Castile Resources Pty Ltd
(ABN 93 124 134 085)

EL26033
Tennant Creek Project
Annual Report

Reporting Period
13 February 2008 to 12 February 2009

March 2009

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Tenement Holders: Castile Resources Pty Ltd
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SUMMARY

This report covers exploration completed on EL26033 during the reporting period from 13 February 2008 to 12 February 2009.

The tenement is within the Warramunga Province of the Tennant Region, and is only 5 kms east of the town of Tennant Creek. It occupies an area of about 1 square kilometre, and forms part of Castile’s Tennant Creek Project.

EL26033 lies centrally within the highly productive Tennant Creek mineral field, and is underlain by rocks known to host mineralisation nearby at Peko, Nobles Nob and Argo.

Exploration for the year ending 12 February 2009 included data acquisition, interpretation and report writing. No field work was completed. Previous exploration has demonstrated only limited prospectivity for near-surface mineralisation, and has not offered any high-priority targets for deeper mineralisation.

Future work will assess the potential for deeper targets within the tenement area as the near surface assessment is considered low potential. Work will include modelling of the existing magnetic data and if warranted further gravity data will be considered for acquisition. A minimum budget of $10,000 is recommended subject to positive assessment of existing magnetic data.
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1. INTRODUCTION

EL26033 lies within the highly prospective Proterozoic Tennant Creek province, noted for its rich copper-gold deposits associated with the iron oxides magnetite and hematite. (IOCG deposits) The tenement was granted to Castile Resources Pty Ltd on 13 February 2008 to cover a small area of land on the Peko – Argo line, 4.5 kms west of the Peko mine, and 1 km east of the Argo mine.

Westgold Resources Limited, through its wholly-owned subsidiary Castile Resources Pty Ltd (Castile), has a large tenement holding in the region, mostly over the Rover field which lies under Palaeozoic cover to the west and southwest of Tennant Creek. The exploration target is IOCG deposits in the shales and greywackes of the Warramunga Province.

Exploration effort by Castile in the region for the 2008 year concentrated on the Rover field, where a deep drilling program was successful in confirming high-grade Cu-Au mineralisation beneath deep Palaeozoic cover. Work on EL26033 for the year included data compilation and interpretation.

2. LOCATION

EL26033 is located 5.5 kms ESE of the town of Tennant Creek, NT, immediately to the west of the golf course. Access to the tenement is via the Peko road.

The sealed Stuart Highway passes through Tennant Creek, and the Alice Springs to Darwin railway line is about 8 kms to the west of the tenement.

3. TENURE

EL26033 lies within the boundaries of one graticular block. Due to excisions caused by existing tenements, the granted area of EL26033 totals approximately 1 square kilometre. (Figure 1) It was granted on 13 February 2008.

The tenement title is held 100% by Castile Resources Pty Ltd, a wholly owned subsidiary of Westgold Resources Limited.

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Figure 1 – Tenement Location Plan
4. GEOLOGY

4.1 Regional Geology

The Tennant Creek Region contains three different geological provinces, the Warramunga Province, and the unconformably overlying Palaeo- to Mesoproterozoic Davenport Province to the south, and the Tomkinson Creek Province to the north. To the east and west the Palaeozoic Georgina and Wiso basins overlie Proterozoic rocks of the Tennant Creek Region. The Aileron Province of the Arunta Region occurs to the south of the area, the contact between it and the Tennant Creek Region being obscured by Palaeozoic basinal cover sequences.

The 1860-1850 Ma Warramunga Province is approximately centred on the township of Tennant Creek, and contains the Palaeoproterozoic Warramunga Formation. This is a weakly metamorphosed turbiditic succession of partly tuffaceous sandstones and siltstones which includes argillaceous banded ironstones locally referred to as 'haematite shale'.

Rocks of the Warramunga Formation show open to close folding about approximately east-west orientated, open, upright fold axes, and there is a well developed axial-planar slaty cleavage. This 1850-1845 Ma deformation, the Tennant Event (Barramundi Orogeny), is contemporaneous with predominantly felsic magmatism of the Tennant Creek Supersuite. Two overprinting cleavages and associated kink bands are also present, which are attributed to the superimposition of the ~1700 Ma Davenport Event deformation. Volcano-sedimentary rocks of the Warramunga Province are intruded by granite and porphyry of the Tennant Creek Supersuite, (~1850 Ma) the Treasure Suite (~1810 Ma) and the Devils Suite. (~1710 Ma) The Tennant Creek Supersuite includes the Tennant Creek, Cabbage Gum, Channingum, and Hill of Leeders granites, and the Mumbilla Granodiorite. In the Warramunga Province, the Treasure Suite includes felsic and mafic volcanic rocks, porphyry, granophyre, monzodiorite, diorite and dolerite, but granite is not represented in outcrop. The Devils Suite is represented by the Warrego Granite and Gosse River East Syenite. Lamprophyre is penecontemporaneous with the Devils Suite.

The Woodenjerrie beds outcrop in the south of the province and are correlated with the Warramunga Formation. However, the Woodenjerrie beds apparently lack the massive ironstone bodies that are associated with the Warramunga Formation.

The Junalki Formation is also approximately correlated with both the Warramunga Formation and Woodenjerrie beds, but includes a greater proportion of intercalated volcanic rocks than the latter unit. Volcanic rocks have not been recognised in the Warramunga Formation.

Volcano-sedimentary rocks of the Ooradidgee Group (~1850-1820 Ma) unconformably overlie the Warramunga Formation and its correlatives, extending to the south into the adjacent Davenport Province.

The Tomkinson Creek Province (1800-1400 Ma) unconformably overlies the Palaeoproterozoic Warramunga Province to the north. Three successions outcrop in the province, the Tomkinson Creek, Namerinni and Renner groups. These are all predominantly sedimentary successions and contain sandstone, siltstone and shale. The Tomkinson Creek Group also includes a mafic volcanic unit. The oldest succession in the province, the Tomkinson Creek Group, is mildly deformed but unmetamorphosed and is correlated with the Hatches Creek Group of the Davenport Province. The successively unconformable Namerinni and Renner groups are correlated with the McArthur and Roper groups respectively.
The Davenport Province (1800-1700Ma) unconformably overlies the Warramunga Province to the south. It contains the Hatches Creek Group, which is composed predominantly of sandstone, siltstone and shale, with felsic volcanic beds in the lower part of the sequence, and a mafic volcanic unit in the middle parts. The ~1710Ma felsic Devil's Suite intrudes the sequence. The ~1700Ma Davenport Event has produced widespread concentric and disharmonic folding in the Davenport Province succession.

Palaeozoic rocks of the Georgina and Wiso basins unconformably overlie the Proterozoic sequence of the Tennant Creek Region to the east and west respectively. These are largely covered by a thin veneer of unconsolidated Cainozoic cover.

The Warramunga Formation hosts major IOCG deposits of Au-Cu-Bi, temporally associated with the Tennant Suite granites, intruded into the Warramunga Province. Deposits of this type represent the most important mineral production, and remain the most important exploration target, for the region. Occurrences of W-Sn, U, Ni, Cu, Pb, Zn are known from the Davenport Province. The Tomkinson Creek Province hosts manganese deposits at Bootu Creek.

Figure 2: Regional Geological Setting, EL 26033, Tennant Creek, NT. (After Ahmad et al 2004)

4.2 Local Geology

EL26033 lies about 5 kms to the ESE of the town area of Tennant creek, adjacent to the golf course. It is underlain by the Warramunga Formation beneath thin alluvial cover. Mapping and drilling by previous workers show that the tenement lies on the north limb of an east-west trending syncline of greywackes and hematitic shales of the Warramunga Formation, with a concordant interbedded rhyolite porphyry. The tenement is 4 kms WNW of, and in the same stratigraphic sequence as the Peko IOCG deposit.
4.3 Exploration History

Small traces of gold were discovered in the creeks and gullies south of the telegraph station at Tennant Creek in 1879. In 1926 a miner named Charlie Windley worked a claim in weathered rock on what was to be the site of the Great Northern Mine, and made enough to justify his efforts. One of the telegraph operators, 'Woody' Woodforde, had enlisted local Aborigines in the search for gold and, in 1932, an Aboriginal man brought Woodforde a lump of ironstone containing visible specks of gold. This discovery led to the discovery of gold in ironstone deposits returning as much as 1.2 kg Au per tonne, and led to Australia's last great goldrush. By 1934 population numbers prompted the government to gazette a new township, to be called Tennant Creek.

The Eldorado Mine, which opened in 1932 and closed in 1958, produced nearly 175 000 grams of gold. It was also a significant producer of copper, and was the only mine in the field to continue production throughout World War II. The discovery of the copper deposits in the field proved very profitable, and dominantly copper-producing mines were established.

The Nobles Nob Mine was founded by Jack Noble, and became an open-cut operation in 1967 after the main shaft collapsed. Nobles Nob produced assays which regularly exceeded 100 oz (3.2 kg) of gold per metric ton. One particularly rich area within the ore body produced over 300 oz per ton. Nobles Nob produced over a million ounces (32 tons) of gold.

Historical production from the Tennant Creek field has been in excess of 5 million ounces of gold and 500,000 tonnes of copper.
The Tennant Creek 1:250,000 map sheet was geologically mapped in 1970-71 by the then BMR. (Dodson, 1978) The Tennant Creek 1:100,000 map sheet was mapped by NTGS in 1995, and reported as the combined Flynn-Tennant explanatory notes.

In 2008 Kevron completed an airborne magnetic and spectrometer survey of the Tennant Creek 1:250,000 map sheet. Lines were flown at 180° at a spacing of 200m.

The Tennant Inlier gravity survey, which covered the area approximately bounded by 324,000 -500,000E and 7,733,000 - 7,897,000N was completed in 2001. Station spacing was approximately 4 kms. The region is also included in the wide-spaced Australia-wide gravity dataset.

The area of EL26033 has undergone several programs of exploration since 1970, but the majority of this has been of a surficial nature.

1973/76 Nobelex NL in joint venture with ADL explored EL96, which covered a large proportion of the townsite. They completed ground-checking of airborne magnetic anomalies, gridding, ground magnetics, mapping and sampling, and geochemical and diamond drilling on specific targets. None of this work was within EL26033. In 1975 they flew aeromagnetics at 200m line spacing over the tenement. A small low-order magnetic anomaly was noted on EL26033. Nobelex relinquished most of the ground in 1976.

1981-86 Peko Exploration Ltd explored EL2535. Using aeromagnetics flown in conjunction with the 1975 Nobelex survey, they completed an interpretation, and followed up specific targets with ground magnetics and gravity, percussion and diamond drilling. They also flew a multi-spectral scan over the Juno area. Most of Peko’s effort was concentrated on the Juno area, and no specific work was done on the area of EL26033.

1988-93 Asarco Australia Ltd pegged EL5304, which largely covered the ground previously held under EL2535. Their early work concentrated on the International, about 2 kms WNW of EL26033. In later work they covered the area of EL26033 with 200x50m lag sampling. This was followed up with ground magnetics, vacuum drilling for bedrock geochemistry, and limited RAB drilling. Approximately 175 vacuum geochemical samples and 12 inclined RAB holes were completed in the area of EL26033. One RAB hole intersected 4m @ 236 ppm Cu in disseminated ironstone, but was not considered worth follow-up work. The tenement was reviewed and relinquished in 1993.

1995-96 Posgold/ Normandy held EL7924 in the golf course area. They completed data reviews and minor vacuum drilling. (none on the EL26033 area) The licence expired in 1996.

2002 Giants Reef acquired ML’s C1 and C2, which abut EL26033, from NTC. These had been held by Peko for 19 years as access and infrastructure corridors. Giants Reef reviewed the data and concluded that the tenements were not worth keeping.

5. WORK COMPLETED DURING THE REPORTING PERIOD

No field work was carried out in EL26033 during the reporting period. Exploration activities were restricted to data compilation and interpretation and included:

- The acquisition of open file, geological, and geophysical data pertinent to the tenement through NTGS.
- Study of the previous exploration plays mounted in the general area of EL26033.
- Interpretation of the geology and prospectivity of the tenement.
- Report writing.
6. RESULTS

Surface geochemistry, aeromagnetic interpretation and limited RAB drilling has been completed on the area covered by EL26033. Only minor anomalism was noted from this work, and none was considered to require follow-up exploration.

The work is considered to be sufficient to have tested for near-surface mineralisation, and no readily-apparent deeper targets are evident from the magnetic surveys.

7. ENVIRONMENTAL / REHABILITATION REPORT

No environmental rehabilitation has occurred during the reporting period as no exploration work of a ground-disturbing nature was carried out.

8. CONCLUSION AND RECOMMENDATIONS

EL26033 lies in one of the most prospective regions for IOCG deposits in Australia. Work by previous companies has demonstrated that the chances of locating economic mineralisation near surface are minimal. One low-order magnetic anomaly occurs within the area of the tenement, and further interpretation should be done to ascertain its worth as a deeper target.

The estimated cost of the programme is estimated shown below.

- Personnel – Salaries & Wages 1,800
- Geophysical (magnetic data) processing and interpretation for deep target assessment 3,500
- Gravity survey 1,800
- Target assessment 1,200

Sub-Total 8,300

Administration/Overheads 700

Total proposed programme (minimum) $9,000

9. REFERENCES


# Appendix 1

## BIBLIOGRAPHIC DATA SHEET

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