United Uranium Limited

Fifth Annual and Final Report

on Exploration Activities

McArthur River Project – EL 25839

Title Holder: United Uranium Limited
Tenements: Exploration Licence 25839
Project Name: McArthur River Project
Mineral Field: McArthur Mineral Field
Location: Urapunga SD5310 1:250 000
Datum / Zone GDA 94 / Zone 52
Commodities: Uranium and Base Metals
Date of report: 24 October 2012
Author: I. Prentice

Contact Details: Ian Prentice – Consultant Geologist
PO Box 1424
West Perth, WA, 6872
Ph – (08) 9200 4474
Fax – (08) 9200 4475
Email (technical) – ian.prentice@zephyrgroup.com.au
Email (expenditure) – glazarou@citadelcapital.com.au

Distribution:
1 Northern Territory Department of Minerals & Energy
2 United Uranium Limited
ABSTRACT

Location: The McArthur River Project is located approximately 200 kilometres east north east of Katherine in the Northern Territory.

Geology: The project is located in the central portion of the McArthur Basin, which consists of platform cover sediments bounded by and unconformably overlying the Pine Creek, Arnhem and Murphy Inliers. The south eastern half of the tenement is dominated by the Roper Group and Collara Subgroups comprising largely thick interbedded fine grained glauconitic sandstones. Quaternary and recent alluvial sediments dominate the north western half of the tenement area.

Work done: Exploration activities completed since grant of the tenement have included data compilation, reinterpretation of regional geophysical data, soil and rock chip sampling, XRF and scintillometer surveys, flying of an airborne electromagnetic (VTEM) survey (in conjunction with Geoscience Australia), a combination ground EM and Gradient Array IP / Dipole – Dipole IP survey and first pass RC drilling of the T1 target.

Results: The completed exploration has downgraded the prospectivity of the tenement with the surface geochemistry providing no evidence to support the presence of significant near surface mineralisation associated with the radiometric anomalies and the drilling completed at the T1 target intersecting extensive zones of disseminated sulphide mineralisation, predominantly pyrite, but no evidence of significant base metal mineralisation.

Conclusion: Exploration conducted by United Uranium on the McArthur River Project has not identified any near surface mineralisation associated with the defined radiometric anomalies or any deeper mineralisation associated with the T1 target (a coincident EM conductor and magnetic anomaly). The drilling completed at T1 has downgraded the prospectivity of the other coincident EM conductor and magnetic anomalies identified by the VTEM survey.

No further exploration activity is recommended and the tenement has been surrendered.
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APPENDIX 1: DATA DISC
1 SUMMARY

This fifth annual and final report covers exploration work completed by United Uranium on the McArthur River Project since grant on 21\textsuperscript{st} September 2007 until 20\textsuperscript{th} September 2012.

The tenement, EL25839, is located approximately 200 kilometres east north east of the township of Katherine in the Northern Territory. Access from Katherine is 50km south east on the Stuart Highway, then east on the Central Arnhem Road to the Mainoru Homestead. Access within the tenement is on secondary roads and station tracks.

The project is in the central portion of the McArthur Basin, which comprises 1700 to 1300Ma platform cover sediments bounded by and unconformably overlying the Pine Creek, Arnhem and Murphy Inliers. The south eastern half of the tenement is dominated by the Roper Group and Collara Subgroups comprising thick interbedded fine grained sandstones. Quaternary and alluvial sediments dominate the north western half of the tenement.

Exploration work completed by United Uranium Limited since grant of the tenement has included data compilation, reinterpretation of regional geophysical data, soil and rock chip sampling, XRF and scintillometer surveys, flying of an airborne electromagnetic (VTEM) survey over the area (in conjunction with Geoscience Australia), a combination ground EM and Gradient Array IP / Dipole – Dipole IP survey completed across the T1 target (a coincident EM conductor and magnetic anomaly – “base metal target”) and first pass drilling of the T1 target.

The completed exploration has downgraded the prospectivity of the tenement with the surface geochemistry providing no evidence to support the presence of significant near surface mineralisation associated with the radiometric anomalies and the drilling completed at the T1 target intersecting extensive zones of disseminated sulphide mineralisation, predominantly pyrite, but no evidence of significant base metal mineralisation.

No further exploration activity is recommended and the tenement has been surrendered.
2 INTRODUCTION

This report details exploration carried out on the McArthur River Project, EL25839, since grant on 21/9/2007 until 20/9/2012. United Uranium Limited is the operator and holds an 80% interest in the tenement.

The project area is located approximately 200 kilometres east north east of Katherine in the Northern Territory (Figure 1). Access from Katherine is 50km south east on the Stuart Highway, then east on the Central Arnhem Road to the Mainoru Homestead, in the north west corner of the project area. Access within the tenement is on secondary roads and station tracks.

The project is in the central portion of the McArthur Basin, which comprises 1700 to 1300Ma platform cover sediments bounded by and unconformably overlying the Pine Creek, Arnhem and Murphy Inliers. The south eastern half of the tenement is dominated by the Roper Group and Collara Subgroups comprising thick interbedded fine grained sandstones. Quaternary and alluvial sediments dominate the north western half of the tenement.

United Uranium has targeted the region for the discovery of unconformity-related and vein hosted uranium deposits and base metal mineralisation. The South Alligator Uranium fields, located 180km to the west north west, are the closest uranium occurrences. The Bulman Zn-Pb deposits, a cluster of 10 deposits, are located from 10 – 50km north north east of the tenement.

A number of regionally extensive radiometric anomalies and two aeromagnetic anomalies have been identified from reprocessing of the Northern Territory Geological Survey (NTGS) airborne radiometric within the project area.

Exploration by United Uranium consisted of data compilation, reinterpretation of regional geophysical data, soil and rock chip sampling, XRF and scintillometer surveys, flying of an airborne electromagnetic (VTEM) survey over the area, in conjunction with Geoscience Australia, a combination ground EM and Gradient Array IP / Dipole – Dipole IP survey completed across the T1 target (a coincident EM conductor and magnetic anomaly – “base metal target”) and first pass drilling of the T1 target.
The VTEM survey defined two broad conductive zone uranium targets and a number of coincident EM conductor and magnetic anomalies (base metals target), with the ground EM / IP survey defining a strongly chargeable and moderately conductive flat lying semi-circular body approximately 100 metres below surface and with an areal extent of at least 300m x 300m at T1.

The first pass drilling of the coincident strongly chargeable and moderately conductive zone at the T1 target consisted of four vertical RC drill holes (MNR001 – MNR004) for a total of 910m. The drilling intersected extensive zones of disseminated sulphide mineralisation, predominantly pyrite, however no significant results were returned.

This work indicates that the geophysical anomaly at T1 can be attributed to zones of disseminated sulphides of pyrite and pyrrhotite, with discrete graphite zones in shales, mudstone and siltstone layers. It is expected that this conclusion can be extrapolated to the other geophysical anomalies defined at McArthur, thereby downgrading the prospectivity of these targets.

Exploration completed has downgraded the prospectivity of the tenement and no further exploration is recommended.
3 TENEMENT STATUS

The McArthur River Project consists of a single granted exploration licence, EL25839, in which United Uranium holds an 80% interest and is the operator.

EL25839, which was granted on 21 September 2007, was subject to a compulsory 50% reduction in September 2010 and a further compulsory 50% reduction in September 2011. The remaining tenure, subject to exploration in the 21 September 2011 to 20 September 2012 reporting period, covers an area of 14 sub-blocks. Tenement details are listed in Table 1 and tenement status since grant is shown in Figure 2.

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Grant Date</th>
<th>Expiry Date</th>
<th>Area Sub - Blocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL25839</td>
<td>21/09/07</td>
<td>20/09/13</td>
<td>14</td>
</tr>
</tbody>
</table>

Table 1 – Tenement Schedule

4 GEOLOGY

The project is located in the central part of the McArthur Basin. The McArthur Basin is a large complex depositional basin covering an area of about 200,000km² extending from Arnhem Land in the north west and to the south west beyond the Queensland border. The Basin largely comprises 1700Ma to 1300Ma (Middle Proterozoic or Carpentarian) platform cover sediments which are the principal element of the North Australian Platform Cover (Plumb et al 1981). The Basin is bounded by and unconformably overlies the Early Proterozoic Pine Creek, Arnhem and Murphy Inliers.

Within the western part of the McArthur Basin the Lower Proterozoic sediments of the Katherine River Group form the oldest of the basin stratigraphies. Unconformably overlying the Katherine River Group are the middle Proterozoic lithologies of the McArthur River Group which comprises cherts, dolomites, sandstones and volcanics.
The tenement area is dominated by the Roper Group and Collara Subgroups comprising largely thick interbedded fine grained glauconitic sandstones. These are younger than the McArthur River Group, which is host to the world famous McArthur River base metals deposit. Minor amounts of laminated mudstones are also found within this group. The sediments cover the south eastern half of the tenement and dip gently to the south. The Jalboi Formation and Hodgson Sandstone Formation, comprising fine grained sandstones outcrop to the south east of the tenement area.

Several major north east trending structures cross cut the stratigraphy, some of these being suitable targets for follow up exploration.

Quaternary and recent alluvial sediments within the Mainoru drainage system dominate the north western half of the tenement area. Tertiary deposits of laterite and lateritic rubble generally overlie the much of the Proterozoic sedimentary units.

There are no gazetted uranium occurrences proximal to the tenement area. The South Alligator Uranium fields are located 180km to the west north west of the tenement.

The McArthur Basin as a whole has an excellent potential for discovery of large base metal deposits. The style of base metal mineralisation in the Basin is typically SEDEX, vein-type and palaeokarst related. Other types of mineralisation include vein-type and breccia pipe copper deposits at Redbank; smaller-sized iron ore deposits within McArthur sediments at Roper Bar; and manganese deposits.

Lead-zinc mineralization is widespread throughout the McArthur River region. The McArthur River (HYC) zinc-lead deposit, located 200km east of EL25839 is one of the largest in the world. Mineral resources as at 2006 (Xstrata Annual Report 2006) were 157 Mt @ 11.3% Zn, 4.9% Pb and 49 g/t Ag. It is an example of a sediment hosted (SEDEX) zinc-lead deposit, which are known from around the world. Sedex deposits are widely distributed in Northern Australia in the Mount Isa – McArthur River region, such as Mount Isa, Hilton, George Fisher, Lady Loretta, Dugald River, Century and McArthur River.
Thin-bedded fine-grained sandstone and red-brown siltstone:
-Prh
Dolerite: medium- to coarse-grained,
-Pdd
Sandstone: fine-grained, thick-bedded,
-Prr
Ferrugenous siltstone and fine-grained sandstone:
-Prom
Quartz sandstone: grey to pink,
-Prh
Laminated calcareous and non-calcareous mudstone;

United Uranium Limited
McArthur Project
EL25839
Geology

Author: [Name]
Office: [Office]
Drawing: [Drawing]
Date: 30/10/2012
Scale: 1:100000 Projection: Longitude / Latitude (WGS 84)
Deposit features include:

- Fine-grained galena and sphalerite, with pyrite and pyrrhotite
- Good geophysical targets (eg. EM, IP, gravity, conductivity).
- Generally there is either an iron-manganese or a silicate alteration halo.
- Syn-sedimentary and replacement ore textures.
- The major sulphides are pyrite, sphalerite and galena, with lesser chalcopyrite, arsenopyrite and marcasite.
- The mineralisation covers an area of 2 sq km and averages 55 m in thickness.

The project area lies proximal to the Bulman base metal deposits. Outcropping Zn-Pb-Ag mineralisation at the Bulman Deposit was discovered and briefly worked by prospectors in 1910. The deposit is hosted within gently dipping, laminated stromatolitic dolostone and chert of the Mesoproterozoic Dook Creek Formation which lies south of EL25839. The mineralisation at Bulman is found in ten separate deposits scattered over a 40km radius in close proximity to a dolerite intrusive. A combined resource of 1.2Mt @ 6.5% Pb and 0.93Mt @ 11%Zn was estimated for seven of these deposits.

The Swamp prospect, which is anomalous in lead and zinc, is the closest known mineral occurrence to the tenement area. The prospect, also known as “Anomaly 12 extended”, comprises a small open pit and is located 5km to the west of the tenement.

Reprocessing of the NTGS radiometric data draped over the DEM has highlighted a number of radiometric anomalies. The most prominent of these is coincident with the Crawford Formation (Roper Group) which extends in a south westerly direction for over 20km in the central part of the tenement area. The anomalous zone is apparent when looking at both the total count radiometric data and also the uranium data. These sediments are conceptually favourable sedimentary lithologies for sandstone hosted uranium deposits. It is probable that the apparent radiometric anomalies are associated with the lateritic cover overlying the sub cropping sandstone lithologies.
5 PREVIOUS EXPLORATION

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 EL25839.

Exploration carried out within the area covered by EL25839 has been carried out since 1970 largely for diamonds and with very limited reconnaissance sampling for base metals. The potential for the tenement area to host base metal mineralisation remains largely untested. Although some very early work has been undertaken over the targeted radiometric anomalies within the tenement area, the work failed to adequately explain these anomalies.

Previous exploration conducted both within EL25839 and proximal to the tenement area (EL Number, Year, Report Number, Company) follows;

**EL23499 2004 Exploration and Resource Development**
(CR2004-023499)
The area held by Exploration and Resource Development Pty Ltd (ERD) covered the north eastern portion of EL25839 extending to the southeast. ERD were specifically targeting the area for diamonds. ERD completed open file reviews of the tenement area and concluded that sufficient work had been undertaken within the tenement area to downgrade the potential for base metals and diamonds. No field work was undertaken by ERD.

**EL23499 2004 Exploration and Resource Development Pty Ltd**
(CR2004-0346)
The area held by Exploration and Resource Development Pty Ltd (ERD) covered the central portion of EL25839 and extended to the south. ERD completed open file reviews of the area and concluded that sufficient work had been undertaken within the tenement area to downgrade the potential for base metals and diamonds. No field work was undertaken by ERD.
**EL 3351  1983   Ashton Mining Limited**  
*(CR1983-085)*

Ashton Mining Limited conducted exploration for diamonds over EL3351 which covers the eastern half of EL25839. Ashton undertook stream sediment sampling to assess the area for diamond indicator minerals. Due to extremely difficult access, a helicopter was utilised to undertake the program. There were no significant results.

**EL 4486  1990   Stockdale Prospecting Limited**  
*(CR1985-0149)*

EL4486 covered the same area now held by United Uranium as EL25839. Stockdale undertook reconnaissance stream sampling for diamond and kimberlitic indicator minerals at a density of 1:200km². Sample results were all negative and the ground was subsequently relinquished.

**EL 6287, 6289  1994   Stockdale Prospecting Limited**  
*(CR1990-0060)*

EL6287 covered the north western half of EL25839 and EL6289 covered the south eastern half of EL25839. Stockdale undertook reconnaissance and infill stream and loam sampling for diamond and kimberlitic indicator minerals at a density of 1:5.8km² over 15,714km². There were no significant results.

**EL 8938  1995   CRA Exploration**  
*(CR1996-0241)*

CRA undertook exploration for illmenite and kimberlitic diatremes in the Urapunga Project area in the Western McArthur River Basin in 1996. The area included the western third of the EL25839. Landsat TM data, aeromagnetic and radiometric data was purchased and reprocessed for the region of which 25 aeromagnetic targets were selected for follow up work.

Heliborne aeromagnetics was conducted over 12 of these anomalies. Loam samples collected from a number of these anomalies all returned negative results. The potential for illmenite and diamonds in the region was downgraded following the exploration program.
In 1970, Australian Aquitaine Petroleum together with Canadian Aero Service Ltd undertook an airborne radiometric survey on half mile line spacing’s over an area which included the north western half of the tenement now held by United Uranium. The open file report is an operational report and does not provide any conclusions or results from the survey.

Exploration by Stockdale was primarily for diamonds and kimberlitic indicator minerals. Reconnaissance sampling and stream sediment sampling was carried out.

In addition, an airborne spectrometer traverse was undertaken over part of the tenement area now held by United Uranium with the target being for uranium. The instrument employed was a TV-3A Radiation Spectrometer with readings being taken at 100m above ground level. Results showed that the radiometric anomalies were related to either monazite in the drainage channels or laterites on top of the Proterozoic sediments.
6 UNITED URANIUM EXPLORATION ACTIVITIES

6.1 UNITED URANIUM LIMITED – 2008

Exploration completed by United Uranium in the period between 21 September 2007 and 20 September 2008 consisted of compilation and review of all open file exploration data, compilation of public domain geological, geophysical and other digital data into MapInfo format, high level targeting utilising reinterpreted regional geophysical data and analysis of the effectiveness of previous exploration. This work, particularly the reinterpretation of geophysical data, identified a number of regionally extensive radiometric anomalies and two aeromagnetic anomalies that warranted follow up exploration.

In August 2008 a reconnaissance rock chip sampling program was completed in the north west of the tenement, with 6 rock chip samples collected, and scintillometer (total count) readings were collected at each sample point as well as on a number of traverses over second tier radiometric anomalies.

Weakly elevated uranium assays were returned from the some of the rock chip samples, with a maximum assay of 4.3ppm uranium, however base metal results were all low order.

6.2 UNITED URANIUM LIMITED – 2009

Exploration activities by United Uranium in the period between 21 September 2008 and 20 September 2009 consisted of desktop review and assessment of the results of the previous year’s exploration activities, the flying of an airborne electromagnetic (VTEM) survey in conjunction with Geoscience Australia, review of the preliminary data from the airborne electromagnetic survey and the implementation of an exploration program designed to assess the prospectivity of anomalies defined.

The VTEM survey consisted of east west flight lines on 250m spacing for a total of 981 flight line kilometres. The survey was designed to assist in the identification of unconformity and vein style uranium mineralisation targets as well as potential massive sulphide targets. The flying of the survey was
initially completed in late 2008, however data issues resulted in the survey being re flown in April 2009.

Mapitt Geosolutions was engaged to review the data from the VTEM survey to generate potential targets for follow up exploration. This review generated two broad conductive zone uranium targets (T2 and T3), a well defined EM conductor (T1) coincident with a magnetic anomaly (a potential massive sulphide/base metals target) and a number of smaller lower order sulphide targets.

An exploration program was designed to provide an initial assessment of potential surface expression of these targets. The program commenced prior to the completion of the period, however the majority of the work was completed in the current reporting period.

6.3 UNITED URANIUM LIMITED – 2010

Exploration activities by United Uranium in the period between 21 September 2009 and 20 September 2010 consisted of a first pass reconnaissance / prospecting program across the targets identified from the VTEM survey and a combination of ground EM and a Gradient Array IP / Dipole – Dipole IP survey across the T1 target.

In October 2009 a reconnaissance / prospecting program consisting of the collection of data from 154 scintillometer and XRF points, 22 soil samples and 2 rock chip samples was completed across the T1, T2 and T3 targets. XRF data consisted of a full suite of elements and the soil and rock chip samples were submitted for multi-element analysis.

The T1 target is located in the south west of the project on a dissected plateau consisting of flat lying fine grained sandstone beds with remnant laterite cover. There were no visible signs of mineralization or alteration at surface. Peak assays received from the soil sampling were 4 ppb Au and 2.5 ppm U. There were no significant readings from the XRF and the highest scintillometer reading was 54 cps (range from 23 to 54 cps).
The T2 target is located in the central west of the project on a flat wash area consisting of unconsolidated sand and silt, with two outcrops of fine grained sandstone. There were no significant readings from the XRF or scintillometer surveys, with scintillometer readings ranging from 26 to 42 cps.

The T3 target is located in the central north of the project area on a flat wash area consisting of unconsolidated sand and silt, with low ridges of outcropping fine grained sandstone in the north east. Scintillometer readings ranged from 26 to 50 cps, with the higher readings occurring in the north east. The XRF survey delivered a single anomalous reading in the same area, with elevated zinc (1480ppm), uranium (16ppm) and lead (115ppm).

In June 2010 a limited and incomplete survey of moving loop time domain electromagnetics (TDEM) was undertaken across the T1 target. The data from the work completed showed a weak mid-time response, however the limited data made it inconclusive.

In July 2010 a Gradient Array IP survey was undertaken across the T1 target, defining a broad heart-shaped chargeable response (peak of 15mV/V in a 2mV/V background) and coincident moderate conductive / resistivity low response (50 ohm-metres in a background of 100 ohm-metres). A follow up Dipole – Dipole IP survey using a combination of 50m and 100m dipoles defined a flat lying semi-circular body approximately 100 metres below surface with a thickness of approximately 30 metres and an areal extent at least 300m x 300m. The strongly chargeable and moderately conductive response suggests a disseminated metallic sulphide or graphitic body. The coincident magnetic response at the T1 target is slightly offset to the north west of the chargeable/conductive response, however it has a similar shape and has a magnetic susceptibility equivalent to about 1% magnitude.
6.4 UNITED URANIUM LIMITED – 2011

Exploration activities by United Uranium in the reporting period between 21 September 2010 and 20 September 2011 consisted of a review of the results of previous exploration and the implementation of a first pass drilling program designed to test the coincident strongly chargeable and moderately conductive zone at the T1 target.

In July 2011 a first pass drilling program consisting of four RC drill holes (MNR001 – MNR004) was completed for a total of 910m to test the T1 geophysical anomaly. Holes were drilled vertically to depths of between 216m and 250m. Composite and single metre samples were collected from each hole, with single metre samples split directly from the drill rig and four metre composite samples collected from the individual bulk samples using a spear technique. A total of 229 composite samples were collected.

Slightly elevated levels of lead and zinc were returned from the composite samples, with better zinc intersections of 4m @ 0.3% Zn (MNR002 148 - 152m) and 8m @ 0.17% Zn (MNR004 68 - 76m) and better lead intersections of 4m @ 876ppm Pb (MNR002 152 - 156m). No single metre samples were submitted for analysis.

The geological profile encountered consisted of shallow soil cover over a sequence of sandstones and mudstones, with interbedded sequences of grey, often graphitic siltstones, and weakly fissile shales until around 210m depth. In all drill holes that tested the chargeable and conductive IP anomaly, a gabbro was encountered around 210m depth. In the hole that tested the magnetic anomaly (MNR002), no gabbro was found.

Disseminated sulphide occurs throughout the majority of the profile in intervals of up to 5m in width, with thin laminated layers of pyrite occurring in the upper siltstone and mudstone. The main zone of sulphide mineralisation appears continuous across all the drill holes, with a zone of disseminated pyrite being observed between depths of 75m to 180m. There are also key marker horizons that support continuity between the drill holes, including a characteristic mineralised pyrrhotite horizon around 85 to 90m found in all three drill holes testing the IP target.
There is an increase in disseminated pyrite within siltstone close to the contact with the gabbro encountered in drill holes MNR001, MNR003 and MNR004, which may have been subjected to contact metamorphism. There is minor disseminated chalcopyrite and pyrite within the gabbro with no apparent variation of mineralisation with increasing depth.

All collar, assay and lithology data for the drilling is included in Appendix 1.

6.5 UNITED URANIUM LIMITED – 2012

Exploration activities by United Uranium in the reporting period between 21 September 2011 and 20 September 2012 consisted of a review of the results of previous exploration and rehabilitation of access roads and drill pads utilised for the drilling program in the previous reporting period.

Exploration expenditure for the period consisted of $17,540.

7 EXPLORATION POTENTIAL

Exploration completed by United Uranium has downgraded the prospectivity of the regionally extensive radiometric anomalies and two aeromagnetic anomalies identified from the reprocessing of NTGS airborne geophysics and the coincident EM conductor and magnetic anomalies.

Surface geochemistry has provided no evidence to support the presence of significant near surface mineralisation associated with the radiometric anomalies and the drilling completed at the T1 EM / IP target intersecting extensive zones of disseminated sulphide mineralisation, predominantly pyrite, throughout the profile however there was no evidence of significant base metal mineralisation. The presence of broad zones of disseminated sulphides and discrete graphite zones may explain the anomalism and downgrades the base metals prospectivity of the other EM conductor and magnetic anomalies identified.

No further exploration activity is recommended and the tenement has been surrendered.
8 REFERENCES


APPENDIX 1 – DATA DISC

2008 Surface Sampling           EL25839_2012_AS_02_SurfaceGeochem.txt
2010 Surface XRF File           EL25839_2012_AS_03_SurfaceGeochem.txt
2010 Surface Sampling           EL25839_2012_AS_04_SurfaceGeochem.txt
2010 Drilling Files             EL25839_2012_AS_05_DrillCollar.txt
                                 EL25839_2012_AS_06_DownholeGeochem.txt
                                 EL25839_2012_AS_07_Geology.txt