Annual Report

18th December 2008 to 17th December 2009

EL26112

KING RIVER

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Introduction

The King River Uranium Project is located in the Daly River Basin region of the Northern Territory. Historical exploration focused mainly on phosphate and diamonds. In 2007, re-interpretation and reprocessing of radiometric data delineated untested prospective anomalies within the Cretaceous sandstone units of the Jinduckin Formation. The area has potential to host sandstone and unconformity style uranium deposits. Following a review during late 2009 Metminco is seeking a Joint Venture on the licence.

Project Tenure, Location & Access

Exploration Licence 26112 was granted on 18 December 2007 over an area of 246 square kilometres. The Licence is situated approximately 45 kilometres south west of the Katherine Township (Plate 1 below). Access to the area is provided by the Victoria Highway, which is the northern boundary of the licence and graded roads suitable for most traffic in the dry season. Bush tracks on the alluvial plains give reasonable access along the western side; however access is restricted within the remainder of the Licence.
Regional Geology

The King River Project is located in the Palaeozoic Daly Basin region of the Northern Territory. The Daly Basin is flanked to the north and north – east by the Palaeoproterozoic Pine Creek Orogen and to the south west by the Mesoproterozoic Victoria Basin. The Basin itself is a northwest-trending intracratonic sedimentary basin, situated between the older rocks of Pine Creek Orogen and Victoria Basin. Cretaceous sediments of the Dunmarra Basin lap onto south eastern part of the Daly Basin. The Dorisvale Fault, marking the south-western boundary of the basin, has been the focus of mineral exploration. Barite, fluorite and indications of base metals and gold have been reported from this area.

Local geology

The principal units underlying Cainozoic cover in the King River area are the Cambrian Jinduckin Formation and the overlying Early Ordovician Oolloo Formation (plate 2), members of the Daly River Group. The units are composed of virtually unfossiliferous marine sediments. The Jinduckin Formation is dominantly clastic, while the Oolloo Formation is mainly carbonate and outcrops as a rugged karstic landscape.

Plate 2 - Local Geology: Cainozoic cover (pale yellow) Jinduckin Formation (pink) & Oolloo formation (purple)
Previous Exploration

In the area, very little exploration, apart from broad regional reconnaissance has been carried out. In 1971, CRA investigated the Daly Basin for uranium using reconnaissance drainage sampling and airborne scintillometer traverses. No anomalous areas were detected. Central Pacific Minerals followed up the CRA work, focussing on the Jinduckin Formation. They concluded that the potential for sedimentary uranium deposits was low.

In 1975 radioactivity was detected in spring water on the Manbulloo Research Station, located just to the northwest of the King River Project. The water was found to be anomalous in radium. A mining reserve was placed over the area and the Australian Atomic Energy Commission (AAEC) explored an area of 330 square kilometres around Manbulloo during 1975 & 1976. They utilised a range of techniques including water and soil geochemical sampling, ground radiometric and track etch surveys. The work failed to resolve the source of the radium anomaly, but the AAEC concluded that there was still the possibility of a high grade uranium source in the Jinduckin Formation.

Exploration by Metminco 2008 - 2009

Exploration work by Metminco during 2009 comprised:

- Compilation of GIS database.
- Acquisition of open file reports.
- Review of previous exploration and research into uranium mineralisation models.
- Geological review, particularly uranium and phosphate mineralisation.

Following the review of the tenement, the Company decided to seek a Joint Venture on the licence, as the licence does not fit with its current focus on South America. Discussions have commenced with a number of parties regarding suitable Joint Venture arrangements.

Discussion

The King River licence has similarities with other uranium deposits, such as Bigryli, in the northern part of the Ngalia Basin in Central Australia. The Bigryli deposit comprises discontinuous uranite and carnotite lenses occurring over a strike length of 11 kilometres. The mineralisation occurs in felspathic sandstones of the Mount Eclipse Formation, where oxidised uranium bearing fluids have moved through permeable horizons into a suitable reducing environment.

In the Bigryli deposit there is a close association of organic rich sediments and uranium mineralisation. The decay of the organic detritus is believed to be responsible for the reducing conditions for deposition of mineralisation. As oxygen level of the groundwater
decreased due to contact with the decaying organic matter, the dissolved uranium would ultimately become insoluble.

Within the area of EL26112, there are number of northwest trending radiometric anomalies which remain unresolved (Plate 3).

Based on the mapped geology the radiometric anomalies occur predominantly within the Jindukin Formation, with a few smaller lower tenor anomalies in the Ooloo Formation. They do not have a strong correlation with modern drainage patterns.
The Jinduckin Formation would seem to be the best candidate for the formation for concentrations of uranium mineralisation. The sandstones include ferruginous (oxidised) sandstones with potential for the creation of redox gradients and sufficient permeability for groundwater movement. The carbonate dominant Ooloo formation appears to have lower potential for modified roll front style deposits, due typically lower permeability in the compacted carbonate rocks.

The primary source of uranium mineralisation is likely to be the Cullen granite to the North West, which hosts a number of uranium occurrences.

Further exploration work is required to validate the deposit model and the origin of the radiometric anomalies.

**Proposed Work Program 2010**

Further work on this licence will depend on the outcome of Joint Venture negotiations.