



NEW WORLD ALLOYS LTD

FINAL REPORT

EXPLORATION LICENCE 10420

BURRELL CREEK

Period Ended 31 March, 2003

S H Robinson
April, 2003

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EXECUTIVE SUMMARY

The area covered by EL 10420 was identified as being prospective for limestone flux to be used in the production of magnesium metal near Batchelor.

Evaluation of the limestone was postponed pending the completion of metallurgical testwork relating to the Batchelor Project, grant of environmental approvals for the Project and further progress on the definitive Feasibility Study for the Project.

More recently it has become clear that there is insufficient energy available in the Darwin region to supply the proposed Batchelor project. Unfortunately there has been no commitment to a timeframe for the development of any new energy project and the Company has been forced to place the Batchelor project on an indefinite hold. With the project shelved there is no longer any requirement to continue the work on the limestone flux source and EL 10420 was surrendered.

INTRODUCTION

Burrell Creek EL 10420 was applied for in mid 1999 because the process technology that Mt Grace was then intending to utilise required a feedstock of approximately equal quantities of magnesite and limestone. At that time Mt Grace had outlined a magnesite resource at Batchelor but had not yet located a limestone resource.

A review of the regional geology revealed that there were significant quantities of limestone known in the Daly River Basin. Three criteria were adopted in land selection:

- outcropping and/or near surface limestone/dolomite
- reasonably close to Batchelor i.e. northern part of Basin
- well serviced by existing roads

Mt Grace has since decided to utilise a separate, although similar process technology. This process technology requires much less limestone in the feedstock, less than 10%. Hence these limestone areas are of interest to Mt Grace but are not as critical as they may have been for the earlier process approach.

TITLE PARTICULARS

Exploration Licence 10420 was granted over 3 graticular blocks on 31 October, 2002. It covers 10.02 square kilometres.

GEOLOGICAL SETTING

The Daly River Basin is a sedimentary basin of Cambrian age which overlies the Proterozoic metamorphic basement. It stretches from southwest of Adelaide River to well south of Katherine. The main stratigraphic unit of interest is the Tindall Limestone. It has been explored as a source of limestone for cement manufacture but areas in the northern part of the basin are generally a little too high in MgO content to be suitable for cement. This is not an issue for the process technology proposed to be used by Mt Grace. Generally the Daly River Basin is relatively undeformed and gently dipping.

PREVIOUS EXPLORATION

A comprehensive search of the NTDME records of previous exploration was planned to identify those containing references to exploration for limestone in the northern part of the Daly River Basin, particularly within the Tindall Limestone. However this planned work had not been carried out at the time of surrender.

WORK COMPLETED

No work was completed on the tenement.

EXPENDITURE

Expenditure on EL 10420 during the period from 31 October, 2002 to 31 March, 2003 is stated below.

	\$
Geologist – Data assessment, 0.5 days	300
Overhead and administration	85

TOTAL	\$385
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REHABILITATION REQUIREMENTS

As there has been no work undertaken on EL 10420 it is not expected that there will be any requirements for rehabilitation. During the life of the tenement the only work carried out on site was geological reconnaissance and rock chip sampling.