PLACER DOME ASIA PACIFIC

HENTY GOLD LIMITED
A.C.N. 008 764 412

Henty Gold Mine
Howards Road
HENTY TAS 7467
PO Box 231
QUEENSTOWN TAS 7467
Australia

Telephone: + 61 3 6473 2444
Facsimile: + 61 3 6473 1857

Annual Report

2002 - 2003

Lake Newton

EL 28/2001

HELD BY: AurionGold Exploration Pty Ltd

MANAGER & OPERATOR: AurionGold Exploration Pty Ltd

AUTHOR(s): Tim Callaghan
Michael Vicary

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PROSPECTS: Lake Newton, Howards Anomaly, Tyndall Creek

MAP SHEETS 1:100,000: Franklin (8013) and Sophia (8014)

GEOGRAPHIC COORDS Min East: Max East:
Min North: Max North:

COMMODITY(s): Au, Basemetals

KEY WORDS: Central Volcanic Sequence, Tyndall Group, High sulphidation mineralisation, VHMS mineralisation, Henty Fault

Distribution:

- **Placer Dome Asia Pacific – Brisbane Office:**
- **Placer Dome Asia Pacific – Henty Mine Limited:**
- **Mineral Resources Tasmania**

SUMMARY

EL 28/2001 hosts the Lake Newton Prospect and a significant strike length of the VHMS clast bearing volcaniclastic mass flows of the Spillway Horizon. The EL has been extensively explored by numerous companies over the last 30 years with many drillholes completed. Despite this the EL has the potential to host economic mineralisation in the southern extension of the Lake Newton Prospect and within the proximal zone of the Lake Newton Prospect.

In the period 2002 to 2003, two diamond drill holes were completed.

Hole SHD26 targeted a DHEM anomaly at the Lake Newton Prospect. The hole intersected several zone of massive pyrite, the occurrence of which adequately explains the anomaly. Associated silica – sericite – pyrite alteration returned only low levels of Au and base metals. No further exploration at the Lake Newton Prospect is warranted at this stage.

Hole SHD25 was extended to target the southern continuation of the Lake Newton alteration zone at depth down dip of Howards Anomaly. Only weakly mineralised alteration was intersected.

Additional exploration on EL 28/2001 should target the Lake Newton alteration zone down dip of the barite – base metal mineralisation in Tyndall Creek. This mineralisation is developed in the Lynchford Tuff and could be analogous to base metal mineralisation in the B Zone at Henty and the Tasman Crown mineralisation at Comstock. Most of the shallow drilling done in this area to date has not drilled through this unit into the underlying units and it is possible that the underlying Henty position remains to be tested.

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1.0 INTRODUCTION

EL 28/2001 was acquired by Placer Dome Asia Pacific (formerly AurionGold Exploration and Goldfields Exploration) after a successful tender for ETA 552.

ETA 552 results from the compulsory relinquishment of the southern portion of EL 8/96 (now ML 5M/2001) by Goldfields Exploration.

The license area consists of crown land and land vested in the HEC, both land uses coming under the mines act. The western part of the tenement is part of the Mt Dundas Regional Reserve but doesn't preclude exploration. Any disturbances in this area require notification and approval from the mineral Exploration Working Group (MEWG). The conditions of Exploration are outlined in the Exploration Code of Practice.

The land vested in the HEC includes Lake Newton and associated pump station and access roads, the Henty Canal and service track, and the high-tension power lines and their services tracks.

EL 28/2001 is located about 6 kilometres south of the Henty Mine in western Tasmania (Figure 1).

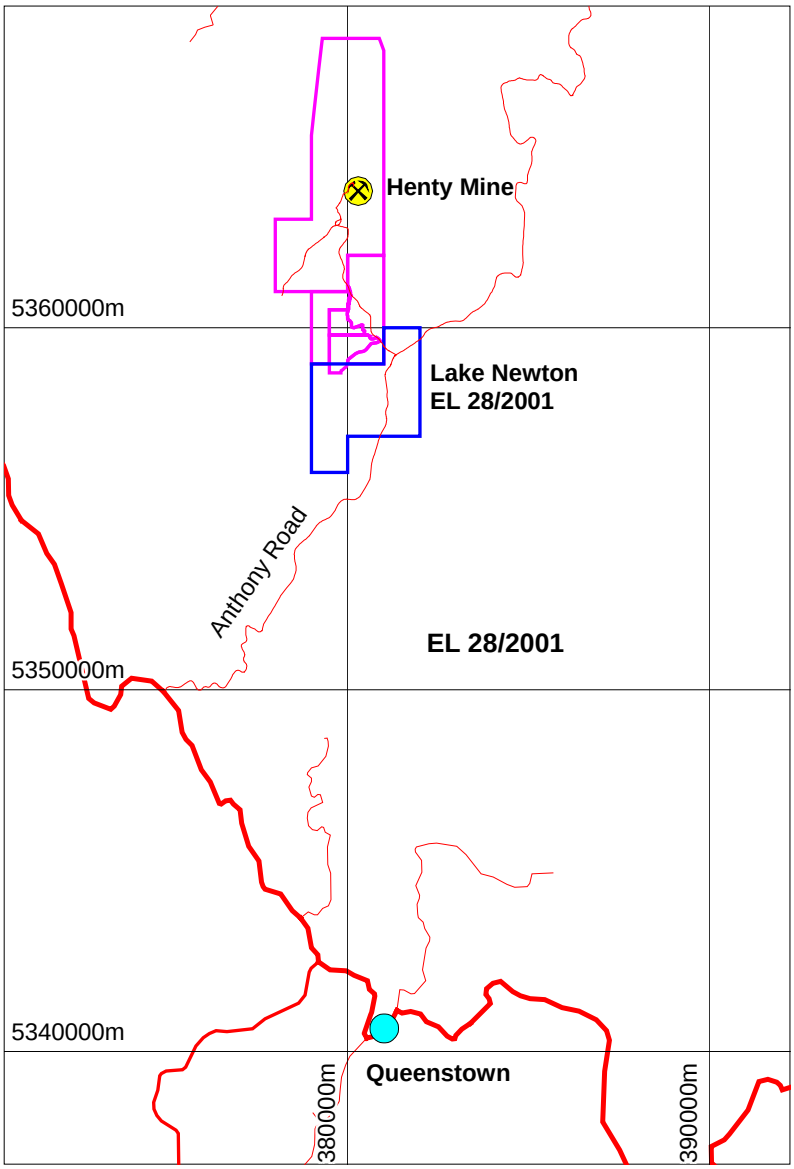


Figure 1. Location Map.

2.0 EXPLORATION STRATEGY

2.1 Stratigraphy

The stratigraphy of the South Henty lease has been well documented by Resolute geologists (Herrmann and MacDonald, 1996) through detailed lithogeochemistry, mapping and graphical logging. Goldfield's work to date has not altered the stratigraphy to any great degree and is summarised below. Goldfields stratigraphic codes are included.

Tyndall Group	Zig Zag Hill Fm	Rhyolitic volcaniclastic sediments.	*Ctc*
	Mt Julia Member	Syn-eruptive qtz-feld crystal rich sandstone.	*Ctt*
	Mt Julia Rhyolite	Massive qtz-phyric rhyolitic lavas, breccias and intrusions.	*Ctl*
	Lynchford Member	Syn-eruptive feld crystal rich volcaniclastic sandstone.	*Cttl*
	Massive carbonate and marly sediments.		*Ccarb*
	Dacitic volcaniclastic sediments.		*Cttld*
	Howard's Basalt.	Fine grained basaltic andesite dykes, lavas and lithic breccias.	*Cb*
ARA (Suite II)	Suite II Porphyry	Qtz-feld-hbl porphyry. Intrusive, fractionated.	*Cp*
	Anthony Road Andesite	Feld-hbl phyric andesite and breccia , extrusive and intrusive	*Ca*
CVC (Suite I)	Newton Creek Dacites	Dacitic to andesitic volcaniclastic sediments.	*Ccv*
		Dacitic, feld phyric to aphyric lavas, breccias and intrusions.	*Ccvl*
		Dacitic volcaniclastic pumice breccias.	*Ccv*
	Spillway Breccia	Coarse polymict and dacitic massflows with some sulphide clasts.	*Ccvag*
	Spillway Basalt	Massive to stratified monomictic "fire fountain' basalt breccia.	*Cb*
Yolande River Sequence		Footwall pumice breccia Massive feld-phyric pumice breccia.	*Cymf*
		Vitric siltstones and sandstones.	*Cys*

2.2 Structure

Two major faults control the geology of the South Henty Lease, the South Henty Fault to the west and the Great Lyell Fault to the east. The South Henty Fault is a steeply west dipping (60-90^{o}) major regional structure extending for approximately 70km of strike length dividing the geology of the Mt Read Volcanics into distinct terrains. It forms the western boundary of the Yolande River Sequence, CVC and Tyndall Group rocks on the South Henty EL and Henty Mine Lease. The Great Lyell Fault is a large west dipping reverse fault with several hundred metres of displacement. The rocks of exploration interest lie between these two structures.

Bedding consistently faces east and is steeply east dipping to overturned west dipping on most of the EL. Bedding generally trends north, north-westerly and is truncated at low angles by the South Henty Fault. A tight, shallow north plunging syncline is located near the Great Lyell Fault in the south east of the lease and may be a southern extension of the Mt Julia syncline. The major regional S_2 foliation overprints most rocks and has a northwesterly strike and steep southwest dip.

Bedding is strongly controlled by the morphology of both the Mt Julia Rhyolite and the Suite II porphyry, and possibly syn-intrusive/growth faults. Thickening of the stratigraphic package around intrusive margins and stratigraphic variations including rapid local thickening of the basal Lynchford Member volcaniclastics, increased thickness and number of basaltic andesite flows,

dacite domes and rhyolite domes suggests synvolcanic faulting within the Lake Newton Prospect area.

Extensive ductile deformation has focused on the Howard's basalt horizon, particularly in the southeast corner of the lease in the Howard's Anomaly area. The localised deformation has resulted in a strongly developed foliation and down dip stretching lineation in the chloritised basaltic breccias grading into brittle faulting and kinking of the earlier foliation. The fault represents the extended limb and hinge of a series of NNW trending asymmetric folds located in the SE corner of the EL and extending onto the Anthony EL. These structures mark the change from dominantly east facing-steeply dipping bedding strongly influenced by the Henty Fault in the west to flatter lying strata, disrupted by N to NNW trending open to tight folds and associated faulted limbs with wavelengths of approximately 200m in the east.

Many minor, late, east-west trending brittle faults with displacements of less than ten metres disrupt the stratigraphy.

2.3 Alteration and Mineralisation.

Detailed systematic exploration and research on EL 28/2001 has identified two target areas (Figure 2) with the potential to host Cambrian volcanogenic gold deposits and VHMS deposits (Callaghan, 1999 and Callaghan, 2000):

- The Lake Newton Prospect (Cu-Au) (including Howard's Anomaly (Ba-Ag) and Tyndall Creek (Zn-Pb-Ba)).
- The Spillway Horizon (polymetallic massive sulphide).

Lake Newton Prospect

The prospect is a well zoned, epigenetic, low grade (0.2-0.4 g/t Au), disseminated copper-gold system with an extensive low grade (<1% Pb + Zn) base metal halo. Typical results from the inner zone include:

SHD16	615-736m	121m @ 0.2 g/t Au
	770.8-791.8m	21m @ 0.4 g/t Au
SHD22	346.0-392.0m	46m @ 0.2 g/t Au
	482.0-508.0m	26m @ 0.3 g/t Au

It is of considerable size and has many similarities with the Mt Lyell and Henty-Mt Julia copper-gold deposits of the district. The entire alteration zone extends over a strike length of at least 2kms, varies between 30m to over 400m in width and is open at depth. The alteration is well zoned from the outer halo moving inwards in the following order:

carbonate-chlorite halo
carbonate-sericite-(chlorite-sphalerite-galena)
sericite-pyrite-carbonate-(gold-galena-sphalerite)
sericite-silica-pyrite-(chalcopyrite±gold).

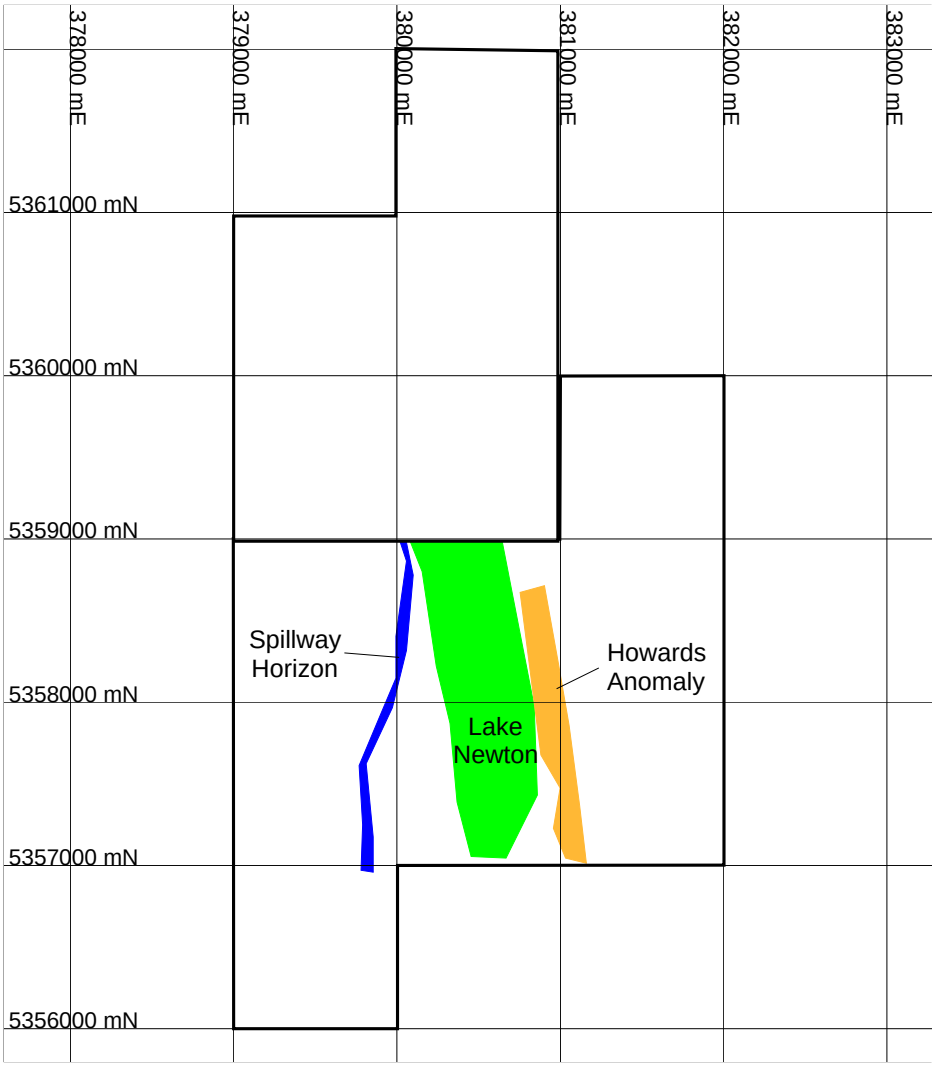


Figure 2. Prospect Location Map

The top of the alteration system is characterised by either:

sericite-pyrite-barite-jasper-(sphalerite-galena)
hematite-carbonate-chlorite-jasper-(Ag-Ba)

The alteration is dominantly hosted in the polymict to dacitic massflows of the Spillway Horizon and overlying massive dacitic pumice breccias of the Newton Creek dacites, but also overprints the Spillway Basalt and extends down into the underlying Yolande River Sequence rhyolitic pumice breccias and vitric siltstones. The alteration partially overprints the boundary of the Suite II porphyry implying a syn to post porphyry timing of the hydrothermal event. Because the Suite II porphyry has peperitic contacts with the overlying Lynchford Member (as seen in SHD17, SHD19 etc.), it would appear that the porphyry and therefore the alteration postdate the carbonates and basaltic andesites of the Henty-Comstock Horizon.

The top of the alteration is hosted in the lower Tyndall Group, particularly the Howard's basalt and Lynchford Member volcaniclastics and is known as Howard's Anomaly. Mineralisation within the upper zone is rare, occuring as small discontinuous lenses of barite-sulphide alteration (eg. Tyndall Creek), weak, disseminated pyrite-sericite (eg. SHD21) or occasional elevated Ag assays from hematite altered volcaniclastics (eg. Howard's Anomaly, HA4 and HA6). The Lower Tyndall Group possibly represents a near seafloor position during the mineralising event. The presence of barite and jasper veining supports this hypothesis.

Although the mineralisation is diffuse and low grade, the Cu-Au rich hydrothermal fluids are capable of forming economic deposits if the right physical and/or chemical conditions existed.

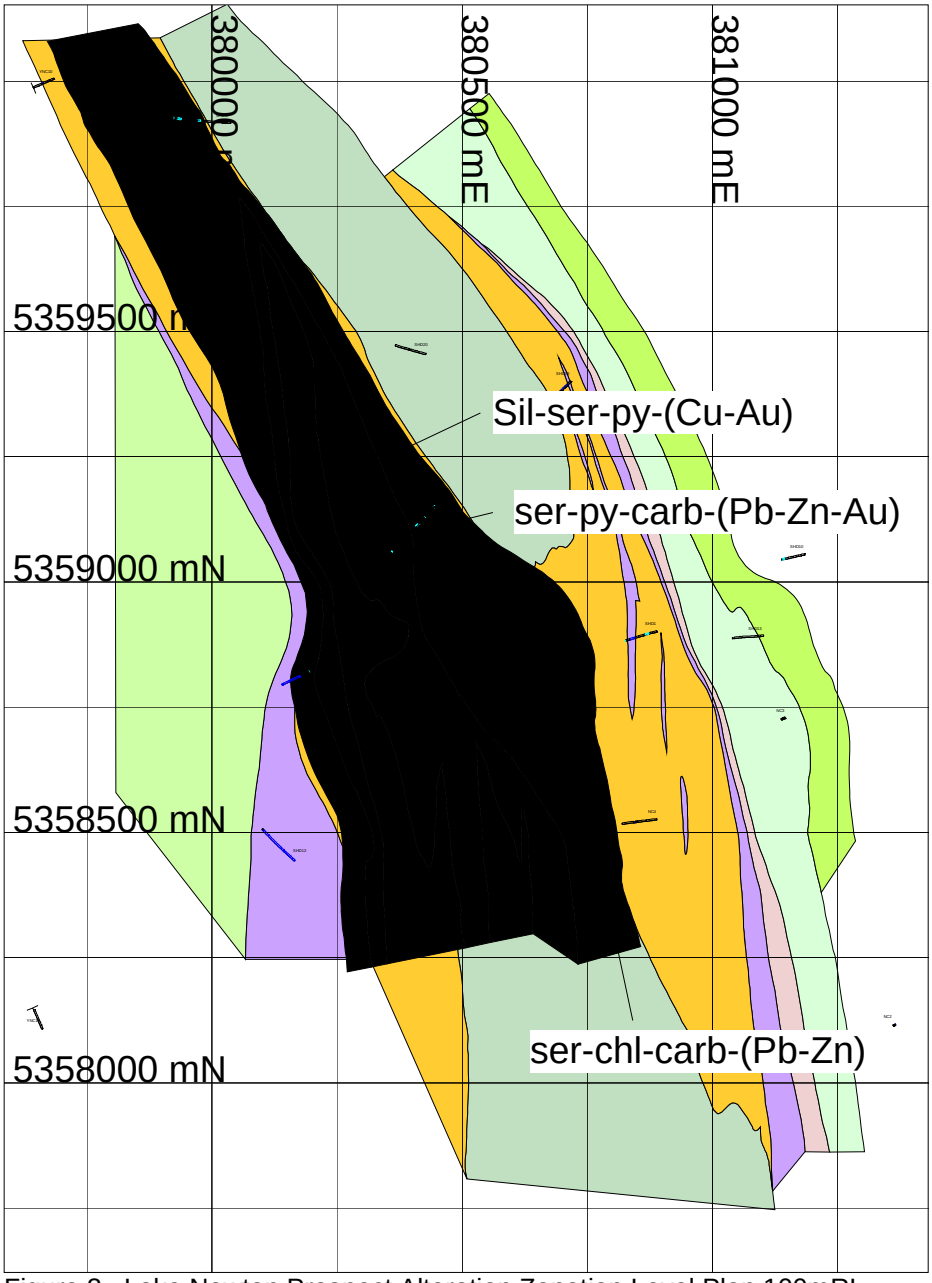
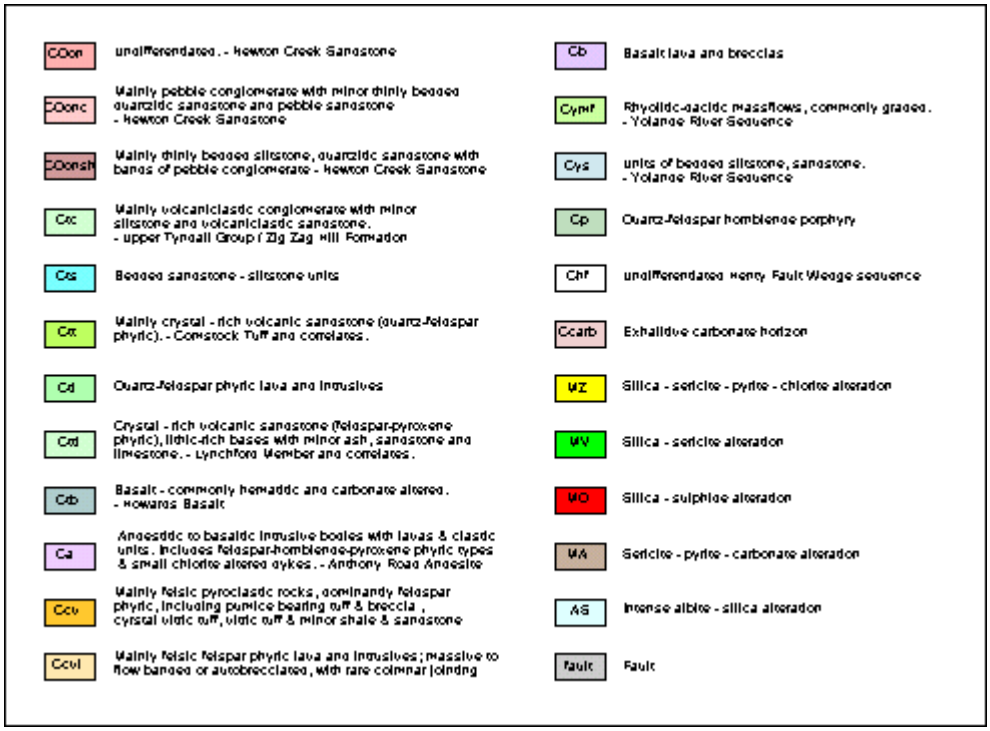


Figure 3. Lake Newton Prospect Alteration Zonation Level Plan 100mRL.
(Legend for Figure 3, is located in the following table.)



Legend for Figure 3

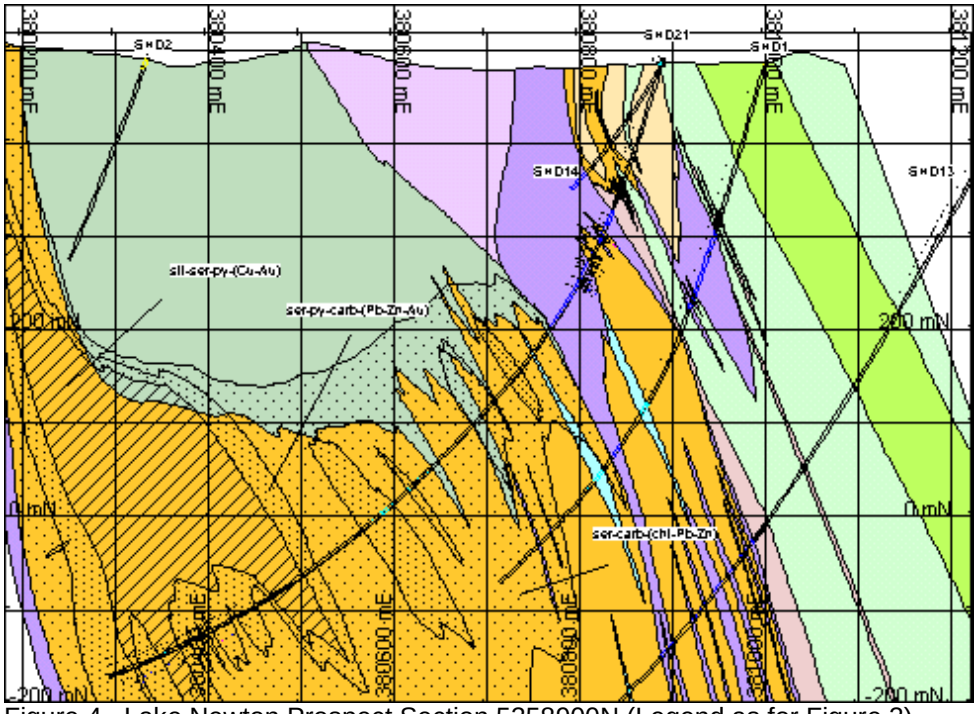


Figure 4. Lake Newton Prospect Section 5358900N (Legend as for Figure 3).

2.4 Exploration Targets

Although extensively drilled, the Lake Newton Prospect remains the most prospective zone on the South Henty EL. The alteration zone is coincident with a broad CSAMT anomaly that remains untested to the south. This is coincident with a shallow IP also anomaly extending south. The IP anomaly had previously been drill tested in the 1970's by Mt Lyell Mining and Railway Co with drill holes HA1, HA2 and HA4 (Purvis *et al* 1983). Low grade Au was associated with disseminated pyrite mineralisation hosted in the Anthony Road Andesites. Using section 5358900 as an analogy, mineralised Newton Creek dacites are likely to occur at depth below the andesites.

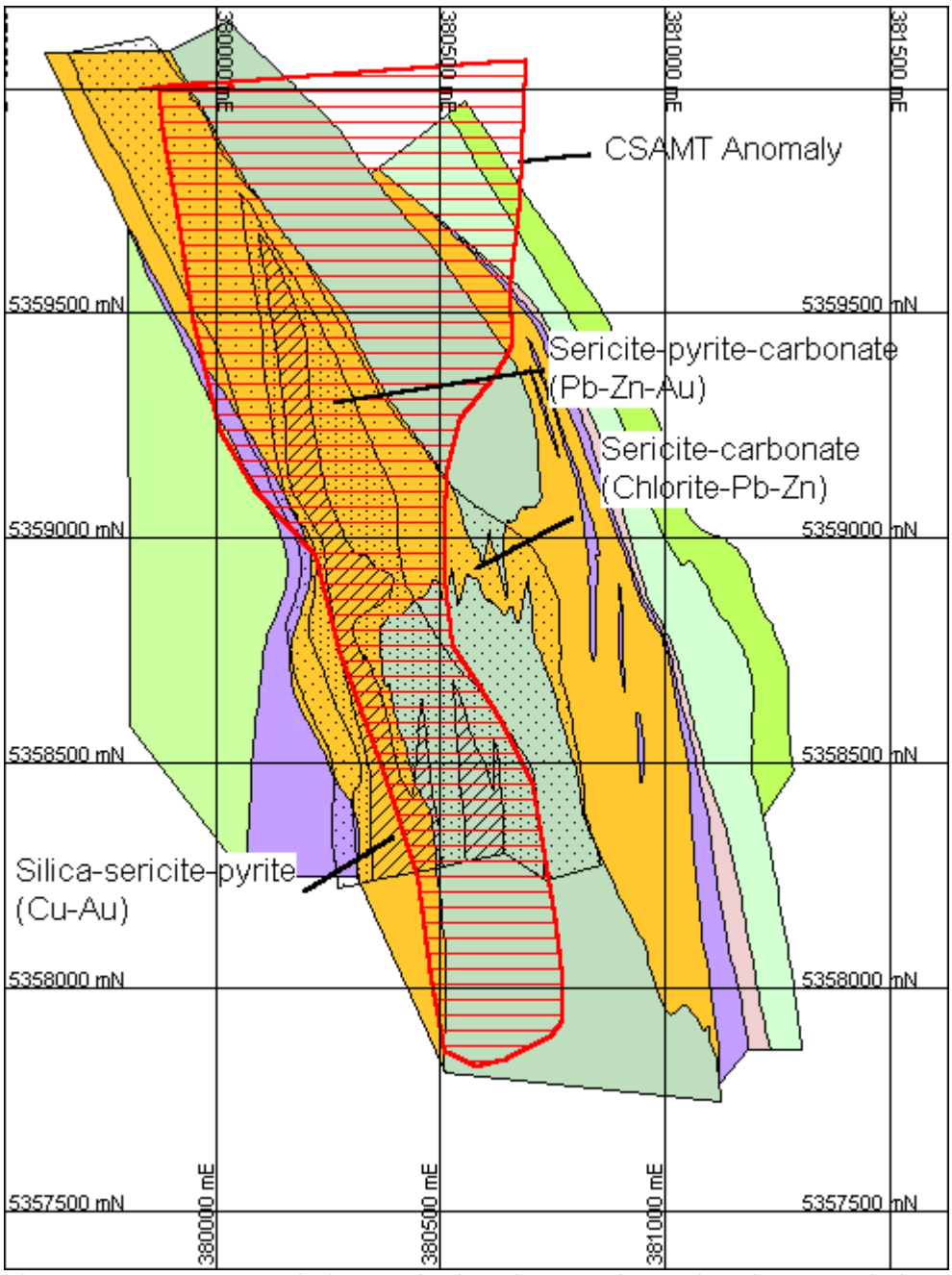


Figure 5. CSAMT Anomaly (1024Hz), alteration zonation and geology, Level Plan 100mRL. (Legend as for Figure 3).

DHEM modelling of the numerous drillholes in and around the Lake Newton prospect has identified three conductive bodies (Asten, in Callaghan, 2000).

Body 1 (Figure 6) lies above SHD21, between SHD21 and SHD2 and extends south to the end of SHD22 and north through SHD16. It is 800m long, 150m wide and approximately 50m deep. The conductive body lies in exactly the same vicinity as the inner silica-sericite-pyrite-(Cu-Au) core of the Lake Newton prospect and has possibly been intersected by SHD16. The anomaly represents either:

1 The inner silica-sericite-pyrite zone of the alteration system.

2 A higher grade zone within the inner core.

Body 2 (Figure 6) is the best conductor identified on the prospect. It lies beyond and below the ends of SHD21 and SHD1 at a depth of approximately –270m RL or 770m from surface.

Body 3 is a weak off hole conductor located below and east of SHD20, coincident with the deep CSAMT anomaly. The anomaly occurs approximately 800m below surface making it a low priority target.

These DHEM anomalies lie within the proximal geochemical and alteration halo of the Lake Newton Prospect hosted approximately on the Newton Creek dacite -Spillway Horizon contact. It is possible the Lake Newton prospect represents continuing hydrothermal activity post Spillway Horizon VHMS formation.

A continuous IP anomaly on lines 20N, 22N and 24N is coincident with the silver-hematite zone located at the top of the Lake Newton Prospect. The anomaly occurs at the base of the Tyndall Group within the Howard's basalt and associated limestone. This anomaly has been previously drilled (HA3, NC4, HA6, HA4 and SHD25) and is unlikely to host economic mineralisation.

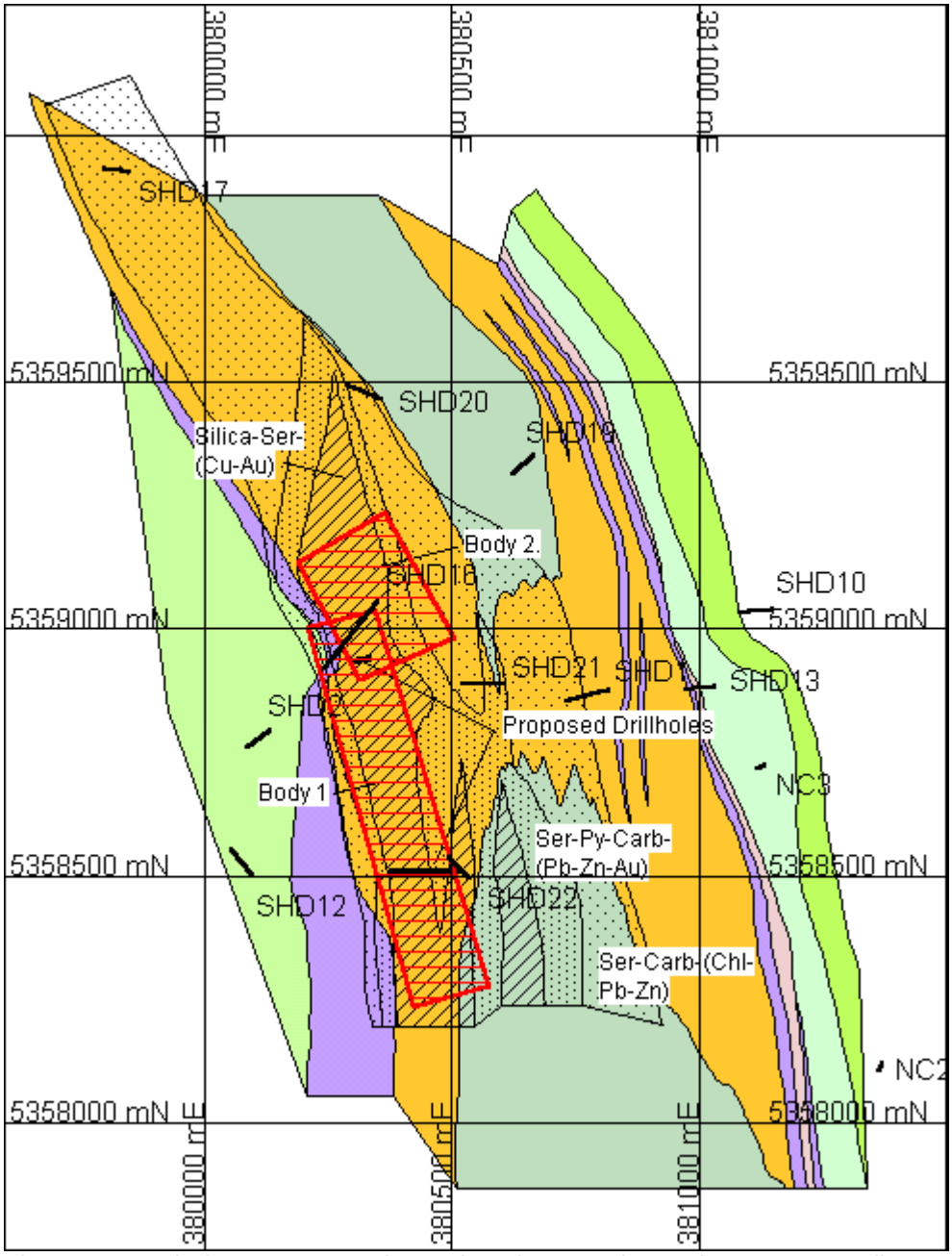


Figure 6. Level Plan 0mRL. Geology, alteration zonation and DHEM anomalies. (legend as for figure 3).

Although diffuse and low grade, the Lake Newton Prospect and Spillway Horizon warrant further exploration.

It is becoming increasing likely that the Lake Newton Prospect is a large, zoned alteration system with only low grade disseminated base metal mineralisation and low grade gold mineralisation. However several anomalies remain untested within the Lake Newton Prospect. These lie within the 'proximal' alteration zone and may be due to higher concentrations of sulphide mineralisation. This area still has the possibility of hosting an orebody in excess of 15Mt. Alteration zonation suggests the survey is picking up the silica-sericite-pyrite (Cu-Au) core of the alteration system, already intersected

in SHD16 and the end of SHD22. Two additional drillholes (750m each) are recommended for this target.

The CSAMT survey has identified the pyritic alteration zone over a strike length in excess of 2kms. The southern kilometre remains untested at depth. This area of anomalism underlies the barite-basemetal mineralisation of Tyndall Creek. Two deep diamond drillholes (700m each) are recommended to test this horizon.

3.0 WORK COMPLETED

3.1 Drill Hole SHD26

Drillhole SHD26 was targeted on a large DHEM conductor within the proximal alteration zone of the Lake Newton Prospect. The hole intersected extensive silica-sericite alteration with variable pyrite between 5-30%. Several zones of brecciated massive pyrite were intersected right on the target position at: 573 -581.4m, 589 - 593.4m and 601.8 - 604.2 m. The massive pyrite is hosted in intensely silicified volcanics. The alteration is typical of footwall alteration of volcanogenic deposits. The hole was stopped at 713m.

The zones of massive pyrite explain the DHEM conductor.

Details of the hole are presented in Appendix 2 and on Plan 1.

3.2 Drill Hole DHD25 (Extension)

Hole SHD25 (Callaghan, 2000) was extended from 367m to test the southern extension of the Lake Newton Prospect. The Lake Newton prospect is essentially blind, located beneath andesitic intrusives 300-500m from surface. Weak jasper-hematite and carbonate-sericite-pyrite alteration are the only surface expression of the extent of the alteration below surface. Geophysical surveys (CSAMT and IP) suggest the alteration zone extends southward.

The extension of the hole intersected a thick sequence of Anthony Road Andesite to 689.2m. Weakly silica-sericite-pyrite altered Newton Creek dacites were intersected from 689.2 to 889.3m. The hole was terminated in a Suite II quartz porphyry at 927.3m.

Details of the hole are presented in Appendix 3 and on Plans 2 and 3.

3.3 Drill Core Geochemistry

3.3.1 SHD26

Three hundred and five half core samples were collected from SHD26 and analysed by Analabs in Burnie for Cu, Pb, Zn, and Ag by AAS and Au by fire assay. The hole was sampled at 2m intervals from 90 to 713.2m. The results are tabulated in Appendix 4.

Only low grade Au was associated with the alteration zone with best results of:-

20m @ 0.2 g/t Au from 574 - 594m, and

10m @ 0.2 g/t Au from 640 - 650m

3.3.2 SHD25 (Extension)

One hundred and seven half core samples were collected from SHD25 and analysed by Analabs in Burnie for Cu, Pb, Zn, and Ag by AAS and Au by fire assay. Several discontinuous alteration zones were sampled at 1m intervals from 745 to 927.3m. The results are tabulated in Appendix 4.

The assays results were general very low with a weakly anomalous zone assaying 13m at 0.08 g/t Au from 764 to 777m.

4 DISCUSSION

The work completed on EL 28/2001 in the period June 2002 to June 2003 centred on evaluating the exploration targets detailed in Section 2.

Hole SHD26 targeted a DHEM anomaly at the Lake Newton Prospect. The hole intersected several zone of massive pyrite, the occurrence of which adequately explains the anomaly. Associated silica – sericite – pyrite alteration returned only low levels of Au and base metals. No further exploration at the Lake Newton Prospect is warranted at this stage.

Hole SHD25 was extended to target the southern continuation of the Lake Newton alteration zone at depth down dip of Howards Anomaly. Only weakly mineralised alteration was intersected.

Both SHD25 and SHD26 have been cased with PVC so that the holes can be tested with DHEM at a later date. The DHEM survey of SHD25 is of high importance as there is little DHEM data in this area and it may be useful in defining additional drill targets.

Additional exploration on EL 28/2001 should target the Lake Newton alteration zone down dip of the barite – base metal mineralisation in Tyndall Creek. This

mineralisation is developed in the Lynchford Tuff and could be analogous to base metal mineralisation in the B Zone at Henty and the Tasman Crown mineralisation at Comstock. Most of the shallow drilling done in this area to date has not drilled through this unit into the underlying units and it is possible that the underlying Henty position remains to be tested.

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APPENDIX 1

Symbols and Codes used in drill logs

APPENDIX 2

SHD26 Drill Log

APPENDIX 3

SHD25 (Extension) Drill Log

APPENDIX 4

Assays

PLANS