BURNSIDE OPERATIONS P/L

12TH ANNUAL EXPLORATION REPORT

ERL130

“ESMERALDA”
(Union Reefs Project)

YEAR ENDED 16th NOVEMBER 2005

1:250,000 Pine Creek SD 52-08
1:100,000 Pine Creek 5271

Distribution:

1. DBIRD Darwin
2. Northern Gold NL Perth Office
3. Burnside Operations P/L Brocks Creek
4. Burnside Operations P/L Perth

Compiled by:

John Shaw
November 2005
SUMMARY

The Esmeralda tenement (ERL130) is situated 170km SE of Darwin, NT, and 8km north east of Pine Creek.

Burnside Operations P/L acquired the lease in August 2004 as part of the purchase of the Union Reefs mill and underlying tenement assets. The project assets had been previously owned by Acacia Resources and later AngloGold (Ashanti) Ltd, who carried out mining and milling operations at Union Reefs prior to closure in July 2003.

At Esmeralda previous exploration by Cyprus Gold Corporation and Acacia Resources had outlined two significant adjacent and sub parallel gold resources (A and B) some 4km south of the Union Reefs mill. The Zone A deposit is the better of the two and AngloGold estimated that subject to ore continuity, yet to be defined by grade control density drilling and the cost of relocating the adjacent Darwin gas pipeline, 18,000oz gold may be economically mined. They estimated that the two deposits, at 0.7g/t cut off, contain a combined inferred resource of 1.26Mt @ 1.62g/t Au. (50,000oz)

During the report period the Burnside Joint Venture conducted an in-depth mining/geological review of the two deposits. Together with reporting, this work was costed at $10,575.00. This study by B.Makar is attached in the Appendix.

In September 2005 an agreement was set in motion that would see Northern Gold NL acquire 100% of the Burnside JV assets. In turn, Northern Gold was subject to a friendly takeover by GBS Gold. The outcome of this consolidation is anticipated to be more favourable for a Union Reefs mill start up in the short term.

In the following year, 2006, it is expected expenditure will focus on developing sufficient gold ores from first rank deposits at Pine Creek and Burnside with a view to initiating a mill start-up. At Esmeralda the economics and feasibility of exploring and/or mining Target A, adjacent to the Darwin gas pipeline will be addressed. In the event of a favourable outcome, a program of infill drill evaluation and trenching has been recommended.
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APPENDICES

Appendix 1  Digital copy of this report and figures, Including :-
            Esmeralda ERL130 Mining and Geological Review 2005
1.0 INTRODUCTION

Burnside Operations P/L acquired the ERL130 in August 2004 as part of the purchase of the Union Reefs project assets from AngloGold (Ashanti)Ltd.

The licence is centred approximately 8km north of the Pine Creek township and 4km southeast of the Union Reefs Gold Mine and treatment facilities. Exploration work at Union Reefs ceased following the closure of the mill in 2003, and pending conclusion of the sale of assets by AngloGold.

The Burnside Joint Venture has undertaken a geological and mining review of the principal deposits within the licence and this report sets out the results for the period ended 16th November 2005.

2.0 TENEMENT DETAILS

ERL 130 comprises 834 hectares and was granted to Sovereign Gold NL (a wholly owned subsidiary of Astron Resources NL) and Solomon Pacific Resources NL on 17th November 1993 for a period of 5 years. Acacia Resources, a party to the Esmeralda Joint Venture, subsequently acquired 100% of the JV tenements and in turn was taken over by AngloGold (Ashanti) Limited in 1999.

The first renewal application was granted on 9th September 1998 for the period ending 16th November 2000.

A second renewal was granted on the 22nd Aug 2000 ending 16th Nov 2002. A covenant of $260,000 was set by the NTDME for expenditure during the term of the renewal period from 17th November 2000 to 16th November 2002.

A third renewal was granted on 14th October 2002 ending 16th Nov 2004. A covenant of $181,000 was set by the NTDME for the two year extension period.

A fourth renewal application, this time on behalf of the Burnside Joint Venture, was lodged on 26th July 2004. The annual covenant for 2005 was set at $1,600.00.

The tenement is on Mary River West Station owned by Equest Pty Ltd.

3.0 LOCATION AND ACCESS

The centre of ERL 130 is located approximately 4km north of the township of Pine Creek in the Northern Territory (See Figure 1). The licence area can be accessed via the Frances Creek Road, turning north off the Kakadu Highway approximately 3km east of Pine Creek. Further access for light vehicles is gained via a dirt track turning north-west adjacent to the Darwin - Amadeus Basin Gas Pipeline.
4.0 GEOLOGICAL SETTING

Regional

The Esmeralda tenements are centrally located in the Pine Creek Geosyncline which has been a major basinal repository for Lower Proterozoic sedimentation. The sedimentary pile comprises a sequence up to 14km thick that was tightly folded and metamorphosed to greenschist facies during the Pine Creek Orogeny (1890 to 1870 Ma).

The sequence has been regionally metamorphosed and intruded by the granitic suites of the Cullen Batholith that range from syn to post orogenic. These intrusions imparted thermal contact metamorphic and metasomatic effects and contributed to the deposition of a range of economic minerals in structurally permissive sites.

Less deformed Middle Proterozoic sedimentary and volcanic sequences unconformably overlie the Lower Proterozoic. Cambro-Ordovician lavas and sediments, as well as Cretaceous strata, onlap the older sequences.

Cainozoic sediments, proto-laterite and Recent alluvium may obscure parts of the Pine Creek Geosyncline lithologies, but exposure of the Precambrian rocks is generally good.

Local

The Union Reefs gold mining centre, including the Esmeralda and Caroline tenements lie on the east margin of a north west trending corridor that has been the focus of intense strain deformation. This strike-extensive feature is termed the Pine Creek Shear Zone which in this area has been developed in rocks of the South Alligator Group and Finniss River Group.

Clastic rocks of the Mt Bonnie Formation that is the uppermost formation of the South Alligator Group, and the Burrell Creek Formation which is the lowest unit of the Finniss River Group, dominate the stratigraphy of the Union Reef field. The tectonic corridor is confined to the east (Allamber Springs Granite) and west by lobes of the Cullen Batholith and rocks within this zone have been tightly folded and in high strain areas, subjected to fold limb failure. Axial planes and bedding tend to dip steep westerly.

The area of the Esmeralda and Caroline leases is dominated by Mt Bonnie Formation, a marine platform sequence consisting of interbedded cream to purple iron-stained mudstone and siltstone and subordinate greywacke. The unit is punctuated by horizons of chert and tuffite as well as thin distinctive banded iron formation facies. Thin tourmalinines have been recorded in the area.

ERL130 and the Caroline leases have been intruded by a major sub vertical intermediate dyke that sub parallels the stratigraphy. The dyke is deeply weathered and strikes 310°. It has been traced along much of the Pine Creek Tectonic corridor and appears to post
date mineralisation. This dyke event also passes through the Woolwonga deposit some 50 kilometers to the north west.

Within ERL 130 the Allamber Springs Granite of the Cullen Suite contacts the Mt Bonnie Formation and has hornfelsed and silicified the unit to slate and amphibolitic hornfels within 200m of the contact. Gold mineralisation has been focused within ‘Deposit A’ and ‘Deposit B’ in the sheared axial zones of two adjacent faulted antiforms that strike 310 magnetic. The deposits occupy ridges up to 40m high.

The north eastern deposit (A) is within 300m of the contact and lies within the outer metamorphic aureole of the granite. It dips steeply SW, is heavily impregnated with tourmaline and silica and has been significantly silicified and brecciated during several events. Chert facies rocks are reported to coincide with the mineralised zones which locally contain visible gold.

Hewson in his analysis (1997), described deposit A as being situated on the east limb of a regional antiform with the bedding dips being 40-90 degrees to the east. The deposit dips 60 degrees to the west and steepens at depth. It is loosely related to antiform geometry as a reverse fault oblique to the axial plane. Hewson described zone B as being within an antiformal closure with a long steep west limb and a short sub vertical to overturned east limb. There is a variable plunge towards the north. Mineralisation is in both bedding parallel and foliation planar sites. There is dip slip movement with east block up. Mineralisation is associated with silica-pyrite-arsenopyrite veins with K-feldspar, tourmaline and sericite.

Rather then one continuous lens the zone A deposit was interpreted by Acacia-Billiton to comprise several lenses offset en echelon (perhaps under the influence of the 290 degree oblique cross faulting interpreted from SPOT imagery by Shaw 2004). Extreme hardness due to hornfelsing has been mentioned in some diamond drilling reports starting from 30m-50m downhole.

There are extensive soil covered areas on the flats littered with quartz and silicified cobbles. These may suggest underlying quartz veining or merely more resistant transported gravels. Tertiary lateritic duricrust is commonly preserved on ridge flanks, but has been eroded away in the gullies and stripped from the ridges.

5.0 PREVIOUS WORK

**Cyprus Gold Australia Corporation 1991-1993**

In **1990-1991** zones “A” and “B” were defined by Cyprus within EL6880 by a soil geochemical survey. Cyprus was earning equity from registered owners, Astron-Solpac, within the Esmeralda Joint Venture. The soil sampling comprised 691 samples each of 2kg taken from 15cm depth, on a 50m by 25m pattern. The samples were sieved through ¼ inch mesh and analysed using AAS. Gold and arsenic were determined.
Zone A was judged to be very interesting with 1000m of strike within the 50ppb contour and 850m within the 100ppb contour. A further 500m was anomalous. The maximum arsenic value was 360ppm. The Amadeus Basin-Darwin gas pipeline crosses the eastern flank of the anomaly.

At zone B the gold anomaly was 700m in length but of lower order. Arsenic values were higher, peaking at 1600ppm. Rock chips at zone B were up to 11.0g/t gold, and arsenic up to 1.3%. On a tenement wide basis the Zone B mineralisation as well as the Caroline prospects lie within an arsenic in soil halo of plus 200ppm. This halo measures 5km by 1km. Zone A falls outside this envelope.

Rock chip sampling followed on from the soil work. A total of 97 samples were taken over 2m-10m outcrop widths. Gold values from rocks generally mirrored the soil results with a peak value of 59.9g Au/t with many values in the 1-10g/t range.

A total of 985m of costeans were dug on zone A over a strike of 750m. These were mapped and sampled. The better intervals included 12m @ 2.11g/t Au, and 15m @ 1.32g/t Au.

The multiclient airborne magnetics acquired by Cyprus showed a weak high (<100nT) coinciding with zone B, with a weaker signal coinciding with the strongest gold values.

Gold was described as being associated with a smoky grey quartz-limonite, pyrite-tourmaline veining and kaolin-pyrite alteration of an argillite-tourmalinitic chert sequence. At zone B the association was similar, though tourmaline was not as abundant and arsenopyrite was more important. At zone A it was speculated that tourmaline could be both syngenetic and remobilised as well as hydrothermal.

In 1991-1992 Cyprus Gold drilled 25 RC drill holes into the prospect (ERC0001-ERC0025). The holes were allocated to zone A (ERC0001-ERC0010) and to zone B (ERC0011-16). This drilling program was completed in two phases: a 16 hole/1110m phase followed by a 9 hole/740m phase. The initial phase was targeted on soil and rock anomalies, the second phase providing selective down dip testing of phase 1 intersections. Phase two drilling was allocated to zone B (ERC0017-ERC0019) and to zone A (ERC0020-ERC0025). The best result from zone A was 12m @ 3.03g/t from 22m in ERC0002. The best result from zone B was 13m @ 2.33g/t from 37m in ERC0002.

Based on their drilling data Cyprus reported an “in-situ, undiluted geological resource of 638,000 tonnes grading 1.84 g/t (38,000 oz)” for combined zones. (Miller, 1993).

Zone “A” contained an estimated 325,154 tonnes @ 2.12 g/t, based on six 50m spaced sections, 8300N - 8500N and 8950N. Zone “B” was estimated to contain 313,546 tonnes @ 1.55 g/t based on three sections, 9350N, 9450N & 9500N. It was noted that the Darwin gas pipeline was locally within 100m of the zone A resource.
In the period **1992-1993** mapping and sampling was carried out in the northern sector of zone A where very high grades had been met with in rock chips and erratic values in drilling.

An induced polarisation survey was carried out by Scintrex over zone A in 1992 and 1993. The deposit was found to respond well to chargeability due to sulphides or graphite. The data showed the deposit was offset to the west at the south end and did not pass under the gas pipeline. Rehabilitation by tree planting and seeding was undertaken. Cyprus withdrew from the JV following an increase in corporate minimum target size objectives.

**Billiton/Acacia 1994-1999**

In **1994** Billiton Australia reviewed the Cyprus data and drilled 15 RC holes (EAP0001-0015) into Zone “A” for a total of 938m and a diamond tail of 21m on EAP0015 (renamed EAD0015).

In **1995** Acacia drilled 40 RC holes (ERC0041-0080) into Zone “A” and “B”, for a total of 2,573m. In August 1995, a manual resource calculation was completed with the available data. Bulk densities of 2.52, weathered, and 2.74, fresh were used. This uncut geological resource estimate using an 0.7g/t cut off gave a combined inferred resource of 879,000 tonnes @ 2.0g/t Au.

In **1996** Acacia completed 27 RC holes for an advance of 1,794.5m and 4 cored holes for 155.5m. Twenty three of the holes were drilled on zone A.

Nine costeans were dug for 480m on the highest gold in soil sites.

Gradient array IP was carried out by Zonge Engineering to complement the Cyprus surveys. A total of 9.6line/km of survey was carried out.

Metallurgical test work was commissioned with Metcon Laboratories P/L to determine preliminary gravity/leach amenability on ore grade intercepts in 6 holes. Gold extraction exceeded 90% from all samples, averaging 94.1% with each sample containing free gold up to 250microns. Initial leach was fast then slowed, many requiring the full 48 hours. Better recoveries were noted at grinds to 53microns and beyond. Lime consumptions averaged 5.4kg/t while cyanide consumption was moderate.

In **1997** fifty RC holes and one re entry were completed for 4,495m. All holes were surveyed with Eastman single shot. At zone A the deposit was tested to 100m VD. A new lens 100m west of zone A was discovered on four sections. Further drilling to extend the southern limits was unsuccessful.

In addition:
A structural analysis of the deposits was commissioned. (Terrasearch, S.Hewson)
Eight costeans were dug for 514m.
An airborne radiometric/magnetic survey was completed using UTS. (50m line spacing, 60 degree orientation, 20m terrain clearance, 127sq km total.) Aerial photography and digital terrain modelling were undertaken.

A resource estimate was completed using all data. M&RT consultancy defined an inferred resource of 1.26Mt @ 1.62g/t Au.

In 1998 Acacia Exploration Darwin completed a rock chip sampling program over potassium altered targets between Zone A and B. (10 samples). No significant values were met with. Acacia wrote a complete quality control and SG data report to back up the resource estimates.

The Mining and Resource Technology resource estimates for deposits A and B, using an 0.7g/t Au cut off comprised an oxide resource of 550,000t @ 1.58g/t Au. A transition resource of 120,000t @ 1.52g/t Au, and a fresh resource of 590,000t @ 1.67g/t Au. All resources were in the inferred category. The data used included 157 RC holes, 2 diamond holes and 3 diamond tails.

A gravity survey was conducted across Acacia’s Pine Creek tenements including the Esmeralda lease. Station spacing was about 500m using a Worden gravity meter. Ten stations fell within the Esmeralda lease. It was concluded that the western side of the corridor was of higher density than the eastern.

In 1999 channel chip sampling was carried out over a thinly tested area of quartz-tourmaline veining. Thirty samples were collected and twelve returned gold values of 100ppb or better. The best result was 970ppb. The results were considered not to be worthy of follow up.

Ten –5mm talus samples from base of slope were collected at regular intervals. Seven of the samples returned 5ppb or better. The best was 51ppb Au.

A review of previous data was undertaken. The low gold price militated against a drilling allocation in the budget.

In 2000-2001 AngloGold was manager of the tenement following takeover of Acacia in late 1999.

No field work was undertaken in the period.

In 2002 a program of rehabilitation was completed. All steel pegs were removed and holes capped below surface with concrete plugs. In addition LG pit optimisations were run on zone A and B.

The optimizations suggested that some 18,000oz could potentially be mined from zone A at a profit. The relocation of part of the gas pipeline would be a prerequisite to optimising zone A.
In July 2003 AngloGold closed the mining operation at Union Reefs and put the project up for sale.

During 2004, in the four months following the purchase of the Union Reefs project by the Burnside JV, work comprised a brief data review and a structural interpretation using SPOT imagery.

6.0 EXPLORATION YEAR ENDING 16th NOVEMBER 2005

During the period, Bill Makar, previously an AngloGold geologist who worked on the Union Reefs project, was commissioned to conduct a technical geological and mining review of the Esmeralda gold resources, Zone A and Zone B.

The following is an extract from his report. The full report with Figures may be read in the digital Appendix to this report.

6.1 ESMERALDA DEPOSITS- GEOLOGY AND MINERALISATION

The Esmeralda prospect contains two linear and roughly parallel zones of mineralisation referred to as Zones “A” & “B” respectively. These zones occur within ERL 130 (Figure 4.1) in Mt Bonnie Formation, a marginal marine sequence consisting of interbedded shale, siltstone, greywacke, chert and tuffaceous units.

These rocks have been tightly folded about north-west trending axial traces to produce steeply dipping bedding throughout the area. Both zones of mineralisation are associated with antiformal closures.

Structural geologist Simon Hewson (contracted to Acacia by TerraSearch) completed an interpretation of the geology and structure of the Esmeralda resource area, the main aspects of which are summarised below:

6.1.1 ZONE A

Zone A, located between 7800-9400GN and 5300-5750GE, is situated on the eastern limb of a regional antiform. Kinked parasitic folds have developed in the southern part of the zone, the geometry of which may have controlled the orientation of subsequent faults that host the mineralised lenses. Greywacke/shale units dip 40° to 90° towards the east, while the mineralisation dips ~60° towards the west, steepening at depth. The orientation of the mineralised lens is thought to be loosely related to the antiform geometry as an “O” type vein style (reverse fault, oblique to the axial plane).

Numerous faults, many of which lie parallel/sub-parallel to bedding are observed within the area. These faults generally dip steeply either towards the E or the W. In some cases these faults comprise major sub-vertical bounding shears with more shallow dipping subsidiary shears forming cross-linking structures. The geometry of these invariably indicates W block-up.

A large “Master Fault”, of at least 600m strike length, is inferred to have cut the main regional antiform along its western limb and/or (depending on location) its hinge.
This fault, which strikes slightly E of N, appears to correspond with mass siliceous veining that is present along the major ridgeline, between Zones A and B.

Formation of the mineralisation is post folding, within an upward shallowing subsidiary and curviplanar fault, with the fault being nucleated from a ‘master’ fault that has overprinted the regional antiform. The sense of movement along the subsidiary fault has been interpreted as reverse i.e. W block up.

### 6.1.2 ZONE B

Zone B, located between 9100-10000GN and 4900-5100GE, and is situated in the hinge of an antiform, along the main ridge. The hinge of this fold lies between 5000 and 5050E, in the northern half of the area but passing south, it appears to lie closer to 4980-5000E. The antiform is asymmetric, has a steeply dipping W limb (long limb), and a sub vertical/overturned E limb (short limb). The mineral stretching lineation L33 has a sub vertical plunge and bedding and cleavage have an average trend of 305° (true/magnetic). The intersection of bedding with the mineral lineation L30 exhibits a variable plunge across the fold as follows:

- **Around the 9100N line**, the lineation plunges moderately too steeply towards the N (all are values from the W limb).
- **Between 9200 and 9500N** the lineation has a variable plunge, with shallow values (all from western limb), suggesting an overall sub-horizontal fold axis.
- **North of 9500N** scattered readings indicate that L30 plunges northwards at shallow to moderate angles.
- **Three values gained from the E limb;** gave a plunge northwards at variable angles.

The main vein phases observed are bedding and foliation parallel types (B and A veins respectively). These generally comprise white grey or dark grey (smoky) quartz, which is variably fractured, and generally lacking sulphide minerals. Thinner semi-gossanous veins are common in fractures in the more massive greywacke beds.

Numerous vertical shears along and adjacent to the Zone B anticlinal hinge suggest that late stage faulting cut the folds and was associated with the development of the mineralised zones. Movement indicators suggest at least a major component of dip-slip (vertical movement). The sigmoidal geometry of bedding between two successive shears suggests an E-block up movement. Fractures and veins which dip at shallow to moderate angles towards the NE, are cut by reverse faults.

### 6.1.3 MINERALISATION

Mineralisation in Zone “A”, and to a lesser extent in Zone “B”, occurs in a breccia consisting of quartz-rich (cherty) to quartzo-feldspathic metasediments (+tourmaline) in a tourmaline-quartz matrix, which has in turn been brecciated and cut by tourmaline + quartz veins. The quartz in these zones occur in association with pyrite + pyrrhotite + arsenopyrite (limonite) and scorodite.
The breccia displays a coarse texture with clasts up to decimeter scale which are intensely veined with quartz sulphide stockwork, and pervasively silicified. Tourmaline is more prevalent in Zone A (closer to the Cullen Granite), and arsenopyrite is more prevalent in Zone B. Limonitic boxworks (after euhedral pyrite or arsenopyrite? Crystals to 4mm in size) are randomly distributed, and accessory disseminated rutile is also present. Free gold has been observed as flakes up to 250µ in diameter.

Mineralisation in Zone A and to a lesser extent in Zone B, occurs in a breccia consisting of quartz-rich (chert) to quartz-felspathic metasediments (+ tourmaline) in a tourmaline-quartz matrix, which has in turn been brecciated and cut by tourmaline + quartz veins. The quartz in these zones occurs in association with pyrite + pyrrhotite + arsenopyrite (limonite) and scorodite.

The breccia displays a coarse texture with clasts up to decimeter scale which are intensely veined with quartz sulphide stockwork, and pervasively silicified. Tourmaline is more prevalent in Zone A, and arsenopyrite is more prevalent in Zone B. Free gold has been observed as flakes up to 250µ in diameter.

6.1.4 RESOURCES AND RESERVES (CURRENTLY REPORTED)

The estimated total Inferred Resource (Global) at Esmeralda is 1.26 million tonnes at a grade of 1.62 g/t (66,000 ounces). Work was carried out by MRT (now Golders) using MIK interpolation. The mineral resources are summarised in table below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Tonnes (000)</th>
<th>Gold Grade (g/t)</th>
<th>Gold Ounces (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lens A Inferred</td>
<td>842</td>
<td>1.77</td>
<td>48</td>
</tr>
<tr>
<td>Lens B Inferred</td>
<td>413</td>
<td>1.4</td>
<td>18</td>
</tr>
<tr>
<td>Total Inferred</td>
<td>1260</td>
<td>1.62</td>
<td>66</td>
</tr>
</tbody>
</table>

Notes: 0.7g/t cut-off grade using MIK interpolation,
No reserves have been estimated but initial optimisation studies were carried out by consultants Golder Associates in September 2000 were based on the 1998 resource models.

6.2 ESMERALDA ZONES A & B - JUNE 2005 MINEABLE RESOURCE REVIEW

Key Points in carrying out the assessment;

- The Mineable Resource category for both zones is Inferred.
- Global Resource show good comparison with previous estimates carried out by Acacia (AngloGold) and MRT (for Acacia).
- The June 2005 ore block models were built to maximize the upside potential.
• Resource interpolated on 50m spaced drilling.

• For the June 2005 resource, cross-sectional interpretations were carried out using a lower cut-off grade of 0.5g/t to help provide strike continuity of gold mineralisation. The two previous resource estimates used a lower grade of 0.7g/t.

• The drillhole collars were modified to conform to the surface DTM. Only the collar RL’s were adjusted to the DTM surface, the northings and eastings remain the same.

• The drillhole database was validated to exclude duplicate sample assays from appearing as a unique sample. The original sample assay was used.

• Costean assays were included in the June 2005 estimate, not in the previous estimates.

• Wire-frames were developed from the 50m spaced cross-sectional interpretations, were a mineralised zone appears closed along strike; the zone was projected 25m along strike and capped off.

• Wire-framed pods were built from single drillhole intersections.

• Weathering profiles were created from the drillhole database logging information. The average depth of Oxide weathering is over 30m.

• In generating the block model a top-cut of 10g/t Au was applied as per previous estimates.

• The cell size used in creating the block model was 10m *2.5m * 2.5m.

• The strike length of the Zone A model was 1200m; Zone B was 640m.

• LG’s (pit optimisations) were run at $525, $550, $575 AND $600/oz gold.

• Costs inputs for the pit optimisations were based on the mining costs provide by Harmony Gold in optimising Chinese South Extension.

Table 6.1: Esmeralda Zone A - Pit Optimisation Comparison

<table>
<thead>
<tr>
<th>$/oz gold</th>
<th>BCM</th>
<th>Tonnes</th>
<th>Grade</th>
<th>Ounces</th>
<th>BCM</th>
<th>Tonnes</th>
<th>Strip Ratio</th>
<th>COST</th>
<th>LG Shell Value</th>
<th>Optimised Pit Depth</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 525</td>
<td>90,253</td>
<td>209,779</td>
<td>2.37</td>
<td>15,985</td>
<td>339480</td>
<td>787609</td>
<td>3.76</td>
<td>$ 393</td>
<td>$ 1,896,897</td>
<td>42.5m</td>
</tr>
<tr>
<td>$ 550</td>
<td>104,190</td>
<td>242,889</td>
<td>2.36</td>
<td>18,429</td>
<td>450112</td>
<td>1044508</td>
<td>4.32</td>
<td>$ 414</td>
<td>$ 2,253,862</td>
<td>45m</td>
</tr>
<tr>
<td>$ 575</td>
<td>116,434</td>
<td>272,806</td>
<td>2.32</td>
<td>20,349</td>
<td>529502</td>
<td>1229709</td>
<td>4.55</td>
<td>$ 430</td>
<td>$ 2,658,702</td>
<td>50m</td>
</tr>
<tr>
<td>$ 600</td>
<td>133,366</td>
<td>315,470</td>
<td>2.29</td>
<td>23,227</td>
<td>662602</td>
<td>1544804</td>
<td>4.97</td>
<td>$ 443</td>
<td>$ 3,098,721</td>
<td>60m</td>
</tr>
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</table>
### Table 6.2: Esmeralda Zone B – Pit Optimisation Comparison

<table>
<thead>
<tr>
<th>$/oz gold</th>
<th>BCM</th>
<th>Tonnes</th>
<th>Grade</th>
<th>Ounces</th>
<th>BCM</th>
<th>Tonnes</th>
<th>/bcm</th>
<th>/t</th>
<th>cost</th>
<th>LG Shell Value</th>
<th>Optimised Pit Depth</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 525</td>
<td>16,357</td>
<td>37,948</td>
<td>1.79</td>
<td>2,184</td>
<td>31503</td>
<td>73087</td>
<td>1.93</td>
<td>1.93</td>
<td>$ 427</td>
<td>$ 192,909</td>
<td>30m</td>
</tr>
<tr>
<td>$ 550</td>
<td>28,825</td>
<td>66,979</td>
<td>1.69</td>
<td>3,639</td>
<td>64587</td>
<td>149858</td>
<td>2.24</td>
<td>2.24</td>
<td>$ 471</td>
<td>$ 257,680</td>
<td>42.5m</td>
</tr>
<tr>
<td>$ 575</td>
<td>31,886</td>
<td>74,096</td>
<td>1.66</td>
<td>3,955</td>
<td>70744</td>
<td>164142</td>
<td>2.22</td>
<td>2.22</td>
<td>$ 478</td>
<td>$ 346,670</td>
<td>42.5m</td>
</tr>
<tr>
<td>$ 600</td>
<td>38,857</td>
<td>90,312</td>
<td>1.62</td>
<td>4,704</td>
<td>90724</td>
<td>210495</td>
<td>2.33</td>
<td>2.33</td>
<td>$ 484</td>
<td>$ 501,447</td>
<td>45m</td>
</tr>
</tbody>
</table>

### Table 6.3: Global Block Model Comparisons – Zone A

<table>
<thead>
<tr>
<th>+0.7 g/t ore</th>
<th>Company</th>
<th>Lower Cut</th>
<th>Top Cut</th>
<th>Tonnes</th>
<th>Grade</th>
<th>Oz</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Acacia, 1998?</td>
<td>0.7</td>
<td>10</td>
<td>899,331</td>
<td>2.04</td>
<td>58,985</td>
</tr>
<tr>
<td></td>
<td>MRT, 1998</td>
<td>0.7</td>
<td>10</td>
<td>841,820</td>
<td>1.73</td>
<td>46,823</td>
</tr>
<tr>
<td></td>
<td>*NG, June 2005</td>
<td>0.7</td>
<td>uncut</td>
<td>926,102</td>
<td>2.24</td>
<td>66,696</td>
</tr>
<tr>
<td></td>
<td>*NG, June 2005</td>
<td>0.7</td>
<td>10</td>
<td>926,967</td>
<td>1.99</td>
<td>59,307</td>
</tr>
</tbody>
</table>

*Includes costean assays

### Table 6.4: Global Block Model Comparisons – Zone B

<table>
<thead>
<tr>
<th>+0.7 g/t ore</th>
<th>Company</th>
<th>Lower Cut</th>
<th>Top Cut</th>
<th>Tonnes</th>
<th>Grade</th>
<th>Oz</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Acacia, 1998?</td>
<td>0.7</td>
<td>10</td>
<td>484,805</td>
<td>1.52</td>
<td>23,692</td>
</tr>
<tr>
<td></td>
<td>MRT, 1998</td>
<td>0.7</td>
<td>10</td>
<td>413,441</td>
<td>1.38</td>
<td>18,344</td>
</tr>
<tr>
<td></td>
<td>*NG, June 2005</td>
<td>0.7</td>
<td>uncut</td>
<td>621,623</td>
<td>1.5</td>
<td>29,978</td>
</tr>
<tr>
<td></td>
<td>*NG, June 2005</td>
<td>0.7</td>
<td>10</td>
<td>621,623</td>
<td>1.5</td>
<td>29,978</td>
</tr>
</tbody>
</table>

The above review was costed at $9,425. With annual reporting the total for the year amounts to $10,575.
7.0 PROPOSED WORK YEAR ENDING 16\textsuperscript{TH} NOVEMBER 2006

As part of his review, Makar recommended the following activities be undertaken to advance the status of the property:

1. \textit{Infill drilling and costeanning to up-grade the Resources to an Indicated / Measured Status to enable to convert to a Mining Reserve. Close the section spacing to 25m from the current 50m.}

2. \textit{Survey pick up the gas pipeline to see what impact it has on Zone A.}

3. \textit{Confirm the surface DTM, adjust the drillhole collars to suit.}

4. \textit{Test the low level gold geochemical anomaly which occurs between Zone A and Zone B}

Reverse circulation drilling (3,052m) and costeaning (1,535m) recommendations were costed at a total of $399,000.
8.0 REFERENCES


KHOSROWSHAHI, S. & SHAW, W.; 1998; Resource Estimate for the Esmeralda Deposit, Union Reefs NT, Unpublished report for Acacia Resources prepared by Mining & Resource Technology Pty Ltd.


MILLER, G.; 1993; Final Report - EL6880 Esmeralda, by Cyprus Gold Australia Corporation, Unpublished report for NTDME


SEWELL, D. & VELA, N.; 1998; Esmeralda Project, Geology, Drilling, Quality Control & SG Data to accompany Geological resource Estimate, unpublished report for Acacia Resources Ltd, report No. 08.8969


