ANNUAL REPORT

Kurundi Prospect

EL23937

13 February 2004 to 12 February 2005

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SUMMARY

This report describes the work undertaken by Washington Resources Limited (WRL) in assessing the granted exploration licence, EL23937, located 110 km southeast of Tennant Creek in the Northern Territory.

WRL has completed a literature search and compiled all available open file data on the tenement and surrounding areas. This has been subject to due diligence and review by an independent geologist and will be used to guide further exploration on the tenement.

1 LOCATION AND ACCESS

The tenement covers an area of 1,591 km² some 110 km southeast of Tennant Creek in the Northern Territory.

Access from Tennant Creek is 80 km south via the Stuart Highway, then some 70 km east to the Kurundi Station homestead by way of the main station access road. Access within the tenement is via mine roads and well-maintained tracks, or cross-country.

2 TENEMENT DETAILS

The tenement, which was granted on 13 February 2004, is held by Norman McCleary. WRL is to acquire a 100% interest.

3 GEOLOGICAL SETTING

The tenement area is located along the eastern margin of the Tennant Creek Inlier. This is an intensely folded, early Proterozoic intra-cratonic basin succession of mainly sedimentary and minor felsic volcanic rocks, intruded by younger granitoids.

This inlier – which forms a north-northwesterly trending belt some 700 km in length – is centred on the town of Tennant Creek and comprises Palaeoproterozoic sediments of the Warramunga Group, Hatches Group and Tomkinson Creek Beds. The Warramunga Group, which contains all the economically viable deposits currently mined in the Tennant Creek region, consists of a sequence of argillaceous sedimentary rocks, including siliceous greywacke, siltstone and shale. Quartz-feldspar porphyry lenses occur as both crosscutting and conformable units within the sedimentary sequences. The Warramunga Group has been the subject of at least three deformational episodes.

Apart from the southwestern part of the tenement, which is centred on the Kurundi Anticline, the bedrock geology is largely masked by Quaternary soil cover. Based on regional mapping, regional aeromagnetic data and limited outcrop, the NTGS has interpreted the presence of a southeast extension of the Tennant Creek Warramunga Group into the Bonney Well and Frew River areas. This rock sequence presents a primary exploration target.
4  PREVIOUS EXPLORATION

Prior to 1993, mining activity was restricted to prospecting and mining for tungsten at Hatches Creek, Wauchope, Mosquito Creek and other, smaller mines within and around the tenement area. Gold was mined at the Power of Wealth and Great Davenport mines, as well as a number of smaller workings.

In 1993, Normandy Gold Limited (“Normandy”) acquired EL8346, which covers about 392 km² in the southwestern part of EL23937.

Normandy completed a program of aeromagnetic structural interpretation, lineament interpretation on 1:80,000 scale aerial photography, and regional reconnaissance rock-chip sampling. Gold-mineralised quartz veins were reported.

At the same time, Eden Creek Pty Ltd carried out an extensive program of gridding, ground magnetic surveys, soil and vacuum bedrock geochemical surveys, rock sampling and geological mapping.

It was concluded that the licence covered areas of Proterozoic-aged Warramunga Formation or its lateral equivalents. These units are considered prospective for gold-copper-bismuth and/or base metals mineralisation.

In 1994-95, North Star Resources NL (“North Star”) explored EL8388, located in the northwestern corner of the Frew River 1:250,000 (SF 53-3) sheet, which covers part of EL23937. North Star reports that their exploration comprised preliminary identification and ground follow-up of magnetic targets based on Tennant Creek style gold and copper deposits.

At Tennant Creek, gold occurs with iron and copper sulphides in magnetite or hematite-rich lodes with or without quartz. The mineralised zones are hosted with chlorite alteration envelopes in shears within Warramunga Group sedimentary rocks. This distribution suggests an association with major regional scale structures. North Star’s exploration generated 10 target areas, of which five warranted more detailed investigation and RAB drilling.

5  CURRENT EXPLORATION

WRL has completed a literature search and compiled all available open file data on the tenement. This has been subject to due diligence and review by an independent geologist and will be used to plan future exploration on the tenement.

The basis for acquisition of EL23937 was the known gold mineralisation near the Kurundi and Power of Wealth mines. Due to their location within the Kurundi anticlinal structure and the presence of favourable Warramunga Group host rocks inferred from interpretation of NTGS airborne geophysical surveys, these mineralised areas provide prime exploration targets.
Past and ongoing exploration has confirmed that Warramunga Group rock sequences are the chief hosts for economic mineralisation in the Tennant Creek region. This style provides the preferred exploration model for the project area.