ANNUAL REPORT

FOR PERIOD ENDING 17th March 2006

EL23568 – EDITH RIVER

Distribution

1. Orion Exploration Pty Ltd - Perth
2. Department of Mines & Energy

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SUMMARY

During the twelve month period to March 2006, a historic detail geological summary, data review and reconnaissance rock chip sampling was conducted to define the following:

1. Outline the extent of historical exploration over EL23568 area through open file exploration report searches.
2. Construct a GIS database outlining historic mineralised trends, geophysical anomalies, interpreted aeromagnetics/geology and geochemical surveys.
3. Identify follow up geochemical targets for gold mineralisation and compare tenement area with known gold/uranium deposits within the region.
4. Recommendations for follow up work on the most prospective areas, based on gold/uranium assays data, any magnetic anomalisation and potential mineralised structural trends.

Historic exploration within the tenement area has largely concentrated on surface sampling with encouraging results not adequately follow up. Numerous regional targets defined from areomagnetics/radiometric have not been tested and are considered excellent potential for the discovery of significant structurally controlled uranium/copper and gold mineralisation within the tenement.

Structural interpretation from detailed ground radiometric/magnetic surveys should be completed over major structural areas to delineate the highly brecciated fractured zones which may hosts very high grade ore shoots. Rock chip results were significant with copper peaking at 2.8% Cu plus 0.53g/t gold and 237.96 ppm uranium. Further fieldwork, including detail follow up regional geophysical surveys and further geochemical sampling is recommended. First pass RAB drilling at closely spaced intervals would be required to test the bedrock anomalism at depth along highly anomalous geochemical zones.

1.0 INTRODUCTION

The tenement area is located about 32 kms NNW of the Pine Creek gold deposits and about 220 SSE of Darwin, Northern Territory (Figure 1).

The Exploration Licence area covers Pine Creek Orogen contains a deformed and metamorphosed Palaeoproterozoic successions, in which gold/uranium mineralisation is hosted by Lower Proterozoic Burrell Creek Formation.

This report describes regional review within EL23568 for the twelve month period to the 17th March 2006.
2.0 LOCATION AND ACCESS

EL 23568 is located approximately 220 kms SSE of Darwin and 35 km SSE of Pine Creek (figure 3.1) The lease straddles the Stuart Highway and lies within the Pine Creek and Katherine 1:250K map series. Access roads and tracks off the Stuart Highway are normally limited to dry weather only. The area topography varies from flat terrain to moderately undulating.

![Figure 1 Project Location Map Tenure](image)

3.0 TENURE

Orion Exploration Pty Ltd (wholly owned subsidiary of Redrock Resources PLC) has secured the granted Exploration Licence over Edith River gold/copper/uranium prospect area from Tennant Creek Gold Ltd in 2005.

<table>
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<tr>
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<th>Holder</th>
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<th>Expiry Date</th>
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<td>474.9 km²</td>
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4.0 REGIONAL GEOLOGY & MINERALISATION

The Pine Creek Orogen contains a deformed and metamorphosed Palaeoproterozoic succession, which is unconformably overlain by the Palaeo- to Mesoproterozoic McArthur Basin in the east and the Victoria Basin to the southwest. Phanerozoic strata overlie the succession to the south and north. Archaean (2700-2500 Ma) granite-gneiss, granite and minor metasedimentary rocks are exposed as small inliers and forms the basement to Palaeoproterozoic strata. Regional deformation and metamorphism took place during the craton scale Barramundi Orogeny (1860-1850 Ma). Widespread felsic intrusive activity (Cullen Event) occurred after the Barramundi Orogeny. Granite batholiths were emplaced in the period 1850-1820 Ma and produced thermal metamorphic aureoles in country rocks overprinting regional metamorphic mineral assemblages. Synchronous with the waning of this event in the South Alligator Valley region was the development of two consecutive rift-controlled volcanic and clastic sedimentary graben-fill successions, the El Sherana and Edith River Groups (1830 Ma and 1822 Ma respectively). They are bounded by unconformities and were folded prior to deposition of McArthur Basin sediments.

Pine Creek Orogen hosts over a thousand mineral occurrences and is the most prospective province of the Northern Territory. The region contains about 20% of the world's low-cost uranium resource and has a significant potential for gold. Considerable resources of lead-zinc-silver, platinum, palladium, tin-tantalum-tungsten and various other commodities also exist in the Pine Creek Orogen.

Edith River Geology and Mineralisation

The Edith River prospects are located within the Pine Creek Inlier, which on a regional scale, hosts a number of major gold deposits. The workings are hosted and surrounded by Lower Proterozoic Burrell Creek Formation, which consists of folded greywackes, siltstones, minor conglomerate and rare tuffs. More locally, the Burrell Creek Formation forms a 60km$^2$ inlier surrounded by the Mid-Proterozoic Cullen Batholith. In the southern portions of the tenements the Edith River volcanics have pierced the Cullen Granite and Burrell Creek formation and in places extrusive volcanics now form a shallow cap over the older units (Figure 2)
The uranium bearing deposits are hosted along a sheared zone in the granite which extends for over 3.2 kilometres southward from the YMCA No. 1 uranium prospect. The zone is generally 91.4 to 122 metres wide and the granite within the zone has been altered to greisen. Along the shear zone, siliceous reef systems occur which host strong to moderate hematite alteration. The hematite alteration carries the radioactive minerals such as meta-autunite.

Historically exploited mineralisation at Edith River, has been associated with two trends termed the East and West workings. Gold mineralisation in both areas is often associated with quartz veins, stockworks or disseminations in the host rock. There appears to be no direct relationship between gold grade quartz, quartz veining and/or sulphide content. The sulphide assemblages consist of pyrite, pyrrhotite and arsenopyrite varying from trace amounts up to 25%. Weathering and oxidation is intense to about 20m and locally to 40m. In the areas of economic importance shearing, jointing and quartz veining are more intense.

The Western system has been extensively mined to shallow depths along 400m of strike. Trenching failed to provide economic assay data due to old workings. Two of the four sections drilled penetrated stopes at the north end where high grade material was historically mined to depths in excess of 30m. Deeper holes in this area yielded
disappointing results and the scope for additional ore appears limited to small tonnages. The stopes and veining appear to be conformable to steep west-southwest dipping sediments.

The Eastern system has been mined to shallow depths over a strike length of approximately 450m. The most extensive old workings occur at the “E2” group of workings in the mid portion of the east system, where east and north trending quartz veins are unconformable to bedding. Most of the best trenching and drilling results were obtained from the “E2” workings where several parallel to sub-parallel one are interpreted

5.0 PREVIOUS EXPLORATION

Within the Edith River Exploration Licence several uranium prospects were discovered in 1952 in an intrusion of Lower Proterozoic granite (the Cullen granite) within a north trending shear zone approximately 91 to 122 metres wide. Numerous siliceous reefs and shear zones are arranged echelon within the main shear zone

Disseminated uranium mineralisation associated with hematite and apatites was identified at three locations on shear zones and was then partially mapped by BMR geologists:

1) the YMCA prospects, 1.6 to 4.8 kilometres south east of the Edith River siding;
2) the Tennysons prospects, 3.2 kilometres west south west of the Edith River siding;
3) the Hore and O’Connor’s prospect, 8 kilometres west north west of the Edith River siding.

The history surface grade has been estimated as ranging from 0.1% to 0.2% uranium. Two occurrences at the YMCA prospects were drilled in 1954, with one drill hole each in the oxide layer and one each drilled to intersect primary mineralisation, which did not encounter significant increase in grade. United Sales International Pty in 1971 noted that the disseminated nature of the occurrences did not offer easy drill targets and recommended a study to locate areas of intersecting shears, the carrying out of low level radiometrics with ground follow-up, and the identification of areas of Cambrian and late Proterozoic sediments lying unconformably on the Cullen Granite and their testing for sedimentary deposits of uranium.

Mining activities has been associated with two shaft developed over the YMCA prospects. The YMCA No.1 shaft working is reputed to be 30.5 metres deep and is said to have passed through lode at a depth of 12.1 metres. A westerly cross cut from the bottom intersected the lode at 9.1 metres and a winze sunk on this exposure only reached 6 metres before work was terminated.

All of these prospects are located on steeply dipping shear zones which strike generally north-west, and in the case of the YMCA prospects, which have examined in detail, the best values of uranium mineralisation occur at and near the intersections of north east
striking shear zones with the main north west zones. Secondary uranium minerals – 
torbernite and meta-autunite occur disseminated associated hematite and apatite.

At all the Tennyson deposits the uraniferous minerals occur in a “hematitic” lode 
material, which has a very close relationship to the “hematitic” breccia, usually being co-
extensive with it but occasionally it is related to “hematised” portions of the granite 
adjourning the breccia. The lode formation has a total exposed length of approximately 
152 metres.

6.0 WORK COMPLETED AND DISCUSSION

During the twelve month period to March 2006, a historic detail geological summary and 
data review was conducted to define the following:

1. Outline the extent of historical exploration over the tenement area through 
historical exploration open file report searches.
2. Construct a GIS database outlining historic mineralised trends, geophysical 
anomalies, interpreted aeromagnetics/geology and geochemical samples
3. Identify follow up geochemical targets for gold mineralisation and compare 
tenement area with known gold deposits within the region.
4. Recommendations for follow up work on the most prospective areas, based on 
gold assays data, any magnetic anomalisation and potential mineralised 
structural trends.

A total of 8 rock chip samples were collected from the one area (Figure 12). All samples 
were sent to Genalysis Laboratories in Perth, Western Australia, and analysed for Au by 
an Aqua Regia digest with a graphite furnace AAS finish to a detection limit of 1ppb, and 
for Ag, As, Co, Cu, Mn, Ni, Pb, Sn, U, W and Zn by an Aqua Regia digest with an OES 
finish to detection limits of 0.5, 2, 1, 1, 100, 20, 1, 2, 1, 2 and 1ppm respectively. All 
results are presented in Appendix I.

The rock chip sampling has identified several target areas which required follow up 
sampling and potential drill testing. These targets are listed below as follows:

1. Very anomalous Au-Cu-U rock chip samples (hosted in the Cullen Granite) 
centred on 821671mE/8442701mN, in the western part of the tenement area 
(Figure 3).
2. Anomalous Cu rock chip samples centred on 822040mE/8441726mN proximal 
to a major hinge zone (Figure 3).
3. Very anomalous Au rock chip samples (hosted in the Cullen Granite) centred on 
822070mE/8441340mN, in the western part of the tenement area. This area is 
approximately 2.08 kms east of the historic gold producing area known as 
Woolgni and 700m NW from the Tower gold prospect
7.0 CONCLUSIONS

Historic exploration within the area has largely concentrated on surface sampling with encouraging results not adequately follow up. Numerous regional targets defined from aeromagnetics/radiometric have not been tested and are considered excellent potential for the discovery of significant structurally controlled (shear/fault) gold/copper/uranium mineralisation.

Remodeling and re-interpretation of the aeromagnetic data (regional magnetic/radiometric) would be required in conjunction with a ground magnetic survey for better drill target definition over strongly geochemical Au-Cu-U geochemical anomalies.

Systematic follow-up of anomalous rock chip assays in the northern east portion of the tenement with detail rock chip and soil sampling is warranted.

There are numerous prospective north-west shear zones on the tenement that have been under explored. These areas are key targets for closely spaced geochemical sampling and potentially RAB drill targets which might host high grade gold mineralisation.
The prospectivity of the anomalous rock chip areas has been considerably enhanced by the systematic geochemical sampling programme in conjunction with drilling will lead to the discovery of high grade gold mineralisation as well as possible high tonnage/lower grade mineralisation.

8.0 RECOMMENDATIONS

1. Photo geological study should be made, to locate where intersecting shears are evident; such areas should then be examined with detail ground radiometric surveys.

2. Conduct a low level airborne radiometric/magnetic survey to mapped deep seated structures such as fault/shear zones, and follow this with a ground examination of anomalous areas.

3. Detailed rock chip sampling along shear/faulted systems to test uranium mineralisation is associated with regional structures.

4. Follow up detail rock chip sampling and soil sampling around the historic uranium shafts and surrounding areas.

5. If any geophysical or geochemical uranium anomalies are delineated by the survey, a small RAB drilling program should be implemented to test the bedrock. Deeper drilling would be required to follow up positive results from the rock chip sampling and reconnaissance drilling.

9.0 REFERENCES


## EL23568 - EXPENDITURE STATEMENT

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## Appendix I: Rock Chip Sample Data

| Sample ID | Prospect | Comment                                      | AMG East | AMG North | Au ppm | Au rtt ppm | Ag ppm | As ppm | Co ppm | Cu ppm | Mn ppm | Ni ppm | Pb ppm | Sn ppm | U ppm | W ppm | Zn ppm |
|-----------|----------|----------------------------------------------|----------|-----------|--------|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 246018    | Tower    | wk fol siltsone + epithermal veining         | 821972   | 8441384   | 107    | <0.01     | 53.3   | 4      | 12     | 185    | 13     | 7      | 0.68   | 0.65   | 0.42   | 21     |
| 246019    | Tower    | qtz vein float in alluvial plain             | 822107   | 8441406   | 23     | <0.01     | 9.5    | <0.01  | 4      | 52     | 3      | 3      | 0.28   | 0.36   | 0.32   | 4      |
| 246020    | Tower    | bn ferruginous clay                          | 822024   | 8441667   | 14     | 0.1       | 18.8   | 5      | 30     | 92     | 12     | 20     | 1.56   | 1.04   | 0.22   | 16     |
| 246021    | Tower    | rd bn wk fol hematitic siltstone             | 822040   | 8441726   | 9      | 0.4       | 86     | 19     | 648    | 220    | 45     | 8      | 0.53   | 0.65   | 0.11   | 43     |
| 246022    | Tower    | qtz cb vein in fol siltstone                | 822062   | 8441286   | 3      | 0.2       | 1.7    | 3      | 7      | 238    | 3      | 4      | 0.25   | 0.25   | 0.28   | 4      |
| 246023    | Tower    | bucky wth qtz vein                          | 822055   | 8441295   | 5      | <0.01     | 3      | 1      | 6      | 59     | 2      | 7      | 0.24   | 0.22   | 0.85   | 3      |
| 246024    | Tower    | rd bn b<0.01 qtz and hem stained sst        | 822056   | 8441299   | 24     | <0.01     | 5.3    | 2      | 4      | 93     | 3      | 4      | 0.51   | 0.46   | 0.54   | 6      |
| 246030    | Furg River U Shaft | gn stained fol sed - sml shaft | 821671   | 8442701   | 395    | 0.51     | 390    | 1      | 2048.5 | 121    | 28004  | 36     | 25     | 7.46   | 78.29  | 0.86   | 7      |
| 246031    | Furg River U Shaft | gn stained fol sed - sml shaft | 821671   | 8442701   | 462    | 0.53     | 0.7    | 2300.5 | 14     | 26660  | 42     | 5      | 14     | 6.6    | 237.96 | 0.72   | 6      |