EXPLORATION LICENCE 24112
BORERBIRD CREEK

THIRD ANNUAL REPORT
7th December 2006 – 6th December 2007

LICENSEE:
Acacia Minerals Pty Limited

AUTHOR:
N. BYRNE

January 2008
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SUMMARY

Acacia Minerals Pty Limited ACN 127 419 729 (Acacia), a Territory based exploration company, purchased Exploration Licence 24112 from G. L. and S. M. Wood. The dealing was approved under Section 173 of the Mining Act on the 4th of December 2007.

Acacia is a wholly owned subsidiary of Adelaide River Resources Limited ACN 127 411 796, a public company currently preparing to list on the Australian Stock Exchange.

The EL has two significant prospects, a gold prospect known as Golden Valley in the southwestern area, and Bowerbird, a copper, silver, lead prospect to the east.

This Report covers the exploration work carried out during the third year of tenure, from the 7 December 2006 to the 6th of December 2007.

Work done included:

- Research
- Satellite image interpretation
- Magnetic interpretation
- Helicopter reconnaissance
- Rock chip sampling
- Geochemical analysis
1. INTRODUCTION

Acacia Minerals Pty Limited ACN 127 419 729 (Acacia), a Territory based exploration company, purchased Exploration Licence 24112 from G. L. and S. M. Wood. The dealing was approved under Section 173 of the Mining Act on the 4th of December 2007.

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The EL has two significant prospects, a gold prospect known as Golden Valley in the southwestern area, and Bowerbird, a copper, silver, lead prospect near the eastern boundary.

Principal exploration targets are, gold and copper-silver-lead.

This Report summarises the exploration work carried out during the third year of tenure from the 7th of December 2006 to the 6th of December 2007.

2. LOCATION

Exploration Licence 24112 is situated approximately 50kms north of Pine Creek. The Licence area is on the southern boundary of the Mt Evelyn 1:250,000 scale map sheet SD5305.

The general area is hilly and has a wide ranging eucalypt woodland dominated by *Eucalyptus tetrodonta* and *Eucalyptus miniata* either singly or in combination. This forms a canopy for the understorey of smaller trees (*Erythrophleum chlorostachys*, *Terminalia ferdinandiana*, *T. grandiflora*, *Acacia* spp, and *Melaleuca* spp), as well as shrubs, herbs and vines with dense growth of annual and perennial grasses. (*Top End Native Plants – John Brock 1988*).

Access to the Licence area from Pine Creek is north via the Kakadu Highway and then east just before the Mary River crossing along an unsealed road created many years ago for access to the Bowerbird copper, lead, silver diggings.

Alternatively, the Licence area can be accessed from Darwin south along the Stuart Highway then north along the Kakadu Highway commencing immediately north of Pine Creek.

Plan WOO002 shows the location of the Licence area.

3. TENURE

Exploration Licence 24112 covering 14 sub-blocks (47.2 square kilometres) was granted to G. L. and S. M. Wood on the 7th December 2004 for a period of 6 years.

Acacia Minerals Pty Limited ACN 127 419 729 (Acacia), a Territory based exploration company, purchased Exploration Licence 24112 from G. L. and S. M. Wood. The dealing was approved under Section 173 of the Mining Act on the 4th of December 2007.

A waiver of the reduction requirements has been lodged as exploration to date indicates that the whole Licence area requires further exploration.
The Licence is within NT Portion 649, being Mary River (east) Station, Perpetual Pastoral Lease 01134.

4. GEOLOGY

4.1 Regional Geology
Historically the Pine Creek Orogen has been the most prospective region of the Northern Territory for Gold. Regional and contact metamorphism granite type, structure and lithology are used to indicate prospectivity of the region.

EL 24112 is situated within the Pine Creek Geosyncline, a tight to isoclinallly folded sequence of mainly pelitic and Lower Proterozoic with interlayered tuff units. All rocks in the area have been metamorphosed to low, and in places medium grade, metamorphic assemblages.

4.2 Local Geology
Sediments of the Early Proterozoic Burrell Creek Formation outcrop in the area. These consist of interbedded mudstone and chert grading into massive albitic chert beds and BIF. Overlying the formation are siltstone, mudstone, pebble conglomerate and greywacke beds of the Burrell Creek Formation. Within this area are known mineral occurrences, the “Bowerbird” Prospect to the north east of the EL, the abandoned Bowerbird and Hollis mines in the eastern part of the Licence (see Plan WOO004). Access to ‘Bowerbird’ and ‘Hollis’ workings has been limited due to the terrain, but some rock-chip sampling has been done in this area and it appears the mineralization occurs as narrow Galena and malachite veins of up to approximately one metre in width.

As shown on the accompanying Geology Map (WOO003) the Golden Dyke Formation runs from the north west of EL 24112 to the south east, which has revealed steep bedding dips toward the southern Cullen Granite Formation. The Golden Dyke Formation consists of the Goodparla Group - Chert, quartz siltstone, dolomite minor carbonaceous pyritic siltstone with chert lenses, bands and nodules. This area hosts a known mineral occurrence to the east of the Golden Dyke Formation that is actually shown as the Burrell Creek Formation on the accompanying geology map, which is known as the Shamrock Prospect, which indicates a possible Au resource. Some ridge top veins and outcrops tend to be sub-parallel to the bedding.

The Cullen Granite area in the south of EL 24112 indicates Biotite-hornblend granite. It is within this area (but south of the EL) that there are three known mineral occurrences known as the “Mt Davis” Prospects and Mines. The Granite is surrounded by 400-500 metre wide contact hornfels which forms very prominent steep ridges. Access is limited to walking in this region. The contact zone has produced numerous gold nuggets of varying weight.

5. WORK DONE DURING THE YEAR

5.1 Review
Since the recent purchase of EL 24112 by Acacia, an extensive open file research programme has commenced, including a review of the results achieved by previous explorers. This work is continuing and may impact the work carried out in year four.
5.2 Geophysics
Lindeman Geophysics Pty Ltd have been commissioned to carry out a detailed interpretation of NTGS and open file geophysics to see if there are any anomalies related to the old gold and base metal workings.

5.3 Rock-chip sampling
Two rock-chip sampling programmes were carried out during year three.

The first was a ground borne programme, using a quad bike for access, carried out by the previous tenement holders, G. L. & S. M Wood.

Golden Valley
Ten samples numbered GW162065 to GW162074 were collected in the vicinity of the old gold diggings.

Bowerbird
Eleven samples numbered GW162075 to GW162085 were collected from the vicinity of the old copper-silver-lead diggings.

The samples were sent to North Australian Laboratories at Pine Creek and were assayed for Au, Ag, Cu, Pb, Zn, Ni and Co.

The locations of these samples are shown on Plan WOO004. Assay results are shown in Appendix 1.

The second sampling programme was carried out by Acacia using a JetRanger helicopter from Jayrow Helicopters Pty Ltd of Darwin. The helicopter used was based in Katherine.

Golden Valley
Four samples numbered 162091 to 162093 and 162095 were taken from near some old gold workings and from a ferruginous gossan west of the workings.

Bowerbird
Six samples numbered 162086 to 162090 and 162094 were taken from the old silver-lead workings and along strike.

The samples were submitted to Northern Territory Environmental Laboratory, Darwin Business Park, Berrimah. Results have not yet been received.

5.4 Results

Golden Valley
Gold values from 10 samples taken at the Golden Valley prospect were surprisingly low, with the highest being 0.13ppm Au. However, one sample, GW162068 had elevated base metals, 29ppm Cu, 529ppm Pb and 177ppm Zn, in backgrounds of 12, 80 and 52ppm respectively.

Bowerbird
Ten samples were taken from the Bowerbird prospect in the area of the old workings. All of them were anomalous. The best values were from GW162078 to GW162081 which averaged 263ppm Ag, 2,015ppm Cu, 26,825ppm Pb and 730ppm Zn.
The highest gold was 1.78ppm from GW162081.

Assay results from samples collected during the Helicopter reconnaissance have not yet been received.

All assay results to hand are shown in Appendix 1.

6. LANDOWNER LIAISON

Prior to commencing field work, phone contact is made with the pastoralist to advise of the Company’s activities.

7. REHABILITATION

Rock-chip sampling did not create significant disturbance.

No field work was carried out by the Company on the Project Area during the year which requires any rehabilitation measures.

8. CONCLUSIONS

The Golden Valley gold prospect is considered to be highly prospective, because of the previous workings in the area, the nuggets found in the area by G. L. & S. M. Wood, the previous tenement holders, and an apparently untested quartz haematite gossan occurring over about 200 metres, found by the Acacia.

The Bowerbird base metal prospect is also considered to be highly prospective because of the existing workings and the gossanous material identified by the Company along strike.

9. YEAR 3 EXPENDITURE

Proposed expenditure for the Third year of tenure was $25,000.

Actual expenditure was as follows:

1. Geophysical interpretation (ongoing estimate to date) .................................................. $2,000
2. Geological reconnaissance ........................................................................................ $6,500
3. Helicopter hire ........................................................................................................... $6,000
4. Anomaly locating and rock-chip sampling ............................................................... $10,500
5. Geochemical analysis ............................................................................................... $4,500
6. Administration and overheads .................................................................................. $3,500
   **Total** .................................................................................................................. $33,500
Proposed expenditure for the Fourth year of tenure is:

1. Assessment of all open file data and work carried out to date ................................ $3,500
2. Ground magnetic surveys ................................................................. $5,000
3. Helicopter hire ............................................................................ $5,000
4. Airborne electromagnetic survey ..................................................... $10,000
5. Soil sampling .............................................................................. $14,000
6. Reverse Circulation (RC) drilling .................................................. $30,000
7. Geochemical analysis ................................................................ $15,000
8. Overheads and supervision ............................................................ $9,900

**Total** .................................................................................. $92,400

Nick Byrne  
*Managing Director*
### Appendix 1

**NORTH AUSTRALIAN LABORATORIES**

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<tr>
<th>NA 06735</th>
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| GW162065 | 0.13 | 0.08 | L | 7 | 22 | 148 | 8 | 3 |
| GW162066 | 0.07 | L | 4 | 5 | 14 | 3 | 2 |
| GW162067 | 0.01 | L | 3 | 34 | 13 | 4 | 2 |
| GW162068 | 0.02 | L | L | 3 | 15 | 34 | 4 | 3 |
| GW162069 | L | L | 29 | 529 | 177 | 3 | 2 |
| GW162070 | L | L | 6 | 15 | 14 | 3 | 2 |
| GW162071 | L | L | 4 | 17 | 14 | 6 | 3 |
| GW162072 | L | L | 6 | 61 | 18 | 4 | L |
| GW162073 | 0.02 | L | 37 | 81 | 88 | 16 | 9 |
| GW162074 | 0.03 | L | 18 | 25 | 436 | 19 | 10 |
| GW162075 | L | L | L | 7 | 128 | 33 | 4 | L |
| GW162076 | 0.02 | 10 | 318 | 21800 | 620 | L | 3 |
| GW162077 | L | L | 17 | 508 | 35 | 3 | 2 |
| GW162078 | 0.03 | 294 | 3850 | 24400 | 680 | L | 2 |
| GW162079 | 0.14 | 0.15 | 314 | 1270 | 33200 | 69 | L | L |
| GW162080 | 0.01 | 196 | 250 | 11400 | 2040 | L | 3 |
| GW162081 | 1.75 | 1.81 | 249 | 2890 | 38300 | 132 | L | 2 |
| GW162082 | 0.02 | 0.02 | 15 | 51 | 6700 | 38 | 5 | L |
| GW162083 | L | 2 | 10 | 1790 | 35 | L | L |
| GW162084 | L | L | 5 | 544 | 40 | 3 | L |
| GW162085 | L | L | 26 | 1010 | 138 | L | L |