ANNUAL REPORT
ON
EL 24571
NGALIA PROJECT
NORTHERN TERRITORY

COVERING THE PERIOD
7 December 2008 to 6 December 2009

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Aldershot Resources Ltd (ALZ)
Department of Regional Development, Primary Industry, Fisheries and Resources (DRDPIFR)
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SUMMARY

The Ngalia project is located 365km west-northwest of Alice Springs in the Northern Territory. The project area covers 74 blocks (210 km²) and was explored during the 1970's for uranium.

This report details exploration activities undertaken by Royal Resources Limited (“Royal”) following the signing of a farm in Joint Venture Agreement with Aldershot Resources Ltd (“Aldershot”). This report covers the activities undertaken in the tenement’s fourth year of term, 7 December 2008 to 6 December 2009.

Activities completed during the reporting period include the transference of the Aldershot data to Royal and development of a database and GIS compilation of all historic work. A submission was put to the DRDPIFR for co-funding of a drilling program over the Waite Thrust which was successful. The data from the airborne magnetic survey flown by Aldershot in 2006 was reprocessed to delineate critical areas for checking and improve the photo interpretation in preparation for field activities.

Field activities could not commence as the CLC withdrew the permission initially given on behalf of the traditional owners for the proposed exploration. An Exploration Agreement was required before negotiations could recommence. This was finalised with the CLC during 2009 and signed by all parties but too late for field work and heritage clearances to be completed during 2009.
1  INTRODUCTION

EL24571 was granted on 7 December 2005 and covers 210.6 km² (74 blocks). It is owned (100%) by Aldershot Resources Ltd. Royal Resources Limited is the operator as part of a farm-in joint venture agreement finalised in March 2009.

The principal target is sandstone type uranium deposits, either in the Carboniferous Mt Eclipse Sandstone, or Tertiary palaeochannels draining the Southwark Granite Suite to the north. A secondary target is structure related uranium mineralisation associated with structures in the Southwark Granite or Waite Creek Thrust.

This report summarises the work carried out by Royal between 7 December 2008 and 6 December 2009.

2  LOCATION

EL24571 is located 365 km west-northwest of Alice Springs in the Northern Territory on the Mt Doreen (SF52-12) and Lake Mackay (SF52-11) 1:250,000 sheets and the Vaughan (5053), Gurner (5052) and Carey (4952) 1:100,000 sheets (Figure 1). The tenement is bounded by latitudes 22°21' - 22°36’S and longitudes 130°28’ - 130°45'E.

3  TENURE

The Ngalia Project is comprised of a single Exploration Licence. The details are contained in Table 1.

<table>
<thead>
<tr>
<th>Tenement</th>
<th>EL24571</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Ngalia</td>
</tr>
<tr>
<td>Ownership</td>
<td>100% Aldershot Resources Ltd</td>
</tr>
<tr>
<td>Grant date</td>
<td>7 December 2005</td>
</tr>
<tr>
<td>Expiry date</td>
<td>6 December 2011</td>
</tr>
<tr>
<td>Area</td>
<td>74 Blocks (210 km²)</td>
</tr>
<tr>
<td>Expenditure commitment</td>
<td>$30,000</td>
</tr>
</tbody>
</table>

4  ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

Access to the area is by the sealed Stuart Highway for approximately 20 km north-west of Alice Springs, then NW along the Tanami Road and then the access road to Vaughan Springs Homestead before using station tracks within the project area. The project area is about 400 km from Alice Springs (Figure 1). The topography is described in company open file reports (CPM, 1972) as a western half comprising a thick section of sediments underlain by basement granite, providing a rugged terrain while the eastern half is fixed sand dunes about 5-6 m high generally covered with spinifex and sparse scrub.

Climatically, the project area experiences year round periods of dry weather. The mean annual rainfall is 279 mm with a mean temperature of approximately 28.6°C.
Figure 1 Location Map
5 GEOLOGICAL SETTING

EL24571 covers a portion of the western edge of the Ngalia Basin. The basin contains sediments up to 6000m thick ranging in age from Neoproterozoic to Palaeozoic and preserved in an elongate structure that is a remnant of a much more extensive, polyphase intracratonic basin. Seismic data indicates that the basin is an asymmetrical synclinal structure which preserves a much thicker succession on the northern margin marked by northerly dipping thrusts (Yuendumu Thrust) and high angle reverse faults (Figure 2). The current basin configuration results from affects of the 400-300Ma Alice Springs Orogeny. This involved exhumation of the basement which became the provenance for the Carboniferous Mt Eclipse Sandstone (Edgoose, 2006).

Radiometric anomalies and subsequently uranium mineralisation was discovered in the Mt Eclipse Sandstone in EL402 by Central Pacific Minerals NL in 1971. The Mt Eclipse Sandstone is a medium to coarse-grained feldspathic sandstone, commonly with carbonate cement. Pebbles and shale clasts are locally abundant. Conglomerate, arkose, dolomitic sandstone and shale are present as lenses. The rocks are dominantly red, although restricted zones of light to dark grey and yellow-brown sandstone are present. Graphitic and carbonaceous material is common in drill core. Central Pacific Mines NL sub-divided the Mt Eclipse Sandstone into eight units (Units A to H) (Pope, 1978).

Unit C contains most of the uranium mineralisation. At surface, a number of carnitite occurrences are known with uraninite found at depth below the water table. Unit C tends to be white to grey while Unit D is commonly red-brown and purple in colour due to primary hematite so the contact between the two units is a colour change. Shale clasts and matrix phyllosilicates tend to become chloritic within 10 metres of the Unit C-D boundary. Unit D is medium-coarse-grained (rarely fine-grained) feldspathic and occasionally arkosic sandstone with shale clasts, carbonaceous, pyrite and rare pebbles. The matrix material is dominantly chlorite and other micas with carbonate cement. Shale clasts are commonly dark grey to black and carbonaceous (and/or graphitic), and more rarely, pyritic. Carbonaceous matter occurs as disseminated flecks, or as irregular graphitic or rare “coaly” stringers. Shale bands and beds also occur and have a similar appearance to the smaller clasts and are carbonaceous, graphitic and pyritic. Rare bands of both quartzitic sandstone, which is usually hard and tough, and siltstone, which is usually greyish green with abundant detrital (?) mica and chlorite are known. Plant fossils are found. Unit C, in outcrop is pale yellow brown and white and frequently kaolinised. A number of carbonate-rich lenses occur in Unit C. Extensive kaolinisation exists in the vicinity of the Unit C-D boundary. Deeper drilling has shown that this kaolinisation does not extend to greater than 170m below surface (Pope, 1978).

The uranium was sourced from the Southwark Granite, transported in oxidising solutions and precipitated in reduced sandstones containing carbonaceous material and pyrite. Uranium mineralisation occurs proximal to redox fronts. Uranium minerals include carnitite in the oxidised zone and uraninite ± montroseite in the fresh rock below the water table. Montroseite is a vanadium mineral. Diagnostic alteration in the Bigrlyi deposit includes hematitisation, chloritisation and kaolinisation. This style of mineralisation is amenable to acid leaching with 98-99% of the uranium and 70% of the vanadium recovered (Jindalee, 2005).
Figure 2 Regional Geology
6 PREVIOUS EXPLORATION

Central Pacific Minerals NL

Previous uranium exploration within the Ngalia Basin has focussed on the lower units of the Mt Eclipse Sandstone. Over the period 1973-1982, Central Pacific Minerals investigated 16 radiometric anomalies over a 14km strike distance along the northern edge of the Ngalia Basin and the Arunta Complex. This work involved 459 percussion and diamond drillholes aggregating over 36,000m and 7,398 chemical assays (Energy Metals Quarterly Report ended 31 March 2006). Energy Metals Limited (53.3%), Valhalla Uranium (41.7%) and Southern Cross Exploration (5%) now own the Bigrlyi deposit.

In 1983, Central Pacific Minerals, used the sectional method to calculate a total measured resources of 0.8Mt averaging 3.43kg/t U₃O₈, including 0.55Mt at 3.68kg/t at Anomaly 15 and Anomaly 15 Extended. The strike length of Anomaly 14, Anomaly 15 Extended and Anomaly 15 is of the order of 600m. The mineralisation dips steeply (70-80°) to the south (Fidler et al., 1990).

In 1998, as part of a pre-feasibility study, an independent consultant calculated a resource of 623,400t at 3.21kg/t U₃O₈. This resource was based on 121 percussion and diamond holes and calculated to a depth of 150m using ordinary kriging, 25 x 10 x 5m blocks and a 2kg/t U₃O₈ block cut-off. Preliminary acid leach testwork at Anomaly 15 (pH1.5 over 24 hours) recovered 98-99% of the uranium and 25-27% of the vanadium. Subsequent metallurgical work improved the vanadium recoveries to 70% by fine grinding prior to acid leach (Jindalee, 2005). Table 2 lists intersections >5000ppm eU₃O₈ (CR1978-0063) with the highest five grade-thickness intersections highlighted.

<table>
<thead>
<tr>
<th>Anomaly Number</th>
<th>Hole_id</th>
<th>East</th>
<th>North</th>
<th>Max Depth (m)</th>
<th>From (m)</th>
<th>To (m)</th>
<th>Width (m)</th>
<th>Grade (eU₃O₈ ppm)</th>
<th>GT (m, %eU₃O₈)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A4</td>
<td>BPH360</td>
<td>6223</td>
<td>1802</td>
<td></td>
<td>95.00</td>
<td></td>
<td>70.30</td>
<td>76.60</td>
<td>6.30</td>
</tr>
<tr>
<td>A4</td>
<td>BPD369</td>
<td>6154</td>
<td>1727</td>
<td></td>
<td>171.33</td>
<td>159.60</td>
<td>161.30</td>
<td>1.70</td>
<td>5038</td>
</tr>
<tr>
<td>A4</td>
<td>BPD375</td>
<td>6528</td>
<td>2139</td>
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<td>100.69</td>
<td>11.00</td>
<td>15.30</td>
<td>4.30</td>
<td>8967</td>
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<td>26.20</td>
<td>2.60</td>
<td>5302</td>
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<td>17.50</td>
<td>2.90</td>
<td>8151</td>
</tr>
<tr>
<td>A15</td>
<td>BPH335</td>
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<td>2532</td>
<td></td>
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<td>0.50</td>
<td>2.00</td>
<td>1.50</td>
<td>8070</td>
</tr>
<tr>
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<td>BPH336</td>
<td>11124</td>
<td>2534</td>
<td></td>
<td>11.00</td>
<td>0.50</td>
<td>3.20</td>
<td>2.70</td>
<td>10056</td>
</tr>
<tr>
<td>A15</td>
<td>BPD340</td>
<td>11144</td>
<td>2494</td>
<td></td>
<td>87.40</td>
<td>62.90</td>
<td>64.40</td>
<td>1.50</td>
<td>7203</td>
</tr>
<tr>
<td>A15</td>
<td>BPH342</td>
<td>11122</td>
<td>2526</td>
<td></td>
<td>23.00</td>
<td>8.80</td>
<td>12.00</td>
<td>3.20</td>
<td>5842</td>
</tr>
</tbody>
</table>
Previous exploration within the Arunta Complex has focussed on gold, base metals and diamond exploration.

**Swiss Aluminium Mining Australia Pty Ltd**

Samaust carried out uranium exploration by photogeological interpretation, geological mapping, radiometric reconnaissance, percussion drilling of 1511.5m in 116 holes reconnaissance shallow seismic survey and rock chip sampling for petrological studies on their EL1209 tenement during 1976. No economic concentration of $U_3O_8$ was encountered. However they determined that there has been a concentration of uranium in the calcrete and that there are sources of uranium present in the area, as shown by ground radiometric surveys and the presence of pitchblende in one granitic rock chip sample (Samaust, 1977).

**Magellum Petroleum Australia**

Magellum Petroleum Australia carried out regional seismic surveys over the Ngalia Basin during petroleum exploration activities in 1971. Lines J, K and NB cross EL24571. Although no reference is made to uranium, the shot holes for the seismic surveys provide basic lithological information and depth of the alluvial/aeolian sediments (See Samaust). The location of the profiles is shown on Figures 4 to 9.

**7 WORK DONE**

A work program was initially approved by the CLC in June 2007 and a reconnaissance/logistic trip was undertaken in September 2007. The work program approval was withdrawn in 2008 until an Exploration Agreement was negotiated. Negotiations commenced on the Agreement with the traditional owners once the Royal-Aldershot Joint Venture commenced. The Exploration Agreement with the traditional owners was finalised in December. Royal was advised that no field clearances would be undertaken from October 2009 to April 2010. Consequently no fieldwork could be undertaken during 2009.

**7.1 Heritage Surveys**

A search for sacred aboriginal sites in the tenement area was completed with the Aboriginal Areas Protection Authority. A number of sites were identified within the project area and in the immediate vicinity. A meeting was held between the CLC and the traditional owners to review Aldershot’s proposed exploration program. Aldershot’s program was approved in June 2007.

**7.2 Database & GIS development**

Royal input the available historic data and Aldershot's data and interpretations into a database and developed a GIS based (MapInfo) compilation of all the regional and local data.

**7.3 Geophysical Surveys & Interpretation**

An airborne survey was conducted by Fugro at the end of 2006 with magnetic and radiometric data collected. The survey was conducted with a nominal terrain clearance of 60m and a line spacing of 100m. Barret Geophysical Exploration Consultants processed and analysed the data and selected uranium anomalies for ground checking.

During 2009 the magnetic data was reprocessed by Integrated Geophysical Solutions to provide a series of images from the magnetic data which could be used to refine the geological interpretations (Figure 3). A selection of images is presented in Figure 4, Figure 5, Figure 6, Figure 7 and Figure 8 together with the anomalies selected for ground checking. The images resulting from the reprocessing are currently being compiled to refine the photo interpretation and targeting for the planned drilling once the clearances are obtained from the CLC.

The radiometric anomalies were reviewed and re-ranked based on the new magnetic interpretations and geological input. A summary of the results is contained in Table 3.

Radiometric anomalies are abundant in the Southwark Granites and some are close to interpreted NE striking faults. The Southwark Granite hosted anomalies have been downgraded and potentially Mt Eclipse Sandstone hosted anomalies upgraded. However, there are no high priority anomalies within the sediments based on
radiometric signature alone. Ranking included geological and structural interpretations and obvious anomalies that demand attention on the basis of the levels of radioactivity within the sedimentary units.

7.4 Drill Target Development

In conjunction with the planned field reconnaissance and anomaly follow-up, the Waite Thrust has been identified as a possible structural target for the accumulation of uranium. Three areas were selected for drill testing, initially by percussion drilling and then by an angled diamond hole. The proposal was also submitted to DRDPIRF and was successful in obtaining a grant to partially fund the program. A predictive section of a proposed profile is shown in Figure 9.

Table 3 Radiometric Anomalies on EL24571

<table>
<thead>
<tr>
<th>Target No</th>
<th>E (GDA94)</th>
<th>N (GDA94)</th>
<th>Line No</th>
<th>U count (cps)</th>
<th>UxU/Th</th>
<th>U bg (cps)</th>
<th>U/bg Ratio</th>
<th>Priority</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>NG-01</td>
<td>675314</td>
<td>7525567</td>
<td>300330</td>
<td>81</td>
<td>28</td>
<td>53</td>
<td>1.5</td>
<td>1</td>
<td>Linear anomaly in Pgs. Close to mapped and interpreted NE-trending fault. Contrast anomaly</td>
</tr>
<tr>
<td>NG-02</td>
<td>675172</td>
<td>7525273</td>
<td>300370</td>
<td>98</td>
<td>28</td>
<td>27</td>
<td>3.6</td>
<td>2</td>
<td>Linear anomaly in Pgs. On or close to mapped and interpreted NE-trending fault.</td>
</tr>
<tr>
<td>NG-03</td>
<td>671726</td>
<td>7523556</td>
<td>300520</td>
<td>78</td>
<td>27</td>
<td>42</td>
<td>1.9</td>
<td>3</td>
<td>Anomaly in colluvium?, close to interpreted NE-trending fault.</td>
</tr>
<tr>
<td>NG-04→07</td>
<td>672556</td>
<td>7523692</td>
<td>300520</td>
<td>78</td>
<td>27</td>
<td>42</td>
<td>1.9</td>
<td>3</td>
<td>Linear anomaly along ridge in Pgs (Southwark Granite), on or close to mapped and interpreted NE-trending faults.</td>
</tr>
<tr>
<td>NG-08</td>
<td>673381</td>
<td>7523079</td>
<td>300580</td>
<td>78</td>
<td>40</td>
<td>25</td>
<td>3.1</td>
<td>2</td>
<td>Isolated, equidimensional anomaly, on hill/ridge of Pgs close to geologically-mapped ENE-trending fault.</td>
</tr>
<tr>
<td>NG-09→11</td>
<td>671088</td>
<td>7521348</td>
<td>300580</td>
<td>78</td>
<td>40</td>
<td>25</td>
<td>3.1</td>
<td>2</td>
<td>Culmination in broad low lying, NE trending U high in Pgs. West of Vaughan Springs Qtzte.</td>
</tr>
<tr>
<td>NG-12</td>
<td>669852</td>
<td>7519715</td>
<td>300920</td>
<td>57</td>
<td>36</td>
<td>22</td>
<td>2.6</td>
<td>3</td>
<td>Weak circular anomaly in Southwark Granite</td>
</tr>
<tr>
<td>NG-13</td>
<td>669424</td>
<td>7520027</td>
<td>300880</td>
<td>76</td>
<td>41</td>
<td>30</td>
<td>2.5</td>
<td>2</td>
<td>Southern limit of elongate NE-trending U anomaly (NG9-11) in Pgs. On or close to mapped fault trending in same direction.</td>
</tr>
<tr>
<td>NG-14</td>
<td>667614</td>
<td>7519929</td>
<td>300890</td>
<td>74</td>
<td>46</td>
<td>34</td>
<td>2.2</td>
<td>3</td>
<td>Anomaly in Quaternary sediments. Probably contrast type anomaly from granite outcrop</td>
</tr>
<tr>
<td>NG-15</td>
<td>666065</td>
<td>7513897</td>
<td>301490</td>
<td>65</td>
<td>24</td>
<td>26</td>
<td>2.5</td>
<td>3</td>
<td>Spot U anomaly in noisy background. Organics in creek/spring?</td>
</tr>
<tr>
<td>NG-16</td>
<td>656070</td>
<td>7505774</td>
<td>302310</td>
<td>43</td>
<td>37</td>
<td>12</td>
<td>3.6</td>
<td>1</td>
<td>Higher spot U anomaly in noisy background. Alluvial (?) cover. Close to intersecting structures and Mt Eclipse outcrop</td>
</tr>
<tr>
<td>NG-17</td>
<td>673433</td>
<td>7519130</td>
<td>300970</td>
<td>39</td>
<td>20</td>
<td>17</td>
<td>2.3</td>
<td>2</td>
<td>Higher spot U anomaly in noisy background. Near intersecting structures and Mt Eclipse contact</td>
</tr>
<tr>
<td>NG-18</td>
<td>679300</td>
<td>7521700</td>
<td>300770</td>
<td>22</td>
<td></td>
<td>1</td>
<td></td>
<td>1</td>
<td>Twice background on topographic ridge within Mt Eclipse Sandstone. Maybe contrast type anomaly.</td>
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<tr>
<td>NG-19</td>
<td>657900</td>
<td>7505600</td>
<td>302290</td>
<td>21</td>
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<td>1</td>
<td></td>
<td>1</td>
<td>Twice background on topographic ridge within Mt Eclipse Sandstone. Maybe contrast type anomaly.</td>
</tr>
</tbody>
</table>
Figure 3  Airborne Anomalies (U) & Geology
Figure 4  U anomalies over total magnetic intensity (TMI)
Figure 5  U anomalies over magnetic horizontal derivative of tilt derivative
Figure 6  U anomalies over magnetic return to pole (RTP) with NW sun angle
Figure 7  U anomalies over magnetic RTP - 1.5 vertical derivative & NW sun angle
Figure 8  U anomalies over magnetic co-occurrence matrix (NW sun)
Figure 9  Idealised section
8. CONCLUSIONS AND RECOMMENDATIONS

8.1 Conclusions

- EL24571 is prospective for sandstone-type uranium deposits within the Mt Eclipse Sandstone, within structural settings within the Southwark Granite phases and possibly as structural targets related to the Waite Thrust and in Tertiary palaeochannels if suitable reducing facies exist.

- There is no known reason why the style of mineralisation at Bigrlyi and Minerva cannot be repeated within EL24571. The Southwark Granites, located immediately north of the Mt Eclipse Sandstone within the tenement are an ideal source rock with the carbonaceous material with the Sandstone forming an ideal reductant for the mineralising fluids. The unknown is the depth to the Mt Eclipse beneath the Waite Thrust.

- With most of the tenement overlain by aeolian sands it is expected that airborne anomalies will be subdued or absent and exploration will become drill focussed.

- With the western edge of the Mt Eclipse Sandstone being overthrust from the north and west an understanding of the tectonics of the region is essential develop target areas.

8.2 Work Planned for 2010 and recommendations

- Completion of Heritage Clearances prior accessing the area.

- Ground truthing of the selected uranium anomalies supported by radiometric grid surveys where warranted. Priority would be given to the Mt Eclipse Sandstone hosted anomalies.

- Acquisition of IKONOS or Aster satellite imagery over the tenement and surrounds and an ongoing interpretation of the imagery supported by reconnaissance mapping.

- Possible gravity profiles to refine drill targets along selected profiles.

- Consideration of an EM survey to define the contact between the prospective Mt Eclipse Sandstone and the Vaughan Springs Quartzite at selected localities. Trial lines should cover both the northern and southern basin margins.

- Testing of Tertiary palaeochannels by radiometric surveys and shallow drilling if warranted.

- Mapping the outcropping Mt Eclipse Sandstone units.

- Reverse circulation and diamond drilling of test the Waite Creek Thrust for mineralisation and structural information.
9 TECHNICAL DETAILS

Personnel

Senior Geologist           Ian Faris
Project Geologist          Bethany Lawrence

10 REFERENCES


Swiss Aluminium Mining Australia Pty Ltd (Samaust), 1977: Annual report on EL1209 for the period ending 7 June 1977. CR1977-0072