Rio Tinto Exploration Pty. Limited
ABN 76 000 057 125 / ACN 000 057 125

A member of the Rio Tinto Group

Combined Annual Report
for the Period 3 June 2001 to 2 June 2002
EL6566, EL6903 and EL6904 Snake Creek,
Calvert Hills SE5308,
Northern Territory

Exploration Report No. 25468

Tenement Holder: Normandy Exploration Pty Ltd

Date: July 2002

Author: S G Groen

Submitted: G M Rheinberger

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Normandy Exploration Pty Ltd
RTE Perth Information Centre

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ABSTRACT

In the period 3rd June 2001 to 2nd June 2002, Rio Tinto Exploration Pty Ltd (RTE) carried out exploration activities on EL’s 6566 (Benmara), 6903 (Nicholson River) and 6904 (Calvert Hills). These tenements form the Snake Creek project area. This report highlights the diamond exploration work undertaken during this reporting period.

During the reporting period a helicopter borne EM survey was flown over the combined tenement area, select geophysical features were followed up with –2mm, -80# and loam sampling as well as gravity line traverses. The exploration work showed that there are sixteen targets designated for drill testing in July 2002. These targets were primarily selected on the basis of combined EM/gravity responses and geochemical/geophysical combined responses. The selected geochemical anomalies were elevated in Nb, Ti, La, Ce, Mg and K. Three microdiamonds from three new loam samples were recovered.
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<tr>
<td>WAp45171</td>
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<tr>
<td>WAp45172</td>
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<td>Exploration Index Map</td>
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<td>WAp45175</td>
<td>Loam Sampling and Proposed Drillhole Locations</td>
<td>1:100,000</td>
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1. INTRODUCTION

This report details the exploration activities conducted by Rio Tinto Exploration Pty Ltd (RTE) within Exploration Licences 6566 (Benmara), 6903 (Nicholson River) and 6904 (Calvert Hills) in the period 3rd June 2001 to 2nd June 2002.

Exploration Licences 6566, 6903 and 6904 were granted to Normandy Exploration Pty Ltd (85%) and Wambaliji Aboriginal Corporation (15%) on 2nd June 1997 for a period of six years. Ashton Mining Ltd accepted an offer to conduct exploration over the tenements as part of a Joint Venture Agreement on 4th February 1998. Ashton Mining Ltd was subsequently taken over by Rio Tinto Limited in November 2000.

The history of tenement block reductions is summarised below in Table 1. Appendix 7 details the latest proposed tenement reduction phase.

<table>
<thead>
<tr>
<th>Licence</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Reduction One (Year 3)</th>
<th>Proposed Reduction Two (Year 4) @ 30/04/02</th>
<th>Proposed Remaining Blocks @ 30/04/02</th>
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<td>EL 6903</td>
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<td>EL 6904</td>
<td>0</td>
<td>0</td>
<td>76</td>
<td>47</td>
<td>67</td>
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</table>

Table 1: History of Tenement Block Reductions for EL’s 6566, 6903 & 6904

Exploration Licences 6566, 6903 and 6904 are located approximately 200 kilometres southeast of the township of Borroloola (Wap45173), within the Batten district of the Northern Territory. The licences are situated on the Nicholson River (5308) 1: 100 000 and Calvert Hills (6362) 1: 250 000 map sheets are located on Aboriginal Freehold land, owned by Waanyi/Garawa Aboriginal Land Trust. Fieldwork within the region is hampered by wet season conditions and is generally undertaken between the dry season months of April and November.

2. CONCLUSIONS AND RECOMMENDATIONS

The results from the past three exploration sampling programs have highlighted a regional diamond cluster, however the source remains enigmatic. Drainage patterns and results to date are interpreted to point toward a source located within the interfluve area.

The exploration program for this reporting period focused on locating the source(s) of the existing diamonds and kimberlitic indicators. A HEM survey was flown over the project area in conjunction with loam and geochemical sampling and gravity follow-up of identified anomalies.

Sixteen targets have been selected for drill testing in July 2002.
3. PREVIOUS EXPLORATION

Exploration completed within the tenement area was initially limited due to the lack of access until early 2000.

During the previous reporting period an Ashton loam sample from the eastern part of the project area returned 1104 chromite grains (>50% mantle chemistry from 26 probed grains). The diamond characteristics and kimberlitic indicator grains have highlighted the area as high priority.

Thirty-four loam sample results (Ashton) were pending following the 1999-2000-field season and were reported in the previous annual report (Curtis 2001). Ten of these samples reported positive results. Of these ten samples, all contained diamonds (8 samples contained micro diamonds and the remaining two samples contained macro diamonds) and one sample also contained a chromite grain.

In addition, results from a single Ashton gravel sample (00010-036) were also pending and unable to be reported during the 1999-2000 period. The results indicate the sample to be negative.

During the 2000-2001 period, a further 44 Ashton loam samples were collected, mainly from the western part of the project area. Micro diamonds were reported from 14 samples, macro diamonds were reported from two samples and a single chromite grain was reported from one sample.

In the previous reporting period two 50 tonne bulk drainage samples (Ashton) were taken in the northern and south-western parts of the project area (within EL6566). Both samples returned positive results, with sample 00023-001 containing 26 micro diamonds, three macro diamonds and one chromite grain, and sample 00023-002 containing one macro diamond.
4. EXPLORATION COMPLETED DURING REPORTING PERIOD

4.1 –2mm Soil Sampling

Twenty-eight –2mm soil samples were collected within the combined tenement area of EL6566, EL6903 and EL6904 during October 2001 by RTE, primarily over geophysical anomalies. Review of the geochemistry showed moderately elevated levels of Ba, Ce, La, Nb, Ni, Zr, Ti, Mg, K and Co in samples 6159973 (HUM23), 6159974 (HUM28), 6159984 (HUM20) and to a lesser extent 6159967 (HUM09). The tenor of these results may reflect covered mafic lithologies which may be more prevalent in the SE corner of the project area. The –2mm soil sample details are contained within Appendix 1. Plans Wap45174 and Wap45175 depict the sampling areas and locations.

4.2 –80# Soil Sampling

Twenty-eight –80mesh soil samples were collected within the combined tenement area of EL6566, EL6903 and EL6904 during October 2001 by RTE primarily over geophysical anomalies. Review of the geochemistry showed similarly elevated levels of Ba, Ce, La, Nb, Ni, Zr, Ti, Mg, K and Co as represented in the –2mm sample fractions. The –80mesh soil sample details are contained within Appendix 2. Plans Wap45174 and Wap45175 depict the sampling areas and locations.

4.3 Loam Sampling

Twenty-eight loam samples were collected within the combined tenement area of EL6566, EL6903 and EL6904 during October 2001 by RTE primarily over geophysical anomalies. Of these samples, three returned positive for microdiamonds and four samples contained indicator minerals. Microdiamond was recovered from samples 6025876 (Anom 1104), 6025874 (HUM21) and 6025870 (HUM14). Review of the indicators recovered (April 2002) showed 6 non-kimberlitic ilmenites and 2 chromites of moderate interest. Loam sample details are contained within Appendix 3. Plans Wap45174 and Wap45175 depict the sampling areas and locations.
4.4 Gravity Survey

A gravity survey was carried out between October 6, 2001 and October 16, 2001. A RTE gravity meter was used for the gravity acquisition while position and level data was obtained using two Leica SR530 GPS units operating in precise real-time kinematic differential GPS positioning. The work consisted of approximately 400 stations, typically on a 480m east-west or north-south traverse, over interpreted helicopter EM or magnetic anomalies. An additional 783 stations on traverses adjacent to the original line were surveyed to define gravity lows with amplitude greater than 0.05 mgal. Gravity stations were spaced 40 m apart and line spacing was 40 m. Appendix 4 details the gravity station data.

4.5 Helicopter EM Survey

Geo Instruments Pty Ltd conducted a helicopter geophysical survey over the Nicholson River (EL6903), Benmara (EL6566) and Calvert Hills (EL6904) tenements. The program commenced in mid-August 2001 and concluded on 30 August 2001. The survey collected a total of 12 373 kilometres of electromagnetic, magnetic and elevation data at 100 m line spacing and a nominal terrain clearance of 30 metres during twelve days of survey operations. The electromagnetic system used is defined as a Geotech Hummingbird 5-frequency unit (Plans Wap47171 and Wap45172).

Discrete conductive or magnetic anomalies were interpreted from the data that may characterize a kimberlitic pipe. The interpretation combined the use of profiles and grids derived for each frequency. The targets generated from the interpretation were followed up on the ground with gravity traverses. These targets were prioritised based on their geophysical traits.

4.6 Proposed Drilling Targets July 2002

Sixteen anomalies were defined by positive responses for indicator minerals, geochemistry, geophysics or combination of techniques. Appendix 5 details the proposed drill targets. Drilling is expected to proceed in July 2002.

The initial series of EM/Mag features were selected in September 2001 following interpretation of the geophysical survey results. A subset of 29 EM/Mag targets were further tested by one or more gravity traverses. Six of the 29 targets returned encouraging gravity responses (HUM15, HUM19, HUM22, HUM24, HUM30 & MAG02). Two additional targets (HUM21 & HUM01) were ranked as lower priority drilling targets following gravity work. Target HUM21 was subsequently upgraded (April 2002) following the return of a microdiamond within a loam sample (6025874) taken over the
target. Recent laboratory results have also re-highlighted Site1104 (Ashton) as containing a microdiamond in RTE loam sample 6025876.

Final target review and selection completed in April 2002 included, 6 EM/Gravity targets (with slight modifications), the best 4 geochemical targets, 2 old EM targets HUM32 and HUM26 that were originally downgraded due to the lack of a clearcut gravity response or an offset gravity feature were reinstated. Appendix 5 details the targets, which also reinstates HUM21 due to the presence of new microdiamond (6025874) and Anom1104 (Ashton) also due to the presence of another new microdiamond (6025876).

5. EXPLORATION PROGRAM AND BUDGET FOR NEXT REPORTING PERIOD

RC drill testing of up to 16 geophysical/geochemical and/or indicator mineral targets are proposed for the next reporting period. It is estimated that the proposed program will cost approximately $450,000, which is in excess of the amalgamated statutory commitment of $150,000 ($84,000 for EL 6566, $21,000 for EL 6904 and $45,000 for EL 6903).

6. EXPLORATION EXPENDITURE

A detailed breakdown of the expenditure for each of the three separate tenements is provided in Appendix 6.
LOCALITY

1: 100 000 sheet  Nicholson River 5308
1: 250 000 sheet  Calvert Hills 6362

REFERENCES


LIST OF DPO'S

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<thead>
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<th>Comments</th>
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<td>07/11/2001</td>
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<td>19/10/2001</td>
<td>16/04/2002</td>
<td>28</td>
<td>Loam samples (KI)</td>
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</table>

DESCRIPTOR

Annual combined report for the period 3/6/2001 to 2/6/2002. A total of 28 loam samples, 28 –2mm soil samples, 28 –80# soil samples, 963 Gravity Stations, 12,373 line km of airborne EM were flown. Highlights include 3 microdiamonds from 3 samples and moderately elevated geochemistry (Nb, Ni, Ti, Zr, Ce, La) in four sample sites. RC drilling of 16 targets is proposed for the next reporting period.
Appendix 1

-2mm Soil Sampling Data
Appendix 2

-80# Soil Sampling Data
Appendix 3
Loam Sampling Data
Appendix 4
Gravity Survey Data
Appendix 5
Proposed Drilling Targets July 2002
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Expenditure Statement
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Proposed Relinquished Blocks 2002