Annual Technical Report
EL 25288
12 February 2015 to 11 February 2016

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TENEMENTS:
E.L.25288

PROJECT NAME:
MARGARET Gold & Mn.

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GOLD & MANGANESE

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TOPO MAP SHEET:
BURRUNDIE 1:50,000 AGD66

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Gold was discovered at the Margaret Diggings in 1880 and a rush ensued with up to 800 men at work. Numerous big nuggets and specimens were found. Copies of extracts from the relevant N.T Times & Gazettes from the 1880s were provided with last year’s annual report. The source of the gold was never discovered.

The geology is shown on the "Pine Creek" 1: 100,000 Geological Series map and is described as a series of "Shallow marine transgression rocks" with numerous Zamu dolerite dykes."

In 2010 a local friend of mine, Gordon "Gus" Withnall gave me a large Google Earth screen shot photo of the general exploration licence area. It indicated a fault that starts at the edge of the large McMinns Bluff granite about 370 metres to the S.W. of what was later identified as a relatively large laterite outcrop and continues on a magnetic bearing of 37 degrees for at least 2.4 Km. I named it the "Withnall Fault."

On the basis of the identified fault and the results from prospecting in the area Mineral Lease application ML(A) 30125 was applied for on the 7th of October, 2013. This mineral lease application covers several hundred metres of a hydrothermal pyrolusite reef as well as an anomalous laterite outcrop at the head of the old Margaret River diggings.

It was decided during the 2014 prospecting season to again revisit the headwaters of the diggings. We had previously found a little gold there as well as a narrow (50 cm) high grade pyrolusite (Mn02) reef of which the outcrop starts on the Northern edge of the previously mentioned laterite outcrop.

The Withnall Fault cuts through the Southern end of the laterite outcrop which is about 100 metres long and 50 metres wide and it is the only laterite outcrop in the area. We panned numerous dishes of screened gravel from the SW side of the laterite outcrop, on or near the fault and every dish had significant fine and coarse good gold in them. Indications were that the source of the Margaret Diggings gold would likely to be on the junction of the manganese reef and the fault.

The pyrolusite extends for at least 2.2 km to the North and expands its width to over a metre in places. The highest assay result previously received was 55% Mn. and 15 ppm Ag.

During the 2015 prospecting season further reconnaissance prospecting by vehicle and on foot was carried out over the majority of the exploration licence with the view to considering the relinquishment of our interests in EL 25288. No further areas of interest were identified.

The pyrolusite reef was further investigated with a number of shallow trenches dug by hand to ascertain the width of the deposit along strike. This work confirmed previous observations that the reef varies between .3m to up to almost 2m with most intersections in the .5m to 1m width range.
Due to the logistics involved with the remoteness of the location and the relatively small nature of the deposit it was felt that it would be unlikely that the pyrolusite would be economically viable to mine. However, Mining and Civil Services Pty. Ltd. has expressed an interest in further investigating its viability.

Our attention was again drawn to the laterite outcrop on the Southern end of the pyrolusite reef at the intersection with the Withnall Fault. A small trench was dug by hand adjacent to the small cave at the SW end of the laterite outcrop, the floor of which 7kg of soil and gravel had been previously screened and panned with 22 specks of gold showing in the panned concentrate.

The trench indicated that the laterite outcrop persisted to at least 1m below the surface and pyrolusite inclusions were noted in the lumps of rock removed. Details of the cave were provided in our 2014 annual technical report.

Additional soil sampling was carried out on the Western side of the laterite outcrop, confirming previous results and adding further support to the possibility of a hydrothermal gold/rhodonite/quartz deposit. Numerous screened and panned soil and gravel samples were also taken from the Eastern side of the laterite and no gold was seen.

Sampling of the two creeks immediately adjacent to the Western side of the laterite outcrop of which both have significant historic diggings downstream confirmed the presence of alluvial gold. The creek on the Eastern side within which there are no historic diggings showed none.

Numerous hand dug detector holes were noted across a flat to the immediate South of the Eastern side of the laterite outcrop. We consider that this may suggest that the Withnall Fault is dipping to the North and gives us some confidence that the source of the gold will not be too far from the SE extremity of the laterite outcrop.

As mentioned previously, indications are that the source of the Margaret Diggings alluvial gold would likely be on the junction of the pyrolusite reef and the Withnall Fault and the laterite is thought to likely be capping that source. These results should assist us greatly in guiding our efforts to locate the indicated hydrothermal gold/rhodonite/quartz deposit.

The ML(A) 30125 Native Title S31 right to negotiate process was instigated on the 7th of January, 2015. Current negotiations are stalled pending further information required by the Northern Land Council (NLC) for presentation to the registered Native Title claimants. Further exploration work will be required in order to meet the NLC’s requirements.

During the 2016 prospecting season is our intention to engage the services of an acquaintance of ours, Wladimir (Wally) Falko who is an accomplished metal detector operator. Wally owns the latest Minelabs metal detecting equipment which is capable of detecting coarse gold through up to 2m+ depth of overburden.

We are reasonably confident that, given the relatively coarse nature of much of the eluvial gold seen and the rich quartz and rhodonite specimens found in proximity to the laterite outcrop that this latest metal detecting technology will assist in identifying the approximate location of any rich auriferous deposit. We will proceed with digging exploratory trenches, initially by hand and hopefully guided by the metal detecting results.

We may also consider the use of ground radar technology to assist in locating the source of the gold. Should the digging of the trenches by hand become too arduous then an application will be made for an Authorisation to conduct substantial disturbance activities. To this end another acquaintance of
ours, Wayne Keeping who owns a mini excavator has expressed an interest in participating in the exploration program.

Gold in Rhodonite- 30% Au by SG test

Gold in quartz
Typical quartz specimens- 19 ounces of Au

Pyrolusite ‘floaters’ approx 200m North of the laterite outcrop.

The creek to the right leads to the main historic Margaret River Diggings
Northern end of laterite outcrop

Small cave and pipe on SW side of the laterite outcrop
Pipe on NE corner of cave on SW side of the laterite outcrop

Pyrolusite staining on cave wall on SW side of the laterite outcrop
Small cave and pipe on the Eastern side of the laterite outcrop

Southern end of the laterite outcrop near the Withnall Fault
Map showing the extent of the pyrolusite reef and the location of historic diggings
(2013 annual report)