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YEAR ENDED
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SUMMARY

This first Annual Report summarises the work carried out on Exploration Licence 23146 (Litchfield 2), Litchfield Project, Northern Territory during the annual period ended 2 June 2004.

Exploration work by BHPB is directed at exploration for magmatic Cu-Ni deposits (eg Voiseys Bay, Jinchuan) associated with post-tectonic, mafic-ultramafic intrusions into the Litchfield Province. The Litchfield Province is interpreted to be an extension of the Halls Creek Mobile Belt. Numerous small Cu-Ni prospects occur scattered along the Belt, with the best example being Sally Malay (Resource 3.74 Mt @ 2.2% Ni equivalent. Source: Open Briefing to ASX by Sally Malay Mining, January 2004).

During the reporting period, BHPB completed an appraisal and compilation of open-file data.

BHPB also entered advanced negotiations with a potential partner to progress the project. Those negotiations have not been concluded and BHPB is planning to sole fund further work on the Exploration Licence.
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1. INTRODUCTION

This first Annual Report describes all work carried out by BHP Billiton Minerals Pty Ltd (BHPB) on Exploration Licence 23146, Litchfield 2, Litchfield Project, Northern Territory, during the annual period ended 2 June 2004.

EL 23146 is located approximately 100 km SW of Darwin in the north-western Northern Territory. The tenement occurs to the south of Labelle Downs Outstation on the Cape Scott and Pine Creek 1:250,000 sheets (see Figure 1). Access to the area is from Darwin, via the Stuart Highway and Litchfield Park Road.

Exploration work in the Litchfield Project area is aimed at discovering magmatic Cu-Ni mineralisation (e.g. Voiseys Bay, Jinchuan).

2. TENURE

The Litchfield Project comprises one granted tenement (EL 23146, Litchfield 2) and one tenement application (EL 23145, Litchfield 1) held 100% by BHPB (see Figure 1). Tenement details are included in Table 1.

<table>
<thead>
<tr>
<th>EL No.</th>
<th>EL Name</th>
<th>Sub-Blocks</th>
<th>Appln Date</th>
<th>Grant Date</th>
<th>Expiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>23145</td>
<td>Litchfield 1</td>
<td>45</td>
<td>27-Apr-01</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23146</td>
<td>Litchfield 2</td>
<td>56</td>
<td>27-Apr-01</td>
<td>3-Jun-03</td>
<td>2-Jun-09</td>
</tr>
</tbody>
</table>

The background tenure for Exploration Licence 23146 is Pastoral Lease, and Aboriginal Freehold for Exploration Licence Application 23145. Access negotiations with the Northern Land Council are in progress.

3. GEOLOGY

EL 23146 is located in the Litchfield Province, the northern continuation of the Halls Creek Mobile Belt, a 1950-1820 Ma volcano-sedimentary package intruded by voluminous syn- and post-tectonic mafic-ultramafic and granitic bodies. Numerous small PCN prospects occur scattered along the Belt, with the best example being Sally Malay (Resource 3.74Mt @ 2.2% Ni equivalent. Source: Open Briefing to ASX by Sally Malay Mining, January 2004).

The Litchfield Province contains a similar host sequence, although the amount of mafic intrusives is less. Nonetheless, the Wangi Basics (the mapped mafic suite of the Litchfield Province) range in composition from peridotites through to evolved end members such as diorites and quartz gabbros. In the northeast corner of the Port Keats 1:250,000 sheet, the basic bodies are strongly magnetic, which may imply early oxidation through significant crustal contamination.
EL 23146 covers a number of N-S trending magnetic bodies occurring along a major N-S trending fault zone. There is no outcrop over the magnetic bodies, however, they are interpreted as dyke-like mafic feeders and considered to be prospective for Voiseys Bay and Jinchuan style copper-nickel mineralisation. The structural setting of this area is also considered highly prospective.

4. PREVIOUS EXPLORATION WORK

Previous exploration work in the area in the late 1960s by Continental Oil and a number of smaller companies was aimed at exploration for phosphate deposits associated with the Tindall Limestone.

In the 1970s and early 1980s, exploration was focused on Alligator River type uranium deposits. This included an opportunistic appraisal of the base metal potential of the area.

Other exploration targets have included diamondiferous pipes and Sn-Ta associated with the Horseshoe and Labelle Pegmatites.

Historical exploration has not adequately tested the potential of the project area to host magmatic Cu-Ni mineralisation akin to Voiseys Bay or Jinchuan.

5. EXPLORATION WORK COMPLETED YEAR 1

Work completed by BHPB during the reporting period has included an appraisal and compilation of historical exploration work and desk-top studies of open-file data sets. No ground work has been completed.

Land access negotiations with the Northern Land Council are ongoing.

During the reporting period, advanced negotiations were undertaken with a potential joint venture partner, but not concluded. BHPB is planning to sole fund further work on the Exploration Licence.

6. EXPENDITURE YEAR 1

The minimum expenditure set for Year 1 is $31,000.

As exploration access has not been negotiated with the Northern Land Council, no on-ground exploration work has been carried out.

Expenditure for Year 1 totals $1,500. Tenement rent and the cost of joint venture and land access negotiations have not been included in this amount.
7. PROPOSED WORK PROGRAMME AND EXPENDITURE YEAR 2

In the second annual period a work programme comprising geological reconnaissance followed by a geophysical survey (EM and magnetics) will be designed to further test the prospectivity of the Project area to host significant accumulations of magmatic Cu-Ni. Prior to any on-ground exploration activity commencing, the programme would need to be reviewed and approved by the Northern Land Council. Negotiations will also continue with the NLC to progress Exploration Licence Application 23145 to grant.

Below is an outline of the proposed programme and estimated expenditures for each phase for the second annual period. This is a phased exploration programme with progression to the next phase being dependent on success in the previous phase of work.

**WORK PROGRAMME YEAR 2**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geological Reconnaissance</td>
<td>$10,000</td>
</tr>
<tr>
<td>(including mapping and non-systematic geochemical sampling)</td>
<td></td>
</tr>
<tr>
<td>Airborne EM/Magnetics</td>
<td>$25,000</td>
</tr>
<tr>
<td>Data Compilation &amp; Report Writing</td>
<td>$  1,500</td>
</tr>
<tr>
<td>Admin/Overheads</td>
<td>$  3,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$40,000</strong></td>
</tr>
</tbody>
</table>

Conclude Access Agreement with NLC               $10,000

8. CONCLUSIONS

Exploration work by BHPB is directed at exploration for magmatic Cu-Ni associated with the Wangi Basics interpreted to occur under cover in the Project area.

During Year 2, BHPB proposes to finalise land access negotiations with the Northern Land Council and carry out a work programme comprising geological reconnaissance followed by a geophysical survey (EM and magnetics).