EL24021 Bynoe South
Final Relinquishment Report for the Period 20th September 2008 to 26th May 2009

Volume 1 of 1

Tenure Holder and Operator: Uranex N.L.

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SUMMARY
Exploration Licence 24021 “Bynoe East” is located approximately 60km south of Darwin in the Northern Territory. The licence was initially granted to Anglo American Exploration (Australia) Pty Ltd and then transferred to Continental Nickel NL (Continental; a fully owned subsidiary of Goldstream Mining NL) on 7th September 2004 and then transferred to Uranex NL on 15th February 2006.

Uranex NL reduced EL 24021 from twelve (12) sub-blocks to six (6) sub-blocks (14 km2) on 19th September 2007 as per the licence conditions and a surrender report was submitted for this.

Exploration by Uranex NL consisted of an airborne geophysical survey later followed up by a helicopter assisted ground check of anomalies and most recently an Airborne Electromagnetic survey (AEM).

A detailed aeromagnetic and radiometric survey at a 200 metre line spacing which was flown in late 2006. Processing and interpretation of the magnetic and radiometric data was undertaken by Southern Geoscience Consultants.

Anomalous radiometric targets were identified from the uranium and uranium / thorium images. These were examined by a helicopter assisted ground check in September 2008. No surface mineralisation was located.

An AEM survey was completed in April 2009 after lengthy delays. It was completed by Fugro Geophysical services and flown in conjunction with Geoscience Australia as part of its Woolner Survey. The line were flown east west with a spacing of 1.66 kilometres for a total of 37 line kilometres.

No anomalous surface uranium was located from the helicopter assisted ground follow up of the airborne survey.

No suitable conductors were located at depth by the AEM survey.

The Burrell Creek Formation is considered not a suitable uranium host and there is no evidence of any nearby unconformable Mesoproterozoic platform cover rocks to generate suitable East Alligator Rivers or Rum Jungle style targets and the tenement was surrendered on 26th May 2009.

Expenditure for the final year to 26th May 2009 totalled $2,939.00.
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1. INTRODUCTION

EL 24021 ‘Bynoe East’ is located on the southeast side of Bynoe Harbour, approximately 60km south of Darwin in the Northern Territory on the Darwin (SD 52-04) 1:250,000 map sheet.

The Stuart Highway provides access to the region and then dirt tracks continue west to the project area (Figure 1).

EL24021 forms part of the Bynoe Project that Uranex NL is undertaking exploration on. Exploration is aimed at East alligator River Field (EEARUF) and/or Rum Jungle Uranium Field (RJUF) style uranium deposits. This is based on the recognition by earlier explorers that the Lower Proterozoic stratigraphy has similarities and may equate with stratigraphy in the EEARUF or the RJUF. Targets based on this model have been drilled to a limited extent by Idemitsu Uranium Australia Exploration Ltd and Urangesellschaft Australia Pty Ltd.

Figure 1: Location

2. TENURE

Between 1979 and 1980 Nord Resources (Pacific) held the area. From 1988 till 1995 the ground was held by Corporate Developments Pty Ltd.

Exploration Licence 24021 (Bynoe East) was granted to Anglo America Exploration (Australia) Pty Ltd. The Licence was granted on 20th September 2004, and was transferred to Continental Nickel NL on 7th September 2004.
On the 1st December 2005, Continental Nickel NL sold its interest in the Bynoe project licenses to Uranex NL. EL 24021 was included in the transfer from Continental Nickel NL to Uranex NL on 15th February 2006.

Combined reporting status was granted for the tenements in the Bynoe project on 10th August 2005 with EL 24021 being a part of these reports. Prior to this date, individual annual reports had been submitted for each of the exploration Licences in the group.

In order to meet with statutory requirements, Uranex NL applied to reduce the licence from twelve (12) to six (6) sub-blocks on 19th September 2007.

Following the delayed results of a GA combined Airborne Electromagnetic (AEM) survey completed in April 2009, it was decided the EARUF targets were not likely to exist and the tenement was surrendered in total.

3. REGIONAL GEOLOGY

Most of the Bynoe Project is located within the Litchfield Province on the western side of the Pine Creek Geosyncline, west of Darwin. The Province extends for several hundred kilometres in a north-south orientation with a width exceeding 60 kilometres. Geological elements within the Province include Lower Proterozoic gneisses (Well Tree Metamorphics), syn-orogenic lower Proterozoic granitoids and post-orogenic Carpentarian granitoids as shown in Figure 2. The Welltree Metamorphics is the dominant unit within the project area and is predominately comprised of quartz-feldspathic schist and gneiss with the basal Sweets Member represented by marble, calc-silicate rock, para-amphibolite and quartzo-feldspathic gneiss. It may equate with the important Cahill Formation of the EARUF which hosts the mineralisation there.

However about 50 % of the lithologies in EL 24021 belong to the younger Palaeo-Proterozoic Burrell Creek Formation comprised of greywacke, shale, siltstone and sandstone. About 25% is granite and only about 25 % the Welltree Metamorphics. These are overlain by variable thicknesses of laterite which are generally exposed in creeks and at change of slope positions. Numerous pegmatites intrude the Burrell Creek Formation and commonly contain tantalite and tin mineralisation.

The north east striking regional Tom Turner Fault which transgresses the project area has down-faulted blocks of the Mesoproterozoic Depot Creek Sandstone preserved in it. This suggests the Mesoproterozoic unconformity may be close to the present day land surface.

The basic uranium exploration model used by Idemitsu Uranium Australia Exploration Ltd and Urangesellschaft Australia Pty Ltd. is being applied by Uranex. It assumes that the basal Sweets Member of the Welltree Metamorphics is equivalent to the Cahill Formation of the East Alligator, and overlies Archean / Proterozoic gneissic and granitic basement.

This stratigraphic correlation does not directly apply to the younger Burrell Creek lithologies contained in EL 24021.
Figure 2: Regional Geology Interpretation

Figure 3: EL 24021 Geology
4. PREVIOUS EXPLORATION

From the late 1960’s through to the early 1970’s, tantalite and tin has been the main exploration focus of previous explorers in the license area.

Between 1979 and 1980, Nord Resources (Pacific) explored the area for tin and uranium as part of their Mount Peel project. Field activities conducted included geochemical rock chip and soil sampling, ground magnetic surveys; and aerial magnetic and radiometric surveys. No anomalies were identified.

Between 1988 and 1995 the area was explored by Corporate Developments Pty Ltd as the Finniss Range Project for Sn, Ta, and Nb mineralisation. Initial exploration focussed on mineralisation hosted by both the primary pegmatites as well as derived secondary alluvial deposits. A major economic resource of Ta, Nb and Sn was discovered within the project area, with significant potential for other elements such as Au, Li and Ti. Mining licences were applied for over the areas of interest while the rest of the area (including EL 24021) was relinquished.

Exploration activities carried out by Continental Nickel NL between 2004 and 2005 comprised of compilation and validation of historical data to generate new targets. With the targeting focused on magmatic intrusive related nickel-copper-platinum group mineralization of the Voisey’s Bay (Canada), Noril’sk (Russia) and Jinchuan (China) style.

For exploration Licence 24021, work conducted by Continental involved literature and data reviews. Previous work was compiled and assessed in order to generate exploration targets.

5. EXPLORATION ACTIVITIES BY URANEX NL

Exploration by Uranex NL consisted of an airborne geophysical survey later followed up by a helicopter assisted ground check of anomalies and most recently an Airborne Electromagnetic survey (AEM).

5.1 AIRBORNE DETAILED RADIOMETRIC AND MAGNETIC SURVEY

UTS Geophysics was contracted to complete a detailed aeromagnetic and radiometric survey at a 200 metre line spacing which was flown in late 2006. Processing and interpretation of the magnetic and radiometric data was undertaken by Southern Geoscience Consultants.

The survey was flown using the MGA94 coordinate system (a Universal Transverse Mercator projection) derived from the Geocentric Datum of Australia 1994.

The results are summarised below in Figures 4 to 7.
Figure 4: EL 24021 Total Magnetic Intensity- showing Uranium Spot Check Locations

Figure 5: EL 24021 Uranium- showing Uranium Spot Check Locations
5.2 HELICOPTER ASSISTED GROUND CHECK

Anomalous radiometric targets were identified from the uranium and uranium / thorium images. These were examined by a helicopter assisted ground check in September 2008.
All anomalies in EL 24021 (and EL 24020) were located by GPS and checked, by scintillometer foot traverses across the anomalies. Geological observations were made and samples taken on obvious anomalies.

Anomalies 5 to 9 are within EL 24021.

5.2.1 Field Observations

The table below summarises the observations made at each ground check.

Anomalies BE 5 to 9 within EL 24021 were all found in grey – black soils with no outcrop. Anomalies were generally around 1.5 times background. These are black soil Radium anomalies and are not significant. They are common in the “top end”. The usual question can be asked as to why some are anomalous and some aren’t.

<table>
<thead>
<tr>
<th>ANOMALY NUMBER</th>
<th>SAMPLE NUMBER</th>
<th>ROCK TYPE</th>
<th>STRATIG-</th>
<th>BACK-</th>
<th>COUNTS</th>
<th>Rb</th>
<th>Sr</th>
<th>Th</th>
<th>U</th>
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<tr>
<td></td>
<td></td>
<td></td>
<td>RAPHY</td>
<td>GROUND</td>
<td>Detect</td>
<td>Ppm</td>
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<td></td>
<td></td>
<td></td>
<td>XRFa</td>
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<td>BE1</td>
<td>BE1</td>
<td>Silty quartzite – dirty</td>
<td>Burrell Creek</td>
<td>50</td>
<td>100</td>
<td>69</td>
<td>14</td>
<td>18</td>
<td>X</td>
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<tr>
<td>BE2</td>
<td>BE2</td>
<td>Similar</td>
<td>Burrell Creek</td>
<td>50</td>
<td>120</td>
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<td>14</td>
<td>X</td>
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<tr>
<td>BE3</td>
<td>BE3</td>
<td>Fe silty quartzite</td>
<td>Burrell Creek</td>
<td>50</td>
<td>90</td>
<td>80</td>
<td>13</td>
<td>23</td>
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<tr>
<td>BE4</td>
<td></td>
<td>Fe silty quartzite</td>
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<td>BE5</td>
<td></td>
<td>Grey - black soils</td>
<td>Soil</td>
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<td></td>
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<tr>
<td>BE6</td>
<td></td>
<td>Grey - black soils</td>
<td>Soil</td>
<td>50</td>
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<td>BE7</td>
<td></td>
<td>Grey - black soils</td>
<td>Soil</td>
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<td>50</td>
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<td></td>
<td>Grey - black soils</td>
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<td>BE9</td>
<td></td>
<td>Grey - black soils</td>
<td>Soil</td>
<td>50</td>
<td>75</td>
<td></td>
<td></td>
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<td>BE10</td>
<td></td>
<td>Siliceous, micaceous</td>
<td>Burrell Creek</td>
<td>50</td>
<td>100</td>
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</table>

As the anomalies were caused by daughter product Ra in the grey – black soils, no samples were taken.
The anomalies except for number 7 are over the Burrell Creek Formation. Although unconformably overlain by the Meso-Proterozoic Depot Creek Sandstone is currently considered stratigraphically too young to be a prime host sequence. Anomaly 7 may be over the older Well Tree Metamorphics; the Sweets member of which has been equated with the Cahill Formation of the EARUF.

5.3 AIRBORNE ELECTROMAGNETIC SURVEY (AEM)

An AEM survey was completed in April 2009 after lengthy delays. It was completed by Fugro Geophysical services and flown in conjunction with Geoscience Australia as part of its Woolner Survey. The line were flown east west with a spacing of 1.66 kilometres for a total of 37 line kilometres. The preliminary results were received and processed by Encom in May 2008.

Selected conductivity layers are presented below to show the near surface conductors (15 to 20 metres) and those at depth (60 to 100 metres)
Figure 8: AEM Results 15 to 20 metre Depth Slice Uranium Spot Check Locations

Figure 9: AEM Results 60 to 100 metre Depth Slice Uranium Spot Check Locations

There are some strong shallow conductors but there is very little activity at depth. The shallow conductors are probably due to near surface salty water.
6. EXPENDITURE

Expenditure for the period of last reporting at 19th September 2008 to the surrender date of 26th May 2009 is given below.

**TABLE 2: EL24021**

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<th>Item</th>
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<td>Salaries</td>
<td>$404</td>
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<td>Management Fee</td>
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<tr>
<td>Data Entry</td>
<td>$138</td>
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<tr>
<td>Travel and Accommodation</td>
<td>$927</td>
</tr>
<tr>
<td>Administrative Overheads (15%)</td>
<td>$383</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2,939</strong></td>
</tr>
</tbody>
</table>

7. CONCLUSIONS AND RECOMMENDATIONS

No anomalous surface uranium was located from the helicopter assisted ground follow up of the airborne survey.

No suitable deep conductors were located by the AEM survey.

The Burrell Creek Formation is considered not a suitable uranium host and there is no evidence of any nearby unconformable Mesoproterozoic platform cover rocks to generate suitable East Alligator Rivers or Rum Jungle style targets and the tenement was surrendered on 26th May 2009.

8. REFERENCES


EL24021 Bynoe 5