CASTILE RESOURCES PTY LTD
wholly owned by
METALS X LIMITED

FINAL SURRENDER REPORT
EL25427

Operator: Castile Resources Pty Ltd
1:250,000 Sheet: Tennant Creek SE53-14
1:100,000 Sheet: Kelly 5658
Datum: GDA94
Projection: MGA
Zone: 53
Report Type: Final Surrender Report
Report Period: 10 January 2008 to 21 February 2014
Author: Robert Burke
Tenement Holders: Castile Resources Pty Ltd
Distribution: Department of Resources
Castile Resources Pty Ltd / Metals X Limited
ABSTRACT

Location
The tenement is within the Warramunga Province of the Tennant Creek Region, and is located 65km southwest of the town of Tennant Creek. It occupies an area of about 16 square kilometres within the Karlantijpa North Land Trust, and forms part of Castile Resources Pty Ltd (Castile) Rover Project.

Geology
The project is located within the within the Rover Field, which covers part of the poorly exposed southern margins of the Proterozoic Tennant Creek Block of the central Tennant Creek Inlier in the Northern Territory. EL25427 lies within the highly prospective Rover mineral field, and is 10 kilometres to the north of the Rover 1 deposit. The tenement is entirely blanketed by Cambrian cover of the Wiso Basin with no basement outcrop observed. Weakly magnetic basement rocks of the Ooradidgee Group volcanics are interpreted to unconformably overlie Warramunga Group rocks at unknown depths within the tenement as observed in drilling to the south within EL25511. Deposits within the Warramunga group represent the most important mineral producers of Au and Cu regionally and remain the most important exploration target for the area.

Work Completed
Exploration for the period of 10 January 2008 – 21 February 2014 included high resolution airborne magnetics, ground gravity and detailed desktop studies investigating potential extensions of the Rover 7 prospect. No magnetic bodies were identified. However, interesting structures splaying-off the Rover 7 anomaly with coincidental gravity anomalies were highlighted. Limited on-ground field work was completed as the company was focused on further advancing high priority targets including the Rover 1 deposit to the south.

Results / Conclusions
Reviewing historical data for the potential for new styles of mineralisation away from the typical deeper-seated magnetic targets has provided encouragement. However, more on-ground work must be undertaken to fully understand this potential. At present Castile is focused on advancing the Rover 1 deposit and exploring for new deposits throughout the Rover Field to the south. As a result Castile have opted to surrender this tenement.
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1.0 INTRODUCTION

EL25427 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 on 10 January 2008 to cover a small area of land within the Rover Field, 10km north of the Rover 1.

Metals X Limited, through its wholly-owned subsidiary Castile, has a large tenement holding in the region, mostly within the Rover Field which lies under Palaeozoic cover to the west and southwest of Tennant Creek. The primary exploration target is IOCG deposits in the shales and greywacke of the Warramunga Group.

Exploration efforts by Castile in the region throughout the reported period has concentrated on the regional work throughout the Rover, Navigator, and Explorer Fields, where activities included advancing and drill testing multiple regional targets along with the resource definition activities at Rover 1, Explorer 108 and Explorer 142. Work on EL26034 was restricted to geophysical data collection and analysis, review of historic data including historic drill core and desk-top reviews pending the signing of an exploration agreement with the aboriginal Traditional Owners. Assessment of the potential for new styles of mineralisation away from typical magnetic ironstone targets was also conducted.

1.1 Location and Access

EL25427 is located 65km southwest of the town of Tennant Creek. Access to the tenement is 13km from Tennant Creek towards the south via the Stuart Highway, then approximately 72km south west along small tracks (Figure 1).
Figure 1: Location plan showing relative position of tenement with Tennant Creek
1.2 Tenement Details

EL25427 consists of five graticular blocks, and totals approximately 16 square kilometres (Figure 1) and was granted on 10 January 2008. The tenement title is held 100% by Castile Resources Pty Ltd, a wholly owned subsidiary of Metals X Limited.

Table 1: Tenement details

<table>
<thead>
<tr>
<th>Lease</th>
<th>Project</th>
<th>Granted Area</th>
<th>Approximate Area ha</th>
<th>Application Date</th>
<th>Grant Date</th>
<th>Surrender Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL25427</td>
<td>Rover</td>
<td>5 Blocks</td>
<td>1,614</td>
<td>15-June-06</td>
<td>10-Jan-08</td>
<td>21-Feb-14</td>
</tr>
</tbody>
</table>

2.0 GEOLOGY

2.1 Regional Geology

The Tennant Creek Region contains three 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 1,860-1,850Ma Warramunga Province is approximately centred on the township of Tennant Creek, and contains the 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 fold axes, and a well-developed axial-planar slaty cleavage. This 1,850-1,845Ma 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 ~1,700Ma 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. However, granite is not present in outcrop. The Devils Suite is represented by the Warrego Granite, with the Gosse River East Syenite Lamprophyre being penecontemporaneous with the Devils Suite.

The Woodenjerrie beds outcrop in the south of the province and are correlated with the Warramunga Formation. 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 correlates, extending to
the south into the adjacent Davenport Province.

The Tomkinson Creek Province (1,800-1,400Ma) 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 (1,800-1,700Ma) 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 ~1,710Ma felsic Devil’s Suite intrudes the sequence. The ~1,700Ma 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 are the most important mineral producers, and remain the most important exploration target, for the region. Occurrences of W-Sn, U, Ni, Cu, Pb, Zn are known within the Davenport Province. The “Tomkinson Creek” Province hosts manganese deposits at Bootu Creek.

Figure 2: Regional geological setting, Tennant Creek, NT. (after Ahmad et al. 2004)
2.2 Local Geology

EL25427 lies about 65kms to the SW of the township of Tennant Creek. It is entirely covered by approximately 70m of recent sediments. These blanket extensive flat-lying Cambrian siltstones, dolomitic siltstones and dolomites of the Wiso Basin unconformably overlie the Proterozoic basement. Outcrops of the Woodenjerrie Beds, the Junalki Formation, the Ooradidgee Group and the Hatches Creek Group, with minor granite and porphyry have been mapped about 20km east of the tenement, however Warramunga formation rocks do not outcrop in the region. The NTGS regional geological interpretation and observation from Castile staff in drill core recognise the presence of meta-sedimentary rock correlating to the Warramunga sediments within the Rover Field and tenement region.

Drilling to the immediate south at the Rover 5 and Rover 7 prospects has intercepted a thick package of the slightly magnetic Ooradidgee Group which is interpreted to unconformably over the prospective Warramunga Formation. Although no drilling has been conducted throughout EL25427; it is believed that this same package of volcano-sedimentary rocks extends throughout the tenement area.

![Figure 3: Local surficial geology, EL 25427. (After Donnellan, 2004) 1:250,000](image)

2.2.1 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. One of the telegraph operators, 'Woody' Woodforde, 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 led to the discovery of gold in ironstone deposits returning as much as 1.2kg 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 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 100oz (3.2kg) of gold per metric ton. One particularly
rich area within the orebody produced over 300oz per ton. Nobles Nob produced over a million ounces (32 tonnes) of gold.

Historical production from the Tennant Creek field has been in excess of five 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).

In 2008 Kevron completed an airborne magnetic and spectrometer survey of the Tennant Creek 1:250,000 map sheet. Lines were flown at 180° 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 4km. The region is also included in the wide-spaced Australia-wide gravity dataset.

The area of EL25427 has been subjected to numerous exploration programs between 1971 and 1982 before ownership reverted back to local traditional aboriginal owners. It was not until December 2007 that Westgold Resources successfully negotiated access to continue exploration at Rover 1 and the surrounding tenement areas. Previous to the current tenement boundaries, the region was held under 3 tenements (AP2451, EL228 and EL1849).

The area occupying AP2451 / EL228 / EL1849 was held by AOM, who completed airborne magnetics in 1971 throughout the area, locating the Rover 1 – Rover 7 anomalies. Rover 1 is within EL24989, and Rovers 5 and 7 are within EL25511 with potential extension of Rover 7 into EL25427. AP2451 was converted to EL228 in 1972, and then to EL1849 from 1979 - 1983. A large amount of the work completed was in areas outside Castile’s EL25427. In 1973 Rovers 1, 2 and 4 were gridded and covered with detailed ground magnetics, and 1 diamond drill hole was completed on Rover 1. This intersected 124m of Cambrian sediments overlying cleaved sandstone, haematitic shale and pink-red cherts. Abundant chlorite and quartz-chlorite veining with disseminated pyrite-chalcopyrite was intersected. Between 1974 and 1977 further diamond drilling intersected high grade copper and gold mineralisation associated with strongly altered (qtz-jasper-hem-mag) lode material. The high-grade copper zone was seen to be distinct from the high-grade gold zone. A total of 14 diamond holes were completed at Rover 1, which located three separate ironstone bodies. Mining leases were pegged over the prospect areas to retain them. Rovers 5 and 7 were defined by ground magnetics and gravity. One diamond drill hole was completed at Rover 5. However, the hole deviated and did not intersect the planned target.

3.0 WORK COMPLETED DURING THE REPORTING PERIOD

No on-ground field work was carried out in EL25427 during the reporting period. Exploration activities were restricted to remote sensing, geophysics and desk top studies as higher priority targets to the south such as Rover 1, Rover 5, and Rover 7 were being extensively explored.

3.1 Geophysics

Two geophysical surveys were completed on the on the tenement:

- Atlas Geophysics Pty Ltd completed a ground gravity survey over the tenement in 2008. A total of 36 stations were recorded at a spacing of 1 x 0.5km.
Gravitymeter: Scintrex CG5
Base GPS: Leica GPS1200
Line Spacing: 1 x 0.5 Kilometres
Base station: 1 with 2 kinematic roving mobiles.

- GeoSolutions Pty. Ltd. completed a Helicopter Aeromagnetic survey over the tenement area in 2010. A total of 62.9 line kilometers of data was collected on 34 lines. Survey specifications are as follows:
  Magnetometer: Geometrics G822A split beam Cesium Vapour
  Base Magnetometers: Two (2) Geosolutions proton magnetometers
  Base GPS: Novatel RT20 single frequency GPS receiver
  Flying Height: 100 feet (30 metres) depending upon terrain
  Line Direction: North / South 2010 surveys. Some East / West – 2008
  Line Spacing: 50 metres
  Survey Speed: 85 Knots - Indicated Air Speed

3.2 Technical Review

Multiple phases of technical reviews were completed throughout the reporting period including:

- Review of historical geophysical data.
- Assessment of the potential for a new styles of mineralisation in the Tennant Creek region
- Report writing.

4.0 RESULTS

Processing of both the 2008 high-resolution gravity survey and the 2010 helimag survey identified a dominate northwest-trending structure truncating the Rover 7 anomaly (Figure 4). Initially the structure was deemed to be unprospective as the typical target throughout the region was related to discrete magnetite hosted bodies. However, in light of Emmerson Resources’ discovery of shear-hosted mineralisation at their Goanna Prospect in Tennant Creek, the tenement area was re-evaluated. Results were discouraging as the structure was believed to be a late-stage fault through the un-prospective volcaniclastic units of the Ooradidgee Group.

Figure 4: Processed Bouguer gravity of EL25427 and EL25511 highlighting regional NW trending structure.
5.0 ENVIRONMENTAL / REHABILITATION REPORT

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

6.0 CONCLUSION AND RECOMMENDATIONS

EL25427 lies in the northern portion of the Rover Field, 10 kilometres north of the Rover 1 deposit. Work by Castile and previous companies have demonstrated that a major northwest trending fault strikes across the tenement, truncating the Rover 7 anomaly to the south. To date no drilling has been conducted on the tenement testing this major structure. The potential for new styles of mineralisation away from the more classic magnetite rich, ironstone host remains a possibility. However, more work needs to be completed to fully understand the potential. Castile has now focused its exploration activities on other targets throughout Rover Field including the development of the Rover 1 deposit and as such has opted to surrender this tenement.

7.0 REFERENCES


8.0 COPYRIGHT

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Any information included in the report that originates from historical reports or other sources is listed in the "References" section at the end of the document.

Castile Resources Pty Ltd authorise the department to copy and distribute the report and associated data.
Appendix 1: Digital Helimag Data
Appendix 2: Digital Gravity Data

Open File Gravity Stations
Westgold Gravity Stations
- 2006 - total 3274 stations
- 2007 - total 3485 stations
- 2008 - total 3084 stations