FIRST ANNUAL REPORT
ON HAYES CREEK PROJECT

PINE CREEK MINERAL FIELD, NORTHERN TERRITORY

Hayes Creek Project
Exploration Licence: 24815

BY
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DISTRIBUTION
1. Northern Territory Department of Minerals & Energy
2. Genesis Exploration Pty Limited
PROJECT NAME: HAYES CREEK

TENEMENTS: Exploration Licences 24815

MINERAL FIELD: Pine Creek Mineral Field

LOCATION: PINE CREEK SD5208 1:250 000
Pine Creek 5270 1:100 000

COMMODITIES: Uranium, Base Metals and Gold
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1.0 HAYES CREEK PROJECT

2.0 INTRODUCTION

The Hayes Creek Project consists of one granted Exploration Licence (EL24815) covering 400.7 square kilometres approximately 25 kilometres southwest of the small township of Pine Creek in the Jindare Homestead. Access is gained from the north along the Stuart Highway and also along the south via all weather tracks from Pine Creek.

This report describes the results of literature research and target generation based on re-interpretation of magnetic/radiometric data carried out during the first year of the Licence.

The Hayes Creek Project area is located in western part of the Pine Creek Geosyncline and is wholly within pastoral land immediately to the south of the Fleur de Lys, Lady Josephine and Burrundie uranium prospects (Figure 1).

The main focus of exploration is the discovery of unconformity-related and vein hosted uranium deposits. The uranium deposits of Ranger, Jabiluka, Koongarra and Nabarlek serve as models for this exploration within the Project area. The project areas have been shown to contain a number of clusters of first and second order radiometric anomalies that have never been investigated. The radiometric anomalies are associated with the favourable lithologies which have hosted uranium deposits in the region.

Regionally, the project area is located on the central part of the Pine Creek Orogeny (PCO) which contains the mined uranium deposits in the Northern Territory. The PCO also contains major gold resources in the Northern Territory, which also contains economic quantities of gold, base metals, tin, cobalt and nickel. Tenement area has high potential to host significant base metal - gold mineralisation as very little base metal/gold exploration has been conducted over the current project area.

On the southern side of EL24814 a ‘regional’ magnetic anomaly is classified as walk up drill target which warrants ground magnetic modelling, followed by drilling over the highest intensity zones.

3.0 LOCATION AND ACCESS

The Hayes Creek Project area is approximately 25 kilometres southwest of the small township of Pine Creek in the Jindare Homestead. Access is gained from the north along the Stuart Highway and also along the south via all weather tracks from Pine Creek.

The major parts of the tenements are covered pastoral station with station tracks providing access. The alignment of the Stuart Highway in the north provides access to the northern and eastern portion of the tenement. Potable water is
available at a number of station bores per courtesy of the management. The
water in the Douglas River (west of the tenement) becomes unfit for drinking
purposes in the dry season

The climate is semi-arid, tropical with a warm dry season from April to September
and a hot wet season from October to March. The average annual rainfall is
1200 mm, most of which falls during the wet season. Temperatures are highest
in October and November, when the mean maximum is 35-37°C and the mean
minimum is 22-24°C. The coolest months are June and July, when the mean
maximum is 30-32°C and the mean minimum is 12-15°C, with relative humidity is
normally less than 50% during the dry season. The relatively soft climate of the
region makes it possible to operate almost all-the-year-round.

The area is drained by two major river systems: the Finniss River (northern area)
and the Daly River (central area). Main drainage is to the north or northwest,
except for some tributaries of the Daly River system which flows west or south
westward. The lower areas are usually difficult to traverse after rain. The Daly
River and adjacent low lying areas are prone to flooding in the wet season.

4.0 TENEMENTS

Details of the Exploration Licence are summarised in the Summary Table of Assets
(Table 1) and its location is shown in Figures 1 and 2.

<table>
<thead>
<tr>
<th>Tenement Number</th>
<th>Status</th>
<th>Share %</th>
<th>Current Area Blocks</th>
<th>Current Holder</th>
<th>Application Date</th>
<th>Grant Date</th>
<th>Exploration Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL24815</td>
<td>Granted</td>
<td>100</td>
<td>125</td>
<td>United Mining Resources Pty Ltd</td>
<td>6/7/2005</td>
<td>18/04/2006</td>
<td>$20,300</td>
</tr>
</tbody>
</table>

Table 1: Summary Table of Assets over the Pine Creek Uranium Project

5.0 REGIONAL GEOLOGY & MINERALISATION

The Project area is located in the western part of the Pine Creek Geosyncline
that contains Early Proterozoic meta-sedimentary rocks resting on a gneissic and
granitic Archaean basement. The Pine Creek Geosyncline sequence is
unconformably overlain by the Middle Proterozoic McArthur Basin to the east and
by the Middle Proterozoic Victoria Basin and Cambro-Ordovician and Mesozoic
sequences (Daly and Bonaparte Gulf Basins) to the west and southwest.

The Pine Creek Geosyncline is up to 14 km thick and is considered to be
deposited in an intracratonic ensialic structure formed as a result of rifting of
Archaean basement (Plumb and others, 1981). It can be divided into five
regional entities, ie. Litchfield Provonce, Rum Jungle Region, Central Region,
South Alligator River Valley and East Alligator River Region (Needham and Stuart-Smith, 1984, Pietsch, 1986).

Figure 1: Hayes Creek Project Location Map
The geosynclinal sequence is dominated by mudstones, siltstones, greywackes, sandstones, tuffs, and limestones. The Pine Creek Geosyncline was folded and metamorphosed to amphibolite facies from ±1870 - 1899 Ma. Transitional igneous rocks, including pre-tectonic dolerite sills and syn- to post-tectonic granitoid plutons, dolerite lopoliths and dykes all intrude the geosynclinal sequence. Detailed geology of the Pine Creek Geosyncline is discussed by Nicholson, Ormsby, and Farrar (1994).

Stratigraphy in the central Pine Creek Geosyncline has been simplified by Nicholson, Ormsby, and Farrar (1994) into the Batchelor, Frances Creek, and Finniss River Groups. The Batchelor Group consists of shallow water coarse clastics and crystalline carbonates that are conformably overlain by the Frances Creek Group. The Frances Creek Group is subdivided into the Whites Formation, Acacia Gap Quartzite Mundokie Sandstone, Koolpin Formation, Gerowie Tuff, and Mount Bonnie Formation. The Gerowie Tuff is a basin-wide mudstone-rich sequence with interbeds of diagenetically altered distal tuff that is overlain by greywacke, mudstone, chert, and ironstone of the Mount Bonnie Formation. The Finniss River Group overlies the Frances Creek Group and consists of a thick flysch sequence of greywacke and mudstone.

Two major phases of deformation that pre-date granitoid intrusions have been recognised in the Pine Creek Geosyncline. The earliest widely recognised structures in the Pine Creek Geosyncline are bedding-concordant fabrics and breccia zones (D1). The second phase of deformation produced the north to north-west trending folds that still dominate the district (D2). The folds vary from open and upright to overturned and isoclinal with the development of a penetrative slaty cleavage.

The Western Pine Creek area covers part of a large trough (Daly River Basin) of Lower Proterozoic metasediments of the western Pine Creek Geosyncline along the complex structural margin (Giant Reef Fault) between the Geosyncline and the older Lichfield Province – Hermit Creek Metamorphics and Lichfield Granite. This western most exposure of Pine Creek metasediments – Finniss River Group are atypical Pine Creek stratigraphy containing felsic volcanics (Warra and Mulluk Mulluk volcanics) which may indicate an active margin of the Pine Creek Geosyncline. The Wangi Basics – metadolerites gabbros and ultra intrusives intrude the Finnis River Group. Three distinctive syn-orogenic post-orogenic granites about 1840-1850 Ma have been mapped in the Daly River 1:100,000 sheet.
Figure 2: Hayes Creek Project Regional Basin Map
5.1 Regional Controls of Mineralisation

Mineral deposits in Pine Creek can be grouped in three provinces which broadly follow the tectono-stratigraphic sub-division. The Central Region (Eastern Pine Creek Project) contains the majority of gold, base-metal, uranium and tin deposits. The Rum Jungle Region (Rum Jungle Project) contains stratabound uranium and base-metal deposits. The Litchfield Province (Western Pine Creek Project) and surrounding region contains the bulk of the tin-tantalum bearing pegmatites, base-metals and uranium. This sub-division is apparently the result of granite generation processes. The Litchfield Province granitoids, because of their reduced state, were deficient in base metals and gold but could generate late tin and tantalum bearing fluids. The Central Region granitoids are predominantly I-types and because of a higher oxidation state, could generate fluids which carried gold and base metals. The role of granite and gneisses in the Rum Jungle Region is not clear but Berkman (1986) proposed that the initial source of uranium was probably in the Archaean basement complexes.

With the exception of deposits in the Rum Jungle Region, the majority of mineral occurrences in Pine Creek are confined to the contact aureole of the late orogenic granitoids.

5.2 Local Controls of Mineralisation

There are basically two styles of mineralisation in Pine Creek: structurally controlled and stratigraphy controlled. The structural controlled deposits are predominantly vein type and include gold, base metal and tin veins and tin-tantalum pegmatites. The stratigraphic controlled deposits follow certain specific lithological units and include stratiform gold and stratabound polymetallic deposits, as well as volcanogenic massive sulphides, uranium, iron, phosphate and magnesite deposits.

5.3 Pine Creek Local Geology

The Exploration Licence is underlain largely by Middle Proterozoic Tolmer Group which consists of the Stray Creek Sandstone and the Depot Creek Sandstone. These units consist of quartz sandstone, quartzite and minor siltstone. A large volume of the Early Proterozoic Cullen Batholith (McMinns Bluff Granite - coarse pink-green porphyritic hornblende-biotite granite) crops out in the northern part of the Exploration Licence.

The southern part is underlain by Cambrian limestones of the Daly River Basin which are in faulted contact with the Proterozoic sandstones. Outcrops of hematitic ironstone mark the faulted contact between the Tolmer Group sediments and the Daly River Basin. This fault forms part of a major regional northwesterly trending fault zone which defines the northeastern margin of the Daly River Basin, and is parallel to the Pine Creek Shear Zone.
Carbonaceous shales are preserved as chiastolithic hornfels sediments in the northern eastern portion of the tenement are composed of siltstone and shales of the Burrell Creek Formation, phyllite, siltstone, shale and minor chert of the Mount Bonnie Formation.

Figure 3: Regional Fact Geology Map of Hayes Creek Project
6.0 PREVIOUS EXPLORATION

6.1 Mining History of Base Metals within the Pine Creek Geosyncline

The Daly River Copper Mine commenced in 1884 with operations continuing sporadically until 1918. Total recorded production is about 5,000t of 20% copper ore from shaft and an open cut. About 1,000t of similar material was produced from other nearby copper deposits, most notably, Whaeldanks. Secondary copper was the main mine product with minor amount of secondary lead minerals recovered from Wallaby and Knowles Farm prospects. With the exception of Knowles Farm, all of the Daly River copper mines and prospects and more recently discovered zinc rich massive sulphides deposits (Anomaly A, Warrs) are with a zone 2 x 9 km extending NNE from Daly River Coppermine to Kilfoye (Survey) Creek.

Except for Anomaly A, most of the base-metal prospects at Daly River have been known since the turn of the century. Many have been mined for copper with a reported total production of about 6,000 tons of 20% copper. Modern exploration, intermittently efforts over 25 years, has indicated resources of base-metal sulphides of about 500,000 – 750,000t of mostly zinc mineralisation with minor lead and copper. This includes a high grade deposit of about 150,000 – 200,000t of high grade zinc (+16% in the Anomaly A deposit). Most of the higher grade zinc mineralisation is located in two deposits at Anomaly A and Warrs within sheared intermediate to felsic volcanic rocks. These are structurally modified stratiform volcanogenic massive sulphides deposits (VMS).

The strata bound Pb-Zn north of Daly River copper mine, eg anomaly A, are hosted in the Warrs Creek Volcanic Member. The Daly River copper mine and the other historic copper producers are epigenetic structurally controlled deposits which may be genetically related to the VMS deposits, ie possible feeders. The Giants Reef Fault is part of the 800 km long NNE trending wrench faults which extend from Halls Creek in the Kimberley region into the Northern Territory west of Darwin. In the Kimberley region the structures of the Halls Creek Fault zone are the regional structural controls of gold deposits around Halls Creek.

6.2 Mining History of Gold within the Pine Creek Geosyncline

The region has been explored for gold for over a century since the first discoveries at the Finnis River in 1865 and at Tumbling Waters in 1868. These first discovered occurrences were uneconomic. In 1870, a hole dug for the construction of the overland telegraph line at Yam Creek yielded alluvial gravel containing coarse gold. This led to many significant discoveries and by 1881, mining activity was widespread throughout the central Pine Creek Orogeny. All major gold mines in the region were discovered by the turn of the century. A substantial quantity of gold was produced in the period 1884-1915, with a peak in 1891-95.

The total gold production from the Pine Creek Orogeny till the end of 1998, excluding minor recent alluvial operations, amounts to 115.35 tons of gold (Department of Mines and Energy Production Records). The Pine Creek Orogeny includes nearly
half the gold occurrences of the Northern Territory. Almost all are located within about 100 km wide northwest trending belt between Darwin and Katherine Townships.

Modern gold exploration commenced in 1980 when increase prices and improved mining and metallurgical technology boosted exploration. This resulted in systematic geological mapping, geochemical surveys and drilling mostly around previously known occurrences. A number of previously known occurrences such as Enterprise, Cosmo Howley, Golden Dyke, Woolwonga, Mount Bonnie and Mount Todd were re-evaluated and subsequently mined. New orebodies were discovered at Batman, Goodall, Moline Dam, Glencoe, Rustlers Roost, Sundance and Toms Gully.

6.3 Mining History of Uranium within the Pine Creek Geosyncline

Several uranium deposits and prospects in the central and southern Pine Creek Orogeny are located outside the areas of the uranium fields and are classified as ‘vein type’. Most of these occurrences, with the exception of Twin and Dam, were discovered during the first phase of uranium exploration exploration during the early 1950’s. Adelaide River, George Creek and Fleur de Lys were among some of the earliest uranium mining operations in the Northern Territory, but were not large enough to attract much interest when compared to the Rum Jungle Mineral Field and Alligator River deposits. As a consequence there is little geological information available. Ore was processed at Rum Jungle and a total of 19.7 t of $\text{U}_3\text{O}_8$ was produced from vein type deposits.

<table>
<thead>
<tr>
<th>Deposit Name</th>
<th>Ore Tonnage</th>
<th>Grade % $\text{U}_3\text{O}_8$</th>
<th>t $\text{U}_3\text{O}_8$</th>
</tr>
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<tbody>
<tr>
<td>Adelaide River Production</td>
<td>3,447.4 t</td>
<td>0.50</td>
<td>17.2</td>
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<tr>
<td>George Creek Production</td>
<td>109 t</td>
<td>0.26</td>
<td>0.3</td>
</tr>
<tr>
<td>Fleur de Lys Production</td>
<td>122 t</td>
<td>0.22</td>
<td>0.3</td>
</tr>
<tr>
<td>Twin Measured Resources</td>
<td>183,350 t</td>
<td>0.08</td>
<td>147</td>
</tr>
<tr>
<td>Twin Indicated Resources</td>
<td>158,576 t</td>
<td>0.06</td>
<td>95</td>
</tr>
<tr>
<td><strong>Twin Sub-total</strong></td>
<td><strong>341,926 t</strong></td>
<td><strong>0.07</strong></td>
<td><strong>242</strong></td>
</tr>
<tr>
<td>Dam Measured Resources</td>
<td>164,668 t</td>
<td>0.13</td>
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<td>Dam Indicated Resources</td>
<td>91,797 t</td>
<td>0.18</td>
<td>165</td>
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<tr>
<td><strong>Dam Sub-total</strong></td>
<td><strong>256,465 t</strong></td>
<td><strong>0.16</strong></td>
<td><strong>379</strong></td>
</tr>
<tr>
<td>ABC Measured Resources</td>
<td>1,056 t</td>
<td>0.04</td>
<td>4.2</td>
</tr>
</tbody>
</table>
6.4 Exploration History

6.4.1 Exploration History over EL24815

In the northern portion of EL24815 the Granite Mine (Cu) and Douglas River (Sn) prospects which are located in the Pine Creek Geosyncline region of the Northern Territory. The prospects are located approximately 190 kilometres south east of Darwin on the Pine Creek. Access is via Stuart Highway down through Hayes Creek Way Side Inn. The Granite Mine copper prospect is located about 5 kilometres south of the Emerald Springs Roadhouse.

The Granite Copper Mine prospect was inspected by Watts (1969), following a request by Mr T V Collins, holder of the Authority to Prospect over the area. A mention is also given in the NT Mines and Mineral Resources Report in 1904 which states that a few Chinese sunk a shaft on a copper lode in granite country 8 miles southwest of Spring Hill which returned 5 tons of ore grading 50% Cu (Balfour 1978).

The workings consist of numerous small open cuts and pits from which about 200 tons of ore and mullock has been extracted. A rock chip sample taken from one of the mullock heaps assayed 20.8% Cu and 0.236 g/t Au (NTGS 9807).

The copper prospect lies within biotite-hornblende granites of the McMinns Bluff Granite. In thin section the granite consists of 40% microline, 20% quartz plagioclase (partially sericitised), 10% biotite, 5% chlorite and 2% hornblende.

The mineralization is contained within a 1-1.5 metre wide vein quartz-breccia lode which occupies a vertical, northeast (40°) trending shear zone which can be traced over 270 metres along strike (Watts, 1969). Examination of the outcrops suggest that the lode actually dips very steeply (75°) to the northwest.

On the surface, the mineralisation consists of malachite, chalcocite and chrysocolla within a quartz-chlorite-feldspar gaugue. At the southern end of the lode hematite appears to be the dominant gaugue mineral (Watts, 1969). In thin section the copper mineralization is located in vein quartz as veinlets (up to 2mm) and disseminated aggregates, along with hydrothermal chlorite (Mg-Al rich variety) in brecciated and partially recrystallised granite.

Silicification and chloritisation of the wall rocks is clearly visible at the surface and drill core samples. It appears that two diamond drillholes have been sunk to west of the lode, however there are no known records or results.

CRA Exploration Pty Ltd conducted base metal exploration over the north western portion EL24815 in 1978. The regional mapping programme outlined horizons which are considered prospective for shale hosted base-metal deposits. Soil sampling over the favourable horizons delineated two third order anomalies. Low base-metal values were returned from the anomalies and they are believed not to represent economic base-metal mineralisation. No significant base-metal values were retuned from ironstones collected during he regional mapping.
In 1982, Pancontinental Mining Ltd exploration activities focused on the southern half of EL24815 with the view of targeting commercial limestone. Approximately 120 rock chip samples were collected and assayed for CaCO$_3$ and MgCO$_3$. All samples were taken from outcrops with the sample size varying from 1 – 2 kg. Of the three areas inspected, Limestone Hill and the Fenceline Grids showed zones of acceptable quality limestone. Due to the overall negative results the area was surrendered with no further work recommended.

In 1988 the Shell Company of Australia Ltd entered into a joint venture agreement with Denehurst Ltd covering an Exploration Licence in the central part of the current tenure area. Works completed include regional stream sediment sampling for Cu, Pb, Zn, As, Ag, Sn and W. The sampling program overall returned negative values for all elements with the major lithological units in the area appeared to contain any evidence of mineralisation.

In the following year, Denehurst Ltd assessed the mineral potential of the licence area and to confirm the previous year’s exploration results. Five rock chip samples were taken in conjunction with three pan concentrates from three stream sediments samples. The pan concentrates yielded significant gold results in the order 1.46 g/t and 3.1 g/t Au which require further systematic exploration.

7.0 Targets Identification & Generation Over Hayes Creek Tenement

During January 2007 consulting geologists Kastellco Geological Consultancy conducted a review of existing historical exploration data within the Northern Territory Geological Survey Database. This was conducted for all the Project areas to identify any high potential uranium exploration targets and resulted in the identification of several targets that warrant further work.

The targeting was undertaken at a high level to identify areas of interest that stand out in the regional re-interpreted geophysical data. Historical prospects were reviewed to determine the effectiveness of the previous exploration and evaluate remaining potential within the Exploration Licence area.

7.1 Methodology

The targeting process was undertaken as follows:

1. Import of the above into MapInfo and sub-setting into different sample types and grade ranges including soil and LAG for presentation and analysis.
2. Compilation of fact geology to assist in determining effectiveness of surface geochemical sampling and to provide geological information for targeting.
3. Identification of available airborne geophysical and remote sensing data.
4. Compilation of information on individual prospects from prospect files to aid future target ranking and prioritization.
5. Review of each target from the above data with an initial assessment of their potential to host significant mineralisation.
6. Review of all data mentioned above to identify new targets and assess the potential of existing targets.
7. Identification and listing of targets with the potential to contain significant mineralisation.

On a regional basis the Pine Creek tenement is located in the highly prospective Pine Creek Uranium Field. Through detail interpretation of airborne magnetic and radiometric data from the Northern Territory Geological Survey, the following uranium anomalies were identified as shown in Table 3. The location of the radiometric anomalies targets is represented in Figure 5.

Table 3: Radiometric Targets warranted for follow up exploration work over EL24815

<table>
<thead>
<tr>
<th>Tenure Number</th>
<th>Radiometric Anomalies</th>
<th>Strike Length of Anomaly (m)</th>
<th>Width of Anomaly (m)</th>
<th>Geological Setting</th>
<th>Mineralisation Model</th>
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<tbody>
<tr>
<td>EL24815</td>
<td>Anomaly 1</td>
<td>1.82 km Max</td>
<td>0.71 km Max</td>
<td>McMinns Bluff Granite</td>
<td>Unconformity &amp; Vein-type uranium deposits</td>
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<tr>
<td></td>
<td>1 Second Order</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>EL24815</td>
<td>Anomaly 2</td>
<td>3.57 km Max</td>
<td>1.65 km Max</td>
<td>McMinns Bluff Granite</td>
<td>Unconformity &amp; Vein-type uranium deposits</td>
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<tr>
<td></td>
<td>1 Second Order</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EL24815</td>
<td>Anomaly 3</td>
<td>1.61 km Max</td>
<td>1.26 km Max</td>
<td>Jindare Formation</td>
<td>Unconformity &amp; Vein-type uranium deposits</td>
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<tr>
<td></td>
<td>1 First Order</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>EL24815</td>
<td>Anomaly 4</td>
<td>3.98 km Max</td>
<td>4.25 km Max</td>
<td>McMinns Bluff Granite</td>
<td>Unconformity &amp; Vein-type uranium deposits</td>
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<tr>
<td></td>
<td>1 First Order</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EL24815</td>
<td>Anomaly 5</td>
<td>5.59 km Max</td>
<td>4.46 km Max</td>
<td>McMinns Bluff Granite</td>
<td>Unconformity &amp; Vein-type uranium deposits</td>
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<tr>
<td></td>
<td>1 First Order</td>
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<td></td>
</tr>
<tr>
<td>EL24815</td>
<td>Anomaly 6</td>
<td>4.43 km Max</td>
<td>2.24 km Max</td>
<td>Jindare Formation</td>
<td>Unconformity &amp; Vein-type uranium deposits</td>
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<tr>
<td></td>
<td>1 First Order</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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</table>
Figure 4: Pine Creek Project Areas showing Radiometric Anomalies
(Equivalent U ppm image) over EL24815
Table 4: Magnetic Targets warranted for follow up exploration work over EL24815

<table>
<thead>
<tr>
<th>Tenure Number</th>
<th>Radiometric Anomalies</th>
<th>Strike Length of Anomaly (m)</th>
<th>Width of Anomaly (m)</th>
<th>Geological Setting</th>
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</thead>
<tbody>
<tr>
<td>EL24815</td>
<td>1 First/Second Order</td>
<td>4.80 km Max</td>
<td>2.10 km Max</td>
<td>Pot Creek Sandstone &amp; Jind Formation</td>
</tr>
</tbody>
</table>

Figure 5: Pine Creek Project Areas showing Regional Magnetic Anomaly (Total Magnetic Intensity image) over EL24815
8.0 EXPLORATION POTENTIAL

The project areas has been shown to contain a number of clusters of first and second order radiometric anomalies with additional extensive magnetic anomaly which have never been investigated (Figure 5). The radiometric anomalies are associated with the favourable lithologies which have hosted uranium deposits in the Pine Creek region.

In terms of both regional and project scale structure the Pine Creek Project areas are ideally situated for unconformity and vein style uranium deposits.

- Regionally, the project area is located on the central part of the Pine Creek Orogeny (PCO) which contains the mined uranium deposits in the Northern Territory.

- The PCO also contains major gold resources in the Northern Territory, which also contains economic quantities of base metals, tin, cobalt and nickel.

- On a smaller scale, the tenement is located nearby uranium mined out deposits and uranium occurrence of Lady Joesphine, Burrundie and Fleur de Lys.

- On the south eastern side of the tenement, the major gold mining area of Pine Creek has yielded some 8.07 t gold was produced from ore averaging 1.4 g/t Au. In 1998 total resources were estimated to be 17.6Mt @ 1.7g/t Au.

- Western margin of the Pine Creek Geosyncline is highly prospective for unconformity-type uranium deposits, believed to be located at or near the contact between the Lower Proterozoic sedimentary sequence mapped as Burrell Creek Formation and the Middle Proterozoic Tolmer Group. The tenement is hosted to four first order radiometric anomalies and two second order radiometric anomalies, which all remain untested and warrant further geological assessment to determine the potential of hosting uranium mineralisation.

- Tenement area has high potential to host significant base metal - gold mineralisation as very little base metal/gold exploration has been conducted over the current project area.

- On the southern side of EL248154 a 'regional' magnetic anomaly is classified as walk up drill target which warrants ground magnetic modelling, followed by drilling over the highest intensity zones.
9.0 PROPOSED EXPLORATION

Kastellco Geological Consultancy recommends that United Mining Resources Pty Ltd exploration programme in the first two years after Admission should be designed to test the tenements for the uranium targets described above.

- Acquires and interprets detailed low-level airborne magnetic and radiometric data over the project area.
- Closely spaced airborne radiometric surveys to infill large spaced historic surveys with poor coverage.
- Carries out ground spectrometer traverses over the U anomalies generated with brief geological mapping.
- Detailed regional structural interpretation with strong emphasis on the identification of untested mineralised structural trends.
- Compiles a detailed structural map and analysis of all priority radiometric anomalies to determine the controls and disposition of any uranium mineralisation potential.
- Carry out PIMA (Portable Infrared Mineral Analyser) sandstone sampling over outcrops to delineate if any chlorite alteration is present, as it is closely associated with unconformity style uranium deposits).
- Carries out a small first pass soil/rock chip programme to determine the extent, width, and tenor of any U mineralisation exposed.
- Conduct a small diamond drill programme targeted at down dip and down plunge extensions to the any mineralisation intersected and to test the source of the uranium conductors located by geophysical survey.

10.0 EL24815 - EXPENDITURE STATEMENT

<table>
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11.0 EL24815 – PROPOSED EXPENDITURE

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<tr>
<th>Exploration Budget for Hayes Creek Project for 2007-2008</th>
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12.0 REFERENCES


