Castile Resources Pty Ltd

(ABN 93 124 134 085)

EL26034

Tennant Creek Project

Annual Report

Reporting Period

25 February 2011 to 24 February 2012

April 2012

Report No:	R2012-005
1:250,000 Sheet:	Tennant Creek SE53-14
1:100,000 Sheet:	Short Range 5659
Datum:	GDA94
Projection:	MGA
Zone:	53
Author:	Luke Meter
Tenement Holders:	Castile Resources Pty Ltd
Distribution:	Department of Resources; and Castile Resources Pty Ltd / Westgold Resources Limited

Castile Resources Pty Ltd is a wholly owned subsidiary of Westgold Resources Limited

Level 3
123 Adelaide Terrace
EAST PERTH WA 6004

PO Box 6919
EAST PERTH WA 6892

Phone: +61 8 9326 5700
Fax: +61 8 9326 5799
www.westgold.com.au

SUMMARY

This report covers exploration completed on EL26034 during the reporting period from 25 February 2011 to 24 February 2012.

The tenement is within the Warramunga Province of the Tennant Region, and is 55 kms north-west of the town of Tennant Creek. It occupies an area of about 58 square kilometres, and forms part of Castile's Tennant Creek Project.

EL26034 lies on the north-eastern end of the highly productive Tennant Creek mineral field, and is 10 kilometres to the north of the Warrego Mine.

Exploration for the year ending 24 February 2012 included continuation of negotiations on the draft heritage agreement with the CLC, flying a helicopter-borne EM (HeliTEM) survey over portions of the tenement, re-logging and sampling of 2 previously unreported diamond drill holes on the tenement, reprocessing of detailed helicopter borne aeromagnetics over the tenement in light of recent drilling results by Emmerson Resources and a potentially new style of mineralisation within the Tennant Creek region, review of historic data, and report writing. Because of the sensitive nature of negotiations in this and other parts of the region, and the discovery of the Rover 1 Deposit, Westgold will not commit to ground exploration until the CLC and the Traditional Owners have ratified a heritage agreement for the tenement which allows exploration access on the ground. Consequently no on-ground field work was completed during the year. Previous historical exploration has been restricted to flying aeromagnetic surveys at various times, the testing of a number of areas by vacuum geochemical drilling to 5m depth, and two diamond drill holes. Ten of the 19 graticular blocks which comprise EL26034 have not been tested on the ground.

Future work planned for EL26034 will assess the potential for classical Tennant Creek style magnetic ore bodies as well for a new style of mineralisation away from typical magnetic targets as recently demonstrated by Emmerson Resources via detailed interpretation of the newly acquired HeliTEM and aeromagnetic data in conjunction with historical geochemical data sets. With only limited work completed in the tenement area, the potential for deeper targets has not been tested. Proposed work activities being assessed include ground IP and additional HeliTEM surveys.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF APPENDICES

LIST OF DIGITAL FILES on CD

Assay File EL26034_2012_A_02_DownholeAssay.txt

Helicopter-Borne EM data EL26034_2012_A_04_TennantCreek_HeligeoTem.gdf
EL26034_2012_A_05_TennantCreek_HeligeoTEM.dat
EL26034_2012_A_03_HEliTEM_OperationsReport.pdf

1. INTRODUCTION

EL26034 lies within the highly prospective Proterozoic Tennant Creek province, noted for its rich copper-gold deposits associated with the iron oxides magnetite and hematite. (IOCG deposits) The tenement was granted to Castile Resources Pty Ltd on 25 February 2008.

Westgold Resources Limited, through its wholly-owned subsidiary Castile Resources Pty Ltd (Castile), has a large tenement holding in the region, mostly over the Rover field which lies under Palaeozoic cover to the west and southwest of Tennant Creek. The exploration target is IOCG deposits in the shales and greywackes of the Warramunga Province.

Exploration efforts by Castile in the Tennant Creek region for the 2011 year concentrated on upgrading the Rover 1 deposit's JORC compliant resource to 6.8Mt at 5.57g/t AuEq for 1.22 Million AuEq ounces, as well as regional exploration consisting of Helicopter-borne EM acquisition and targeted drill testing within the Rover Field. Work on EL26034 for the year included a deep penetrating HeliTEM survey, continuation of negotiations towards a heritage agreement with the CLC to permit exploration access in the tenement, reprocessing of airborne magnetic data, re-logging and sampling of historic diamond drill holes, and report writing. Additional assessment of the potential for a new style of mineralisation away from the typical magnetic ironstone targets is also being examined following recent results reported by Emmerson Resources in the Tennant Creek region.

2. LOCATION

EL26034 is located 55 kms NNW of the town of Tennant Creek, NT. Access to the tenement is 47 kms from Tennant Creek via the Warrego Road, then about 18 kms north along small tracks.

The sealed Stuart Highway passes through Tennant Creek, and is 38 kms to the east of the tenement. The Alice Springs to Darwin railway line passes through the eastern edge of the tenement.

3. TENURE

EL26034 consists of nineteen graticular blocks, and totals about 58 square kilometres. (Figure 1) It was granted on 25 February 2008. An exemption from the statutory partial relinquishment was granted for the tenement for the 2011 year.

The tenement title is held 100% by Castile Resources Pty Ltd, a wholly owned subsidiary of Westgold Resources Limited.

Lease	Project	Granted Area	Approximate Area ha	Application Date	Grant Date	Expiry Date
EL26034	**Tennant Creek**	**19 Blocks**	**5,798**	**10-Apr-07**	**25-Feb-08**	**24-Feb-14**

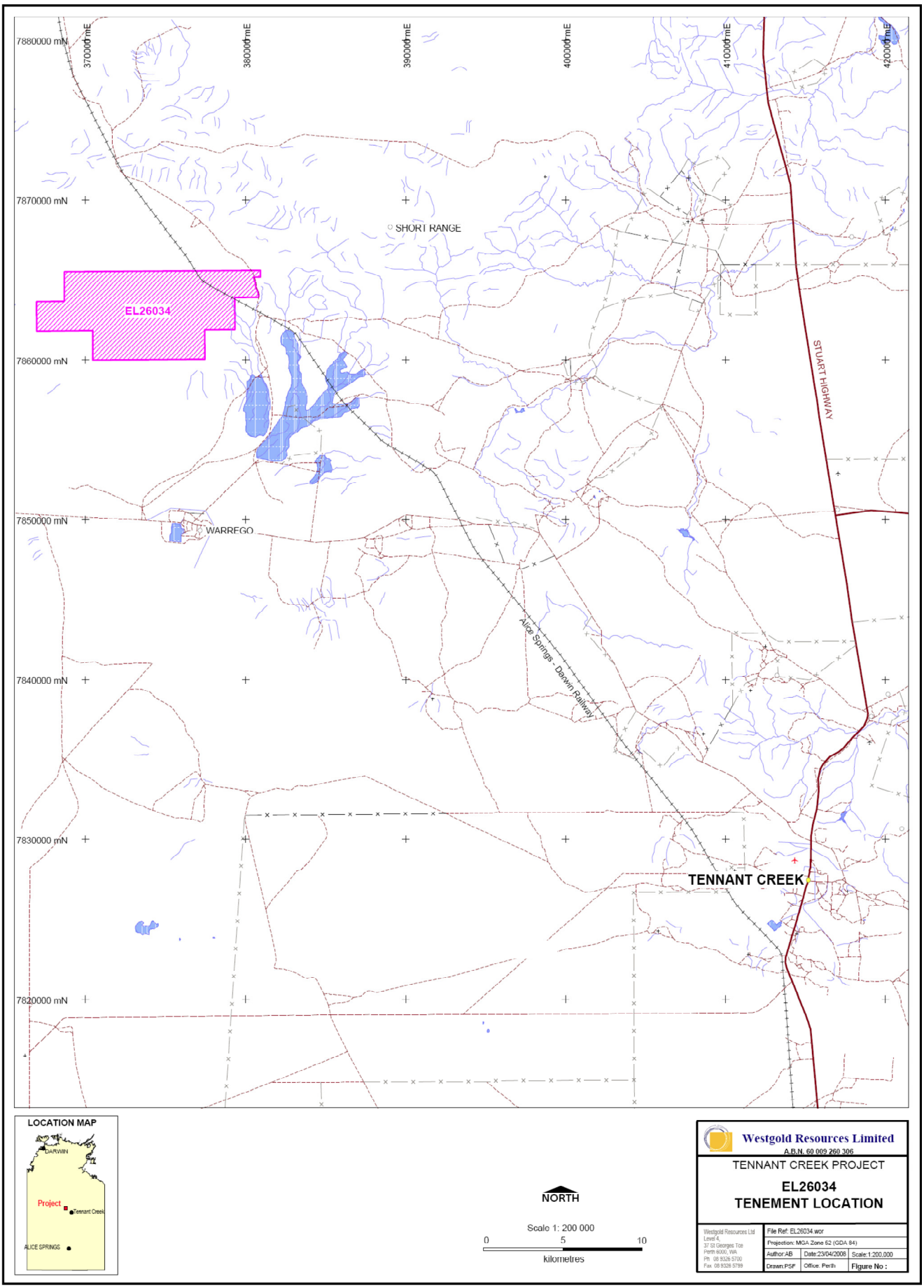

Figure 1 – Tenement Location Plan

4. GEOLOGY

4.1 Regional Geology

The Tennant Creek Region contains three different geological provinces, the Warramunga Province, and the unconformably overlying Palaeo- to Mesoproterozoic Davenport Province to the south, and the Tomkinson Creek Province to the north. To the east and west the Palaeozoic Georgina and Wiso basins overlie Proterozoic rocks of the Tennant Creek Region. The Aileron Province of the Arunta Region occurs to the south of the area, the contact between it and the Tennant Creek Region being obscured by Palaeozoic basinal cover sequences.

The 1860-1850Ma Warramunga Province is approximately centred on the township of Tennant Creek, and contains the Palaeoproterozoic Warramunga Formation. This is a weakly metamorphosed turbiditic succession of partly tuffaceous sandstones and siltstones which includes argillaceous banded ironstones locally referred to as 'haematite shale'.

Rocks of the Warramunga Formation show open to closed folding about approximately east-west-orientated, open, upright axes, and there is a well developed axial-planar slaty cleavage. This 1850-1845Ma deformation, the Tennant Event (Barramundi Orogeny), is contemporaneous with predominantly felsic magmatism of the Tennant Creek Supersuite. Two overprinting cleavages and associated kink bands are also present, which are attributed to the superimposition of the ~1700Ma Davenport Event deformation. Volcano-sedimentary rocks of the Warramunga Province are intruded by granite and porphyry of the Tennant Creek Supersuite, (~1850Ma) the Treasure Suite (~1810Ma) and the Devils Suite. (~1710Ma) The Tennant Creek Supersuite includes the Tennant Creek, Cabbage Gum, Channingum, and Hill of Leeders granites, and the Mumbilla Granodiorite. In the Warramunga Province, the Treasure Suite includes felsic and mafic volcanic rocks, porphyry, granophyre, monzodiorite, diorite and dolerite, but granite is not represented in outcrop. The Devils Suite is represented by the Warrego Granite and Gosse River East Syenite. Lamprophyre is penecontemporaneous with the Devils Suite.

The Woodenjerrie beds outcrop in the south of the province and are correlated with the Warramunga Formation. However, the Woodenjerrie beds apparently lack the massive ironstone bodies that are associated with the Warramunga Formation.

The Junalki Formation is also approximately correlated with both the Warramunga Formation and Woodenjerrie beds, but includes a greater proportion of intercalated volcanic rocks than the latter unit. Volcanic rocks have not been recognised in the Warramunga Formation.

Volcano-sedimentary rocks of the Ooradidgee Group (~1850-1820Ma) unconformably overlie the Warramunga Formation and its correlatives, extending to the south into the adjacent Davenport Province.

The Tomkinson Creek Province (1800-1400Ma) unconformably overlies the Palaeoproterozoic Warramunga Province to the north. Three successions outcrop in the province, the Tomkinson Creek, Namerinni and Renner groups. These are all predominantly sedimentary successions and contain sandstone, siltstone and shale. The Tomkinson Creek Group also includes a mafic volcanic unit. The oldest succession in the province, the Tomkinson Creek Group, is mildly deformed but unmetamorphosed and is correlated with the Hatches Creek Group of the Davenport Province. The successively unconformable Namerinni and Renner groups are correlated with the McArthur and Roper groups respectively.

The Davenport Province (1800-1700Ma) unconformably overlies the Warramunga Province to the south. It contains the Hatches Creek Group, which is composed predominantly of sandstone, siltstone and shale, with felsic volcanic beds in the lower part of the sequence, and a mafic volcanic unit in the middle parts. The ~1710Ma felsic Devil's Suite intrudes the sequence. The ~1700Ma Davenport Event has produced widespread concentric and disharmonic folding in the Davenport Province succession.

Palaeozoic rocks of the Georgina and Wiso basins unconformably overlie the Proterozoic sequence of the Tennant Creek Region to the east and west respectively. These are largely covered by a thin veneer of unconsolidated Cainozoic cover.

The Warramunga Formation hosts major IOCG deposits of Au-Cu-Bi, temporally associated with the Tennant Suite granites, intruded into the Warramunga Province. Deposits of this type represent the most important mineral production, and remain the most important exploration target, for the region. Occurrences of W-Sn, U, Ni, Cu, Pb, Zn are known from the Davenport Province. The Tomkinson Creek Province hosts manganese deposits at Bootu Creek.

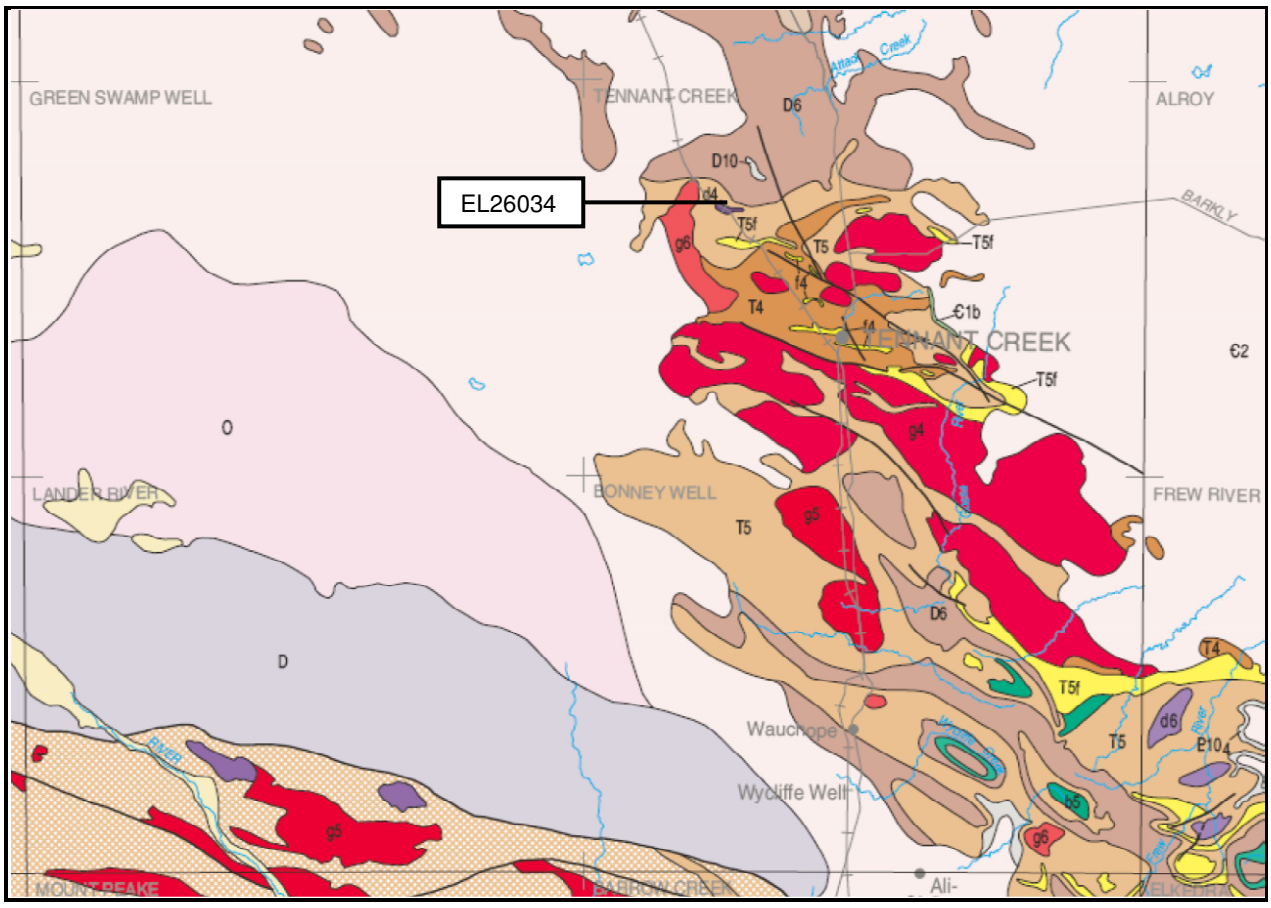

Figure 2: Regional Geological Setting, EL 26034, Tennant Creek, NT. (After Ahmad *et al* 2004)
(*see Ahmad et al for legend)*

4.2 Local Geology

EL26034 lies about 55 kms to the NNW of the town area of Tennant creek. It lies immediately to the south of the elevated ridges of arenites and dolerites of the Tomkinson Creek Group which form the Short Range. The tenement is almost entirely blanketed by recent alluvial cover.

In the eastern part of the tenement the alluvium is underlain by arenites, siltstones and shales of the Ooradidgee Group. In the south western quarter the alluvium is underlain by the Warrego Granite, which is thought to be part of the Devils Suite. The contact between the two is obscured by recent sediments, but from inspection of the aeromagnetic data it appears to be faulted, and strikes NW. Warramunga Group rocks may underlie the Ooradidgee Group at an unknown depth within the tenement.

The Warrego mine occurs in Warramunga Group sediments 10 kms to the south of EL26034.

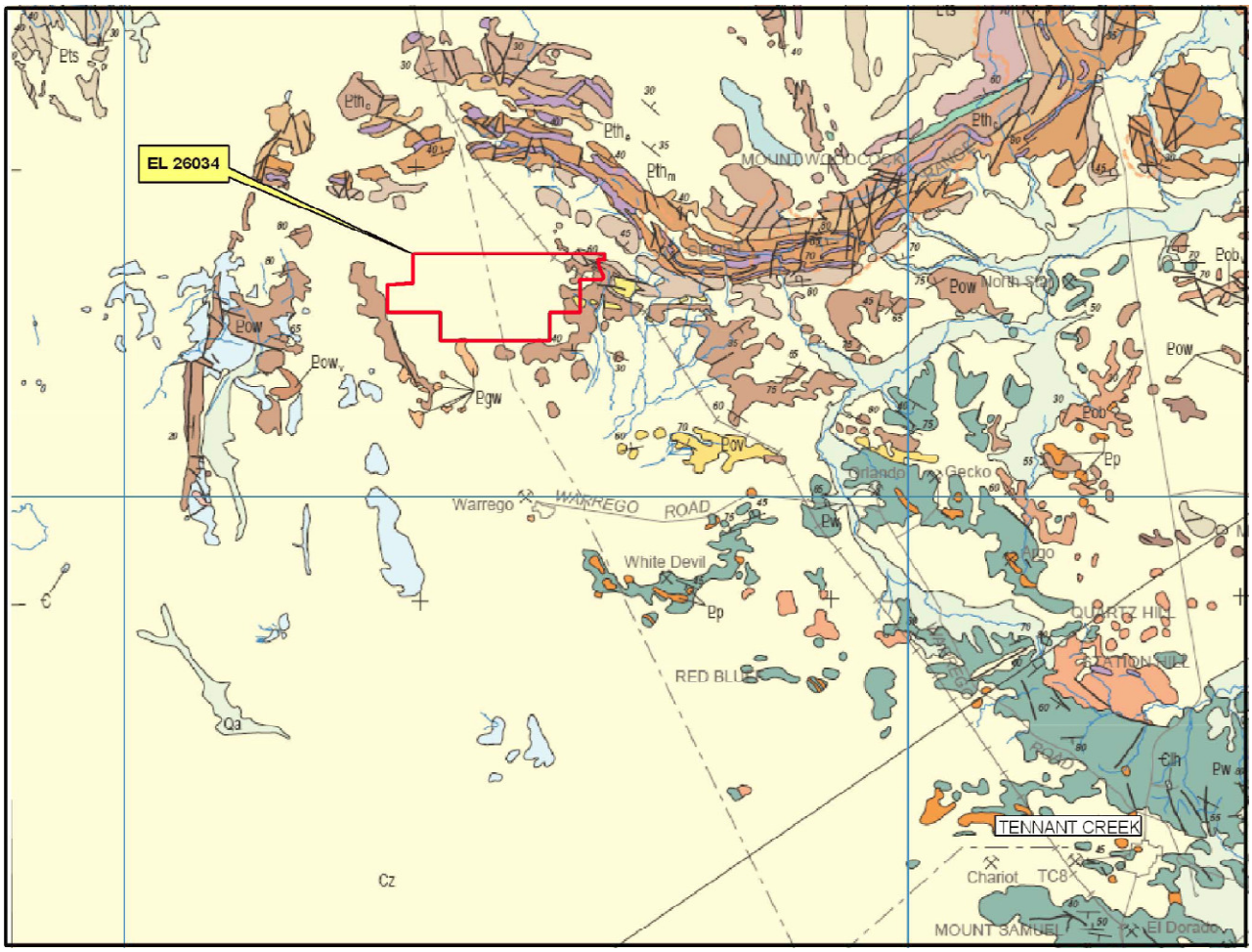

Figure3: Local Geological Setting, EL 26034. (After Donnellan, 2004) 1: 50,000

4.3 Exploration History

Small traces of gold were discovered in the creeks and gullies south of the telegraph station at Tennant Creek in 1879. In 1926 a miner named Charlie Windley worked a claim in weathered rock on what was to be the site of the Great Northern Mine, and made enough to justify his efforts. One of the telegraph operators, 'Woody' Woodforde, had enlisted local Aborigines in the search for gold and, in 1932, an Aboriginal man brought Woodforde a lump of ironstone containing visible specks of gold. This discovery led to the discovery of gold in ironstone deposits returning as much as 1.2 kg Au per tonne, and led to Australia's last great goldrush. By 1934 population numbers prompted the government to gazette a new township, to be called Tennant Creek.

The Eldorado Mine, which opened in 1932 and closed in 1958, produced nearly 175,000 ounces of gold. It was also a significant producer of copper, and was the only mine in the field to continue production throughout World War II. The discovery of the copper deposits in the field proved very profitable, and dominantly copper-producing mines were established.

The Nobles Nob Mine was founded by Jack Noble, and became an open-cut operation in 1967 after the main shaft collapsed. Nobles Nob produced assays which regularly exceeded 100 oz (3.2 kg) of gold per metric ton. One particularly rich area within the ore body produced over 300 oz per ton. Nobles Nob produced over a million ounces (32 tons) of gold.

The Warrego Mine began mining in 1971, and produced 7 million tonnes of ore at 2.5% Cu and 6.6 g/t Au.

Historical production from the Tennant Creek field has been in excess of 5 million ounces of gold and 500,000 tonnes of copper.

The Tennant Creek 1:250,000 map sheet was geologically mapped in 1970-71 by the then BMR (Dodson, 1978), and later by the NTGS in 1999. The Short Range 1:100,000 map sheet was mapped by NTGS in 2001.

In 2008 Kevron completed an airborne magnetic and spectrometer survey of the Tennant Creek 1:250,000 map sheet. Lines were flown at 180^{O} at a spacing of 200m.

The Tennant Inlier gravity survey, which covered the area approximately bounded by 324,000 -500,000E and 7,733,000 - 7,897,000N was completed in 2001. Station spacing was approximately 4 kms. The region is also included in the wide-spaced Australia-wide gravity dataset.

The area of EL26034 has been subjected to numerous programs of exploration since 1970.

1968/69 Geopeko Ltd held AtoP 1846 which covers the northern half of EL26034. They completed mapping, surface magnetics and auger soil surveys over the Explorer 36 anomaly, which located no geochemical anomalies.

1970-71 Geotechnics Australia explored AtoP 2892 on behalf of Inter-Copper Ltd. The work was mostly carried out outside the area of EL26034, and included mapping, ground magnetics, an airborne VLF EM and Scintillometer survey. A few anomalies were noted. In 1972 Inter-Copper re-pegged the area as EL59, and re-interpreted the magnetics. No follow-up was reported.

1970-71 The Westmorland JV explored EL2090 with an airborne magnetic survey. A low-order anomaly immediately south of EL26034 was followed up with ground magnetics and auger drilling, with disappointing results.

1972-75 ADL/ Nobelex flew aeromagnetics over EL375 and EL376, which together covered a large part of the EL26034 area. One anomaly was located within EL26034, which was then more closely defined with ground magnetics. This does not appear to have been followed up any further.

1977-83 In this period several companies, including Uranerz, Marathon, and CRA, explored the region for uranium. The majority of this work consisted of surface mapping, radiometrics and rock-chip sampling, with water sampling from some existing bores. Two large ground-water uranium anomalies were located, well outside the area of EL26034, which were considered to be caused by the leaching of nearby granites.

1983-85 Peko explored EL3573 and 4179 for copper-gold deposits. They flew aeromagnetics/ radiometrics, locating 3 anomalies which were all outside EL26034. The ground over 26034 was relinquished.

1986-91 CEGB explored EL4895, which covered all of EL26034, between 1986 and 1988. They re-assessed the 2 large uranium-in-groundwater anomalies located by CRA, and completed ROAC and U-in leaf-ash surveys, ground magnetics, radiometrics and EM. From 1989 to 1991 Poseidon took over exploration, and completed aeromagnetics and multi-element region stream sediment sampling. Several anomalous areas were delineated, over which they carried out gravity

surveys, soil sampling and RC drilling. None of these anomalies was on EL26034. RC drilling on the Chook anomaly, to the south west of EL26034, returned a best intersection of 4m @ 2.37% Cu.

1991-94 Western Mining Corporation completed magnetic interpretation, ground magnetics and gravity in EL7153. Most of the follow up work was on the Alaska anomaly, which is south of EL26034. No additional follow up was completed.

1993-2002 Between 1993 and 1995 Poseidon explored a number of EL's in the general region of EL26034. They compiled and reinterpreted the 1984 Aerodata and 1989 Austirex airborne magnetic surveys, identifying anomalous areas based on magnetic response and the intersection of magnetic features with structural zones. Selected anomalies were explored with ground magnetics, gravity surveys, soil sampling, vacuum drill multi-element geochemistry. Work done within the area of EL26034 included vacuum drilling 95 holes in EL8080, and a further 95 holes in EL8081. About 40 vacuum holes were also drilled in EL7896, on the most western edge of EL26034. This work located a number of low-order geochemical anomalies in heavy mineral concentrated from samples of drilled overburden.

In 1995 Poseidon amalgamated 7 EL's into a single substitute exploration licence, SEL8814. This covered parts of EL26034. They carried out a global interpretation of the region, and drilled an additional 255 vacuum holes within the EL26034 area. This was followed up with 3 RAB holes with disappointing results. All further work was done south of the EL26034 area. Giants Reef acquired all of Normandy Poseidon's assets in the Tennant Creek region in 2001, and the SEL was relinquished in 2002.

1995-98 Yardarino Mining NL held EL9095, 2 blocks of which coincided with EL26034. They carried out vacuum drilling with limited RAB follow-up, but all south of EL26034.

2001-06 Giants Reef held EL9995, and Meteoric Resources held EL24364. Each carried out literature searches, and relinquished the ground.

5. WORK COMPLETED DURING THE REPORTING PERIOD

No on ground field work was carried out in EL26034 during the reporting period. Exploration activities were restricted to a helicopter-borne EM survey, data compilation and interpretation. Details as follows

- Fugro Airborne Surveys completed a small deep penetrating HeliTEM survey to test the effectiveness of the system within the Tennant Creek Field as part of an overall larger survey by the company within the Rover Field. A total of 20 line kms of data was collected on 8 lines over the tenement area. Survey specifications are as follows.

Aircraft:	AS 350 B3 Helicopter
Operator:	United Aero Helicopters
Registration:	VH-IPW
Survey Speed:	55 Knots / 30ms^{-1}
Magnetomiter:	Scintrex CS cesium vapour, attached to transmitter loop
Electromagnetic System:	HELITEM 30 channel multicoil system
Transmitter:	Vertical axis loop slung below helicopter
Receiver:	Multicoil system (X, Y and Z) with final recording rate of 10 samples per second, for 30 channels of X, Y and Z component data.
Transmitter / Receiver Height:	35m above ground depending on terrain
Base Frequency:	25 Hz
Line Direction:	North / South
Line Spacing:	4 lots of 2 lines separated by 200m

- Two diamond holes had previously been drilled on the EL and Westgold located the original core which was selectively sampled for geochemical anomalies. It must be noted however that the exact location of these drill holes are unknown. Once a heritage agreement is completed with the Central Land Council an attempt will be made to locate the historic collars.
- Reprocessing of 2010 Helicopter Aeromagnetic survey conducted by Montana GIS.
- Assessment of the potential for a new style of mineralisation in the Tennant Creek region.
- A draft heritage agreement was provided by the CLC covering three tenements in the Tennant Creek region, including EL26034. This was reviewed by the company.
- Report writing.

6. RESULTS

Progress is steadily being made towards a heritage agreement with the CLC for the tenement. Due to the sensitive nature of exploration in the region, and the discovery by Westgold of the Rover1 Deposit to the south, Westgold will not mount an exploration program on the ground until an access agreement has been signed.

Processing of the 2010 high-resolution helimag survey identified several ENE-trending anomalies including the historic Explorer 27, 35, 36, and 60 anomalies. Modelling of these anomalies in conjunction with regional structural interpretation and correlation against historic on-ground exploration programs indicated the need for additional geophysical techniques to rank and increase confidence of potential targets.

Fugro Airborne Surveys where contracted as part of Castile Resources regional Rover and Tennant Creek Field exploration program to trial a relatively new deep penetrating 3-component directional time domain Helicopter-borne EM (HeliTEM) system. Four targets identified by the 2010 helimag survey each had two 2.5 km HeliTEM lines flown over them (figure 4) indicating several potential conductive anomalies. The anomalies will be modelled in the coming year, and ranked with the other anomalies on Castile's tenements in the region for follow-up ground mapping, and additional geophysical surveys such as IP, subject to a heritage agreement being in place and if it is deemed warranted.

Two historical diamond drill holes from the tenement, drilled into the Explorer27 and 36 anomalies, were selectively sampled for down hole geochemistry. No significant anomalies where identified from the anomalies, however interpreted dolerite intrusive did indicate slight re-mobilisation of sulphides.

Vacuum and RAB drilling has been carried out within nine of the 19 blocks which comprise the tenement. Apart from the 2 diamond drill holes no testing has been completed to depths greater than about 50m.

The tenement is underlain by interpreted Ooradidgee Group sediments, and not the more commonly mineralised Warramunga Formation. However, it is evident that the copper mineralisation at the Chook Prospect, about 10 kms south west of EL26034, also occurs within Ooradidgee Group sediments, and this may represent a valid target stratigraphy. It is also possible that the Warramunga Group underlies the Ooradidgee Group at an unknown depth within the tenement area.

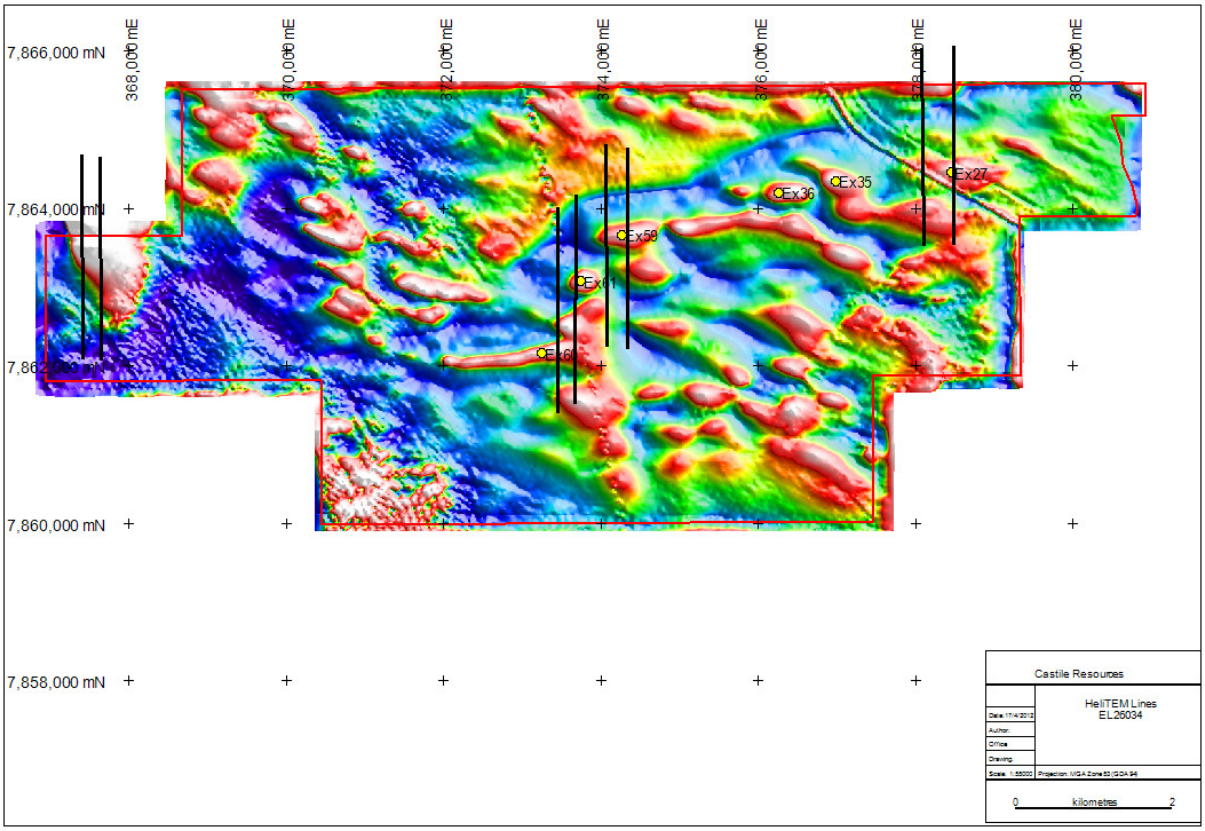

Figure 4: HeliTEM Flight Lines on backdrop of RTP magnetic image EL26034. (mga94)

7. ENVIRONMENTAL / REHABILITATION REPORT

No environmental rehabilitation has occurred during the reporting period as no exploration work of a ground-disturbing nature was carried out.

8. CONCLUSION AND RECOMMENDATIONS

EL26034 lies on the western end of the belt of the Tennant Creek field, 10 kilometres north of the 1.6 million-ounce Warrego Mine. Work by previous companies has demonstrated that low-order magnetic and geochemical anomalism occurs within the tenement. This has been tested in several areas by surface magnetic surveys, geochemical sampling of the overburden material to depths of up to 5m, and 3 RAB drill holes. Two diamond drill holes have been drilled on the tenement.

The recently completed high-resolution aeromagnetic and HeliTEM surveys have defined new anomalies within the tenement area and further work is warranted. Additionally potential for a new style of mineralisation away from the more classic magnetite rich ironstone host is currently being considered following the recent announcements by Emmerson Resources.

Work for the 2012 year will include formalising the heritage agreement over EL26034 to allow exploration access on the ground. Modelling of the new HeliTEM and aeromagnetic data will be integrated with historical results to define and prioritise drill targets.

9. REFERENCES

Ahmad, M & Scrimgeour, IR. (2004) Geological Map of the Northern Territory, 1:2,500,000 Scale. Northern Territory Geological Survey

Dodson, RD. & Gardener JEF. (1978) Tennant Creek, Northern Territory – 1:250,000 Geological Series. *Bur. Min. Resour. Aust. Explan. Notes SE53-14*

Donnellan, N. (2004) Geology of the Tennant Region. 1:500,000 Geological Special Northern Territory Geological Survey

Appendix 1

BIBLIOGRAPHIC DATA SHEET

Report Number:	R2012-015
Report Name:	Annual Report EL26034, Tennant Creek Project for the period 25 February 2011 to 24 February 2012
Prospect Name(S):	Tennant Creek
Tenement Number:	EL26034
Owner/JV Partners:	Castile Resources Pty Ltd
Agreements:	N/A
Commodities:	Base Metals
Tectonic Units:	Warramunga Province; Tomkinson Creek Province.
Stratigraphic Units:	Warramunga Formation; Tennant Creek Supersuite; Treasure Suite; Ooradidgee Group
1:250,000 Map Sheet:	Tennant Creek SE53-14
1:100,000 Map Sheet:	Short Range 5659
Keywords:	Exploration, Geology, Magnetics, IOCG, gold, copper