FIRST ANNUAL REPORT
ON DUNMARRA COOE HILL
PROJECT

NORTHERN TERRITORY

Dunmarra Cooee Hill
Uranium Project

Exploration Licence: 25841

BY
P. Kastellorizos
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DISTRIBUTION
1. Northern Territory Department of Minerals & Energy
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1.0 DUNMARRA COOE HILL URANIUM PROJECT

2.0 Introduction

The Dunmarra Cooee Hill Uranium Project is located approximately 300 kilometres south east of the township of Katherine in the Northern Territory. This report describes the results of literature research and target generation based on re-interpretation of radiometric data and surface rock chip sampling program carried out during the first year of the Licence.

The Dunmarra Basin contains many minor copper mineral occurrences. The whole basin in comparisons to other geological provinces in the Northern Territory remains under explored. First and second order radiometric anomalies present within the Project areas still remain not investigated. The radiometric anomalies are associated with the favourable lithologies which have the potential to hosted uranium deposits are found in the Northern Territory, namely the Lower Cretaceous (lateritised claystone, soft grey claystone, impure sandstone, white quartz sandstone, conglomerates). In terms of both regional and project scale structure the Project areas are ideally situated for sandstone and unconformity style and sedimentary uranium roll front type uranium deposits.

In August 2008, Arnhem Exploration Services was commissioned to carry out a reconnaissance program on EL25841. Work carried out included scintillometer readings and collecting 45 rock samples along specified traverses. The rock chip samples are numbered from 40001R to 40045R. Based on the assay results, several low order gold-uranium anomalies have been delineated within central and the north eastern portion of EL25841.

3.0 Tenement

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

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<th>Current Area (sq km)</th>
<th>Current Holder</th>
<th>Granted Date</th>
<th>Expenditure Covenant ($)</th>
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<td>United Mining Resources Pty Ltd</td>
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Table 1: Cooee Hill Project - Tenement Summary

4.0 Location and Access

The project is located approximately 300km south east of the township of Katherine (Figure 1) and covers an area of approximately 461 km² to the east of Daly Waters. The licence occurs in the Arnold River and Arnold River 1:100,000 topographic sheets and on the TANUMBIRINI 1:250,000 geological sheet.
Access is gained from the north along the Stuart Highway to the Daly Waters and thence 75km east along the Carpentaria Highway. Access within the tenement area is limited to station tracks extending from Cooee Hill.

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.
Figure 2: Regional Location Map showing Dunmarra Cooee Hill Project
5.0 General Setting of the Wiso Basin

The Wiso Basin is a huge structural downwarp (160,000km²) lying west of the Tennant Region and north of the Arunta Region. Except for the southernmost depocentre, the fault-controlled Lander Trough, the basin is largely covered by a sheet-like Palaeozoic succession generally less than 300 m thick. Very little drilling has occurred in the basin and the best well control lies immediately north of the Lander Trough. Seismic and gravity survey data suggest 2,000-3,000 metres of Cambrian to Devonian sediment within the Trough. In this area little is known of source rock potential or maturity. However some structuring has been recognised within this basinal area which is considered prospective for hydrocarbons.

North of the Lander Trough an attenuated Cambrian to Ordovician succession has been intersected by drilling but this huge area is largely unexplored. The sedimentary section is immature for hydrocarbon generation but it has potential for phosphate and base metal deposits. This greenfields basin is completely under explored for minerals and petroleum and interpretation of new aeromagnetic data over the entire basin will help define the geology and economic potential.

The Wiso basins comprise predominantly shallow marine carbonate or clastic sequences underlain by sub-aerial Early Cambrian flood basalt. The basins are gently to moderately folded and contain minor base metal mineralisation. Indications of Mississippi Valley-type lead-zinc occurrences are widespread in the Georgina Basin (eg Box Hole Mine), but more geological work is needed to reliably assess the potential for such mineralisation. There is a reasonable potential for economic phosphate deposits in the parts of the Georgina and Wiso basins. The Antrim Plateau Volcanics in the Dorisvale area (Daly Basin) contain considerable undeveloped barite resources and may be prospective for Norilsk-style nickel deposits.

5.1 Dunmarra Cooee Hill Local Geology

The Lower Cretaceous Mullaman Beds, comprising lateritised claystone, soft grey claystone, impure sandstone, white grey sandstones, and conglomerates extend over the over the majority of EL25841. The sediments outcrop extensively over the north eastern half of the tenement area. Exposures consist mostly of white to light brown highly lateritised claystone with occasional porcellanite and interbeds of fine grained sandstone.

Tertiary deposits of laterite and lateritic rubble generally overlie the Mullaman Beds. The laterite is a semi-pisolitic ironstone laterite and varies in thickness from a few centimetres to over 10m. Deposits of residual soils, sands and ferruginous gravels generally occur along the water courses.

There are no gazetted uranium occurrences proximal to the tenement area. The Rum Jungle and South Alligator Uranium fields are located 350km to the north west of the tenement whilst the Calvert Hills uranium occurrences are located 490km to the east south east of the project. The Dunmarra Basin contains many minor copper occurrences, though these are largely on the margins to the Dunmarra Basin and also within the McArthur Basin 120km to the east of the tenement area.
Figure 3: Regional Fact Geology Map over EL25841
6.0 Exploration History over EL25841

The Dunmarra Basin as a whole is relatively underexplored in comparison to other Provinces in the Northern Territory.

All historical exploration undertaken within the tenement area has been reviewed. Based on the open file reporting from the Northern Territory Geological Survey, there were a limited number of historical tenements that either partially or fully covered EL25841.

Historical exploration carried out within the area covered by EL25841 has been carried out since 1970 largely for diamonds and base metals.

Although some very early work has been undertaken over the targeted radiometric anomalies within the tenement area, the work has failed to adequately explain these anomalies and as such, further investigations are required.

Previous exploration conducted both within EL25841 and proximal to the tenement area (EL Number, Year, Report Number, Company) follows;

6.1 AP2781 (1970-1971-Comalco)

The Commonwealth Aluminium Corporation Limited (Comalco) carried out extensive exploration for a range of minerals with the focus being on Bauxite in 1970-1971. Field work included drilling and radiometric surveys. A detailed investigation of an airborne radiometric anomaly was also conducted.

An extensive vacuum drilling program was conducted using an Edson tractor mounted vacuum rig to bedrock or to a depth of 10m. A total of 276 holes were drilled, of which only 3 fall within the north western corner of EL25841. Hole collars have been digitised into MapInfo by Zephyr. There were no significant results.

Three radiometric surveys were carried out;

- Airborne gamma radiation survey
- Surface gamma radiation survey
- Geiger-Probe borehole gamma radiation survey

Counts of upto 2½ times background (90cps) were recorded although the anomalies were patchy and non contiguous. Higher counts were almost all invariably over areas with a dense covering of ironstone gravels and surface lag.

Scintillometer readings were collected for all drill hole samples from the areas outlined within the airborne radiometric anomaly but no readings above background were recorded.
6.2 EL23020, EL23021, EL2302 (2004- De Beers Australia Exploration)

De Beers Australia held ground over the tenement area and intended to undertake exploration for diamonds in 2004. No work was reported.

6.3 EL8451 (1994 - Normandy Exploration)

EL8451 partly covers the northern half of the tenement area. The licence was applied for to target base metal mineralisation in the Middle Proterozoic Roper Group. The region is host to the giant MacArthur River (HYC) shale-hosted Zn-Pb-Ag deposit.

Exploration carried out included an aeromagnetics and radiometric survey. Data from a petroleum well open file report revealed that the depth of cover in the area is in excess of 150m over the tenement area and in some places up to 450m and the ground was subsequently relinquished.

7.0 WORK COMPLETED AND DISCUSSION

An assessment of the Cooee Hill uranium project for unconformity-related and vein hosted uranium deposits has been carried out by Zephyr. The assignment was to undertake a compilation of geological, geophysical, topographical and historical open file data over the tenement area and provide initial recommendations for ongoing exploration.

Historical tenement outlines covering the project area were compiled into MapInfo format. All associated open file previous exploration data available for the historical tenement areas was acquired from the NTGS. Historical reports have been reviewed and summarised. Outlines of the historical tenements are shown in Figure 5.

All associated public domain geophysical data including radiometrics, aeromagnetics, gravity, and DEM for the project area was acquired from the NTGS. All data has been subsequently reprocessed using various algorithms by Mapitt Geophysical Solutions into a series of MapInfo files. Reprocessing of the digital data has enhanced all of the radiometric and aeromagnetic signatures and has also outlined a number other subtle features. Total count airborne radiometric data is presented as Figure 4. Radiometric data (uranium) is presented in Figure 5 overlying reprocessed DEM data.

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.

Figure 4: EL25841 TC Airborne Image over DTM
Figure 5: EL25841 Regional Uranium Image showing Target Areas
In August 2008, Arnhem Exploration Services was commissioned to carry out a reconnaissance program on EL25841 (Dunmara project) on Amungee Mungee Station. Work carried out included scintillometer readings at 100m spacings and collecting rock samples along specified traverses.

A total number of 45 rock samples were collected (numbered from 40001R to 40045R) in which access was gained via the Carpentaria Highway and along station fencelines.

No track exists along the proposed Cooee Hill east traverse so a north-south line was completed instead - this line has laterite and floodplain. High readings were noted on low ridges where iron-rich sandstone was found.

Similar iron-rich sandstone was found along the Cooee Hill north and Arnold River west (road) traverses. Readings and samples were collected along the north side of the highway. In the case of the rock samples on these traverses, there was occasional blue or green staining. The rocks were not in situ but appeared to have been excavated as part of the road drainage works.

The Arnold River west and north east traverses were generally over laterite with some sandstone outcrop on a low ridge found on the Arnold River west traverse: this was similar material to that found on the Cooee Hill east and Carpentaria Highway traverses. Scintillometer readings in this area were patchy: there were occasional high readings (300cps) in a small area which generally gave readings of about 150cps.

All assays samples were dispatched to Ultra Trace with Au, Pt, Pd determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry. Other elements such as U, As, Th, Mo, Se, Sb, Sr, Pb, Ag were determined by Inductively Coupled Plasma (ICP) Mass Spectrometry and Cu, Mn, Ni, Co, Zn, Ba, P was determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry.

Rock chip assay results and sample ledgers are presented Figures 4 to 7. Based on the assay results, several low order gold-uranium anomalies have been delineated within central and north-eastern portion of EL25841.
Figure 6: Geochemical Results of Au (ppb) 2008 Work Program

EL 25841 DUNMARRA
Au ppb

GDA94 mgA53
Figure 7: Geochemical Results of U (ppm) 2008 Work Program

EL 25841 DUNMARRA

U ppm

GDA94 mga53
Figure 8: Geochemical Results of Th (ppm) 2008 Work Program
Figure 9: Geochemical Results of P (ppm) 2008 Work Program
8.0 EXPLORATION POTENTIAL

The project areas has been shown to contain a number of clusters of first and second order radiometric anomalies that have never been investigated (Figures 4 and 5). The radiometric anomalies are associated with the favourable lithologies which have the potential to hosted uranium deposits are found in the Northern Territory.

In terms of both regional and project scale structure the Project areas are ideally situated for sandstone and unconformity style uranium deposits. Based on the assay results, several order low gold-uranium anomalies have been delineated within central and north eastern portion of EL25841. Further work is still required as the geochemical samples have only tested the laterite and sandy loam soil areas.

9.0 PROPOSED EXPLORATION

KGC recommends that the exploration program in the second year of tenure 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 radiometric anomalies with the generation of geology maps.
- 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 program to determine the extent, width, and tenor of any U mineralisation exposed.
- Conduct a small RAB/RC/diamond drill program 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 EL25841 - EXPENDITURE STATEMENT

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11.0 EL25841 – PROPOSED EXPENDITURE

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12.0 REFERENCES


De Beers Australia Exploration, Annual and Surrender Mineral Exploration Reports EL2300 & 23020-23022. Open File Reports


