<table>
<thead>
<tr>
<th><strong>Title Holder:</strong></th>
<th>NATURAL RESOURCES EXPLORATION PTY. LTD.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operator:</strong></td>
<td>Natural Resources Exploration Pty. Ltd.</td>
</tr>
<tr>
<td><strong>Tenement Manager:</strong></td>
<td>Nicole Munro, Natural Resources Exploration Pty. Ltd.</td>
</tr>
<tr>
<td><strong>Titles / Tenements:</strong></td>
<td>EL(s): 28798</td>
</tr>
<tr>
<td><strong>Project Names:</strong></td>
<td>Daylight Creek</td>
</tr>
<tr>
<td><strong>Report Title:</strong></td>
<td>Year 1 Annual Report – Daylight Creek (EL 28798) 13/1/12 to 12/1/13</td>
</tr>
<tr>
<td><strong>Type of Report:</strong></td>
<td>Annual Report</td>
</tr>
<tr>
<td><strong>Author(s):</strong></td>
<td>P. Forder, N. Munro.</td>
</tr>
<tr>
<td><strong>Company Ref:</strong></td>
<td>NRE_NT2012: DAYLIGHT CREEK Year 1 Annual Report</td>
</tr>
<tr>
<td><strong>Target Commodity / Commodities:</strong></td>
<td>Phosphate and Base Metal Mineralisation</td>
</tr>
<tr>
<td><strong>Date of Report:</strong></td>
<td>1 March 2013</td>
</tr>
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</table>
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Summary

Section 94 of the *Mineral Titles Act* requires the submission of an Annual Report prepared by the titleholder for each exploration licence. The purpose of the following Annual Report for Exploration Licence (EL) 28798 is to provide a summary of the activities carried out over the licence area in the past 12 months, including results produced by those activities.

During the first year of grant, Natural Resources Exploration (‘NRE’) has carried out a detailed geological assessment of Exploration Licence (EL) 28798, known to NRE as its ‘Daylight Creek’ Prospect. To delineate prospective areas for phosphate and base metal mineralisation and define the next phase of exploration, NRE carried out extensive office-based studies including desktop reviews of all previous exploration across EL28798 and its surrounding tenements.

NRE also attended the Alice Springs Facility with a view to analysing water bore cuttings held at the library. NRE carried out both XRF and ALS Analysis of water bores located in the region. Following NRE’s desktop studies, a reconnaissance helicopter assisted field trip of EL28780 was carried out. During this reconnaissance, rock chip samples were taken.

NRE’s activities during the first year of grant have been a great success and have defined targets for further exploration activities to be conducted during the second term.
1. Introduction

During the first year of grant, Natural Resources Exploration (‘NRE’) has carried out a detailed geological assessment and field activities of Exploration Licence (EL) 28798, known to NRE as its ‘Daylight Creek’ Prospect.

EL 28798 was granted to NRE on 13 January 2012, consisting of a total of 12 sub-blocks. The tenement is located approximately 300 kilometres north west of Alice Springs and overlies the Georgina Basin and the Aileron Province (Arunta Region) to the south. The Georgina basin is a large intracratonic basin which is Neoproterozoic to Palaeozoic and was initiated as part of the Centralian Superbasin. The Arunta Region includes the Aileron Province of Palaeoproterozoic age, the Warumpi Province of Palaeoproterozoic age and the Irindina Province of Neoproterozoic to Carboniferous age.

During the reporting period, NRE’s exploration rationale and objectives for its Daylight Creek Prospect considered the evaluation of potential phosphate and base metal mineralisation. Investigations were intended to locate any outcropping of mineralisation and any indicators of any sub-surface mineralisation within the tenement based on desktop reviews.

NRE has conducted a full review of all previous exploration within the project area including review of previous exploration data from NTGS open file company reports, review of aeromagnetics, of radiometrics and gravity survey provided by NTGS and review of satellite imagery, ASTER imagery and Google Earth Imagery.

NRE’s activities during the first year of grant have allowed for the delineation of targets for further exploration activities to be conducted during the second term of EL28798 in conjunction with its surrounding tenements.

2. Tenure

NRE’s exploration licence (EL) 28798, is more commonly known by NRE as its ‘Daylight Creek Project’. EL 28798 was granted to NRE on 13 January 2012 for a term of 6 years.

The Daylight Creek Prospect consists of 12 sub-blocks covering 37 square kilometres of land across the Jervois Range. **Table 1** lists the pertinent tenement details.

**Table 1. Tenement Details**

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Tenement Name</th>
<th>Title No. (EL)</th>
<th>Sub-blocks</th>
<th>Sq. Km</th>
<th>Status</th>
<th>Grant Date</th>
<th>Term (Yrs)</th>
<th>Expiry Date</th>
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</thead>
<tbody>
<tr>
<td>Jervois</td>
<td>Daylight Creek</td>
<td>28798</td>
<td>12</td>
<td>36.52</td>
<td>Granted</td>
<td>13 Jan 12</td>
<td>6</td>
<td>12 Jan 18</td>
</tr>
</tbody>
</table>

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Native Title

There are currently no Native Title Claims over the area.

Recorded Sites

The Aboriginal Areas Protection Authority (AAPA) has identified one (1) recorded sacred site in the northern section of the EL.

2.1 Location and Access

Location & Access

Exploration Licence EL28798 is located approximately 300 km north west of Alice Springs. The location of the tenement is shown in Figure 1 below.

The Daylight Creek Prospect is accessed via the Plenty Highway. The location and access to the tenement is identified in Figure 1.

Figure 1. Location & Access Map
Pastoral Leases

NRE’s Daylight Creek Prospect overlies one (1) Pastoral Lease, namely ‘Jervois Station’ NT Portion 366, Perpetual Pastoral Lease 962. Figure 2 shows this lease in relation to the Daylight Creek Prospect area.

Figure 2. Cadastral Map

2.2 Topography and Drainage

Topography

The Daylight Creek Prospect is much more elevated to the north with elevations ranging from 450 metres down to 350 metres in the south.

The topography of the area is shown in Figure 3.

Drainage

EL28798 drains towards Daylight Creek which runs through the middle of the tenement.

The drainage of the area is shown in Figure 3.
3. Geology

3.1 Regional Geology

EL28798 overlies the Georgina Basin to the north and the Aileron Province (Arunta Region) to the south see Figure 4. The Georgina basin is a large intracratonic basin which is Neoproterozoic to Palaeozoic and was initiated as part of the Centralian Superbasin. It lies across the Queensland/Northern Territory border and occupies an area of approximately 325 000 km$^2$.

The Georgina Basin is aged between 850 Ma to 355 Ma and overlies the Aileron Province, Tennant Region, Murphy Inlier, McArthur and South Nicholson Basins and Lawn Hill Platform. The basin deepens towards the south along the margin with the Arunta Region and can be up 3.7 km thick.

The basin consists of mainly Cambrian to middle Ordovician marine sedimentary rocks. The Cambrian to early Ordovician rocks are essentially marine carbonate rocks with minor sandstone and siltstone. The middle Ordovician rocks are dominated by siltstone and sandstone. The early Palaeozoic Georgina Basin succession underlies the Silurian to Devonian freshwater sandstone and Permian boulder beds.
Deposits have been found of sedimentary phosphate including the Wonarah phosphate deposit. Several lead-zinc occurrences have also been located along the southern margin and oil is found throughout the basin. This basin is considered a major exploration target for sedimentary phosphate and there is also exploration for base metals, diamonds, manganese, oil and gas.

The Arunta Region includes the Aileron Province of Palaeoproterozoic age, the Warumpi Province of Palaeoproterozoic age and the Irindina Province of Neoproterozoic to Carboniferous age. The Aileron Province can be divided into two sequences: the Strangways Metamorphic Complex and the younger Oonagalabi Assemblage. The Irindina Province consists of the Harts Range Group.

The Strangways metamorphic complex can be split into three groups: the Lander Package, the Ongeva Package and the Cadney Package. The Lander package is aged between 1865 Ma and 1820 Ma and consists of: tubiditic pelites and psammites. The Ongeva Package is aged between 1810 Ma and 1790 Ma and consists of: metapelitic and metapsammitic rocks with subordinate calc-silicate, marble and felsic and mafic orthogneiss. The Cadney Package is aged between 1780 Ma and 1730 Ma and consists of: marbles and calc-silicates.

The Oonalabi Assemblage contains one sequence called the Ledan Package. The Ledan package is aged between 1770 and 1730 Ma and includes pelitic and psammitic metasediments that unconformably overlie the Strangways Metamorphic Complex.

The Warumpi Province can be split into three groups: the Madderns Package, the Yaya Package and the Iwupataka Package. The Madderns Package is aged between 1690 to 1670 Ma and includes K calc-alkaline felsic magmatism. The Yaya Metamorphic Complex is aged between 1660 and 1640 Ma and contains mudstones, sandstone, calc-arenites and mafic extrusives/intrusives. The Iwupataka Metamorphic Complex is aged between 1630 and 1610 Ma and contains schist and amphibolite.

Finally, the Irindina Province consists of the Harts Range Group. The Harts Range Group is aged between 850 Ma and 500 Ma and contains a complex assemblage of granite gneiss, marble, calc-silicate, amphibolite, psammites and pelites which has gone under metamorphism.
3.2 Permit Geology

According to the Huckitta 1:250 K Mapsheets, the permit geology of EL28780 consists of the following outcropping rock units:

**Unconsolidated Sediments**

Soil: silty or sandy, alluvial and Aeolian. Sheet and dune sand; sandy soil.

**Errara Formation**

The Errara Formation is an early Cambrian formation and contains Dolostone, silty to clean, laminated to thick-bedded, fossiliferous, quartz siltstone to pebble conglomerate in the east.

**Mount Baldwin Formation**

The Mount Baldwin Formation is aged between the Ediacaran and the early Cambrian and contains medium to coarse grained quartz arenite.
Elkera Formation
The Elkera Formation is aged between 600 and 544 Ma and comprises: siltstone to sandstone, micaceous, laminated to thin-bedded, blue-grey to dusky red; dolostone horizons, some stromatolitic.

Jervois Granite
The Jervois Granite is aged between 1780 and 1760 Ma and consists of: biotite granodiorite, fine to medium grained, locally leucocratic or muscovite bearing; common rafts of metamorphic rocks.

Mascotte Gneiss Complex
The Mascotte Gneiss Complex is given an age of the Statherian (Paleoproterozoic) and consists of: quartzo feldspathic gneiss; granitic gneiss; granitoid; biotite gneiss and schist; amphibolite.

The permit geology of EL28798 is shown below in Figure 5. A simplified stratigraphic column can be seen in Table 2.

Figure 5. Permit Geology Map
Table 2. Stratigraphy

<table>
<thead>
<tr>
<th>Era</th>
<th>Period</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cenozoic</td>
<td>Quarternary</td>
<td>Unconsolidated Sediments</td>
</tr>
<tr>
<td>Paleozoic</td>
<td>Cambrian</td>
<td>Errara Formation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mount Baldwin Formation</td>
</tr>
<tr>
<td>Neoproterozoic</td>
<td>Ediacaran</td>
<td>Elkera Formation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jervois Granite</td>
</tr>
<tr>
<td>Paleoproterozoic</td>
<td>Statherian</td>
<td>Mascotte Gneiss Complex</td>
</tr>
</tbody>
</table>

4. **NRE’s Exploration Activities during the Reporting Period**

NRE has carried out a detailed geological assessment of EL28798 during the first year of grant. NRE has also commenced active field work within the EL area. To delineate prospective areas for phosphate and base metal mineralisation and define the next phase of exploration, NRE carried out extensive office-based studies including desktop reviews of all previous exploration across EL28798 and its surrounding tenements.

NRE also attended the Alice Springs Core Facility for the purpose of conducting XRF and ALS Analysis of cuttings from previously drilled water bores in the region in order to gain a better understanding of the region. Following NRE’s desktop studies, a reconnaissance helicopter assisted field trip of EL28798 was carried out.

4.1 **Exploration Studies**

NRE has conducted an extensive review of historic exploration over its Daylight Creek Prospect. A review of all previous exploration within the project area has been completed including:

- Review of previous exploration data from NTGS open file company reports; and
- Review of aeromagnetics, of radiometrics and gravity survey provided by NTGS; and
- Review of satellite imagery, of ASTER imagery, Google Earth Imagery.

NRE also conducted an extensive review of historic exploration over its Daylight Creek Prospect.

A review of the historical exploration discovered that most exploration companies have explored for base metal mineralisation in the area. Poseidon Exploration explored this area quite extensively in the 1990’s. They conducted airbourne electro-magnetic and magnetic surveys in the area. Lag sampling, stream sampling and mapping were also conducted. CRA Exploration acquired and processed radiometric and TM imagery and collected 42 rock chip samples. They also conducted geological mapping and some exploration drilling in the area.
Previous exploration has been summarised in Table 3 and location of historic tenements is shown in Figure 6.

Table 3. Historic Tenements and Previous Companies’ Exploration Reports

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Period</th>
<th>Company Reports</th>
<th>Company</th>
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</thead>
<tbody>
<tr>
<td>EL24911</td>
<td>2006-2008</td>
<td>CR2008-0458</td>
<td>Imperial Granite and Minerals</td>
</tr>
<tr>
<td>EL 740</td>
<td>1972-1974</td>
<td>CR1974-0174</td>
<td>Attutra Mining Company / Petrocarb Exploration / Wilstone/Union Corporation</td>
</tr>
<tr>
<td>AP 3161</td>
<td>1971-1972</td>
<td>CR1972-0016</td>
<td>Petrocarb Exploration</td>
</tr>
<tr>
<td>EL 1910</td>
<td>1978-1979</td>
<td>CR1982-0066</td>
<td>CRA Exploration</td>
</tr>
<tr>
<td>EL 26936</td>
<td>2009-2011</td>
<td>CR2010-0381, CR2011-0489</td>
<td>Wanbanna</td>
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</table>
4.2 Water Bore Cuttings Analysis

NRE engaged Terra Search Pty. Ltd. (referred to as NRE’s geologists) to attend the Northern Territory’s Alice Springs Core Facility to analyse a number of cuttings available from historically drilled water bores around the Daylight Creek Prospect.

Although there were no water bores located within the licence area itself, NRE analysed core cuttings from historically drilled water bores around Daylight Creek in an attempt to obtain a better understanding of the geology of the region.

The Department kindly allowed NRE to set-up in the Alice Springs Core Facility where NRE’s geologists undertook analysis of the water bore cuttings using a hand-held XRF device. Although no water bores were within EL28798, NRE was able to test a number of water bore cuttings from water bores in the region.

NRE lodged an Exploration Report with the Northern Territory Department of Resources’ Geoscience Division on 12 September, 2011. This report was required in respect of the XRF and ALS Assaying of Water Bore Chips at the Alice Springs Core Facility. The Exploration Report was titled ‘XRF & ALS Assaying of Water Bore Chips – Core Facility: Alice Springs’.
4.3 Geological Evaluation & Helicopter Reconnaissance Programs

NRE engaged Terra Search Pty. Ltd. to conduct a reconnaissance helicopter assisted field trip of EL28798 and its surrounding tenures. Local landholders were visited, a number of field targets across the area were assessed and geological mapping was carried out. The field trip proved successful in evaluating the tenements in the most effective and timely manner possible.

Field targets that required ground truthing or evaluation were identified based on desktop research of regional geological and geophysical data, augmented with compilation and assessment of all previous exploration reports. An array of material was assessed prior to field work to assist with optimal target generation, this included:

- Data from all previous exploration as documented in open file reports retrieved from the Northern Territory Government. This includes:
  - Surface geochemical sampling;
  - Geochemical anomalism mapping;
  - Geological Mapping;
  - Detailed geophysical survey data;
  - Geophysical anomalism mapping;
  - Drilling results; and
  - Local and regional geological assessments and conclusions derived from exploration programmes.

- Water bore data available for all bores drilled in the region. This data includes geological logging and water assaying.
- Geological maps provided by the Northern Territory government.
- Aeromagnetics, aero-radiometrics and gravity surveys provided by the Northern Territory government.
- Satellite imagery, ASTER and Google Earth imagery.
- Data supplied by landowners in relation to geological and topographic features of interest on their properties.

Assessment of the field targets involved an initial low fly over before determining whether a landing was viable for each target site. Assessment at each site involved a variety of the following tasks:

- Geological and structural note taking and measurements
- Radiometric measurements
- Collection of soils and rock chips
- Observations of outcrop boundaries where relevant
- Botanical and physiographic appraisal
- Photography of the features of interest at each site.

Detailed geological characteristics were recorded at each site and rock chip and bulk surface samples were collected. The helicopter assisted field trip was successful in evaluating the area in the most effective and timely manner possible.

4.4 Rock Chip Sampling Program

To ensure follow up work is carried out with optimal effectiveness, NRE’s geologists confirmed regional geological mapping during the helicopter reconnaissance and collected samples. Observations at all target sites were made to detail the settings of each of those areas. The Daylight Creek Prospect was assessed for phosphate and base metal potential. Nine (9) rock chip sampling targets were identified from a desktop review of a range of datasets including ASTER imagery, radiometrics, magnetics and gravity data.

Eight (8) rock chip samples were collected within EL28798. The location of these samples is shown in Figure 7 below.

Figure 7. Location of rock chip samples

These 8 rock chip samples returned results which were not particularly encouraging for phosphate or base metals. One of the geological observations located siliceous ironstone
(3014428); however no metals were detected by portable XRF or from laboratory assay. Although examination of the most obvious radiometric features failed to locate potential phosphate mineralisation, NRE intends to conduct further reconnaissance exploration and sampling programs in the second term to identify any other areas with phosphate potential.

*Table 4* provides information on the rock chip samples collected. Full assay results are provided in *Appendix 1.*

### Table 4. Selected Assay Results from Rock Chip Samples

<table>
<thead>
<tr>
<th>Sample</th>
<th>Au (ppm)</th>
<th>Ag (ppm)</th>
<th>Cu (ppm)</th>
<th>Fe (%)</th>
<th>Mg (ppm)</th>
<th>Mn (ppm)</th>
<th>Ni (ppm)</th>
<th>P (ppm)</th>
<th>Pb (ppm)</th>
<th>U (ppm)</th>
<th>Zn (ppm)</th>
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<td>16</td>
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5. **NRE’s Exploration Activities for next 12 month period**

The objective of NRE’s exploration activities over the next 12 month period in relation to the Daylight Creek Prospect is to identify any possible sub-surface mineralisation over the area and define targets within the EL.

The helicopter assisted reconnaissance over the EL provided an efficient appraisal of the area. NRE now intends to conduct further reconnaissance exploration to identify any other areas with phosphate potential. Geological mapping for any further targets will also be undertaken within EL28798 and its surrounding tenures.

NRE also foresees that additional rock chip and soil sampling will be carried out to allow for effective delineation of targets within the Daylight Creek Prospect.

6. **Reports lodged during the reporting period**

NRE lodged an Exploration Report with the Northern Territory Department of Resources’ Geoscience Division on 12 September, 2011. This report was required in respect of the XRF and ALS Assaying of Water Bore Chips at the Alice Springs Core Facility. The Exploration Report was titled ‘XRF & ALS Assaying of Water Bore Chips – Core Facility: Alice Springs’.

NRE believes that no other reports were required to be lodged during this reporting period.

7. **Conclusions**

Natural Resources Exploration’s exploration activities during the first term of its Daylight Creek Prospect have been focused on delineating targets.
NRE has conducted a full review of all previous exploration within the project area including review of previous exploration data from NTGS open file company reports, review of aeromagnetics, of radiometrics and gravity survey provided by NTGS and review of satellite imagery, ASTER imagery and Google Earth Imagery.

NRE also engaged Terra Search Pty. Ltd. to attend the Northern Territory’s Alice Springs Core Facility to analyse a number of cuttings available from historically drilled water bores in the region. Investigations were intended to locate any outcropping of mineralisation and any indicators of any sub-surface mineralisation within the tenement based on desktop reviews. Following NRE’s desktop studies, a reconnaissance helicopter assisted field trip of EL28798 was carried out.

As a result of its first year activities, NRE has been able to assess the mineral potential within the tenement and is now in the process of developing programs to further define targets.

NRE is looking forward to commencing its exploration activities on EL 28798 in the second term, in conjunction with its surrounding tenements.
8. Bibliography


Note these (and many more) references are also located in the References section of the Huckitta and Tobermorey 1:250,000 geological map series explanatory notes.
Appendix 1

Assay Results from Rock Chip Samples