

Sandstone Uranium Pty Ltd

Exploration Licence 25872

**Annual Report 2008
(Final Report)**

Period ending 30th October 2008

Licencee: Sandstone Uranium Pty Ltd

Standard: 1: 250,000 SHEET SE 53-06 Beetaloo

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Attachments
Maps

Beetaloo location map.pdf

Drillsites relative to Beetaloo station.pdf

Drill logs

Target 1 drill log. xls

Target 2 drill log. xls

Target 3 drill log. xls

Target 4 drill log. xls

Gamma probe

Target 3 gamma probe.xls

ALS results

ALS- uranium ppm.xls

MI08098921.csv

Photos

Chip samples T1-T4.Jpeg

Dunmarra basin rock sample.Jpeg

Skolithos sp.Jpeg

TH75 Drill rig.Jpeg

Summary:

Sandstone Uranium Pty Ltd is exploring the Northern Territory for uranium mineralization over four tenements. This report summarises exploration activities undertaken in 2008 on EL 25872. The tenement is located on Beetaloo Station (Pastoral lease) about 50km NE of the township of Elliot, and about 300km north of Tennent Creek. The geological setting is the Dunmarra Basin, a Cretaceous sedimentary basin comprising interbedded shales and sandstones.

The prospective area was defined using aerial geophysics and palaeochannels were chosen as possible targets to host roll-front type uranium mineralization. A total of 402m was RAB drilled vertically from four locations, targets 1-4, work was completed from 15th July to 18th July 2008. Drilling was completed by Gorey and Cole Drilling Pty Ltd of Alice Springs.

Sampling 3-metre composites was undertaken with 0.5-1kg samples being collected in calicos for assay (ALS, Mt Isa) and 3mm sieved samples collected in chip trays for geological analysis. A total of 133 samples were obtained. Samples were analysed on site using a Geosensor Scintillometer, the highest reading was 6.8ppm.

Location and Access:

EL 25872 is located in the Northern Territory Barkley Tablelands on Beetaloo station pastoral lease. 50km northeast of Elliot and about 300km North of Tennent Creek access is achieved via the Stuart highway and then the Beetaloo station road.

(See Beetaloo location map.pdf)

Tenure and Landholder:

EL 25872 comprises 143 sub blocks and was acquired by Sandstone Uranium Pty Ltd on the 31st October 2007 for a period of 5 years.

The EL covers 469km², it is held by Sandstone Uranium Pty Ltd and tenement overlies the Beetaloo station pastoral lease owned by the Barkley Pastoral Co.

Regional geology

The geological setting is the Dunmarra Basin, a Cretaceous sedimentary basin comprising interbedded carbonate sandstones, siltstones and mudstones of a fluvial to shallow marine environment at least 100m in thickness which overlies Cambrian sandstones and limestones. Tertiary laterites and Quaternary alluvium deposits are extensive over the Dunmarra Basin.

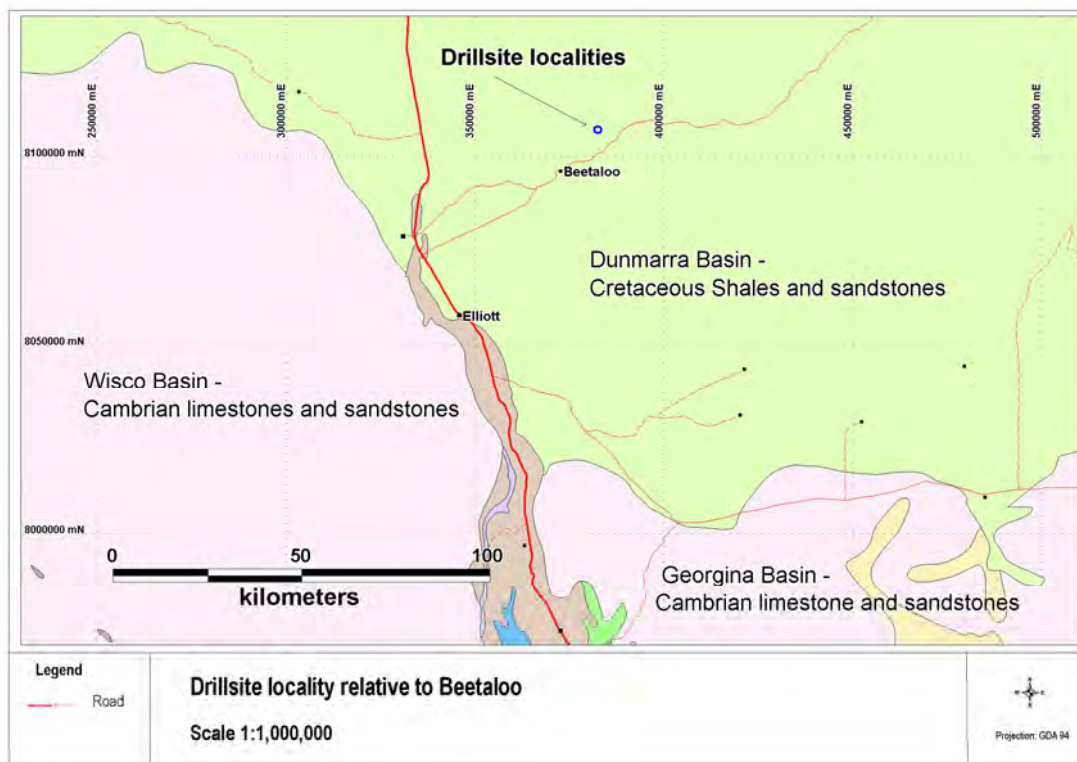


Figure 1: Drillsite localities and regional geology

Background to work program:

The Dunmarra Basin is a cretaceous sedimentary basin consisting of interbedded sandstones, carbonate sandstones, siltstones and mudstones of a fluvial to shallow marine environment. Last field season (2007) the prospective area was defined using data reporting anomalous radon levels in existing boreholes and aerial geophysics; palaeochannels were chosen as possible targets to host roll-front type uranium mineralization. A Sandstone Uranium geologist and field assistants visited the sites and pegged the drill target sites and a ground scintillometry survey was also undertaken over the area.

2008 ExplorationSurface

In 2008 existing tracks were re-established and a number of cleared pads were prepared for drilling. The four drill localities were on a flat, sandy flood plain (see TH75 drill rig.jpg) with ironstone pebbles present on the surface. Cobbles of carbonate sandstone were also present.

'Turkey nest' waterholes dredged for cattle provided the best exposure of fresh rock from a depth of up to 5 meters. The lithology observed was fine-medium grained carbonate sandstone which often displayed hematite and limonite alteration (see Dunmarra basin rock sample.jpg). Bedding was visible although not visible in any in-situ rock; often the bedding was cross cut by trace fossil burrows (*skolithos sp.*). Some small bivalve shells were also visible (see *skolithos sp.* Jpg). No anomalous uranium surface readings were attained using the Exploranium scintillometer (<100cps) or with the Geosensor scintillometer (max. 2.1ppm).

Drilling

From 15th July to 18th July 2008 RAB drilling was undertaken using a TH75 rig, operated by Gorey and Cole Drilling Pty Ltd. Four holes (T1 to T4) were drilled vertically, totaling 402m (3 x 100m holes and 1 x 102m hole).

Hole Number	GDA94 X	GDA94 Y
T1	0382454	8107338
T2	0382374	8107758
T3	0382565	8107866
T4	0382853	8107669

Table 1: Drill locations

Treatment

All RAB drill chips were sampled as 3-metre composites. Sieved chips were collected in a chip tray (see Chip samples T1-T4.jpeg) for geological analysis (see Target 1drill log.xls to Target 4 drill log.xls). A 0.5-1.0kg sample was speared/hand collected into a calico for assay. Sample piles were analysed using a Geosensor Scintillometer for initial uranium concentrations (see table 2).

Hole T3 was probed using a 27mm AusLog gamma probe (see Target 3 gamma probe.xls). Holes 1, 2 and 4 were not probed due to the unstable nature of the ground which could ultimately have caused loss of the tool. The 4.5inch thickness of the drillrods provided a significant shielding effect of the gamma radiation; a co-efficient will be needed to covert the reading into a realistic ppm result.

Hole Number	GDA94 X	GDA94 Y	Peak U ppm	Depth
T1	0382454	8107338	5.0	93-96m
T2	0382374	8107758	5.5	57-60m
T3	0382565	8107866	6.8	54-57m
T4	0382853	8107669	6.0	51-54m

Table 2: Peak uranium and depths as defined by Geosensor scinillometer

In total 133 samples were submitted to ALS Mt Isa for analysis using ME-MS41u method, providing a suite of 51 elements and a lower detection limit of 0.05ppm for uranium. See attached ALS report.

Results

ALS analysis showed no anomalous uranium results (see ALS – uranium ppm.xls). For full assay results see MI08098921.csv.

The highest uranium assay showed **6.12ppm**. Based on the assay results Sandstone Uranium Pty Ltd decided to surrender this tenement.

EL 25872 Expenditure 2008

Expense	Cost (\$) inc GST
Accounting and Administration	967.00
Assay	5,657.05
Drilling	48,943.00
Field equipment and supplies	6,370.10
Field hands and management	14,150.00
Geologists	3,150.00
Insurance	2,420.00
Permits and licences	3,223.00
Travel and accomodation	9,941.58
TOTAL	94,821.73

The expenditure covenant of \$93,500.00 was met for 2008.