

**DUNMARRA COOEE HILL PROJECT
NORTHERN TERRITORY**

EXPLORATION LICENCE 25841

FINAL REPORT

For the period 21/9/2007 to 13/5/2011

Titleholders: South Australia Ludi Mining Pty Ltd
United Mining Resources Pty Ltd
Operator: South Australia Ludi Mining Pty Ltd
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Date: 15 August 2011

1:250,000 map sheet: TANUMBIRINI - SE53-2
1:100,000 map sheet: ARNOLD RIVER

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APPENDIX 1 Expenditure Report for the period 21/9/2010 to 13/5/2011

APPENDIX 2 Final Expenditure Report for the period 21/9/2007 to 13/5/201

SUMMARY

Exploration Licence 25841 (Dunmarra-Cooee Hill Project) lies within the Dunmarra sedimentary basin, and is located approximately 85 km east of Daly Waters. The tenement was considered to have potential for unconformity style and shale / siltstone / sandstone hosted uranium deposits.

Exploration commenced in 2007 when an assessment of the Cooee Hill uranium project for unconformity-related and vein hosted uranium deposits was carried out by Zephyr Consulting Group. The assignment included a compilation of geological, geophysical, topographical and historical open file data over the tenement area in order to provide initial recommendations for ongoing exploration.

In August 2008, Arnhem Exploration Services completed a program of scintillometer readings at 100m spacings and rock sampling along specified traverses. 45 rock samples were collected.

Processing of airborne radiometric images in the 2007-2008 reporting period defined a broad, diffuse north – south trending uranium anomaly over the southern 2/3 of the tenement and a number of small, sharp sub-rounded anomalies to the north.

In 2009 United Mining Resources Pty Ltd engaged the services of Fortis United Pty Ltd and sub-contractor Geoarc Pty Ltd from Perth to assess the anomalies using on-ground regolith mapping, spectrometer surveys and geochemical sampling.

Three main regolith domains were encountered: lateritic pisolites and lesser quartz-hematite rich rubble in soil; clayey / sandy / loamy soil in subtle drainage areas; and gentle undulating hills with sandstone scree / rubble / subcrop.

A total of 80 U, Th and K readings were taken with the spectrometer; the majority on a 3000m N-S by 400m E-W grid along 2 traverse lines over the southern area. The survey was effective in defining higher values over the airborne anomaly, but no significant uranium values were returned.

One traverse line of soil sampling (36 samples) was completed on a 200m E-W spacing. No anomalous uranium or base metal values were returned. The same soil samples were analysed by ionic leach but no anomalous uranium, precious or base metal results were returned, despite the analysis technique being effective.

One rock chip was taken from ferruginous quartz-rich subcrop for geochemical analysis; returning 28% iron. However, the extremely high quartz content makes it unattractive for iron ore mineralisation potential. Niton XRF analysis of the rock chip suggested possible anomalous gold and palladium.

UTS Geophysics was contracted to fly a low level airborne geophysical survey, to acquire magnetic and radiometric data. The survey commenced on 4 December 2009 and was completed on 9 December 2009. A total of 5, line km were flown.

Geophysical interpretation delineated two drill targets, Z4001 and Z1001 in the central part of the tenement. Prior to commencement of the drilling a heritage clearance of access routes and drill sites was carried out by the Aboriginal Areas Protection Authority.

Two Diamond Drill Holes (ZK4001 and ZK1001) were completed in August 2010, each to a depth of 285 m. Twenty-four samples of drill core were sent to AMDEL Laboratories in Adelaide for analysis.

1 INTRODUCTION

EL25841 (Dunmarra-Cooee Hill Project) was granted to United Mining Resources Limited (**UMRL**) on 21 September 2007. Under the terms of a Joint Venture agreement between UMRL and South Australia Ludi Mining Pty Ltd (**SALM**), SALM became the Operator of the licence. In 2010 UMRL transferred 70% interest in the title to SALM.

The tenement covers an area of approximately 461 km² and lies within the Dunmarra sedimentary basin; one of the more recent intra-cratonic basins to form in the Northern Territory (Jurassic Period), with sedimentary input from multiple highland regions.

The licence area was considered to have potential for unconformity style and shale/siltstone/sandstone hosted uranium deposits formed from re-mobilisation of uranium from older sources such as the Pine Creek Block (NW), McArthur Basin (North), Murphy Inlier (SE), Daly Basin (West) and Tennant Creek Block (South).

The tenement is located approximately 300 km south east of the township of Katherine and ~85 km east of Daly Waters.

2 LOCATION, ACCESS AND PHYSIOGRAPHY

Access is gained from Darwin via the Stuart Highway to Daly Waters and then ~85 km east along the Carpentaria Highway. Access within the tenement area is limited to station tracks extending from Cooee Hill (Figures 1 and 2).

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 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.

The majority of the tenement is covered by thick to extremely dense acacia trees and thick bush / grass undergrowth; through which neither 4WD nor quad bike can penetrate. Small to large pockets of sparse to moderate eucalypt occur, with termite mounds and spinifex.

3 NATIVE TITLE AND ABORIGINAL HERITAGE

The tenement lies within the Daly Waters Native Title Claim NTD6071/01, with claimants represented by the Northern Land Council. Prior to the commencement of drilling, the Aboriginal Areas Protection Authority undertook a heritage clearance survey in July 2010 and issued an Authority Certificate C2010/200.

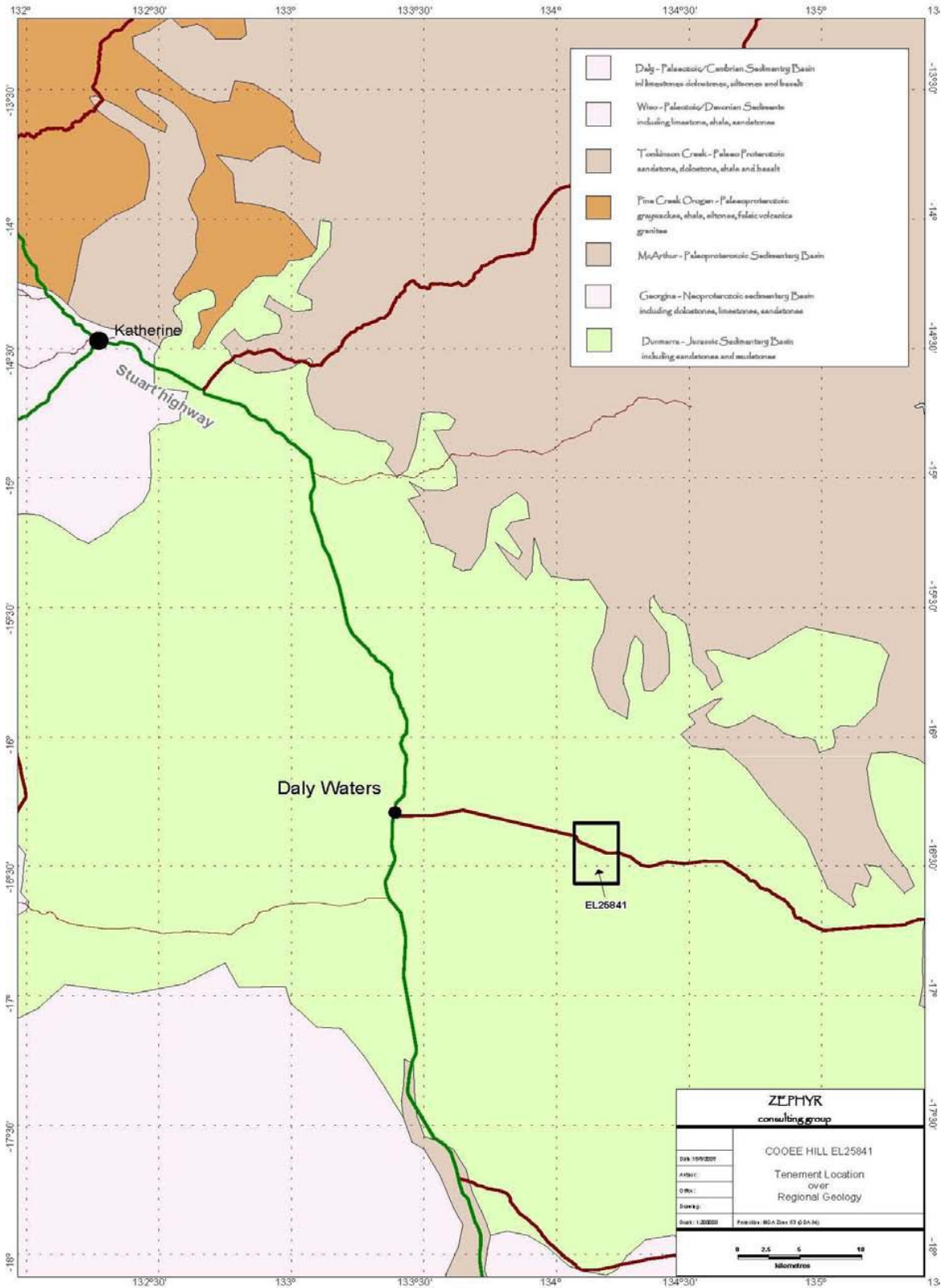


Figure 1 Tenement location and regional geology

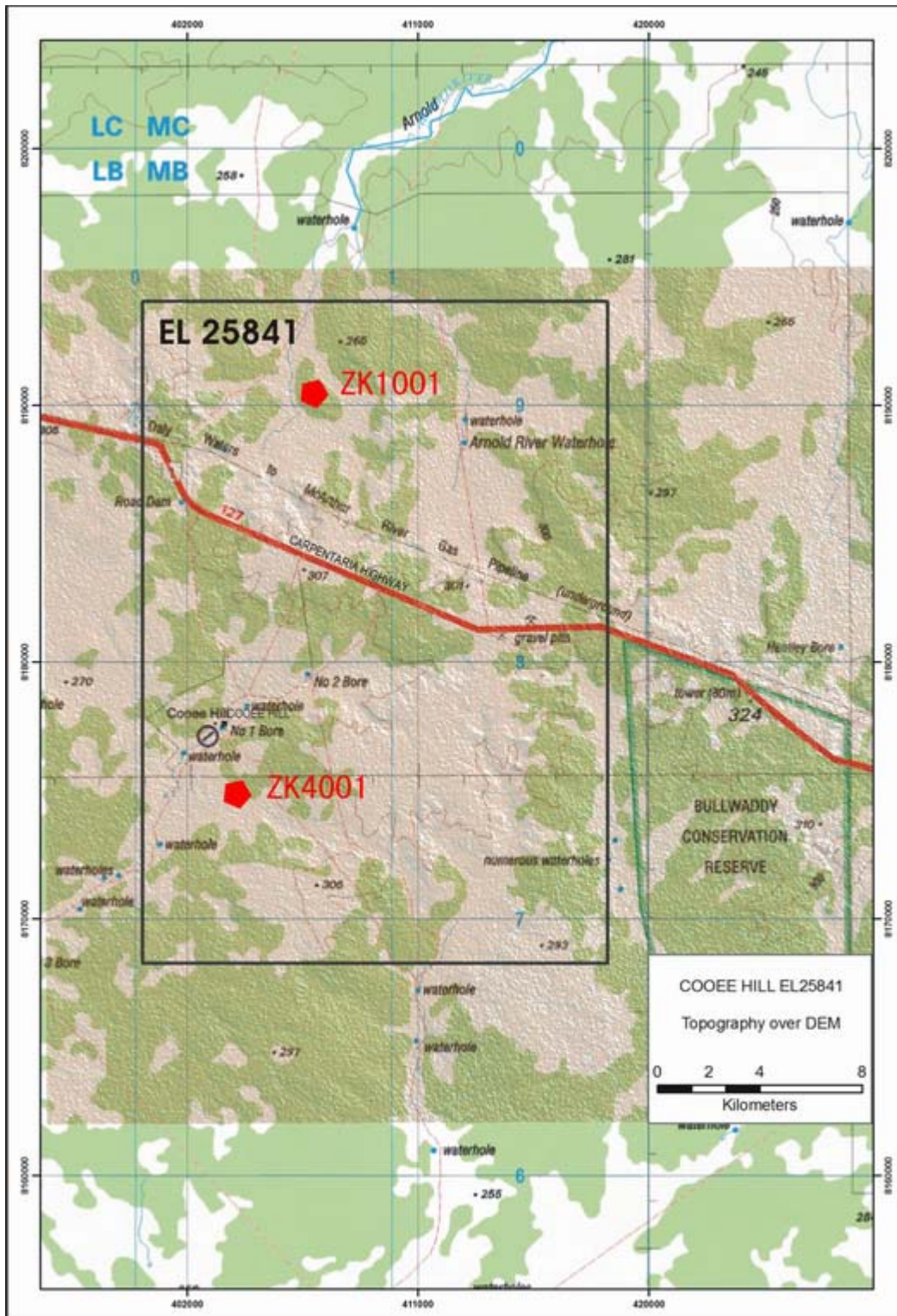


Figure 2. EL 25841 Location and topography with drill hole locations

4. LOCAL GEOLOGY

The Lower Cretaceous Mullaman Beds, comprising lateritised claystone, soft grey claystone, impure sandstone, white grey sandstones, and conglomerates extend over the majority of the licence area.

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 10 m. 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 350 km to the north west of the tenement whilst the Calvert Hills uranium occurrences are located 490 km ESE of the project. The Dunmarra Basin contains many minor copper occurrences, although these are largely on the margins to the Dunmarra Basin and also within the McArthur Basin 120 km to the east of the tenement area.

5 PREVIOUS EXPLORATION

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 was 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 within the area covered by EL25841 has been carried out since 1970, mainly for diamonds and base metals, by 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. There were no significant results.

Three radiometric surveys were carried out: an airborne gamma radiation survey; a surface gamma radiation survey; and a Geiger-Probe borehole gamma radiation survey. Counts of up to 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 collected for all drill hole samples from the areas outlined within the airborne radiometric anomaly recorded no readings above background.

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

EL8451 partly covers the northern half of EL25841. 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.

6 EXPLORATION DURING CURRENT TENURE

6.1 2007-2008

In 2007 an assessment of the Cooee Hill uranium project for unconformity-related and vein hosted uranium deposits was carried out by Zephyr Consulting Group. The assignment included a compilation of geological, geophysical, topographical and historical open file data over the tenement area in order to provide initial recommendations for ongoing exploration.

In August 2008, Arnhem Exploration Services was commissioned to carry out a reconnaissance program on EL25841 (Dunmarra project) on Amungee Mungee Station. Work carried out included scintillometer readings at 100m spacings and collection of rock samples along specified traverses. A total number of 45 rock samples were collected (numbered from 40001R to 40045R)

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. 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, with occasional high readings (300cps) in a small area that 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 were determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry.

All results were reported in the 2008 Annual Report.

6.2 2008 2009

Processing of airborne radiometric images in the 2007-2008 reporting period defined a broad, diffuse north – south trending uranium anomaly over the southern 2/3 of the tenement and a number of small, sharp sub-rounded anomalies to the north.

United Mining Resources Pty Ltd engaged the services of Fortis United Pty Ltd and sub-contractor Geoarc Pty Ltd from Perth to assess the anomalies by on-ground regolith mapping, spectrometer surveys and geochemical sampling.

Three main regolith domains were encountered: lateritic pisolites and lesser quartz-hematite rich rubble in soil; clayey / sandy / loamy soil in subtle drainage areas; and gentle undulating hills with sandstone scree / rubble / subcrop.

A total of 80 U, Th and K readings were taken with the spectrometer; the majority on a 3000m N-S by 400m E-W grid along 2 traverse lines over the southern area. The survey was effective in defining higher values over the airborne anomaly, but no significant uranium values were returned.

One traverse line of soil sampling (36 samples) was completed on a 200m E-W spacing. Samples were analysed by four acid digest to determine if mineralisation occurs near surface. No anomalous uranium or base metal values were returned. The same soil samples were analysed by ionic leach but no anomalous uranium, precious or base metal results were returned, despite the analysis technique being effective.

One rock chip was taken from ferruginous quartz-rich subcrop for geochemical analysis; returning 28% iron. However, the extremely high quartz content makes it unattractive for iron ore mineralisation potential. Thin section analysis showed the specimen is sandstone and not a re-worked product, giving confidence that similar scree / rubble found elsewhere in isolated patches is not re-worked. Niton XRF analysis of the rock chip suggested possible anomalous gold and palladium.

Conclusions from interpretation of geochemical results, regolith mapping and field observations suggested the broad, diffuse radiometric anomaly located over the southern 2/3 of the tenement is caused by a transported regolith profile and not by an in-situ uranium source located beneath.

The sharp oval - shaped airborne radiometric anomaly located in the northern region of the tenement was not supported by on-ground spectrometer measurements. No further work was recommended.

6.3 2009-2010

6.3.1 Airborne Geophysical Survey

UTS Geophysics was contracted to fly a low level airborne geophysical survey, to acquire magnetic and radiometric data. The survey commenced on 4 December 2009 and was completed on 9 December 2009. A total of 5,194 line km were flown. The logistics are reported in Appendix 2 of the 2010 Annual Report and all digital data is provided on the DVD.

Geophysical interpretation was undertaken by Barry Ho. Processing of the airborne magnetic and radiometric images defined a magnetic and uranium anomaly over the tenement and also outlined a number of other subtle features.

6.3.2 Drilling

Two vertical diamond drill holes ZK4001 and ZK1001 were completed, each to a depth of 285 m, by Grid Drilling Pty Ltd. The drilling commenced on 6 August 2010 and was completed on 28 August 2010. All results were reported in the 2010 Annual Report.

Water for the drilling was obtained from adjacent water bores which had been installed specifically for that purpose. The water bores will be used for watering stock following completion of the drilling.

Table1. Drill hole locations

HOLE ID	Easting	Northing
ZK4001	0403629	8174095
ZK1001	0407119	8189806

Lithology and stratigraphy down to the Palaeozoic volcanic basement were as expected (laterites – Mesozoic Mullaman mudstone/sandstone - basalt), except for an interval of 20 to 30 metres of very dark reduced mudstone within the Mullaman beds. Minor radiometric anomalies were observed for this conspicuous dark mudstone and also where Mullaman siltstone consisted of alternating redox laminae. Radioactivity also increased when basement was reached. Pyrite occurs frequently both in the Mullaman beds and in the basement, but no commercially valuable mineralisation was visible.

6.3.3 Sampling

24 split core samples were sent to AMDEL Laboratories in Adelaide for analysis.

6.3.4 Radiometric logging

Manual logging of radio activity with auto-stabilizing scintillometer/spectrometer RS-125 from Radiation Solutions Inc was done for ZK4001 only.

6.4 2010-2011

No field work was undertaken during the final year of tenure from 21 September 2010 to the surrender date of 13 May 2011.

Core from DDH ZK4001 was submitted to the Core Facility in Darwin on 8 August 2011.

7 EXPENDITURE

Total expenditure for the period 21 September 2007 to 13 May 2011 was \$475,906.

The final expenditure report is attached.

8 CONCLUSION

Following an assessment of all geophysical data and drilling and assay results, the tenement was surrendered on 13 May 2011.

APPENDIX 1

Expenditure Report for the period 21/9/2010 to 13/5/2011

APPENDIX 2

Final Expenditure Report for the period 21/9/2007 to 13/5/2011