

D002-3

ANNUAL REPORT
EL20/2003
QUEENSTOWN – MT DARWIN PROJECT
For Period 27th May 2005 – 26th May 2006

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DIGITAL FILES

EL20_2003_200605_01_Report.pdf

(Report Text, Figures 1 & 2)

EL20_2003_200605_02_Plans 1-3.pdf

(Report Plans 1 to 3)

EL20_2003_200605_03_Appendix1.pdf

(CSAMT Lines Geology)

EL20_2003_200605_04_Appendix2.pdf

(CSAMT Pseudo Sections – Huxley & Garfield Areas)

DIGITAL FILES (cont'd)

EL20_2003_200605_05_Appendix3.pdf
(CSAMT Reports – Flagstaff Geoconsultants)

EL20_2003_200605_06_Appendix4.pdf
(Preliminary Interpretation of Huxley CSAMT Results – Ian Tedder)

EL20_2003_200605_07_Appendix5.pdf
(Petrology Reports – Mason Geoscience)

EL20_2003_200605_08_Appendix6.txt
(Drilling – Collar Data – NCT008)

EL20_2003_200605_09_Appendix7.txt
(Drilling – Survey Data – NCT008)

EL20_2003_200605_10_Appendix8.txt
(Drilling – Assay Data – NCT008, GAR002 & GAR004)

EL20_2003_200605_11_Appendix9a.txt
(Drilling – Lithology Digital Data – NCT008)

EL20_2003_200605_12_Appendix9b.pdf
(Drilling – Lithology Codes)

EL20_2003_200605_13_Appendix9c.pdf
(Drilling – Scanned Lithology Paper Logs)

EL20_2003_200605_14_Appendix9d.pdf
(Drilling – Summary Lithology Logs)

EL20_2003_200605_15_Appendix10.pdf
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EL20_2003_200605_16_Appendix11.txt
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(Drilling – Magnetic Susceptibility Data – NCT008, GAR001 & GAR004)

EL20_2003_200605_18_Appendix13.txt
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EL20_2003_200605_20_File Verification.txt
(Report File Verification)

SUMMARY

Newcrest Mining Limited commenced exploration for gold rich deposits on being granted EL20/2003 on the 27th June 2003. The tenement encompasses a large area of prospective Mount Read Volcanics from Mt Owen just outside of Queenstown, south to Mt Darwin.

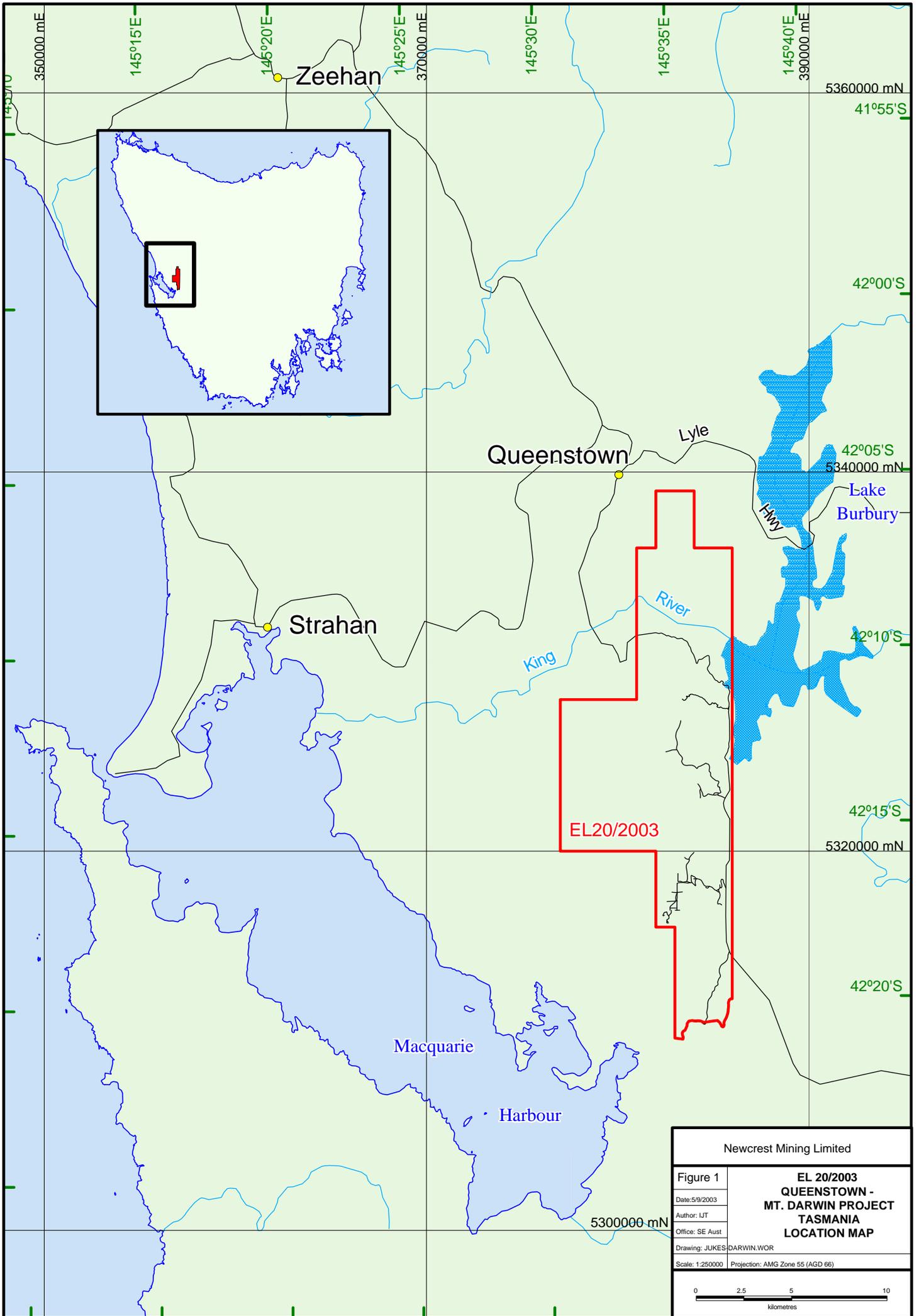
Exploration in this third year of work focused on drilling untested geological-geochemical-geophysical targets over prospective volcanoclastics.

9.5 line kms of CSAMT surveys was completed across 8 lines in the Mt Owen - Mt Huxley – Mt Jukes areas. At the Garfield prospect 3.9 line kms of CSAMT surveys were completed. 90m of core drilled previously by RGC Exploration in 1993/4, but only partially sampled, was assayed, and magnetic susceptibility from two holes collected. This was followed up by a single diamond drill hole (NCT008) for 701.2m at Garfield. 34 pan concentrate samples and 47 soil samples were collected in the Intercolonial Spur – East Darwin area. A magnetic survey was completed over 3.9 line kms at the Mt Ellen prospect.

Work planned in the fourth year of exploration will be to conduct further drilling of geological, geochemical and/or geophysical anomalies generated during the current reporting period and/or by previous explorers.

KEY WORDS

Exploration; Gold; Copper; Diamond Drilling; Geophysics; CSAMT; Mount Read Volcanics; Darwin 3832; Owen 3833.



1 INTRODUCTION

Newcrest Mining Limited is exploring for gold rich deposits in the Mount Read Volcanics. This is the third annual report for EL20/2003 for the period 27th June 2005 to 26th May 2006.

1.1 TITLE

TENEMENT

EL20/2003 was granted on the 27th June 2003 to Newcrest Operations Limited for five years to 27th June 2008. The area was most recently held as two separate tenements (EL5/98 and EL16/98) by Copper Mines of Tasmania (CMT).

LOCATION

The tenement covers an area of 149 square kilometres over parts of the West Coast Range immediately south of Queenstown, down to the Bird River near the southern end of the Macquarie harbour. Refer to Figure 1 for location. Most of the area falls within the West Coast Regional Reserve. At the northern end of the tenement there is some Crown Land, State Forest, HEC land and Public Reserve.

Topographic map sheets covering the area are listed below.

1:25,000 TASMANIA TOPOGRAPHIC MAPS

ENGINEER	3831
DARWIN	3832
OWEN	3833
GORMANSTON	3834
TEEPOOKANA	3632

DATUM

All AMG (Australian Map Grid) references are to AGD66_Zone 55.

2 PREVIOUS EXPLORATION

Previous exploration was summarised in the first annual report for EL20/2003 for the period 27th June 2003 to 26th May 2004.

In brief, EL20/2003 has been previously explored by:

- geological mapping of specific prospects;
- airborne geophysics (magnetics, radiometrics, partially by EM);
- various phases of stream, rock, soil and old workings geochemistry;
- various phases of mostly analogue-era ground geophysics (ground magnetics, IP, old EM methods);
- large grids of blanket-coverage fixed-loop TEM; and
- drilling at eight prospects for twenty-seven holes in all (Garfield 12, Jukes Proprietary 5, East Darwin 3, Snake Spur 2, Lake Jukes 2, Mt Huxley 1, Prince Darwin 1, Flannigan's Flat 1).

3 EXPLORATION STRATEGY

Target

The primary exploration targets are Mt Lyell and Jukes Proprietary style gold deposits.

However, exploration tools used can potentially find any one of a range of gold rich, polymetallic deposits of the style that occur in the Mount Read Volcanics.

An assumption is being made that the target does not outcrop and is going to be relatively deep.

Exploration targets are being defined on the basis of geochemical and geophysical anomalies that may reflect the outer edges of a mineralised alteration system. Mineralised systems are often centralised within a much wider, though possibly structurally deformed alteration envelope and these can be detected by geological mapping, geochemistry or geophysics. Common features of Mount Read Volcanic style, gold rich deposits that are being used to help define drill targets include:

- 1) Deposits tend to be hosted near the top of the Central Volcanic Complex (CVC) stratigraphy and/or base of Tyndall.
- 2) Adjacent to major Cambrian structures that form boundaries to packages of CVC.
- 3) Alteration envelopes commonly of silica-sericite-pyrite±chlorite and/or chlorite-quartz-pyrite-sericite±carbonate, strongly deformed into schists.
- 4) Pods of polymetallic massive sulphides, cherts or silica associated with and/or adjacent to mineralisation.
- 5) Anomalous gold, copper, lead, zinc, barium, manganese elements and minerals such as magnetite.
- 6) Chargeable and resistive geophysical anomalies.

Strategy

The basic exploration strategy is to compile previous geological mapping and geochemical work, combine with additional selective geochemical and geophysical surveys and interpret to define drill targets.

Newcrest is utilising CSAMT surveys which can provide wide coverage to significant depths to locate either resistive zones (silica-chert bodies) or chargeable zones responding to chalcopyrite rich altered schist. These surveys are being conducted in areas where surface exploration has revealed anomalous geochemical results but not enough to warrant drilling.

Much of the tenement being explored has dozens of old workings and prospects but very few have been drilled and, where drilled, the holes are generally short. Some of these are considered worthy of follow-up.

4 CSAMT PROGRAM

A 50 m spaced dipole scalar Controlled Source Audio-Frequency Magnetotellurics (CSAMT) survey was conducted over seven grid lines in the Mt Huxley area, one at Jukes Pty prospect, and four lines on the Garfield prospect. A total of 12 line kms was completed, refer to Plans 1 and 2.

At Mt Huxley, Static and non static corrected pseudosections of the CSAMT survey were received from Zonge. A summary interpretation of the results follows, (extracted from Newcrest internal memo dated 6th June 2005, Appendix 4).

1. Line 20, the northern most line is the least interesting line, with no suggestion of anomalies at all. It was drilled in part by NCT003 which passed through predominantly massive rhyolites in the first half of the hole and then lapilli volcanoclastics and pumiceous breccia units. A major fault was intersected at 443-448 m. A zinc mineralised zone occurs in the pumiceous breccia from around 490 to 638 m. None of these units or the fault can be detected in the CSAMT results.
2. Line 21. One possible conductive anomaly (defined by 3 points) occurs right at the eastern end of the line. There is a possibility the anomaly is due to a lithological contrast between two adjacent units – massive rhyolite/dacite unit and finer grained volcanoclastics.
3. Line 22. No distinguishable anomalies with the only warping of the contours possibly due to lithology contrasts between rhyolites and volcanoclastics towards the eastern end of the line.
4. Line 23. No anomalies. Similar to Line 20. Most of the line passed over undifferentiated volcanoclastics with the only variation being in relatively massive rhyolites over the first 250 m (western end) of the line – but the signal from these do not contrast significantly from the volcanoclastics.
5. Line 24. One possible resistive anomaly stands out on this section, but suspiciously it coincides with a massive rhyolitic/dacitic with lithological contacts which are very oblique to the CSAMT line.
6. Line 25. There is a very similar disposition of lithological units as seen on Line 24 and this appears to produce a modest resistive anomaly on Line 25.
7. Line 26. There are enough contrasting geological units at the western end of line 26 to suggest that the two relatively broad resistive anomalies there are due to lithological variations.

It is interesting that the siliceous Owen conglomerate does not appear as a distinguishable resistive anomaly on any of the sections that crossed onto the formation. In fact on line 25 a relatively strong conductive anomaly stands out where Owen units are outcropping.

At the Garfield prospect, Zonge completed approximately 3.9 km of CSAMT survey over four grid lines in December 2005 (see plan 2).

Preliminary results of the CSAMT shown on pseudosections are slightly disappointing in that Line 20000 which crosses over known mineralisation only has very shallow conductivity, presumably reflecting mineralisation intersected by holes GAR010 and GAR011. The main mineralisation zone intersected at depth in hole GAR002 was not 'seen' by the CSAMT survey. Line 19806 immediately to the south returned a more pronounced but still weak conductive anomaly in a location that suggests that the Garfield mineralisation is fault offset as previously interpreted by RGC. RGC hole GAR004 was designed to test this offset mineralisation, but failed to locate mineralisation. However, if the CSAMT anomaly is real and accurately located then the hole may not have drilled deep enough (end of hole was 264.9 m). Lines 19571 and 19221 failed to produce any anomalies. The CSAMT data was reviewed by Mike Asten in Melbourne. Modeling by Mike Asten produced an east dipping conductive anomaly on line 19806; his detailed interpretation is located in Appendix 3.

5 GARFIELD CORE ASSAYS AND MAGNETIC SUSCEPTIBILITY

Scan logs on four old diamond drill holes completed by RGC Exploration at the Garfield prospect in 1993/1994 are located in last years annual report and lead to the extension of assayed intervals by Newcrest.

Sixteen meters of GAR002 (drilled by RGC at the Garfield prospect in 1994) were selected to extend the analysed interval from 265 to 281 m, down hole of an RGC interpreted fault (Appendix 8). Previous sampling terminated at 265 m, in the interpreted fault zone, which is marked by abundant quartz-chlorite-iron carbonate veining (262.9 – 266.7 m). The previously identified mineralised zone, as defined by 1000 ppm Cu cut off, ends 2 meters before the quartz-chlorite vein zone, so it is not clear whether the vein zone represents a significant fault or not. There is no lithological contrast across the vein zone which is hosted in massive andesite.

The re-assays were not significantly anomalous.

Magnetic susceptibility at 2 m spaced intervals was collected from holes GAR001 and GAR004 using a KT-5 hand held magnetic susceptibility meter (see Appendix 12). An order of magnitude increase in magnetic susceptibility was observed over the mineralized zone in GAR001. An increase in magnetic susceptibility was also observed in GAR004 from 196 m to E.O.H., but in weakly altered rocks with little to no mineralization.

Hole GAR004 was previously sampled from 157 to 165 m, 173 – 183 m and 207 – 214 m. Newcrest extended core sampling from 183 to 207 m and 214 to 264.9 m (E.O.H). Results showed no anomalism and no change down hole. Results are listed in Appendix 8.

6 DRILLING

A one hole diamond drilling program was completed during this reporting period at Garfield. The hole details are listed in Table 1.

TABLE 1
Drill Hole Location
(* AGD 1966/ 55 AMG)

Hole	East-AMG*	North-AMG*	RL	Depth
NCT008	379899	5324310	275	701.2

The hole was completed by Boart Longyear using a CS1000 P4 drill rig. A total of 11.9 km of existing tracks and gridlines were recleared, and 250m of new tracks and a 20 x 20 m drill site were prepared by Ian Rogers Exploration Services. The drill rig was flown in by helicopter. Support throughout the drilling of NCT008 was maintained by Helicopter Resources Pty Ltd. Double shifts were worked by the drill crew for most of the program.

The hole commenced with HQ bit size, drilling with chrome barrel down to about 150 m, in order to keep the hole as straight as possible for the initial stages, and then changed down to NQ with a standard barrel for rest of the hole.

The Ace core orientation tool is used during drilling of the HQ and NQ core to obtain as much continuous oriented core as possible. Unfortunately, technical problems were such that possibly less than 30% of the NQ core had usable oriented core. The reference line for all oriented structure data is marked on the bottom of the hole side of the core.

The drill core was marked up, photographed, logged and cut in Queenstown. Core was sawn in half, with half sampled at two metre intervals and the other half returned to the core tray as reference material. Assays for Au using method FA1 and Cu, Pb, Zn, Ag, As, Ba and S using method ICE3 were by Amdel in Adelaide. Standards were submitted with every batch of samples.

Detailed logging was completed using graphic logs. Logging symbols were based on those of McPhie et al 1993. The lithology section of the graphic log was also summarised into computer code and entered into Micromine to allow plotting of cross sections.

NCT008 was drilled to test a conductive target at 379899E/5324310N (AMG) on CSAMT grid line 19806; about 500 m south of the Garfield Camp (refer to Plan 1 and 2 for location). The target was interpreted by Michael W. Aston of Flagstaff GeoConsultants Pty Ltd from the results of the CSAMT survey completed in November 2006 by Zonge. Refer to Appendix 3. The

anomaly on line 19806 was defined from surface to in excess of 350m down dip, was 200m wide and dips between 45 and 26 degrees to the east. The hole was angled to the east in order to intersect the main S₂ cleavage at a high angle. The cleavage is steep westerly dipping; all known deposits in the Mt Read Volcanics are similarly orientated. In addition the hole would also test a interpreted mineralisation trend 200m directly south of known mineralisation (GAR001 and GAR002) and the magnetic susceptibility assumption as in section 5.

TABLE 2

NCT008 Down Hole Survey Data*			
Depth	Dip	Azimuth-mag	Azimuth-AMG
0.00	-65.0	72.00	85.0
27.00	-66.5	74.0	87.0
62.00	-66.5	71.0	84.0
87.00	-66.0	73.5	86.5
111.00	-66.5	72.5	86.5
160.30	-62.0	70.0	83.0
204.00	-60.0	70.0	83.0
250.30	-58.0	70.0	83.0
300.00	-56.0	70.5	83.5
350.00	-54.0	70.5	83.5
400.00	-51.5	70.5	83.5
450.00**	-47.75	67.25	80.25
500.00	-44.0	64.0	77.0
550.00	-41.5	65.0	78.0
600.00	-38.5	65.0	78.0
650.00	-35.5	67.5	80.5
701.00	-32	67.0	80.0

*Survey data collected with Eastman Camera shots.

** No survey, extrapolated from adjacent values.

Results

The hole drilled through a thick package of dark green, patchy weak chlorite-sericite altered, feldspar-phyric, massive andesitic lava to 176 m. Below which dark green grey, moderate chlorite-sericite ± silica altered, massive to very thickly bedded, matrix supported, monomict coarse quartz crystal rich, volcanoclastic sandstone, was intersected to the end of hole. Interbedded with the latter lithology are thinner units of andesite lava and volcanoclastic conglomerates and breccias. The quartz phyric component suggesting they are part of the Tyndall Group. Minor flattened dark porphyritic pumice fragments were logged in several units. Refer to logs in Appendice 9c and summary log in Appendix 9d.

A summary of significant assay results are listed below and in Appendix 10 (Strip Log). Refer to Appendix 8 for complete assay results.

TABLE 3

NCT008 Garfield Anomalous Intersections							
From	To	Metres	Au (g/t)	Cu ppm	Pb ppm	Zn ppm	As ppm
474	476	2	0.01	1150	10	54	16
538	540	2	0.15	2150	60	220	56

The source of the CSAMT conductive anomaly was not determined as the hole passed along the lower margin of the anomaly. This was in part due to the final CSAMT interpretation by Michael W. Aston being received after the drill site had been prepared and final hole orientation planned. The tentative conclusion supports the interpretation made in 1:10 000 scale mapping by RGC that a major fault had displaced, or terminated mineralisation. If the mineralisation is displaced, the displacement direction and amount remains unknown.

Minor disseminated and vein hosted chalcopyrite and rare sphalerite occurs throughout the hole. Generally there is less than 1% pyrite throughout the hole and only slight increase is evident at minor structures. The best anomalous zone contains 2 m @ 0.15 g/t Au, 0.21 % Cu, 10ppm Pb, 54 ppm Zn and 16 ppm As (538 – 540 m). The anomalism is related to a lithological contact, between volcanoclastics and andesite, containing ≥ 2 cm thick bands of massive fine grained sulphide, namely pyrite.

A petrology report that includes samples from this hole is appended to this report (Appendix 5). Oriented structural data is in Appendix 11.

7 SURFACE GEOCHEMISTRY

7.1 East Darwin soil sampling

A total of 47 soil samples were taken from three previously prepared East Darwin CSAMT grid lines. Samples were taken from the intervals as shown below at 50m spacing (see Figure 2).

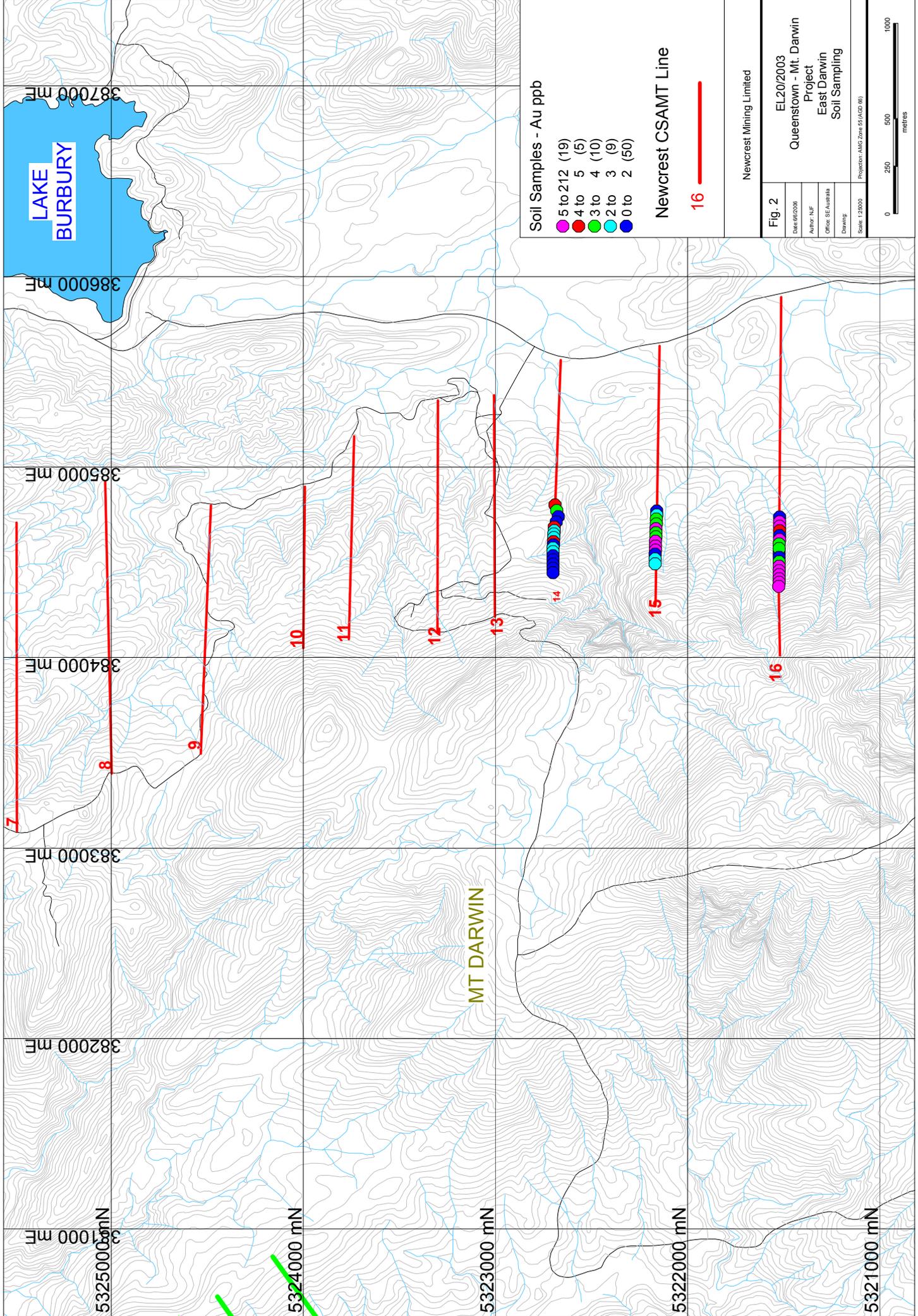
Line 14:	800 - 1200W	(17 samples)
Line 15:	900 - 1200W	(13 samples)
Line 16:	1200 - 1600W	(17 samples)

The sample sites were all on east sloping ground under regrowth forest. Soil thickness range from 10 - 40 cm and the soils have a duplex stratigraphy, comprising a black humic-rich A

horizon and an underlying rock-derived C horizon ranging from pale grey to mottled orange-brown. The grey soils tend to be higher in quartz and the orange soils higher in clay. All samples taken are classed as “C horizon” on the basis that they are basal soils and include some rock fragments from underlying bed rock, but if the three layer podzolic terminology is applied then the samples are a mixture of B and C horizons. Some transported material, particularly vein quartz, exists in the soil and care was required during sampling to avoid sites which appear to be dominantly float material.

The results show Au, As, Cu, Mo, Bi and Tl anomalism along line 16 and to a lesser extent 15. Pb is weakly elevated in lines 15 and 16. Zn and S show an erratic distribution. Results are listed in Table 4 and Appendix 13. The anomaly is clearly open to the east, and appears to be closed off to the north, although line spacings are quite substantial. All samples were taken from Tyndal Group rocks according to 1:25,000 scale mapping, with no samples crossing the contact with the CVC.

Additional soil sampling is planned for the coming year with the aim of closing off this soil anomaly and to ascertain whether the anomaly is sourced from Tyndal Group or from up slope erosion of CVC.



- Soil Samples - Au ppb**
- 5 to 212 (19)
 - 4 to 5 (5)
 - 3 to 4 (10)
 - 2 to 3 (9)
 - 0 to 2 (50)

Newcrest CSAMT Line

16

Newcrest Mining Limited

Fig. 2

EL20/2003
 Queenstown - Mt. Darwin
 Project
 East Darwin
 Soil Sampling

Date: 01/02/2008
Author: NLF
Office: SE Australia
Drawing
Scale: 1:20000
Projection: AMG Zone 56 (AGD 86)



7.2 Pan Concentrate Drainage survey Intercolonial Spur – East Darwin Area

In May 2005 a 34 sample pan concentrate drainage survey was completed along the Intercolonial Spur – East Darwin area. The survey was designed primarily to test for gold and involved collecting 24 samples as a continuation to the 10 previously obtained and reported in the first annual report for EL20/2003 for the period 27th June 2003 to 26th May 2004.

Sites of approximately equivalent stream size, gradient and sediment type were selected, with the aim to standardise heavy mineral trapping potential. At each site, bed load sediment was washed through a 2 mm sieve until 2 litres of minus 2 mm material was collected, then that product was panned down to a concentrate with a target mass of about 50 g (i.e. a single fire assay charge). At the assay lab samples were dried and pulped, a 0.2 - 0.4 g split was taken for acid digest to determine base metals, arsenic and silver, and the remainder of the pulp was fire assayed to determine gold content. Samples were analysed at ALS in Orange, NSW.

An assumption is made that the panning process recovers all the gold in the original 2 litre field sample, so the mass of gold determined by fire assay plus the acid digest component is equated back to the original -2mm sample volume of 2 litres, rather than the lab 'nominal' assay per 50g sample. Splitting out even the small acid digest fraction from the pulp has potential to fractionate gold, but the alternative is to assay gold by aqua-regia digest, which is less accurate than fire assay. The problem is largely overcome by the ICP method, which can read gold in the solution, and so any additional gold results can be added to the gold obtained by fire assay. Sample descriptions and assays are shown on Table 5.

Overall gold, and to a lesser extent Cu, show the most consistent patterns, especially at East Darwin. Lead, zinc and arsenic show no pattern. A broad gold anomaly in the order of 10-100 ppb (background of 1-5 ppb) coincides with drainage tapping the zones of mapped alteration in CVC volcanics at Intercolonial Spur and East Darwin. This is in contrast to barren drainage tapping predominantly Owen Conglomerate or Tyndall Group quartz phyric volcanoclastics. Notable exceptions occur at sites ISS26 and 27, which overly Tyndall Group in an area with common quartz veining; a possible source of localised gold anomalism.

Remnants of basal Tyndall volcanoclastic conglomerate are preserved horizontally overlying a generally eroded, exhumed surface of altered CVC rhyolite near the Taylor's Reward barite veining, at the southern end of Intercolonial Spur. On the South Darwin Plateau, Tyndall volcanoclastics including granite clasts, unconformably overlies the CVC, and the same relationship is implied at Intercolonial Spur by the relative decrease in alteration in the Tyndall Group rocks.

The stream sediment gold anomaly supports the interpretation of the shallow alluvial gold mineralisation at Allan's Creek (west of and up-slope from East Darwin) having been derived as a lag from erosion of the altered CVC surface in that area. Newcrest CSAMT profiles in the

Jukes-Darwin area, and drill holes NCT001 and NCT002, show a westerly dip to both the Tyndall Group stratigraphy and the Tyndall-CVC contact, indicating an overturned relationship at the escarpment along the eastern side of the range. Regional mapping clearly shows east-west compression across the range, so it is likely that a west dipping thrust controls the overturned Tyndall-CVC contact and the escarpment morphology.

A key exploration implication from this interpretation is that the sub surface projection of the gold anomalous horizon remains largely untested. If the mineralisation at East Darwin, Jukes Pty and Garfield has pipe-like form discordant to stratigraphy, the deposit apex may be constrained by the upper CVC. This would make the eastern half of the CVC belt, north and south of Snake Spur prospective for deep targets. For example a potential down plunge extension of the East Darwin mineralisation.

Generation of more concrete drill targets may be assisted by more electrical geophysical data, but there is no obvious need for more mapping or geochemical surveys.

TABLE 5
EL20/2003 Queenstown – Mt. Darwin Project
Intercolonial Spur Pan Concentrate Samples
 (* AGD 1966/55 AMG)

Sample ID	Easting		Description	Assays							
	AMG*	Northing		Au	Cu	Pb	Zn	As	METHOD	UNITS	
	AMG*	AMG*		ME-ICP41s	ME-ICP41s	ME-ICP41s	ME-ICP41s	ME-ICP41s			
				0.01	1	2	2	2	2		
				ug	ppm	ppm	ppm	ppm	ppm		
ISS-11	384350	5323010	Owen bedrock near CVC contact	23.5	13	2	9	2	2		
ISS-12	384315	5323080	CVC bedrock, Owen talus	17.4	85	2	306	2	5		
ISS-13	384330	5323150	CVC bedrock, Owen talus	16.8	12	<2	3	<2	3		
ISS-14	384250	5323300	Owen, CVC, Tyndall talus, trace visible gold	92.4	6	2	2	2	3		
ISS-15	384120	5323470	undiffMRV bedrock	53.8	49	3	5	3	3		
ISS-16	384200	5323515	Tyndall bedrock, Owen talus, poor visibility	80	6	6	6	6	6		
ISS-17	385380	5323145	Tyndall bedrock, poor visibility	4.5	14	9	6	9	5		
ISS-18	383240	5325500	Tyndall bedrock, poor visibility	53.3	7	7	8	7	5		
ISS-19	382720	5325570	CVC bedrock, poor visibility	54.2	7	8	7	8	5		
ISS-20	382935	5325270	CVC bedrock, poor visibility	45.2	5	5	5	5	4		
ISS-21	382870	5325200	CVC bedrock	0.7	23	2	5	2	2		
ISS-22	383540	5324530	Owen bedrock	77.9	2	<2	3	<2	4		
ISS-23	383736	5324510	CVC bedrock, Owen talus	1.3	2	<2	<2	<2	5		
ISS-24	383940	5324510	Tyndall bedrock, Owen talus	0.9	4	2	10	2	3		
ISS-25	384135	5324380	Tyndall bedrock	4.9	5	50	10	5	2		
ISS-26	384885	5323740	Tyndall bedrock, poor visibility	60.9	10	39	17	10	6		
ISS-27	385270	5323560	Tyndall bedrock, Owen talus	19.2	4	14	4	4	3		
ISS-28	384525	5323750	Tyndall bedrock, poor visibility	0.6	1	4	2	4	3		
ISS-29	383460	5325970	CVC bedrock	4.7	5	8	10	8	4		
ISS-30	383785	5325960	Tyndall bedrock, poor visibility	0.4	6	7	11	7	8		
ISS-31	383940	5325960	Tyndall bedrock, Owen talus	0.3	12	3	3	3	3		
ISS-32	383140	5326380	CVC bedrock, minor Owen talus	10.1	8	6	4	6	6		
ISS-33	383515	5326450	Tyndall bedrock, Owen talus	0.8	2	<2	<2	<2	2		
ISS-34	382915	5326400	CVC bedrock, Owen talus-poor visibility	28.8	2	<2	<2	<2	<2		

8 GROUND MAGNETICS

The Mt Ellen gold prospect is centered on some workings which have previously returned gold anomalous rock chip samples and drill core assays. A ground magnetic survey was targeted to follow up anomalous intersection from previous Newcrest core hole NCT005.

NCT005 drilled feldspar-(quartz) phyric rhyolites, which were magnetic where unaltered. The mineralised zone was a paler altered (sericite?) zone from around 490 to 540 m where significantly more disseminated pyrite, quartz veining and magnetite destruction was observed. The quartz veins dip northward at a shallow (~50°) angle, however the envelope containing the mineralised veins appears to be steeply dipping and striking roughly east-west. The most obvious way to follow-up this gold anomalous intersection is to delineate the alteration that contains the gold by mapping out the magnetite destruction zone.

The survey was completed at Mt Ellen prospect using the MRT EG&G Geometrics G ~ 856 Magnetometer. Measurements were taken at approximately 5m spacing along all existing lines (1.8 km) and new lines cut in December 2005 (1.8 km) for a total of 3.2 km.

The survey showed a gradational decrease in magnetic intensity toward the south west, which is consistent with the broader regional aeromagnetic trend. Because of this coincident trend, the survey failed to clearly delineate a gold mineralisation related, magnetite destruction zone.

9 ENVIRONMENT

The CSAMT program at Garfield required the re-cutting of 4.60 km of old grid lines in the Garfield area and a 7.30 km access walking track from the Jukes Road into the Garfield area. The old grid lines and access walking track were previously cut in the 1980's and were partially overgrown.

Drilling required an addition 250m of new tracks and a 20 x 20 m drill site to be prepared. Much of the Garfield area has been subject to bushfires subsequently altering the original vegetation and soil cover. It may also have been affected by the Mt Lyell smelter fallout. There are a variety of vegetation communities mapped by Tas Veg in the area but the dominant group is NT - *Eucalyptus nitida* (wet forest). Smaller zones of N - *Eucalyptus nitida* (dry eucalypt forest), Sn - western wet scrub, M- - short rain forest and M+ - tall rain forest are marked on TasVeg maps. Other species observed included *Acacia melanoxylan* (Blackwood).

The drill hole was plugged at 20m below the collar with a Van Ruth type drillable plug, and back filled with cement. Inspections of the drill site after drilling were conducted to ensure the hole is properly sealed and capped and the site cleaned up.

The Garfield area was treated as if not contaminated by '*Phytophthora*' so all boots and gaiters were washed before going onto site. All new timbers were used as base plates for the drill site and the rig and associated equipment were washed down thoroughly prior to moving onto site.

800 metres of vehicle access tracks for previous Newcrest drill holes NCT003 (Nasty Nob) and NCT004 (Mountain Maid) have been rehabilitated using an excavator. In addition, the track to NCT003 has had fertiliser (N:P:K; 8:4:10) spread as recommended by Alan Jackson of LMRS Pty Ltd (Formerly Land Management and Rehabilitation Services). This was recommended in order to reduce long-term erosion and sedimentation effects and increase the rate of vegetation establishment.

10 PLANNED WORK

The planned program of work for the next 12 months is as follows:

- soil sampling at Mt Ellen
- additional soil sampling at East Darwin
- possible geophysics at East Darwin
- diamond drill hole at Mt Ellen pending results of soil sampling

11 BIBLIOGRAPHY

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12 EXPENDITURE**EL20/2003
QUEENSTOWN – MT DARWIN PROJECT****For Period 27th May 2005 – 26^h April 2006**

ITEM	EXPENDITURE
SALARIES	\$179,627.00
DRILLING	\$110,000.00
FIELD COSTS	\$98,506.00
MISCELLANEOUS OFFICE COSTS	\$72,924.30
TRAVEL/ACCOMM	\$17,618.00
VEHICLES	\$2,971.00
ANALYSES	\$10,002.00
GEOPHYSICS	-\$5,340.00
ENVIRONMENTAL	\$9,087.00
OTHER	\$100.00
TOTAL EXPENDITURE	\$500,591.30