MCN 668, 669, 670, 671

McKeddies Prospect
Pine Creek, Northern Territory

COMBINED FINAL REPORT

17 November 1983 to 6 September 2013

By

Apogei Pty Ltd

100 Colin Street, West Perth WA 6005

November 2013 (Amended)

Target commodities: Gold & Uranium
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Abstract

Mining Claims MCN 668-671 were acquired by Whitvista Pty Ltd in 2006. The original grant date was 17th November 1983. The Mining Claims consist of 68 hectares (three claims at 20Ha each and one claim at 8Ha).

Apogei Pty Ltd held these claims in recent years and now Padbury Mining Limited (PDY) holds 80% and Yellow Rock Resources Limited (YRR) holds 20%. Padbury Mining Limited is the operating partner of the licence.

Recent fieldwork revealed extensive alteration and weak gold anomalies with values from 0.3 g/t Au in alteration to 8.15 g/t Au in quartz veins in addition to strong arsenic anomalies exceeding 10 ppm and up to 100 ppm within an anticline structure of repeated sedimentary units.

Field mapping in preparation for future drilling program is planned. No testing has been completed for uranium on these tenements.

In 2008 an airborne geophysical (Magnetic and Radiometric) survey was undertaken by GPX Airborne Pty Ltd and submitted previously. No field activities were undertaken in this reporting period.

Exploration activities completed to date indicate that the geophysical surveys carried out on the McKeddies tenements confirm NE or ENE fault structures that could be suitable hosts for gold and confirmed the presence of uranium anomalies at 1.5-2.1 times background levels. The uranium anomalies may be related to channel structures and confirm that follow-up rock chip sampling is necessary for both gold and uranium. Studies have yet to establish the cause of the uranium count anomalies.
Introduction

Mining Claims MCN 668-671 were acquired by Whitvista Pty Ltd in 2006. The original grant date was 17th November 1983. The Mining Claims consist of 68 hectares (three claims at 20 Ha each and one claim at 8 Ha). The claims are current until 31st December 2017.

Apogei Pty Ltd held these claims in recent years and now Padbury Mining Limited (PDY) holds 80% and Yellow Rock Resources Limited (YRR) holds 20% at the time of writing this report. Padbury Mining Limited is the operating partner of the licence.

The tenements were surrendered back to the NT Department of Mines on 6 September 2013.

Apogei Pty Ltd has no data or details of the exploration conducted between 17 November 1983 and January 2007. Since Whitvista Pty Ltd took over the mining claims the information was never transferred to the Apogei Pty Ltd.

Acknowledgements
Padbury Mining Ltd acknowledges the cooperation and generosity of the Northern Territory Department of Mines and Geological Survey in providing published materials and open file company reports. Their help to use the database is much appreciated.
Location and Access

McKeddies Prospect is situated about 160 kilometres southeast of Darwin, NT. Access to the area is via the main road (Stuart Highway) to Pine Creek and thereafter 46 kilometres northwards on minor roads and tracks via Esmeralda and Frances Creek. No field work was undertaken during the anniversary year however previous field work was conducted on a fly-camp basis without use of accommodation or community facilities. There are no Registered or Recorded Aboriginal Sacred Sites on the claims (AAPA letter of 15th October 2007).

Topography

The topography is generally flat or slightly sloping towards the south. A broad ridge occurs through the centre of the area and extends northwards. This forms outcrops of the Pine Creek Geosynclinal rocks and contains quartz vein ridges. The topographic map shows the broad features of the two geographical units, namely the flood plains to the east (Maude Creek drainage) and the better drained, dissected pedeplain platform to the west. Elevations are generally between 80 and 100m ASL.
Regional Geology

The McKeddies leases are underlain by the metamorphosed Palaeo-Proterozoic Pine Creek Geosyncline (pre-1800 Ma). This provides several complex structures and suitable host sites for gold and base metal mineralization. The area lies on the southern end of a large inlier of Proterozoic rocks surrounded by Quaternary alluvium and Recent soils. It is believed that the rock succession at McKeddies is part of the Lower Proterozoic Masson Formation and this is unconformably overlain to the east and west of the tenements by the Mt Partridge Group arenaceous sediments.

Figure 3: McKeddies Regional Geology
Tenement Geology

The Palaeo-Proterozoic sequence of the Pine Creek Geosyncline is represented by the following sequence seen in the trenches at McKeddies (youngest at top):

- Soil and alluvial cover (usually thin)
- Laterite and clay
- Dolerite dykes and sills (probably of Oenpelli age)
- Green Mudstone or Tuff (pelitic units, mainly massive and poorly stratified)
- Carbonaceous Siltstone, large grey bands or intercalated light and dark beds
- Graded Sandstone or quartzite

Figure 4: McKeddies Geology Map
Exploration History

Gold exploration in the Pine Creek Goldfields led to the discovery of alluvial gold at McKeddies Prospect in 1900. Over the next five years a large quantity of gold was extracted from pits, trenches and flats by sluicing, jig tables and dry-blowing. This produced mainly coarse nugget gold or high grade open pit ore. The work was mainly completed by various private prospectors.

Three costeans were cut by Mineral Resources Corporation Pty Ltd (MRC) and in partnership with Union Oil Development Company (UODC) the trenches and surrounding area was geologically mapped, logged and sampled in 1986. UODC identified an auriferous quartz vein stockwork containing 8g/t Au over a 15 metre zone in siltstone and interest in the area increased. Although no official resource was estimated the tonnage of mineralised material was said to be in excess of 625,000 tonnes.

Samples were sent to Amdel in Darwin and assays were mainly for gold and arsenic with some for copper-lead-zinc-silver. Uranium or REE assays were not recorded.

Lack of permanent water, lack of public company interest, a low gold price and isolation from the main gold mining centres deterred further exploration at McKeddies until the 1990’s. By 1993 surface mapping and sampling by MRC provided several additional good gold assays. This led to the building of dams and a reservoir on site in preparation for a drilling program. However, the planned drilling did not eventuate due to a downturn in the gold price. Recent Fieldwork revealed the following:

- 7 trenches dug in the alluvial gold area highlighted extensive alteration and weak gold anomalies.
- Values from 0.3 g/t Au in alteration to 8.15 g/t Au in quartz veins.
- Strong arsenic anomalies exceeding 10 ppm and up to 100 ppm.
- Anticline structure of repeated sedimentary units.
- Field mapping in preparation for future drilling program planned.
- No testing had been completed for uranium on this lease.

In 2008 an airborne geophysical (Magnetic and Radiometric) survey was undertaken. This was completed by GPX Airborne Pty Ltd.

Exploration Methods

The work practises were in keeping with environmental and safety standards expected of modern exploration crews e.g.

- Work was conducted out of Darwin.
- Communication was made possible to the Darwin base via satellite telephone.
- Transport was hired for each field campaign.
- All vehicle movements were on existing tracks or roads.
- Any access to pastoral station lands was completed with their permission.
- All gates and fences were respected and left unchanged.
- Care was taken to observe the restrictions on the use of fire.
- No waterways were traversed, damaged or utilised for any purpose.
- Field crews camped out on site during each sampling or survey session.
- All food, fuel, provisions and equipment items were transported to and from site, without leaving anything behind.
All unwanted bags, samples, rubbish or debris was removed from site and disposed later in Darwin
No land clearances were made
No areas of vegetation were destroyed
Grid positions, where possible used fence lines or tracks, and GPS positions only recorded, thus obviating the need to leave grid pegs

**Work Undertaken**

Exploration work focused on further desktop study and analysis of the technical data, with no field work undertaken. The following geophysical images are the results of the airborne survey over the McKeddies claims.

*Figure 5: Total Magnetic Intensity*

*Figure 6: Uranium response*
Interpretation

Interpretation of the geophysical results and analysis of the previously mapped geology and scintillometer traverses for McKeddies has revealed some targets for further exploration.

The ground scintillometer results showed a strong WSW-ENE fault structure through the centre of the tenements which also coincides with a break in the geological units and a change in the location of the arsenic contours. See map below for interpreted fault in relation to geology.
Figure 8: Structural Geology Interpretation

A review of the airborne radiometric data confirmed similar minor ENE or NE linear trends which are possibly faults. A compilation of uranium response and Ternary K-Th-U (potassium-thorium-uranium) plot confirmed a uranium anomaly located on M CN669 continuing across MCN670. This is possibly a channel structure. See map below:
Figure 9: McKeddies Radiometric interpretation

Production Report

There was no mineral production on the leases during the tenure of Apogei Pty Ltd. There were also no earth works, drilling operations or rehabilitation works carried out during this period.

Expenditure

The following is a summary of exploration expenditure on the McKeddies Project.

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The scheduled minimum expenditure requirement for each claim is $5,000 per year.
Surrender

The company and its parent company Padbury Mining Ltd surrendered the four mining claims due to them being small size and uneconomic to proceed any further with exploration. Apogei Pty Ltd and Padbury Mining Ltd wished to concentrate on their major iron ore assets in Western Australia.

Conclusions

Exploration activities completed to date indicate that the geophysical surveys carried out on the McKeddies tenements have

- confirmed NE or ENE fault structures that could be suitable hosts for gold
- confirmed the presence of uranium anomalies at 1.5-2.1 times background levels
- these uranium anomalies may be related to channel structures
- confirmed that follow-up rock chip sampling is necessary for both gold and uranium
- not yet established the cause of the uranium count anomalies

DECLARATION

This is a true and independent record of the reviewed and verified geological data and, as such represents the exploration status of the McKeddies Project at the time of writing. Any interpretations of the data are opinions of the writer and should not be construed as representing a legal opinion or the opinion of Padbury Mining Limited or Yellow Rock Resources Ltd or any of its directors or employees.

It is common practice to comment on and discuss exploration in terms of target size and type. The above information relating to Exploration Targets at McKeddies Project should not be misunderstood or misconstrued as representing an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

APOGEI PTY LTD

November 2013 (Amended)
Unpublished References

Goldner PT  Preliminary Evaluation of the McKeddies Prospect on behalf of UODC. Peter Goldner & Associates. September 1986

Kable Resources Ltd  Draft Prospectus. 1987
APPENDIX 1
Tenement Data
APPENDIX 2
Geology
McKeddies Claims
MCN668 to MCN671
Structural Geology
Interpretation with uranium count contours