ERL89 - BIG HOWLEY PROJECT
INTERIM ANNUAL REPORT YEAR 2
FOR PERIOD 19.09.90-18.09.91

CR92/015

Distribution:
Dominion Darwin
Dominion Perth
NTDME

ERL89

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P RUZICKA
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1. SUMMARY

ERL89, comprising an area of 3.25ha, was acquired by Dominion among a total tenement package purchase from Northern Gold for $M1.25 with title transfer effected in May 1991.

Northern Gold had outlined a Geologically Inferred resource of 204,000t @ 2.40 g/t gold at South Ridge following a widely spaced drill program. Dominion acquired the property as this resource potential occurs about 700 metres from the Big Howley resource which is 646,000t @ 2.78 g/t gold in the Measured and Indicated categories.

Dominion has incorporated the Northern Gold data into its own database and is awaiting development of the Big Howley resource before completing drill evaluation of the South Ridge potential.
2. WORK COMPLETED

2.1 Previous Work

ERL89 was purchased by Dominion from Northern Gold NL on 15 February 1991 with title transfer effected on 7 May 1991. Purchase of this tenement was part of a large package of tenement purchases made by Dominion in the Howley and Mt. Shoobridge areas for a total purchase price of $1,250,000.

ERL89 has now been included with a number of other tenements, as listed below and shown in Figure 1, which is called the Big Howley project for which Dominion is currently seeking PROJECT STATUS collectively these tenements cover an area of 725 hectares (approximately 2 blocks).

- MLN891: Granted 13.3.80 Expires 31.12.00
- MLN892: Granted 27.6.89 Expires 26.06.99

The adjacent Big Howley gold deposit was the subject of an intensive resource evaluation program in late 1990 by Dominion. The MEASURED and INDICATED drill resource of the BIG HOWLEY deposit is 646,000t @ 2.78 g/t gold, with an additional GEOLOGICALLY INFERRED resource of 418,500t @ 3.05 g/t gold.

Northern Gold had in Year 1988 (when title was as EL4226) and in Year 1990 (Year 1 of tenure for ERL89) completed a total of 57 RC percussion holes for 4185 metres at the South Ridge project (as named by Northern Gold). The South Ridge prospect is located 700 metres northwest of the BIG HOWLEY deposit, and comprises a zone of quartz vein stockwork on the western limb of an anticlinal structure which is separate from but trends parallel to the quartz vein stockwork zone on the anticline hosting the BIG HOWLEY deposit.

The close juxtaposition of these two parallel mineralized stockwork trends warranted the acquisition by Dominion of the ERL89 tenement. However, the drilling completed by Northern Gold, is widely spaced (drill sections range 80m to 500m apart, drill collars generally 20m apart) such that they could only quote a DRILL PLUS GEOLOGICALLY INFERRED resource of 204,000t @ 2.40 g/t extending over a 2000 metres strike zone which contains only 11 drill traverses (two of which lie outside of ERL89, to the south).
Other work completed by Northern Gold within the area of ERL89 was:-

i) Gridding of the South Ridge drilled area for a total 7,000 line metres.

ii) Airborne magnetic and radiometric survey undertaken in September 1987 by KEVRON GEOPHYSICS for Northern Gold.

iii) Geological mapping at 1:5000 scale over the SOUTH RIDGE area only, in late 1987.

iv) Costeaning and sampling across the quartz stockwork zone.

v) BLEG soil sampling in Year 1989 for 850 samples covering the whole of ERL89 with 5 line traverses at 300m to 560m apart.

Work completed by Metana Minerals NL under a tribute agreement with Northern Gold, within the area of ERL89 was:-

i) Mapping of alluvial drainage areas based on 1:15000 scale aerial photography, Year May '86 – May '87.

ii) Trenching and pan sampling on major drainages

iii) Estimation of the alluvial resource in three separate drainages as:-

   a) Elbow Creek  104,000m³ averaging approx. 0.40g/m³
   b) Northern Palaeochannel  12,500m³ (gravels) " 0.40g/m³
   c) Dam Creek Headwaters  45,000m³ " 0.40g/m³
   d) Old Tailing Sands  7,000m³ (sand and clay) " 0.53g/m³

iv) Metallurgical work (NORMET, Mar '88) on samples from the old Big Howley Battery Tailing Sands indicated a rapid and high gold extraction rates, and low reagent consumptions.

No alluvial mining was subsequently conducted within ERL89.
3. **WORK COMPLETED 19.9.90 – 18.9.91**

In late 1990, Northern Gold completed partial rehabilitation work of their drill sites at South Ridge.

Since transfer of title in May '91, Dominion has completed the following work:-

i) Acquire and review the bulk of Northern Gold reports.

ii) Collate all drill data, complete data entry digitally into Dominion's computer database.

iii) Produced 1:500 scale drill sections

iv) Site reconnaissance of South Ridge grid area inspecting surface outcrops adjacent to mineralized drill intercepts.


vi) Proposed follow up RC drill program at South Ridge comprising 50 holes for 2500 metres. This proposal has been given a contingency budget of $139,000 and may be completed in Year 3 (19.9.91–18.9.92) of Tenure, dependant on preliminary results and development timetable of the adjacent BIG HOWLEY resource.
4. **EXPENDITURE**

(Big Howley Project)

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<th>Dominion</th>
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<td><strong>6651</strong></td>
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<td>232000</td>
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Covenant for Year 2 for ERL89 was $21,000 versus a total BIG HOWLEY project expenditure (excluding purchase costs of $200000) of $32,000. The bulk of the Project Expenditure, estimated at greater than 90%, was expended within ERL89.
5. REFERENCES


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