

Natural Resources Exploration Pty Ltd

Exploration Licence 28082 (Unca Creek Project)

Year 4 Annual Report for the period 30 December 2013 to 29 December 2014

Author

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1.0 SUMMARY

Exploration Licence (EL) 27879 was granted to Natural Resources Exploration Pty Ltd (NRE) on the 03 August 2010 for a period of six years. The first relinquishment of 177 blocks (50% of total) was due 03 August 2012, however NRE requested a waiver of the relinquishment condition which was lodged with the Titles Department on 03 August 2012.

2.0 INTRODUCTION

Natural Resources Exploration ('NRE') has conducted extensive office-based studies and field work during this reporting period. EL28082 is located in the Aileron Province along the Plenty Highway.

During the reporting period, NRE conducted an initial site visit to identify viable locations for proposed drill collars, conducted a 20 hole 2158m drilling program, soil sampling program and resistivity/induced polarisation (RES/IP) survey.

NRE's exploration rationale and objectives for its Unca Creek Project considered the evaluation of base metal mineralisation. The Project was also considered for other targets such as Uranium and Tungsten during the early phases of exploration. Investigations during this term were intended to explore areas of outcropping mineralisation and any indicators of any subsurface mineralisation across the tenements which were identified in the previous term.

2.1 Location and Access

NRE's Unca Creek Project consists of one (1) granted exploration licences, EL28082. This tenement consists of 23 sub-blocks across Jervois making up an area of approximately 73 square kilometres.

EL28082 was granted on 30 December 2010. Table 1 lists the pertinent tenement details.

Table 1. Tenement Details

Tenement Name	Title No. (EL)	Sub-blocks	Sq. Km	Status	Grant Date	Term (Yrs)	Expiry Date
Unca Creek	28082	23	73	Granted	30 Dec 2010	6	29 Dec 16

EL28082 - Unca Creek is located on the Aileron Region approximately 350 kilometres from Alice Springs along the Plenty Highway. The name of the EL derives from geographic features within the EL.

Access to the EL is by road is via the Plenty Highway and then by station roads (private use roads). The tenement is within 20 kilometres of the Plenty Highway and is easily accessible off the Plenty Highway.

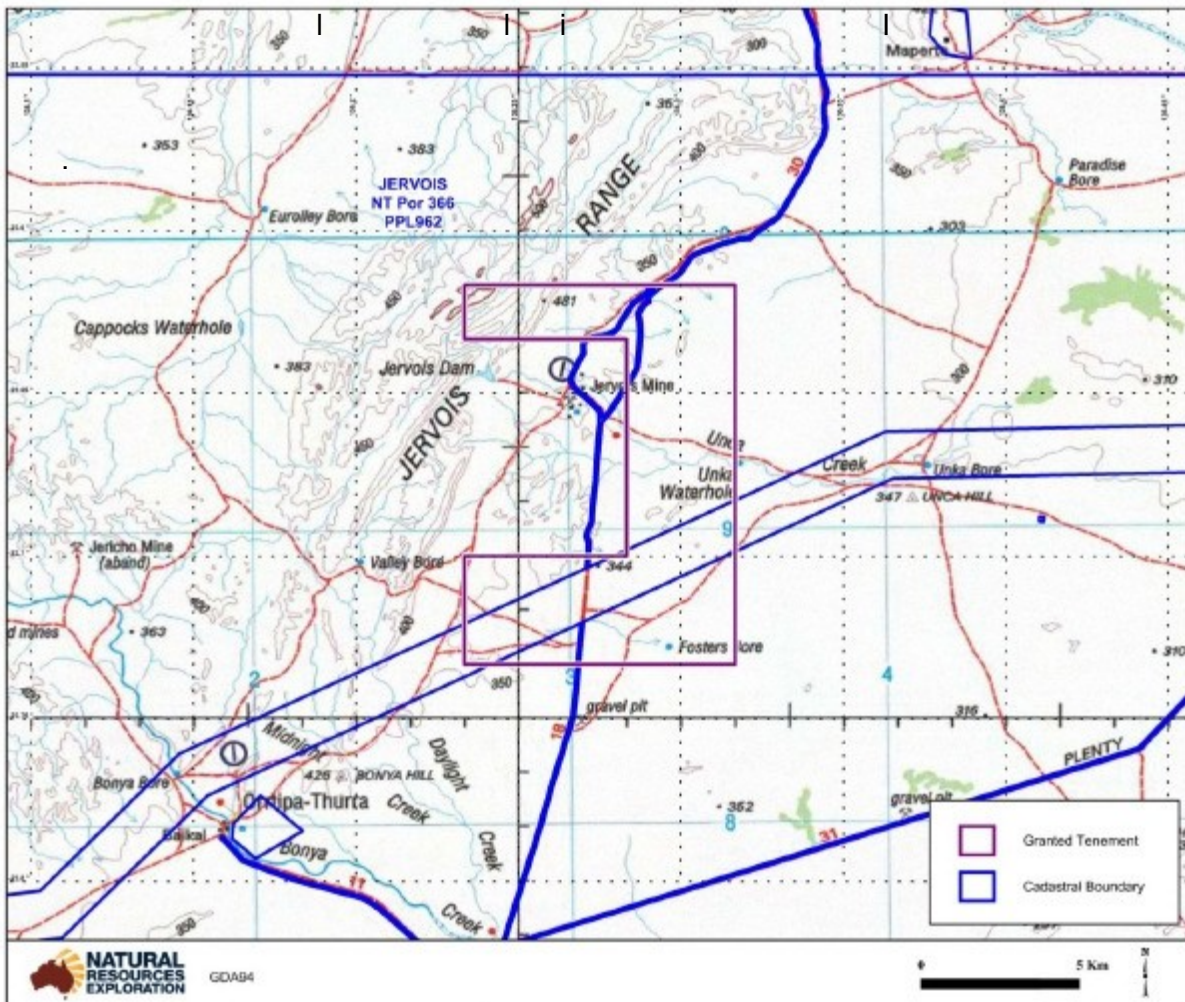


Figure 1 – Location of EL 28082

3.0 GEOLOGY

The Unka Creek Project tenement is located entirely within the Palaeoproterozoic Aileron Province. There are two major geological provinces recognized in the area the Georgina Basin and the Arunta Block. The Georgina Basin is a mixture of sandstone and calcareous sedimentary rocks, which overlies granitic intrusions and metamorphics of the Arunta Block.

The Unka Creek Project area has fairly limited outcrop with the majority of the area covered by a mixture of Quaternary sand, sand dunes, sandy soil and Cenozoic regolith. The main outcrops found in this area are Paleoproterozoic Arunta Block migmatites and Proterozoic granitic intrusives of the Jervois Granite, Mount Teitkens and undifferentiated suites.

Several units of these granites are commonly found intruding the Arunta Block migmatites. The region near the Jervois mines contains significantly more outcrops and these outcrops are of Proterozoic Arunta Block Bonya Schist intruded by early Proterozoic undifferentiated S-type granitoids and the Atturtra Metagabbro. To the north west of the Jervois Mine area is the Jervois Ranges contains sandstones and siltstones of the Paleozoic Mopunga Group.

The majority of mineralisation and prospects in this region are found in the Jervois Mine area. Some 12 strike kilometres of sporadic mineralisation occurs in this area which

represents the north eastern margin of the lower Proterozoic Arunta Block. Mineralisation in this area can be grouped into three types of stratabound mineralisation.

1. Stratiform Cu (chalcopyrite) in a quartz-magnetite-garnet-chlorite rock which though highly variable resembles banded iron formation in places
2. Stratabound Cu-Pb-Zn-Ag in calc-silicate rocks
3. Stratabound scheelite in calc-silicate rocks.

4.0 SUMMARY OF EXPLORATION ACTIVITIES

NRE completed twenty angled RC drillholes to a total depth of 2158 metres. All one metre intervals were sent for multi-element total digest assay including gold with the maximum assays (duplicates averaged) were 8.5% for Cu, 39.3g/t for Ag, 0.57g/t for Au 0.73% for Zn, 0.99% for Pb and 0.57% for W. The highest copper values tended to be associated with Ag but separate other base metals. All twenty drill holes intersected significant copper with thirteen holes having one metre intervals of 0.5% Cu or high. IP was also conducted and completed on many of the holes. It is concluded that the assay data is sufficiently reliable and of quality.

4.1 EXPLORATION STUDIES

NRE is continually developing its geological knowledge database. NRE has conducted an extensive review of historic exploration over its Jervois Project. The Aileron Region has been explored for base metals, uranium, diamonds and rare-earths. There has been exploration for a variety of commodities across the Jervois region targeting mainly base metal mineralisation.

The more notable success in the region is the Jervois Copper-Lead-Silver deposit which is located within NRE's Unca Creek tenure (EL28082).

4.2 REVERSE CIRCULATION DRILLING

Twenty angled drillholes were completed as part of the March 2013 RC Drill program. The drilling approach was to target outcropping mineralisation and soil geochemical anomalies on sections normal to strike. One hole, Portland, was designed to test a geophysical target beneath transported cover.

For each metre of hole the sample was inspected by geologist and representative washed +1mm material sieved from the large plastic bags plastic were collected in plastic chip trays. Magnetic susceptibility was recorded and representative smaller split of the drill spoil for

each metre sent for multi-element whole rock analyses including gold.

The drilling plan was to confirm the high grade copper mineralisation seen on surface extended to depth was not a function of surface enrichment. The drilling commenced and was concentrated south of PA1 drillhole in the Pioneer A area as this area was shown to contain more massive copper mineralisation on surface compared to other geochemical anomalous areas which generally only exhibited thin copper coatings.

The Munor-Amit area requires further drilling, including further to the east and along strike, to test initially for shallow open cut copper potential in this area. The current drilling information is sufficiently reliable but the drillholes are too widely spaced to interpret with confidence the boundaries of any mineralisation in most areas. No mineral resources is possible till further drilling is completed. Attention to mapping and further surface soil sampling is needed to optimise any further drilling.

4.3 SOIL SAMPLING PROGRAMS

During the drill program, NRE has carried out a separate in-fill soil sampling program to assist any on-the-fly decisions to amend the location of any of the proposed drill holes. Three Hundred and ten (310) soil samples have been collected within the Unca Creek Project.

The analysis results of the soil samples collected during this program were not closely examined as they were deemed not of sufficient value compared to the analysis results from the drill program.

4.4 RESISTIVITY/INDUCED POLARISATION (RES/IP) SURVEY

After consultation with NRE's contract Geophysicists and Geologist, NRE engaged ZZ Resistivity Imaging Pty Ltd to conduct a RES/IP survey where an inverted resistivity image was able to be produced in field within hours of completing field measurements. This system also provided for on-the-fly decisions regarding orientation and position of proposed drill collars.

The equipment utilised special cables with fixed electrode points evenly positioned along the cable similar to multiple geophones along seismic cables. This enabled one such cable to be lowered down a hole, and a second similar cable to be laid along the surface or even down an adjoining drillhole. Each electrode measures simultaneously the voltage relative to a origin reference point (usually near the collar) making the system extremely fast.

The down hole resistivity surveys at Jervois appears to map the mineralisation intersected in the drill holes quite well. There are also a number of off-hole low resistivity anomalies indicated which in general correlate with conductive features in the SAM survey.

4.5 CHIP SAMPLE PETROLOGY

Eight initial samples have been examined by consulting petrologist Dr Alan Pervis at Pontfex & Associates Pty Ltd, Adelaide. The samples were small drill fragment chips and were collected from various intervals to confirm lithology;

In summary they were described as;

Amit 89-90m	Quartz-muscovite-chlorite schist
Ashok 49-50m	Quartz-biotite-rich schist
Becana 149-150m	Schistose, abundant chalcopyrite and carbonate.
Flytrap 161-162m	Muscovite-rich schistose
Kalyan 31-32m	Quartz-muscovite-chlorite schist
Kalyan 99-100m	Quartz-biotite-chlorite-magnetite schist
Munro 57-58m	Quartz-muscovite schist
Newton 66-67m	Quartz-bearing dolerite now massive amphibolite (hornblende)

The drill chip samples from all drill holes described in the report consisted of heterogeneous metasediments except those from Newton. The Newton hole intersected a massive metadolerite with trace extremely fine pyrite and chalcopyrite. The samples from Munro and Amit however are characterised by abundant chlorite and pyrite, with marcasite in the Amit sample suggesting retrograde alteration that is more widespread than usual. Evidence of retrograde alteration is less common in the shallow Kalyan samples. The sulphide sample from Becana is somewhat exceptional with almost all sulphide being within separate chips with carbonate, but little or no sulphide in the metasediment chips. Further petrology may be completed as part of constant review of all results.

4.6 MAGNETIC SUSCEPTIBILITY

The magnetic susceptibility was measured on each one metre interval calico bagged samples. The calico split samples provided a smaller, more compact representative proportion of the entire metre for measurement. The instrument used was a Terraplus KT-10 Magnetic Susceptibility Metre owned by Orogenic Exploration Pty Ltd. Sensitivity of this instrument is 0.001×10^{-3} SI Units.

Two readings were recorded and the average determined on every one metre bag for Lady Turquoise, selected intervals from Merchant, and single reading from Gotham. The 140 paired readings for Lady Turquoise showed an excellent correlation coefficient of 0.969. The magnetic susceptibility can be useful for correlating units between drillhole as well as geophysical modelling of magnetic data.

5.0 NRE'S EXPLORATION ACTIVITIES FOR THE TWELVE MONTH PERIOD.

No exploration activities were conducted during the 12 month reporting period.

6.0 CONCLUSIONS

Natural Resources Exploration's ('NRE') exploration activities during the third term of its Unca Creek Project tenure have been focused on delineating below surface targets.

NRE has conducted a limited 20 hole drilling program during the third term of tenure on EL28082. NRE conducted an extensive review of all previous exploration within the Project area, completed a 20 hole 2158m drill program, further geological mapping of the area, soil sampling program and a resistivity/induced polarisation survey.

Several copper intercepts were identified which represent the on-strike continuation of lodes currently being drilled with great success in Kentor Gold's Jervois copper-lead-silver deposit which is located in close proximity to NRE's Jervois Project.

NRE believes that the Unca Creek Project offers the opportunity to delineate significant base metal mineralisation, positioned in a location close to Alice Springs which offers excellent logistics and access to infrastructure.