EL 24464 – Mt. Mabel

Second Annual Report for the Year ended

10 April, 2008

G F Johansen
May 2008
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INTRODUCTION

This tenement is considered prospective for uranium, gold and base metal sulphide mineralisation. During the first year of tenure, two reverse circulation drill hole were completed at the Kylie Prospect. A large proportion of time and expenditure was devoted to compilation of all locatable exploration data into a GIS format.

TENEMENT DETAILS

An application for 21 blocks (60 square kilometres) was made on 17 November, 2004. This area was granted as EL 24464, effective 2\textsuperscript{nd} April 2006. Ownership was originally Compass Resources NL 90% and Guardian Resources Pty. Ltd. 10%. Compass now owns Guardian Resources Pty Ltd, so has effective 100% ownership of the tenement.

The tenement is located on the Pine Creek 1:250,000 map sheet (5270), Batchelor 1:50,000 and Rum Jungle 1:50,000 topographic maps (5171-4 and 5071-1 respectively).

ACCESS

Access to the area is by following the old railway route south from Batchelor, or via the unsealed Camp Creek road from Adelaide River. Both major and minor tracks exist in the tenement.

GEOLOGICAL SETTING

This tenement is located approximately sixteen kilometres south-south-west of Batchelor on the southern side of the Archaean Waterhouse complex, covering the basal sedimentary sequence, including the Namoona Group and the Mt. Partridge Group. The presence of areas of brecciated ferruginous rocks and sandstones, variably referred to as the Geolsec Formation and/or the Depot Creek
Sandstone of the Tolmer Group, confirm that the present surface is near to a major Proterozoic unconformity.

Outcrop is fair in the area, with strong lateritisation and recent alluvium obscuring much of the underlying rocks.

The tenement covers the Spring Creek, Kylie and Kylie South East uranium prospects, originally located by Uranerz in the late 1970’s.

The most recent published data of this area is from Lally et al 2002 (Rum Jungle 1:100,000 Mineral Field Map).

PREVIOUS EXPLORATION

During the period 1950-1974, most of the regional exploration in this area was conducted by the BMR as part of a regional programme aimed at locating uranium deposits. The Waterhouse No. 2 copper-uranium prospect, located at that time is in the north-east of the tenement.

The most extensive exploration was undertaken by Uranerz in the late 1970s and early 1980s. This involved extensive drilling programmes and ground geophysical surveys.

Aztec Mining last held the area in the period 1992-1998 and gives a good summary of previous exploration in its early Annual Reports. Work by Aztec included stream sediment sampling, soil and rock chip sampling, costeaneing and various drill programmes. The also completed a large aeromagnetic survey of the region and re-assayed some existing drill core.

Compass Resources drilled two RC holes into the Kylie prospect in 2006.

WORK COMPLETED THIS YEAR

Compass Resources drilled a total of 740 metres in 10 RC holes at the SE Kylie prospect. The majority of holes intersected weakly anomalous uranium
mineralisation associated with disseminated pyrite close to the shale–dolomite boundary.

PLANS FOR NEXT YEAR.

All exploration data will be entered into the new Datashed database and reviewed in 3-D using Micromine. This review will determine the location of additional drilling for the 2008 dry season.

Expected expenditure is anticipated to exceed $20,000.
REFERENCES

Lally, J. H., 2002  Stratigraphy, structure and mineralisation, Rum Jungle Mineral Field, Northern Territory.  NTGS Record 2002-005

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Geochemical and Radiometric Investigations, Gould Area, Northern Territory, 1966. (Mount Minza and Waterhouse No. 2 Areas).  *BMR Record No. 1967/41*

Shatwell, D.O. and Duckworth, K.,1966
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Wood, F. W. and McCarthy, E., 1952
Preliminary report on scintillometer airborne surveys over the Run Jungle area and other portions of the Northern Territory. *BMR Record No. 1952/79*

Yokoyama, T., 1988
## EL 24464 - EXPENDITURE REPORT
**FOR YEAR ENDING 10 APRIL 2007**

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**Total Expenditure**  $603,296.02
Second Schedule
(Plan of Area)

EL24464
21 Blocks
60.19 sq kms