EL 9868 ACACIA
MT TODD DISTRICT, NT

ANNUAL REPORT FOR EXPLORATION
YEAR FOUR OF TENURE
24 JULY 2000 - 23 JULY 2001

GENERAL GOLD OPERATIONS PTY LTD
(SUBJECT TO DEED OF COMPANY
ARRANGEMENT)
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1. **INTRODUCTION**

Exploration Licence 9868 (Acacia) was granted to Pegasus Gold Australia Pty Ltd (subject to Deed of Company Arrangement), ("PGA") on 24 July, 1997 for a period of six (6) years. The licence covers an area of approximately 3.3 square kilometres, comprising one (1) graticular block (see Figure 1).

Following the severe decrease in the gold price and faults in the project design criteria, the Mt Todd (now Yimuyn Manjerr) mine was put on care and maintenance status on 15 November, 1997 and PGA was placed under Deed of Company Arrangement.

The Administrators of PGA undertook an extended sale process during 1998, with sale to the Yimuyn Manjerr Joint Venture (Multiplex Resources Pty Ltd then renamed Yimuyn Manjerr Investments Pty Ltd 93%, General Gold Resources NL 2%, PGA 5%) finalised on 18 March, 1999. General Gold Operations Pty Ltd (GGO) holds the Exploration Licence in trust for the Yimuyn Manjerr Joint Venture and has management control.

Operational and financial difficulties forced the shutdown of the Yimuyn Manjerr project on 7 July, 2000 with GGO placed under administration. Management of this licence is being undertaken by Yimuyn Manjerr Investments Pty Ltd, under the control of PGA (subject to Deed of Company Arrangement).

This Report summarises exploration activities undertaken on EL 9868 during the twelve (12) months ended 23 July, 2001.

2. **LOCATION AND ACCESS**

EL 9868 is situated approximately 55km north of Katherine and is centred approximately 12km to the northeast of the Yimuyn Manjerr Gold Mine (Figure 1). Access is gained via Yimuyn Manjerr Mine access roads and exploration tracks north from the sealed Edith Falls Road.

Topography within EL 9775 is considerably varied, ranging from low relief scree rises and black soil plains in the north and east, to moderate and high relief rocky ridges in the south. The region is traversed by a number of creeks and drainages, including the relatively major Driffield Creek. Most of the licence is lightly timbered.
3. **GEOLOGICAL SETTING**

EL 9868 is located within the southeastern portion of the Early Proterozoic Pine Creek Geosyncline. Metasediments, granitoids, basic intrusives, acid and intermediate volcanic rocks occur within this geological province (Figure 2).

Within the Mt. Todd area the oldest outcropping rocks are assigned to the Burrell Creek Formation. These rocks consist primarily of interbedded greywackes, siltstones and shales of turbidite affinity, which are interdispersed with minor volcanics. The formation contains slump structures, flute casts, graded beds and occasional crossbeds.

Rocks of the Burrell Creek Formation have been folded about northerly trending F1 fold axes. The folds are open to closed style and have moderate to steep westerly dipping axial planes, with some rocks being overturned. A later north-south compression event resulted in east-west trending open style upright D2 folds.

Metasediments of the Burrell Creek Formation outcrop extensively throughout the western portion of EL 9868. Ridges and creeks host exposures of greywacke and siltstone, with lesser shale and minor tuff and feldspathic sandstone.

Quartz is abundant within the licence area, occurring as both massive white “bucky” veins and blows, and thin veinlets or stockworks. Three main structural trends are apparent over EL 9868. A northwest structural trend is represented by a moderate to strong vertical joint set or foliation, striking 300 degrees to 350 degrees magnetic. A northeast trend hosts much of the massive white quartz veins, striking 030 degrees to 060 degrees magnetic. The third structural trend is near bedding-parallel, and often results in shearing and brecciation along bedding planes. Quartz veining exists along all of these structural trends. Pyrite pseudomorphs are often associated with sheared and brecciated quartz veins.

Several prospect pits and alluvial diggings are scattered throughout EL 9868, with the abandoned Driffield Mining Centre adjacent to the southern boundary of the licence.
Figure 2. Regional Geological Setting
4. **PREVIOUS EXPLORATION**

4.1 **Year 1**

Exploration undertaken by PGA on EL 9868 during Year 1 consisted of:

- Collation and validation of all existing data.
- Entry of all existing data into a computer database.
- Acquisition of digital aerial photography.
- Acquisition of digital Landsat imagery.
- Gridding.
- Reconnaissance geological mapping and rock chip sampling.
- Geochemical soil sampling.

4.1.1 **GIS and Remote Sensing Studies**

PGA completed a thorough compilation of a GIS database through the acquisition of digital data from various government and private companies. Data pertinent to the EL 9868 region included combined Landsat/SPOT imagery at 1:50 000 scale and 1:25 000 scale digital photography and 5 metre contours over the Driffield area. Digital aerial photography at 1:60 000 scale with 5 metre contours and a regional airborne geophysical survey were obtained for the area north of EL 9868 and were useful in defining and recognising regional trends.

All the digital data was manipulated in ARCVIEW with all geochemical data in a GEMCOM PCXPLOR database.

4.1.2 **Geological Reconnaissance**

Preliminary geological reconnaissance of the licence was undertaken in conjunction with the mapping program carried out on EL 9734. In conjunction with this reconnaissance ten (10) rock chip samples were collected from areas of quartz veining/stockwork or quartz scree.

These samples were despatched to Assaycorp Pine creek and analysed for Au by fire assay techniques (detection limit 0.01ppmAu) and base metals (As, Cu, Pb, Zn) by AAS techniques.

Rock chip sample locations and assay results are shown on Figure 3.
4.1.3 **Soil Sampling**

A regional soil sampling program was undertaken to test the potential of the NE trending Batman-Driffield structural corridor within EL 9868 and for possible extensions of the Driffield Mining Centre mineralisation.

Samples (110) were collected by contract field crew, Arnhem Exploration, on a 500 metre X 50 metre grid, from the “B” soil horizon within the non-transported regolith.

All samples were collected at 50 metre spacing along grid lines (GPS and Dominion survey grid control) and sieved to -40# size fraction in the field. Samples were dispatched to Assaycorp, Pine Creek, and analysed for Au by low level fire assay techniques (1 ppb detection limit).

Soil sample locations and assay results are shown on Figure 3.

4.2 **Year 2**

4.2.1 **GIS and Remote Sensing Studies**

Continuation of the GIS compilation program was undertaken with the generation of 5 metre contours for the licence area, addition of 1997-1998 PGA exploration data and the initial input of CAD geological mapping. Interpretation of the various datasets was initiated during the year.

The total magnetic intensity and second vertical derivative images are shown on Figures 4 & 5. The original located and gridded geophysical data was collected during the 1995 regional airborne survey and has been lodged with the NTDME.

4.2.2 **Geological Mapping**

Geological reconnaissance mapping was undertaken at several of the prospects delineated by previous explorers, geophysical anomalies and anomalous areas generated by the soil sampling. Compilation of this data is shown on Figure 6.
EL9868 Acacia
Total Field Magnetic Intensity

FIG 4
EL9868 Geology
5. **EXPLORATION YEAR 3**

Exploration of EL 9868 during this year of tenure was limited to geological reconnaissance of the previously defined anomalies and their potential strike extensions beneath transported cover.

Planning and implementation of the proposed infill geochemical soil sampling program was initiated but was interrupted by the sudden closure of the Yimuyn Manjerr Mine and the placing of GGO in Administration.

6. **EXPLORATION 2000-2001**

Operational and financial difficulties forced the shutdown of the Yimuyn Manjerr project on 7 July, 2000, just prior to the commencement of Year 4 of EL 9868. Due to this shutdown there was no work carried out on the licence during Year 4.

7. **REHABILITATION**

No exploration activities were undertaken during the year that required rehabilitation.

8. **CONCLUSIONS AND RECOMMENDATIONS**

Exploration by PGA within EL 9868 targeted quartz vein stockworks and/or sheeted vein systems for their potential to host small to moderate scale gold resources.

The licence lies between Driffield and RKD prospects in the Batman-Driffield structural corridor. Mineralisation styles sought are vein stockwork-shears in folded sedimentary packages within major structural zones.

The initial soil sampling program returned moderate results with peak values of 145, 52 and 41 ppb Au from the southern portion of the licence. Rock chip sampling returned anomalous values of 0.35 and 0.32 ppm Au.

Further geochemical testing is required to determine the size and potential of these initial anomalies prior to drill testing.
9. **PROPOSED EXPLORATION AND BUDGET**

Exploration proposed on EL 9868 during Year 5 is as follows:-

- Expanded and Infill Soil Sampling       $3,000
- Geological Mapping and Rock Chip Sampling $1,000

**TOTAL**                                     $4,000

10. **EXPENDITURE STATEMENT**

Due to the present operational difficulties of the management company, expenditure figures for Year 4 of EL 9868 are unavailable at this stage.