

Rio Tinto Exploration Pty. Limited

ABN 76 000 057 125 / ACN 000 057 125

A member of the Rio Tinto Group

First Annual Report for the Period 5 July 2002 to 4 July 2003, EL10103 Warramana, EL10317 Yalco, and EL10329 Yalco 1, McArthur Base Metals Program, Bauhinia Downs SE-5303 & Mt Young SD-5315 Northern Territory

Exploration Report No. 26172

Date: July 2003

Author: R A Curtis

Submitted: I M Clementson

Distribution: Department of Business Industry and Resource Development - NT RTE Perth Information Centre

This report and its contents are confidential. All rights to the report and its contents (including, without limitation, rights to confidential information and copyright in all works (including photographs, diagrams, charts, maps and graphs) comprised in the report) remain the property of Rio Tinto Exploration Pty. Limited. No part of this report or the information contained in it may be disclosed to any person without the consent of Rio Tinto Exploration Pty. Limited. No part of this report, or the information contained in it may be reproduced (including being stored in any form), transmitted, published or used for any purpose without the prior consent of Rio Tinto Exploration Pty. Limited.

First Annual Report for the Period 5 July 2002 to 4 July 2003, EL10103 Warramana, EL10317 Yalco, and EL10329 Yalco 1, McArthur Base Metals Program, Bauhinia Downs SE-5303 & Mt Young SD-5315, Northern Territory Report No. 26172

SUMMARY OF ACTIVITES

Page ii

Exploration Licences 10103 Warramana, 10317 Yalco and 10329 Yalco 1 are located within the McArthur Basin of northern Australia, approximately 25 km northwest of Borroloola, on the Bauhinia Downs and Mt Young 1:250,000 map sheets, Northern Territory. The tenements were acquired as a result of Rio Tinto's takeover of North Mining Ltd during 2000. All three tenements and were granted on 5th June 2002 for a period of six years.

The Warramana (*"Fandango prospect"*) and Yalco (*"Yalco prospect"*) tenements are considered prospective for base metal mineralisation (Pb-Zn-Ag) given their proximity and similar stratigraphy and geologically setting to the McArthur River (HYC) base metal mine, operated by MIM Holdings Ltd (now part of Xstrata Plc).

Rio Tinto ExplorationPty Limited (RTE) conducted site heritage clearance surveys, geophysical surveying over a part of Warramana EL 10103, geological mapping at each prospect, RC drilling (12 holes at each prospect), a petrologic report on core from Fandango prospect, and rehabilitation of tracks and drill pads.

Intervals of anomalous base metal geochemistry were identified on Warramana EL10103 (Fandango), with the best intersection of 69m @ 1087 ppm Zn in drill hole RC02FAN006. No significant results were reported from Yalco prospect.

A review in 2002 by RTE of its base metal projects in the McArthur Basin resulted in the decision to divest EL's 10103, 10317 and 10329. Negotiations were being held with interested parties at the time of reporting.

Rio Tinto Exploration Con fidential Information - unauthorised use prohibited

First Annual Report for the Period 5 July 2002 to 4 July 2003, EL10103 Warramana, EL10317 Yalco, and EL10329 Yalco 1, McArthur Base Metals Program, Bauhinia Downs SE-5303 & Mt Young SD-5315, Northern Territory Report No. 26172

Page iii

VERIFICATION LISTING

| | | - |
|--|--|-------------------------|
| Exploration Work Type | File Name | Format |
| Office Studies | | |
| Literature search | | |
| Database compilation | | |
| Computer modelling Reprocessing of data | | |
| General research | | |
| Report preparation | 26172 Warramana.pdf | pdf |
| | WAp45702.pdf (Tenement Location Plan) | pdf |
| Other (specify) | Petrology Report.pdf | pdf |
| Airborne Exploration Surveys | | |
| Aeromagnetics | | |
| Radiometrics | | |
| Electromagnetics | Numerous | Pdf, tem, map, asc, doc |
| Gravity | | |
| Digital terrain modelling | | |
| Other (specify) | | |
| Remote Sensing | | |
| Aerial photography | | |
| LANDSAT | | |
| SPOT | | |
| MSS | | |
| Radar | | |
| Other (specify) | | |
| Ground Exploration Surveys | | |
| Geological Mapping | | |
| Regional | | |
| Reconnaissance | | |
| Prospect | | |
| Underground | | |
| Costean | | |
| Ground Geophysics | | |
| Radiometrics | | |
| Magnetics | | |
| Gravity | | |
| Digital terrain modelling | | |
| Electromagnetics SP/AP/EP | | |
| IP | | |
| AMT | | |
| Resistivity | | |
| Complex resistivity | | |
| Seismic reflection | | |
| Seismic refraction | | |
| Well logging | | |
| Geophysical interpretation | | |
| Other (specify) | | |
| Geochemical Surveying | | 1 |
| Drill sample | Yalco Assay Data.pdf | pdf |
| | Fandango Drill Assay Data.pdf | pdf |
| Stream sediment | | |
| Soil | | |
| Rock chip | | |
| Regolith | | |
| Water | | |
| Biogeochemistry | | |
| Isotope | | |
| Whole rock | | |
| Mineral analysis | | |
| Other (specify) | | |
| Drilling | | |
| Aircore | | |
| Auger Diamond | Yalco Drill Collar Info.pdf Yalco Drill Lith Logs.pdf Fandango Drill Collar Info.pdf | .pdf .pdf .pdf |
| | Fandango Drill Collar Info.pdf Fandango Drill Lith Logs.pdf | .pdf |
| Reverse circulation | | |
| Rotary air blast | | |
| Rotary percussion | | |
| Tungsten carbide bit (coring) | | |
| Groundwater drilling | | |
| All drilling | WAp45707.pdf (Exploration Activities) | .pdf |
| File Verification Listing (this table) | 26172 Warramana V.pdf | .pdf |
| | | |