EXPLORATION LICENCES
22631 & 22632
BEAVER DAM 1 & BEAVER DAM 2

BEAVER DAM PROJECT
NORTHERN TERRITORY

ANNUAL REPORT
YEAR ENDED
16 DECEMBER 2003

Data presented in
AGD 66 Datum

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This Annual Report summarises work carried out by BHP Billiton Minerals Pty Ltd (BHPB) and Mithril Resources Ltd (Mithril) on Exploration Licences 22631 and 22632, Beaver Dam Project, Northern Territory during the second annual period ended 16 December 2003.

In 2002, BHPB and Mithril entered a Joint Venture, with Mithril to fund and operate initial nickel exploration. Mithril assumed management of the Joint Venture when it successfully listed on the Australian Stock Exchange in November 2002. In June 2003, Mithril reviewed the project and withdrew ELs 22631 and 22632 from the Joint Venture. Management of both tenements reverted to BHPB and the project area is now called Beaver Dam.

Exploration work is aimed at discovering polymetallic Ni-Cu magmatic sulphide mineralisation of Voiseys Bay, Norilsk affinities, associated with Proterozoic stratigraphy under thin Cainozoic cover.

Work completed consisted of a review of the previous exploration data and development of a new target area. The new area will be explored further during the next annual period. Planned exploration work includes a full assessment and re-processing of previous airborne EM/magnetic data, surface geochemistry and drilling.

Background tenure is Pastoral Lease and Crown Land. Access negotiations with the Central Land Council are in progress.
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1. INTRODUCTION

This Annual Report summarises work carried out by BHP Billiton Minerals Pty Ltd (BHPB) and Mithril Resources Ltd (Mithril) on Exploration Licences 22631 and 22632, Beaver Dam Project, Northern Territory during the second annual period ended 16 December 2003.

The Beaver Dam Project is located 30 km north of Alice Springs in the southeastern part of the Northern Territory. The project lies within the northwestern corner of the Alice Springs sheet (SF53-14) (see Figure 1).

Exploration work is aimed at discovering polymetallic Ni-Cu-Co magmatic sulphide mineralisation of Voiseys Bay, Norilsk affinities, associated with mafic-ultramafic intrusions under thin Cainozoic cover.

Tenement details are shown in Table 1.

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<th>EL</th>
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<td>1 Jun 00</td>
<td>17 Dec 01</td>
<td>16 Dec 07</td>
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In 2002, BHPB and Mithril entered a Joint Venture, with Mithril to fund and operate initial nickel exploration. Mithril assumed management of the Joint Venture when it successfully listed on the Australian Stock Exchange in November 2002. In June 2003, following a reconnaissance field trip downgrading the potential of the area, Mithril withdrew ELs 22631 and 22632 from the Joint Venture. Management of the tenements reverted to BHPB and the project area is now called Beaver Dam.

2. EXPLORATION ACCESS

Background tenure is Pastoral Lease and Crown Land and access negotiations with the Central Land Council are in progress.

3. GEOLOGY

Regional Geology

The Beaver Dam Project is located 30 km north of Alice Springs in the Arunta Geological Province.
The Arunta Province hosts large Palaeoproterozoic mafic-ultramafic magmatic complexes and is one of the most extensive Paleoproterozoic & Mesoproterozoic terranes in Australia. The inlier stretches across the entire width of the Northern Territory, centred on Alice Springs.

The Arunta Province has had a long and complex history of sedimentation, deformation, metamorphism and plutonism. Meta-sedimentary and meta-igneous units ranging from greenschist to granulite facies occur throughout and are intruded by granites and other igneous rocks ranging in age from 1880-1060 Ma. The metamorphic sequences are not well understood and have complex geological and structural histories. There are significant areas of both Proterozoic outcrop and younger cover sequences. The region hosts numerous small base metal and gold occurrences. Most areas have received minimal modern exploration work.

The Province hosts large Palaeoproterozoic mafic-ultramafic magmatic systems with potential to host major Ni-Cu-Co deposits. Recently completed incompatible element discrimination work identified the Western Arunta Intrusions as sulphur enriched (300-1200 ppm sulphur) and demonstrated they have potential for orthomagmatic nickel-copper-cobalt sulphide associations.

Within the southern Arunta Province, mafic intrusions are structurally aligned parallel to an east-west trending thrust zone that reflects a major crustal suture; this thrust zone extends for over 600 km along the MacDonnell Ranges. Most intrusions crystallized in situ and were not tectonically emplaced. They are generally mafic, more homogeneous in composition, poorly layered and without chromitites. Research work by the Northern Territory Geological Survey and Geoscience Australia shows that in the whole of the southern Arunta Province, the Mount Chapple and Mount Hay Complexes are the most highly contaminated by felsic crustal rocks and are sulphur enriched (Hoatson, 2001). These intrusives are considered prospective to host nickel-copper-cobalt deposits in feeder systems or near the base of intrusions.

4. EXPLORATION WORK COMPLETED

The work completed by BHPB and (previous) joint venture partner Mithril during the second annual period ended 16 December 2003 included office-based assessments and interpretations of the region and a review of the open-file data, including re-processing of historical geophysical data. New geological and geophysical interpretations and targeting work were conducted and some new target areas were identified.

The Beaver Dam Project was promoted to potential joint venture partners during the period without success. Consequently, BHPB has decided to advance this project in its own right during 2004.
5. EXPENDITURE

Expenditure for the year ended 16 December 2003 for Exploration Licences 22631 and 22632 was $2,376 and $1,945 respectively, against a commitment of $37,950 for each tenement. This expenditure comprised office-based data review.

Whilst expenditure for Year 2 has been minimal, we are planning to finalise land access and carry out ground follow-up geochemistry and geophysics, with drilling of any high priority targets in 2004.

6. PROPOSED EXPLORATION PROGRAM YEAR 3

A detailed review of previous exploration on the project area will be completed in early 2004. Ground follow-up work will consist of geochemical soil sampling and/or geophysics over the anomaly, followed by drill testing if warranted.

Proposed expenditure will comprise:

- Employee Costs $ 5,000
- Geochemical Soil Sampling $ 2,500
- Ground Geophysics $ 2,500
- Drilling $ 20,000
- Travel, Vehicles, Supplies $ 5,000
- Contract Field Staff $ 5,000

**TOTAL PROPOSED EXPENDITURE** $ 40,000

7. CONCLUSIONS

Exploration work on the Beaver Dam Project is aimed at discovering polymetallic Ni-Cu-Co magmatic sulphide mineralisation of Voiseys Bay, Norilsk affinities, associated with mafic-ultramafic intrusions under thin Cainozoic cover.

The work completed on the project area during the second annual period to 16 December 2003 consisted of geological interpretations, re-processing of historical geophysical data and the development of new target areas. Access negotiations are in progress and ground work will commence next period.

8. REFERENCES

Hoatson D.M. 2001 Metallogenic Potential of mafic-ultramafic intrusions in the Arunta Province, Central Australia: Some new insights. AGSO research Newsletter. 34. 29-33.