SWIM CREEK PROJECT
EL25165

Annual Report for the Period

Volume 1 of 1

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SUMMARY

The Swim Creek Project comprises exploration licence 25165 located in the Mary River region approximately 100 kilometres east-southeast of Darwin in the Northern Territory.

Uranex is targeting East Alligator River Uranium Field (EARUF) and/or South Alligator Rivers Uranium Field (SARUF) and/or Rum Jungle Uranium Field (RJUF) style uranium deposits This is based on the recognition that the Lower Proterozoic stratigraphy of the area has some similarities that may equate with stratigraphy in these uranium fields.

Most of the outcrop areas are mapped as the Wildman Siltstone (Ppw) of the Mt Partridge Group meta-sediments. The basal unit of the Mt Partridge Group, the Mundogie Sandstone (Ppm) outcrops on the eastern margin of the project and may be under cover in the north. The South Alligator Groups Koolpin Formation (Psk) is located in the far south of the tenement and may occur in synclinal areas under Cainozoic cover elsewhere.

The Whites Formation, which hosts the Rum Jungle uranium mineralisation, may be stratigraphically equivalent to part of the Wildman Siltstone (Ppw) within the tenement.

The Mundogie Sandstone (Ppm), which underlies the Wildman Siltstone, outcrops locally in the tenement. This is thought to be possibly equivalent to the magnetic Upper Cahill Formation of the EARUF further east. Hence the Lower Cahill host equivalent would be stratigraphically below it.

The Koolpin Formation outcropping in the south is the uranium host for the SARUF.

Previous exploration for year 1 for the period 7th November 2006 to 6th November 2007 comprised a detailed aeromagnetic and radiometric survey comprising 6561 line kilometres and it’s processing and interpretation. This survey has produced both radiometric and aeromagnetic interpreted litho–structural targets for follow up by ground inspection and then drilling of those that may relate to uranium mineralisation.

This second annual report describes activities conducted for the period 7th November 2007 to 6th November 2008. Exploration activities during the period have involved both vehicle and helicopter assisted investigations of geology and the uranium radiometric anomalies located by the earlier year 1 airborne survey.

It was also planned to conduct an airborne electromagnetic survey in conjunction with Geoscience Australia over the project in July. However the contractor Fugro Geophysical could not supply the aircraft and system and this is now postponed to the 2009 dry season. The results were to be used to locate litho-structural targets for drill follow up.

Total project expenditure for the reporting period was $7189. Total expenditure for years 1 and 2 is $125,174.
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1.0 INTRODUCTION

This second annual report details all exploration work undertaken on Swim Creek Project Exploration Licence 26165 during the reporting period 7th November 2007 to 6th November 2008.

The licence located in the Mary River area, on the western margin of the Kakadu National Park within the Pine Creek Orogen approximately 100 kilometres east south east of Darwin in the Northern Territory (Figure 1).

Access is from Darwin on the Arnhem Highway approximately 130 kms to the south east of the tenement, then north on the Point Stuart Road. Accommodation is available at the Mary River Point Stuart Lodge just off the Point Stuart Road. Most of the tenement is on Annabaroo Station.

The tenement is situated on the Darwin (SD52-04), 1:250,000 map sheet.

The terrain in the area is mostly low hills with broad plains. Vegetation cover is mostly tropical woodland.

2.0 TENURE

The Swim Creek Project comprises one granted exploration licence. It covers approximately 427 square kilometres and attracts a current expenditure covenant of $110,000.

Table 1: Project Licences

<table>
<thead>
<tr>
<th>Name</th>
<th>Licence</th>
<th>Granted</th>
<th>Expiry</th>
<th>No. Blocks</th>
<th>Area km²</th>
<th>Commitment</th>
</tr>
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<tr>
<td>Swim Creek</td>
<td>EL26165</td>
<td>7-Nov-06</td>
<td>6-Nov-12</td>
<td>181</td>
<td>427.16</td>
<td>110,000</td>
</tr>
</tbody>
</table>
Figure 1: Swim Creek Project Location
3.0 GEOLOGY

The Swim Creek Project is situated in the middle of the Pine Creek Orogen. The older Archean basement domes are situated about 80 kilometres to the east (Nanambu Complex) and similarly 80 kilometres to the west (Rum Jungle Complex).

Most of the outcrop areas are mapped as the Wildman Siltstone (Ppw) of the Mt Partridge Group meta-sediments (Figure2) The basal unit of the Mt Partridge Group, the Mundogie Sandstone (Ppm) outcrops on the eastern margin of the project and may be under cover in the north. The South Alligator Groups Koolpin Formation (Psk) is located in the far south of the tenement and may occur in synclinal areas under Cainozoic cover elsewhere.

There are isolated remnants of the Jurassic–Cretaceous flat lying sediments throughout the tenement.
4.0 PREVIOUS EXPLORATION

4.1 Historical

The earliest investigations were conducted by Geopeko during the early 1970s following the acquisition of the BMR aeromagnetics and radiometrics. Their efforts were mainly...
towards uranium and to a lesser extent to base metals and later gold. Targets were eventually investigated by ground geophysics and geochemistry. These programs defined the “Quest” anomalies, which were the focus of their base metal exploration for 4 years.

Most of the other exploration was for gold and base metals. The main targets were for stratabound and stockwork gold mineralisation similar to Woodcutters and Rustlers Roost. The same ground was repeatedly taken up, past work assessed and added to by various techniques.

The main players were:

CRA 1979 to 1982,
Aquitane 1980
Newmont Holdings 1987 to 1990,
Carpentaria Exploration 1990
Sons of Gawlia 1992
North Mining (Geopeko) 1994 to 1996 and Sirocco Resources – Rustlers Roost Mining 1998 to 2003

They all targeted stratabound and anticlinal targets in the Wildman Siltstone and Koolpin Formation and to a lesser extent the Mundogie Sandstone. Contact and stockwork mineralisation was targeted around the post tectonic, high level, Mt Bundey Granite and the Mt Goyder Syenite. The Annabarroo anticlinal dome was also a focus.

Stream sediment sampling, soil sampling and drilling were employed at various scales. A number of prospects were located such as Donkey Hill and Anomaly 7 but no significant deposits were located in or near EL 21565.

4.2 Uranex NL

Previous exploration by Uranex NL for year 1 for the period 7th November 2006 to 6th November 2007 comprised a detailed aeromagnetic and radiometric survey comprising 6561 line kilometres and it’s processing and interpretation. This survey has produced both radiometric and aeromagnetic interpreted litho–structural targets for follow up by ground inspection and then drilling of those that may relate to uranium mineralisation.

5.0 TARGETING

The three main criteria for forming these deposits in the Pine Creek Orogen are:

1) Proximity to Archaean–Lower Proterozoic crystalline basement highs (<1800ma). These are the Nanambu Complex at EARUF, the Rum Jungle and Waterhouse Complexes of the RJUF and parts of the Litchfield Complex.

2) Favourable Lower Proterozoic host rock stratigraphy and lithofacies. At the EARUF, this is the Lower Cahill Formation. This starts at the base with massive dolomites.
and minor gneisses and schists. These underlie the major uranium deposits. The apparent equivalents at RJUF would be the Manton’s Group Celia Dolomite and the Mount Partridge Group’s Crater Formation and Coomalie Dolomite underlying the host Whites Formation.

3) Proximity of the current land surface profile to the base of existing or previously overlying Middle Proterozoic sedimentary cover rocks. This is the Kombolgie Formation at ARUF and the Depot Creek Sandstone at the RJUF and the Litchfield Complex. Critical to the exploration equation for the Swim Creek area is how far the current land surface is below the pre- Kombolgie regolith and whether there was a pre-sedimentary felsic volcanic episode equivalent to the Edith River Volcanics. The nearest Kombolgie Formation outcrop is in the Koongarra outlier some 100 kilometres to the east.

Uranex is targeting East Alligator River Uranium Field (EARUF) and/or South Alligator Rivers Uranium Field (SARUF) and/or Rum Jungle Uranium Field (RJUF) style uranium deposits.

This is based on the recognition that the Lower Proterozoic stratigraphy of the area has some similarities that may equate with stratigraphy in the EARUF, the SARUF or the RJUF described above.

The Whites Formation, which hosts the Rum Jungle uranium mineralisation, may be stratigraphically equivalent to part of the Wildman Siltstone (Ppw) within the tenement.

The Mundogie Sandstone (Ppm), which underlies the Wildman Siltstone, outcrops in the east and in the core of an anticline in the southwest of the tenement. This is thought to be possibly equivalent to the magnetic Upper Cahill Formation of the EARUF further east. This, being the most likely case, then the Lower Cahill host equivalent would be stratigraphically below it. And may also be present under cover to the north. The Lower Cahill Formation host lithologies consist of interbedded pyritic carbonaceous mica schists, chloritic calc-silicates, and chloritised felspathic quartzites.

At the SARUF the host is the Koolpin Formation (Psk) comprises ferruginous siltstone, pyritic carbonaceous shale and silicified dolomites and it outcrops just inside the southern boundary of the tenement.

6.0 CURRENT EXPLORATION ACTIVITIES

During the current reporting period, exploration activities have involved both vehicle and helicopter assisted investigations of geology and the uranium radiometric anomalies located by the earlier year 1 airborne survey.

It was also planned to conduct an airborne electromagnetic survey in conjunction with Geoscience Australia over the project in July. However the contractor Fugro Geophysical could not supply the aircraft and system and this is now postponed to the 2009 dry season. The results were to be used to locate litho-structural targets for drill follow up.

Vehicle access is difficult so most of the ground checks were done with the assistance of a helicopter.
The best uranium radiometric anomalies were selected and given way-point coordinates. These were then navigated to in the helicopter by GPS to the nearest clear landing spot. The anomalies were then located on foot by GPS and hand held scintillometers.

The highest scintillometer reading spot was then sampled where sample was available.

The selected images show the anomaly way-points on various backgrounds.

**Figure 3: Swim Creek Way-Points on UxU/Th**
Figure 4: Swim Creek Way- Points on U/Th

Figure 5: Swim Creek Way-Points on DTM
Figure 5: Swim Creek Way-points on TMI (Total Magnetic Intensity)

Figure 5: Swim Creek Way-points on Geology
The spot uranium indicator (UxU/Th) anomalies (way-points) on Figure 3 and the DTM (Digital Terrain Model) Figure 4 show that they are mostly on the plains over shallow cover the Wildman Siltstone. On the ground the plain is grey soils over sub-cropping cemented iron pisolithes.

Table 2 below summarises the results of the ground checking. It describes the anomaly host, the maximum counts per second compared with background and the analytical results of those sampled. Analyses were done by Genalysis Perth West Australia using PP/XRFa technique.

### Table 2 Summary of Geology, CPS and Analyses Helicopter Ground Survey

<table>
<thead>
<tr>
<th>ANOMALY NUMBER</th>
<th>EAST NUMBER</th>
<th>NORTH NUMBER</th>
<th>SAMPLE NUMBER</th>
<th>DESCRIPTION</th>
<th>ROCK TYPE</th>
<th>BACK COUNTS</th>
<th>MAXIM COUNTS</th>
<th>METHOD LIMIT</th>
<th>CPS LIMIT</th>
<th>CPS LIMIT</th>
<th>CPS LIMIT</th>
<th>CPS LIMIT</th>
<th>CPS LIMIT</th>
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<td>SC1</td>
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<td>8585375</td>
<td>SC1</td>
<td>Grey pisolithic sands</td>
<td>50</td>
<td>200</td>
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<td>26</td>
<td>7</td>
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<td>6</td>
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</tr>
<tr>
<td>SC1b</td>
<td>792500</td>
<td>8585125</td>
<td>SC1b</td>
<td>Grey pisolithic sands</td>
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<td>SC2</td>
<td>798875</td>
<td>8580125</td>
<td>SC2</td>
<td>Pisolitic cemented</td>
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<td>250</td>
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<td>SC3</td>
<td>801062</td>
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<td>8585625</td>
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<td>Pisolitic cemented</td>
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<td>Pisolitic cemented</td>
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</tr>
<tr>
<td>SC9</td>
<td>815687</td>
<td>8582937</td>
<td>SC9</td>
<td>Pisolitic cemented</td>
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<td>150</td>
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<td></td>
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<tr>
<td>SC10</td>
<td>812125</td>
<td>8593187</td>
<td>SC10</td>
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<td>100</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>SC11</td>
<td>813125</td>
<td>8601000</td>
<td>SC11</td>
<td>Grey soils, some Wilman Siltstone Clasts</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Uranex N.L.  
Swim Creek Project  
Annual Report for the Period 7th November 2007 to 6th November 2008
The magnetic images show two blind east-northeast striking dolerites in the west. Two parallel linear northeast striking structures can be seen in the top central area. The shorter south-eastern one seems to terminate against a northeast feature and the termination is associated with a significant elliptical magnetic anomaly.

7.0 EXPENDITURE

A breakdown of expenditure is contained in Table 3. Expenditure for the Swim Creek Project for the period 7th November 2007 to 6th November 2008 is $7,189

Table 3: Expenditure 2007 to 2008

<table>
<thead>
<tr>
<th>Item</th>
</tr>
</thead>
</table>
| Helicopter Hire            | 2,430  
| Geological Consultants     | $2,985  
| General Contractors        |  
| Geophysical Consultants    |  
| Geophysical Data Acquisition|  
| Gridding                   |  
| Drilling RAB / Aircore     |  
| Assaying                   |  
| Tenement Administration    | $390  
| Computer Services          | $167  
| Conferences and Seminars   | $280  
| Data Entry                 |  
| Drafting                   |  
| Salaries                   |  
| Accommodation              |  
| Travel                     |  
| Other                      |  
| Total                      | $6,252  
| Administrative Overheads (15%) | $938  
| TOTAL                      | $7,189  

Previous Expenditure $117,985
LICENCE TOTAL TO DATE $125,174
Tenement Costs this year $2,120

8.0 CONCLUSIONS AND RECOMMENDATIONS

Vehicle and helicopter assisted investigation of geology and the uranium radiometric anomalies located by the earlier year 1 airborne survey has suggested that most anomalies are on the pisolite and sand plains and not in the outcropping Wildman Siltstone. The source of the uranium is unknown and it may be either local or remote with concentration occurring in the plains by hydromorphic processes.

Some drill traverses are needed across the anomalies to test for a local uranium source.
It was also planned to conduct an airborne electromagnetic (AEM) survey in conjunction with Geoscience Australia over the project in July this year. However the contractor Fugro Geophysical could not supply the aircraft and system and this is now postponed to the 2009 dry season. The results were to be used to locate conductors and litho-structural targets for drill follow up. This drill follow up will now be planned after receiving the processed and interpreted results.

9.0 PROPOSED EXPLORATION

The planned investigations for E 25165 are:

- Acquisition of the AEM survey processing and interpretation
- Identifying conductors and litho-structural targets from the AEM for drill testing.
- Drill testing of the targets and traverses across selected uranium radiometric anomalies on the pisolite / sand plains for possible local uranium sources

A proposed Expenditure for this is attached as Table 4.

Assuming the AEM survey delivers the interpreted results in time, the expected expenditure would be in the vicinity of $124,000 as detailed below in Table 4.

Table 4: Proposed Expenditure 2008 to 2009

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helicopter Hire</td>
<td>$20,000</td>
</tr>
<tr>
<td>Geological Consultants / Contractors</td>
<td>$20,000</td>
</tr>
<tr>
<td>Geophysical Consultants</td>
<td>$5,000</td>
</tr>
<tr>
<td>Geophysical Data Acquisition</td>
<td>$23,000</td>
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<tr>
<td>Gridding</td>
<td>$5,000</td>
</tr>
<tr>
<td>Drilling RAB / Aircore</td>
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<tr>
<td>Assaying</td>
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<tr>
<td>Accommodation</td>
<td>$5,000</td>
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<tr>
<td>Travel</td>
<td>$5,000</td>
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<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$108,000</td>
</tr>
<tr>
<td>Administrative Overheads (15%)</td>
<td>$16,200</td>
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<tr>
<td>TOTAL</td>
<td>$124,200</td>
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