequency and larger dipole spacing to avoid the effects of induction coupling. This second survey confirmed the anomaly on line 85E though much weaker and more disperse, as well as reconfirming a much stronger
anomaly on Line 137E from 2-4N. McPhar recommended a hole be drilled on line 85E at 12.5N and be drilled to the south as per their original recommendations. This hole has not yet been drilled and the anomaly on Line 137E remains as yet untested by drilling. The 1962 survey also found a strong anomaly centred on Line 75E/12.5N which also remains untested. Because the 85E/12.5N collar position is now buried beneath a high waste dump, the 75E/12.5N anomaly may be a better test of the IP responses in this area.

A plot of anomalous responses, both possible and definite, tends to suggest two separate mineralised horizons: the first passing through Nobles Nob-Weabers Find-Rising Sun and the second paralleling the first and located 300 metres to the south. Very little geological and certainly no geochemical work or drilling has been carried out across this second horizon. As discussed under the Bees Knees Target, results from the Fugro 2001 aeromagnetic survey show that the sedimentary horizon hosting the Two Blues and Archangel workings have been dragged northwards along the Joker fault and show continuity with the same sedimentary horizon hosting the Nobles Nob mineralisation whilst a second sedimentary horizon some 300 metres to the south shows the same magnetic characteristics to the first.

IP responses on Lines 75-98E lie within Peko’s leases on MLC’s 556 and 590. IP responses on lines 131-153E, south of Rising Sun, whilst lying within Peko’s MLA 23743 are overlapped by granted EL 8786, held by Giants Reef. Any work on this area would have to await progressive relinquishments of EL 8786. Another IP response, suggestive of a broad zone of scattered minerals, lies north of Kimberley Kids and centred on Line 114E from 32-35N. This lies within MLA 23743.

A budget of $50,000 has been proposed to drill 4 RC holes totalling 1,000 metres to test anomalous IP responses within the currently granted Peko leases.

(ix) Nobles Nob Gravity Targets

In 2001 the NTGS-AGSO completed a regional gravity survey of the Tennant Inlier and incorporated into the study the results of all company gravity datasets compiled over the years, including those of Normandy and Giants Reef. Ten anomalous areas represented by well-defined gravity highs lie within, or adjacent to the Nobles Nob leases and are denoted Gravity Anomaly #1 through to #10.

Gravity Anomalies #3 (Bees Knees); #5 (Nob East RAB) and #7 (Rising Sun East) have been previously discussed.

Gravity Anomalies #6, #8, #9 and #10 fall outside the presently granted Nobles Nob leases and because of the uncertainty of gaining title to these areas in the immediate future, except by joint venture with Giants Reef, are not discussed here.

Gravity #1

Lying within MLC’s 526,538, this is a well defined, discrete, and quite intense (+182gu) anomaly similar in size and amplitude to that across the Nobles Nob body. With anomalous vacuum gold geochemistry, proximity to the Joker fault, a gold working 100 metres to the south and lack of previous exploration or drilling, this gravity anomaly represents a high priority exploration target, which is ready for immediate drilling.
**Gravity #2**

Lying within MLC 540, this broad weak gravity high lies within a large untested aeromagnetic anomaly and may represent a deep hematite-magnetite body. It is worthy of one exploration hole due to its proximity to the NobWest bodies and lying within the favourable Nobles Nob-Juno trend.

**Gravity #4**

Lying within MLC’s 542 and 546, this well-defined and intense gravity high probably represents the down dip extension of the Nobles Nob hematite-magnetite body. However, because of the paucity of drilling across the centre of this anomaly and its close proximity to the Nobles Nob body, the possibility that this anomaly represents another similar body cannot be ruled out until a closer examination of the results of drilling in this area has been carried out.

The gravity targets are suggestive of shallowly buried magnetite-hematite pods akin to the Nobles Nob deposit (+1 million ozs Au) although more likely to be much smaller in size and more akin to the Rising Sun and Rising Sun West pods. The possibility of discovering much larger bodies in the order of 250,000 ounces contained gold cannot be discounted, especially for some of the larger gravity targets such as #1, #6, #8 and #9.

A budget of $45,000 has been proposed to drill 6 RC holes totalling 900 metres to test Gravity Anomalies #1, #2 and #4.

(x) Nobles Nob EM Targets

In 1996 Poseidon Gold Pty Ltd carried out Ground Electromagnetic (EM) surveying across the Nobles Nob leases from just west of the pit through to just west of Weabers Find.

The following are extracts from an internal memo dated 30 August 1996 from Poseidon’s chief geophysicist:

“A fold structure is discernable in all sections, with the axial plane of the fold roughly aligned with the centre of the sections and inclined 10 degrees to the north. The pit is at or near the crest of the fold.

Comparisons with the Peko fold structure are interesting; with Peko the richest mineralisation was at the apex of the fold (viewed in plan), yet at Nobles Nob the fold seems to have little plunge but tightens up toward the west, suggesting that the most prospective area may be even further west than this survey. I recommend further EM surveys, along 900E and 700E but extending further south, from 100N to 1800N.

To the east there are also some interesting features. Small but strong lows on lines 2000E and 2200E suggest ironstone bodies and both are near the surface. Similar bodies appear on 2400E but at greater depth. My feeling is that these bodies will not have much lateral extent; the sections indicate discrete, pod-like structures.

In summary, I find Nobles Nob very interesting and worthy of much attention.”

The EM survey has identified the following targets:
(i) To the west of the Nobles Nob pit, the down plunge extension of the Nobles Nob mineralisation (+1 million ounces Au) and a potentially larger mass of mineralisation at the nose of a postulated fold along lines 900E and 700E (in the area of gravity anomalies #1 and #2).

(ii) To the east of Nobles Nob pit, shallowly buried small magnetite-hematite pods (probably <10,000 tonnes) akin to the Rising Sun and Rising Sun West pods.

A budget of $115,000 has been proposed for the following exploration items:

(a) Acquisition of the original Poseidon raw data for the EM survey, reprocessing and reinterpreting this data by Southern Geoscience Consultants.
(b) Depending upon the results of (a) above, provision made for the drilling of an initial four RC holes, each 250m in length, to test the nose of the postulated shallow plunging fold west of the Nobles Nob pit. Total Drilling = 1,000 metres.
(c) Depending upon the results of (a) above, provision made for a further 1,000 metres of RC drilling to test additional targets generated during the re-interpretation. Total Drilling = 1,000 metres.

(b) Other

During the year, the Aboriginal Areas Protection Authority (AAPA) was commissioned to carry out a survey of the Nobles Nob leases. A copy of Authority Certificate C2003/080 is included in Appendix 2. This survey identified two sites which have been registered as aboriginal sacred sites. The first, numbered 5758-150, covers the Bees Knees mine workings whilst the second, numbered 5758-152 covers the man-made Lake Alice which was constructed pre-1969 to service the Nobles Nob mining operations.

7. EXPENDITURE FOR THE 12 MONTH PERIOD ENDING 31/12/2003

Approximately $100,000 has been spent on data review, travel and fieldwork on the 89 tenements of which the 32 Nobles Nob tenements form part. This equates to approximately $1100 per tenement (or $36,000 for the 32 Nobles Nob tenements), exclusive of administration and tenement holding costs. These costs are exclusive of costs associated with the Peko Tailings Project, of which the Nobles Nob tenements form an integral part of the tenement package. This expenditure is reported separately within the Annual Reports for the Peko Tailings Project as prepared and submitted by Peko Rehabilitation Project Pty Ltd for the years 2001-2003. Tenement rental for the 32 Nobles Nob tenements for the year ended 31 December 2003 was $2,248.

8. RECOMMENDED WORK PROGRAMME & EXPENDITURE

Proposed exploration activities for the 12-month period ending 31 December 2004 include the following:

- Geophysical reprocessing and modelling of the 1999 Normandy aeromagnetic and radiometric survey.
- Geophysical reprocessing and 3D modelling of gravity data acquired by Poseidon and Normandy.
- RC drilling of at least 5-10 holes totalling up to 2,000 metres on the most prospective target areas identified on the lease. Table 3 summarises the total drilling meterage and budget required to test all ten target areas, although it is not proposed to carry out all of this drilling in 2004. Table 4 is a risk/reward table showing which target areas offer the greatest reward for the lowest exploration risk. It is anticipated that these will be the targets first drilled in 2004.

The following table summarises the estimated proposed expenditure on the leases for the 12 month period ending 31 December 2004.

<table>
<thead>
<tr>
<th>EXPENSE</th>
<th>COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geological</td>
<td>$10,000</td>
</tr>
<tr>
<td>Geophysical</td>
<td>$10,000</td>
</tr>
<tr>
<td>Drilling</td>
<td>$30,000</td>
</tr>
<tr>
<td>Assay</td>
<td>$20,000</td>
</tr>
<tr>
<td>Tenement Costs</td>
<td>$2,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$72,500</strong></td>
</tr>
</tbody>
</table>
APPENDIX 1
APPENDIX 2