<table>
<thead>
<tr>
<th><strong>Title Holder:</strong></th>
<th>NATURAL RESOURCES EXPLORATION PTY. LTD.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operator:</strong></td>
<td>Natural Resources Exploration Pty. Ltd.</td>
</tr>
<tr>
<td><strong>Tenement Manager:</strong></td>
<td>Nicole Munro, Natural Resources Exploration Pty. Ltd.</td>
</tr>
<tr>
<td><strong>Titles / Tenements:</strong></td>
<td>EL(s): 27877</td>
</tr>
<tr>
<td><strong>Project Names:</strong></td>
<td>Nutwood Downs</td>
</tr>
<tr>
<td><strong>Report Title:</strong></td>
<td>Partial Relinquishment Report – Nutwood Downs (EL27877)</td>
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<td><strong>Type of Report:</strong></td>
<td>Partial Relinquishment Report</td>
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<tr>
<td><strong>Author(s):</strong></td>
<td>Munro, N; Ansell, D</td>
</tr>
<tr>
<td><strong>Company Ref:</strong></td>
<td>NRE_NT2012: Nutwood Downs - Partial Relinquishment Report</td>
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<tr>
<td><strong>Target Commodity / Commodities:</strong></td>
<td>Phosphate &amp; Base Metals</td>
</tr>
<tr>
<td><strong>Date of Report:</strong></td>
<td>28 November 2012</td>
</tr>
<tr>
<td><strong>Contact Details:</strong></td>
<td></td>
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</tbody>
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Summary

Section 94 of the *Mineral Titles Act* requires the submission of a Relinquishment Report prepared by the titleholder for each current Exploration Licence. This Partial Relinquishment Report for EL27877 offers a summary of the activities undertaken on the relinquished area for the life of the permit, including any results produced by those activities.

Natural Resources Exploration (‘NRE’) is the sole titleholder and operator of EL27877. NRE was granted EL27877 on 27 July 2010 for a term of six (6) years.

The work and expenditure program for EL27877 consisted of a geological and geophysical review of existing data and information towards determining the location of possible phosphate and base metal mineralisation within the tenement. NRE carried out a detailed desktop evaluation as well as a detailed field assessment of EL27877.

Field based activities included Heavy Mineral Sampling program in relation to the Nutwood Downs Project area. No samples were taken from the Relinquishment Area.

Office based activities included desktop reviews of all previous exploration across the tenement, assessment of the geology, radiometrics, aeromagnetics, gravity and ASTER imagery.

NRE also believes that the relinquishment area is the least prospective areas for phosphate, diamond and base metal mineralisation.

In relation to the relinquished area, immediate targets have proven to be difficult to identify and to successfully identify any targets they would require additional exploration activities such as a further sampling program in the retained area. NRE has delineated this area and nominated same after its extensive review of all previous exploration data and its newly acquired data in relation to this ground.
1. Introduction

Natural Resources Exploration’s (‘NRE’) rationale and objectives for EL27877, more commonly known by NRE as its Nutwood Downs Prospect, considered the evaluation of potential phosphate and base metal mineralisation within the tenement.

NRE also considered the potential for these forms of mineralisation across a broader area being known as NRE’s ‘Daly Waters Project’ which lies on the northern margin of the Carpentaria Basin. The relinquished area straddles the boundary between the Carpentaria and McArthur Basins and Kalkarindji Province. This tenure forms part of a number of tenures which make up NRE’s Daly Waters Project.

EL27877 was granted to NRE on 27 July 2010, consisting of a total of 290 sub-blocks. EL27877 is located on relatively flat ground, with the highest point at 185 metres above sea level. The tenure is located straddling the border between the Carpentaria and McArthur Basins and the Kalkarundji Province. Figure 1 identifies the location of the relinquished area subject of this report.

Figure 1. Location Map of Relinquished Area
The relinquished area of EL27877 lies on relatively flat ground. There are many creeks found within the relinquished area, including Sandy Creek, Bull Creek, Cow Creek, Red Ochre Creek, and Anderson Creek. These all drain to the north into the Hodgson River. The ground is covered by alluvium sediments such as sand and silt, as well as travertine and rubble. *Figure 2* shows the topography within relinquished area.

*Figure 2.  Topographic Map of Relinquished Area*

Currently, office-based exploration activities continue with results confirming the need for follow up work in relation to the remainder of the tenure and overall Daly Waters Project.

2. **History**

EL27877 was granted to NRE for six (6) years commencing on 27 July 2010, as the sole titleholder and operator. NRE has recently nominated to relinquish 65 sub-blocks with the remainder of the permit comprising of 225 sub-blocks. *Figure 3* below identifies both the retained permit area and the relinquished permit area.
The relinquished Sub-blocks subject to this report are as listed in Table 1 below.

**Table 1. Relinquishment Area Sub-block Identification**

<table>
<thead>
<tr>
<th>Block Identification</th>
<th>Sub-block(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3338</td>
<td>F, L, M, N, Q, R, S, V, W, X, Y</td>
</tr>
<tr>
<td>3409</td>
<td>A, B, C, D, E, F, G, H, J, K</td>
</tr>
<tr>
<td>3410</td>
<td>A, B, C, D, E, F, G, H, J, K</td>
</tr>
<tr>
<td>3411</td>
<td>A, B, C, D, E, F, G, H, J, K</td>
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</tbody>
</table>

**Figure 4** below illustrates the blocks and sub-blocks which have been nominated for relinquishment.
Native Title

There are currently no Native Claims over the relinquished area.

Pastoral Leases

Both the relinquished area and retained permit area are located over surface lands that are comprised primarily of Perpetual Pastoral Leases, which can be found on Figure 5.
3. Geology

3.1 Regional Geology

The Daly Waters Project is located within the unmetamorphosed, intracratonic, Mesozoic Carpentaria Basin (Figure 6). In the project vicinity it was expected that thin (<100 m thick) Cretaceous sediments (Mullaman Beds) overlie the Cambrian units of the Neoproterozoic-Devonian Georgina Basin. In the Georgina Basin there are numerous deposits of sedimentary phosphate including the Wonarah phosphate deposit.

Also, several lead-zinc occurrences are located along the southern margin, and there are frequent oil shows throughout the basin. The sediments of the Georgina Basin overlie the Proterozoic McArthur Basin comprising of the Roper Group (Roper Superbasin, the Nathan Group, and the McArthur Group (Isa Superbasin).

The project is within the Daly Waters 1:250,000 geology maps (SE53-01). The relinquishment area has been mapped on the Hodgson River geology map. The surface geology consists mainly of poorly exposed Tertiary sands and Cretaceous Mullaman Beds. The last published regional geological overview of the area was in 1969 (Brown, 1969)
The Jurassic to Cretaceous intracratonic Carpentaria Basin lies beneath the Gulf of Carpentaria in offshore northern Australia, and beneath Tertiary sediments of the Karumba Basin onshore. Unlike the age-equivalent Eromanga and Surat basins which overlie large and thick older sedimentary basins, the Carpentaria Basin rests mainly upon an erosional surface of deformed Proterozoic rocks. Only a small portion of the offshore part of the basin overlies pre-Jurassic sedimentary rocks (Bamaga Basin).

Much of the Carpentaria Basin succession includes fine-grained, lithic marine rocks which are rarely preserved in outcrop. However, the Middle to Upper Jurassic units are predominantly quartz sandstones and are preserved to varying degrees along the eastern and southern margins of the basin. Within these basal units, thin coal seams and widespread reservoir quality sandstones have been the focus for coal and petroleum exploration. Neocomian shallow marine glauconitic sandstones are overlain by mostly fine-grained Aptian to Albian marine clastics containing potential source and seal facies. The source rock quality of the bituminous claystones of the Toolebuc Formation is excellent.

The Carpentaria Basin formed the northern part of the Great Australian Superbasin that also included the Eromanga and Laura basins. Middle to Upper Jurassic sediments within the offshore part of the basin were sourced from the east. During Late Cretaceous time, the margins of the basin were locally faulted, uplifted and eroded prior to the commencement of sedimentation in the overlying Karumba Basin.

**Figure 6. Regional Geology Map of the Relinquished Map**
### Figure 7. Stratigraphic Summary of EL27877

<table>
<thead>
<tr>
<th>Era</th>
<th>Formation</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cenozoic</td>
<td>Quaternary</td>
<td>Qa sediments</td>
</tr>
<tr>
<td></td>
<td>Undifferentiated</td>
<td>Czs sediments</td>
</tr>
<tr>
<td>Paleozoic</td>
<td>Middle Cambrian</td>
<td>Tindall Limestone</td>
</tr>
<tr>
<td></td>
<td>Lower Cambrian</td>
<td>Nutwood Downs Volcanics</td>
</tr>
<tr>
<td>Precambrian</td>
<td>Upper (?) Proterozoic</td>
<td>Roper Group Hodgson Sandstone Member</td>
</tr>
<tr>
<td></td>
<td>Proterozoic</td>
<td>P (undifferentiated)</td>
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</tbody>
</table>

#### 3.2 Permit Geology

The permit / local geology within the area subject of relinquishment consist of units which have been mapped and interpreted across the Hodgson Downs 1:250K geological sheet by government geologists. The project geology is illustrated in **Figure 8**.

Most of the relinquished area is covered by Quaternary alluvium, soil, sand, travertine and rubble. This covers the entire southern half of the area, as well as parts of the north.

The largest unit found in the relinquishment area is the Paleozoic Nutwood Downs Volcanics of the Lower Cambrian. It is composed of massive and amygdaloidal basic basalt and flaggy red felspathic sandstone. This can be found in the northern centre of the area. It has also been deposited further south along the Hodgson River.

There is also a small deposition of the Paleozoic Tindall Limestone from the Middle Cambrian. This is made of massive crystalline limestone with chert nodules. Another small deposition found in the east of the area is the Precambrian Hodgson Sandstone Member of the Roper Group. This is composed of medium to course friable quartz sandstone.

**Figure. 8** shows the geology of the relinquished area.
4. Exploration Objectives and Rationale

The objective of NRE’s exploration program on EL27877 is to consider and evaluate the potential for phosphate and base metals mineralisation in the region. The project was also considered for other targets such as diamonds and uranium. Investigations were primarily aimed towards locating any outcropping of mineralisation and any indicators of possible subsurface mineralisation across the project area.

5. Exploration Activities carried out on the Relinquished Area

NRE’s exploration activities during the term of the permit and in particular, of the relinquished area, consisted of both office-based and field activities. An initial regional assessment of the areas within NRE’s Daly Waters Project for phosphate and base metals was conducted during the initial term.

An array of material was assessed prior to field work, to assist with optimal target generation. This material included an extensive review of historic exploration conducted over the relinquished area. There has been a number of previous exploration tenements over the subject relinquished area (Figure 9 below).
There has been exploration for a variety of commodities across the relinquished area targeting phosphate, diamond and uranium exploration. Recent exploration has favoured diamond and phosphate mineralisation. A list of the previous exploration reports in relation to the relinquished area is shown in Table 2 below.

**Table 2. Historical Reports**

<table>
<thead>
<tr>
<th>Tennum</th>
<th>Period</th>
<th>Company Reports</th>
<th>Company</th>
</tr>
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<tbody>
<tr>
<td>EL 4546</td>
<td>1984-1990</td>
<td>CR1985-0179</td>
<td>CRA Exploration</td>
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Field based activities included heavy mineral sampling diamond exploration during May-June 2011. This included surface loam deflation scraps and stream sediment sampling for heavy mineral kimberlite indicator minerals.
No samples were taken from the relinquishment area as an initial geological assessment of the ground resulted in the area being of no interest to diamond exploration.

NRE also engaged Terra Search Pty. Ltd. to attend the Northern Territory’s Darwin Core Facility to analyse a number of water bores from within the Daly Waters Project. There was one (1) water bore from within the relinquished area but it contained no cuttings. The water bore found in the relinquished area can be found in Table 3. The location of the water bore can be found in Figure 10.

**Table 3. Water Bore**

<table>
<thead>
<tr>
<th>Hole ID</th>
<th>MGA_53_Easting</th>
<th>MGA_53_Northing</th>
</tr>
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<tbody>
<tr>
<td>RN030185</td>
<td>393,926.8</td>
<td>8,249,166.1</td>
</tr>
</tbody>
</table>

NRE lodged an Exploration Report with the Northern Territory Department of Resources’ Geoscience Division on 7 June 2011. This report was required in respect of the XRF and ALS Assaying of Water Bore Chips at the Darwin Core Facility. The Exploration Report was titled ‘XRF & ALS Assaying of Water Bore Chips – Core Facility: Darwin’.

**Figure 10. Water Bore in EL27877**
6. Reports lodged during the reporting period

NRE lodged an Exploration Report with the Northern Territory Department of Resources’ Geoscience Division on 7 June 2011. This report was required in respect of the XRF and ALS Assaying of Water Bore Chips at the Darwin Core Facility. The Exploration Report was titled ‘XRF & ALS Assaying of Water Bore Chips – Core Facility: Darwin’.

NRE believes that no other reports needed to be lodged during the reporting period.

7. Conclusions

Natural Resources Exploration’s exploration activities focused on delineating surface targets within the relinquished area with the aim of identifying any phosphate and base metal mineralisation in the region.

NRE conducted both office-based studies and field operations on EL27877 during the term of this tenure. NRE carried out a detailed geological assessment of the relinquished area. Research included review and compilation of the data in the Northern Territory Geological Services’ (NTGS) open file reports, air photo imagery and examination of the latest geological maps.

NRE has been able to successfully analyse the work conducted in the second term and integrate and collate the results of the geological, geophysical and drill and bore hole data and was able to characterise the stratigraphic relationships pertaining to phosphate and base metal mineralisation to identify the most prospective areas within its Daly Waters Project tenures.

In relation to the relinquished area, immediate targets have proven to be difficult to identify and to successfully identify any targets they would require additional exploration activities such as a further sampling program in the retained area. NRE has delineated this area and nominated same after its extensive review of all previous exploration data and its newly acquired data in relation to this ground.
8. Bibliography


