Mount Skinner Combined Report (CR-039/09)

ELs 26543, 26719, 26748 & 27516

Reporting Period: 1 February 2013 to 31 January 2014

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SUMMARY

This report details work undertaken during the reporting period 1 February 2013 to 31 January 2014 by Intercept Minerals Ltd. During this reporting period, the Mt Skinner Project area consisted of five Exploration Licences (ELs) 26025, 26543, 26719, 26748 & 27516.

However one tenement, EL26025 was relinquished on 26th November 2013. A separate Annual and Final Report has been submitted for this tenement which is not repeated in this report. The Mt Skinner Project area is located approximately 200km north of Alice Springs.

Intercept Minerals Ltd (Intercept) formerly Uramet Minerals Limited initiated exploration because the potential for stratiform copper and base metal mineralisation was identified in this Mt Skinner area. Sandstone hosted lead mineralisation had previously been recognised (Dunster et al., 2007). The first tenement was acquired in 2007, with additional tenements subsequently added and the project expanded into the Mt Skinner Group of exploration tenements. As a result of encouraging results in Intercept's exploration work, uranium was added to the commodities being targeted and has since become the dominant exploration focus, apart from tungsten in EL26543.

A program looking at the potential of calcrete-hosted uranium mineralisation within the nearby and extensive Wilora palaeo-channel was added in 2007-2008, with the addition of six more Exploration Licence tenements. The Wilora tenements adjoined Mt Skinner to the south, but were never part of the Mt Skinner Project. They were tested and later dropped.

In 2009, examination of reports of previous exploration in the district, ground checking of regional airborne radiometric data, along with reconnaissance exploration, sampling and mapping, resulted in the discovery of previously unknown outcrops of uranium bearing granitoid rocks. Subsequent petrological and assay work confirmed that this rock should be classified as an alaskite containing variable, low to moderate levels of uranium within the relatively small surface exposures. The peak assay value returned was 540ppm Uranium. Additional tenements were acquired covering the regional NW-SE strike extensions of this area.

A known tungsten occurrence – Millionaires well, in the NW of the same area was acquired in 2008 and held under EL 26543

Work conducted on the four active Mt Skinner Group tenements during this reporting period involved field reconnaissance and prospecting to aid planning and access issues for a RAB drilling program. This is being considered as the preferred approach to evaluating the potential extent and grades of uranium associated with the identified alaskite targets. All data was reviewed in an ongoing basis for exploration planning.

The uranium bearing alaskite remains the main exploration target in most of the Project area, but the extensive but thin veneer of transported sand cover remains as the most significant difficulty to overcome for successful systematic exploration.
The tungsten occurrence in EL 26543 remains as a separate target yet to be evaluated. A program of trenching is being considered as a method of evaluating the potential for as yet unknown, more extensive tungsten bearing quartz veining to exist in the area obscured by shallow transported material.

EL 26025 was surrendered completely during the year.
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INTRODUCTION

In the full 1 year period covered by this report, (Feb 2013 to Jan 2014) the Mt Skinner Project area comprised a total of four Exploration Licences, ELs 26543, 26719, 26748 & 27516. EL26025 was dropped during this period and a separate final report for this tenement has been submitted, and is not repeated here.

Initial exploration in the Mt Skinner area was directed towards stratiform base metal mineralisation, and subsequently pursuing uranium mineralisation along the Wilora palaeo-channel immediately to the south west. Intercept Minerals Ltd is now firmly focussed on the more recently identified Adnera potential for alaskite hosted uranium mineralisation.

The alaskite occurrence is identified so far in two quite small outcrops. Most of the area within the tenements lies beneath shallow transported sand cover. Therefore the amount of information about the mineralisation and its host rocks is also very limited. Elevated REE (rare earth element) values appear to be associated with the higher uranium values. These values are significantly lower than the values which are encountered in the mineralisation at Nolans Bore, located about 120kms to the SW. However similarities with this occurrence are plausible.

Deposits which may have genetic affinities with the Adnera uranium mineralisation have been researched, and these include uranium mineralisation associated with the alaskite bodies at Rossing and the nearby Etango deposits in Namibia, and the Crocker Well deposits in the Olary district of the Curnamona province of South Australia. There is significant variability within this group of igneous rock hosted uranium deposits.

EL 26543 in this Mt Skinner Group of tenements contains the known Millionaires Well tungsten occurrence, which is the primary exploration target in this tenement.

This report covers the exploration work carried out by Intercept on the Mt Skinner Project Tenements between 1 February 2013 and 31 January 2014.
Figure 1 Mt Skinner Project Plan of Location and Access
2 LOCATION AND ACCESS

The Mt Skinner Project area is located approximately 200km north of Alice Springs (Figure 1), with access to the area via the sealed Stuart Highway, and within the project area by station tracks of varying quality. Most are generally in good condition, however the 15km section of track leading to Millionaires Well is overgrown and in poor condition.

The tenements lie within the Stirling and Mt Skinner pastoral leases. The primary land use is cattle grazing.

A sacred site survey was undertaken in 2009 by the Aboriginal Areas Protection Authority (AAPA), with an Authority Certificate (C2009/352) being issued by the AAPA in December 2009. A number of sacred sites were located.

3 TENURE

The Project comprises (ELs) 26025, 26543, 26719, 26748 & 27516. EL26025 was surrendered in November 2013.

Figure 2 Tenement and Prospect Location

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Figure 2 Tenement and Prospect Location
The ELs are held by Intercept Minerals Ltd. Tenement details are summarised in Table 1.

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Table 1 Mt Skinner Project Tenement Details

Figure 3  Former and current tenement boundaries 2012-2013
4.1 Regional Geology

The Project area lies at the boundary between Proterozoic-aged basement of the Arunta domain and the younger southern Georgina Basin. The Georgina Basin as a 330,000km² erosional remnant of a larger intracratonic basin known as the Centralian Superbasin which covered a large area of central and northern Australia during Neoproterozoic times. Sedimentary units within the Georgina Basin range in age from the Neoproterozoic to the late Palaeozoic. In excess of 1.5km of Neoproterozoic sedimentary rocks are preserved in downfaulted blocks and half-grabens on the southern margin of the Georgina Basin in the NT. Depocentres and synclines contain up to 2.2km of Cambrian to Devonian section.

The Arunta basement is dominated by folded and faulted Palaeoproterozoic-age felsic gneiss and metasedimentary rocks (biotite schist, quartzite and calc-silicate), with lesser meta-igneous rocks (amphibolite), which are intruded by a variety of syn- to post tectonic granitoids.

In early Palaeozoic times the area was a stable platform on which carbonate, clastic and evaporitic units were deposited. The intracontinental, compressional Alice Springs Orogeny (370-310 Ma) affected the Georgina Basin and other central Australian Basin but resulted in little metamorphism (Dunster et al. 2007).

Figure 4  Major sedimentary basins and basement blocks surrounding the project area.
4.2 Tenement Geology

The geology of the project area (Figure 5) is dominated by Neoproterozoic and Cambrian clastic sedimentary rocks of the Central Mount Stuart and Octy Formations, and Paleoproterozoic Barrow Creek Granite Complex, with localised occurrences of early to mid Proterozoic Bullion Schist, and Ledan Schist. The latter three units are part of the Arunta Domain, and generally outcrop poorly in comparison with the Central Mt Stuart Formation.

Strike directions mainly trend NW-SE, sub-parallel to regional faults and shears such as the northwest trending Stirling Fault Zone. A secondary set of faults cross-cut the stratigraphy with a northeast strike.
5  GEOMORPHOLOGY

The Landsat image of Figure 10 highlights the variable geomorphology of the area. The topography is generally dominated by the hills of the outcropping Central Mount Stuart and Octy Formations represented as dark blue in the Landsat image.

![Figure 6 Landsat image of the project area](image)

Sand-plains usually show as light green to light brown, to light purple in the image. Granitoids are a cream colour evident in EL26748 and adjacent areas. Areas of strong outcrop are dark blue. The vegetation ranges from savanna woodland near the creeks, to gidgee and acacia scrub to annual grasslands. The vegetation is consistent with a semi-arid regime.
6. HISTORIC EXPLORATION WORK – (PRE INTERCEPT)

6.1 Base Metals Exploration

Many explorers have previously investigated the area for base metals. Exploration within the tenement was initiated by Kennecott Exploration in 1966. The main targets were the malachite-bearing grey-green siltstone units that crop out throughout the area. The NT Department of Mines and Water Resources drilled 4 holes for a total of 662m in 1968 to investigate copper mineralisation at Mt Skinner (GR19680016). Alcoa of Australia Ltd continued exploration for copper and drilled 4 holes at Mt Skinner in 1981 (CR19820183).

In 1970, Centamin N.L. followed up on the holes drilled by Department of Mines and Water Resources and selected intervals of core which were assayed for Cu, Pb and Zn but without any significant results (CR19830125).

In 1983, Alcoa Australia Ltd flew an airborne magnetic survey at 500m line spacing and drilled 4 holes close to previous holes. Operations ceased after re-evaluation of the data led to a down-grading in prospectivity of the area for base metals (CR19830125).

In 1995, CRA Exploration Ltd re-logged and assayed the Mt Skinner core drilled in 1968 but did not make any concluding remarks (CR19950562).

No significant drilling has been carried out since 1995.

In 2002 NTGS undertook remapping of the 100,000 Woodgreen sheet area that encompasses the Mt Skinner project area. The NTGS re-evaluated the area as part of the Southern Georgina Basin Geology and Resource Potential Report in 2007 and concluded that Mt Skinner remains prospective for Cu and Pb. (Dunster et al., 2007).

6.2 Uranium Exploration

Uranium exploration was undertaken south of the tenements by CRA in the 1970’s (CR19740032) but only low uranium levels were reported. No other uranium exploration work has been discovered prior to Intercept Minerals activities.

6.3 Tungsten Exploration.

EL 26543 of 4 sub-blocks contains the small tungsten workings of Millionaires Well.

The style of mineralisation being targeted is quartz vein-hosted tungsten (scheelite/wolframite). At the historical Millionaires Well workings a WSW-trending quartz-carbonate vein set hosts the tungsten mineralisation. The vein system occurs near a contact between Barrow Creek Granite and schists, interpreted to be the Bullion Schist. Other tourmaline-rich vein sets appear to be barren. Past exploration work indicates the project area may also prospective for calc-silicate-skarn-hosted tungsten, for shear-zone-hosted gold, and for vein-hosted uranium within granitoid basement.
Previous work within the area includes the small-scale mining at Millionaires Well in the 1940’s, and subsequent exploration work by CRA in the early 1990’s, and Normandy mid to late 1990’s. CRA recorded an assay of 780ppm tungsten in calc-silicate rocks centrally in now EL 26748.

No production statistics have been located for the Millionaires Well workings, however the workings are of relatively small scale, following veins up to 0.5m wide over a total strike length of about 170m. In a brief report for the Northern Territory Geological Survey (NTGS) by D. Moore in 1978, Moore suggested that a lack of permanent water in the area may have been a contributing factor for the abandonment of the mining.

CRA explored the area for stratabound base metals and uranium in the late 1970’s (mostly to the south of the tenement). Work by CRA included mapping and rock chip sampling. CRA reported uranium rock chip results up to 620 ppm U, and a rock chip sample with 780 ppm W, supposedly within a calc-silicate rock.

Normandy explored for shear hosted gold between 1995 and 2000 to the south of the tenement. Normandy did not assay for tungsten in any of the sampling.
7 PREVIOUS EXPLORATION CONDUCTED BY INTERCEPT MINERALS LTD.

7.1 Base Metal Exploration

Selected core intervals of three historical drill holes from the Mt Skinner area (Mt Skinner 1, 2, 3) and one drill hole from the Wilora Palaeochannel (railway technical hole RA194/920RH1) were inspected at the NTGS Alice Springs Core Library and analysed with a portable Niton XRF. The results for the Mt Skinner holes confirm previously reported geochemical data. Maximum spot assays of 2.3% Cu and 402 ppm Zn were recorded from Mt Skinner 1. The results indicate an absence of lead-zinc mineralisation in the Central Mount Stuart Formation. None of these holes intersected the prospective Elyuah Sandstone Formation. Spot analyses up to 64 ppm uranium were returned from calcrete in the railway technical hole.

Nine malachite bearing siltstone float sample were tested with a Niton portable XRF analyser, and revealed values up to 600 ppm U, 635 ppm Pb, 1048 ppm Zn and 46% Cu.

Four shallow reconnaissance aircore holes were also drilled for base metals, and were analysed on site with the Niton XRF. The results confirmed anomalous copper at the surface and elevated lead values up to 128 ppm were recorded at the end of hole WAC0175 at 18m depth.

A helicopter-borne EM (VTEM = versatile time domain electromagnetic) survey amounting to 361 line-kilometres over the tenement was flown by Geotech Airborne Ltd (www.geotechairborne.com.au) in October 2007.

In 2008, in conjunction with a regional helicopter assisted ground gravity survey conducted by Geoscience Australia (GA) and the Northern Territory Geological Service (NTGS), Intercept co-funded three extra 500m spaced infill surveys, with an addition two surveys being commissioned independently by Intercept.

Exploration in 2009 consisted of geophysical interpretation of regional and infill gravity surveys and interpretation and modelling of regional airborne magnetic. Along with water bore sampling and analysis, field reconnaissance and rock chip sampling, soil and auger sampling and shallow trenching.

7.2 Uranium Exploration

Field reconnaissance was undertaken in several campaigns with a particular focus within the Adnera Uranium Prospect which was reflected as more localised elevated radiometric responses within the regional airborne data.

A total of 42 rock chip samples were collected from EL 26748. All samples were analysed in the field by Niton portable XRF, with 14 of these samples also being sent to UltraTrace Laboratories in Perth for analysis. The maximum uranium value (Laboratory) was 540 ppm and this and other anomalous samples were contained within altered granitoid rocks.
XRF analysis has confirmed the granite host to be an alaskite, an alkali feldspar granite containing less than 10% mafic minerals. Alaskites host Rio Tinto’s Rössing uranium mine in Namibia, one of the largest open pit uranium mines in the world, where the alaskite intrusions contain large tonnages of uranium mineralisation. Uraniferous alaskites do not appear to have been previously reported within the Arunta Province of the NT.

A program of very shallow auger drill sampling was conducted in 2009 – 2010 to follow up the alaskite discovery outcrops and to test a nearby discordant magnetic feature which was thought to potentially have some relationship with the emplacement of the alaskites. The auger implement used was a small, wheeled, mobile unit with a single 60 cm long auger flight, which produced fairly clean samples at surface from the end of hole about 60cm below. These were checked with the Niton XRF as holes were completed.

A total of 339 auger samples were collected as the end of hole samples (depth 60cms) from within the Adnera Prospect in 2009 and 2010 most within the vicinity of an outcropping alaskite, but with 41 samples collected over a magnetic anomaly to the south-west of the alaskite.

161 of these auger holes were drilled at the Adnera Uranium Project in 2010. Of these, 142 of the holes were drilled generally on 100m centres along lines spaced 200m to 400m apart. These holes were drilled to test extensions of anomalous uranium results obtained in the auger program completed in November 2009 adjacent to an outcropping alaskite. A further 19 holes (DX001-DX019) were drilled approximately 2.5 km along strike and to the south-east of the alaskite on the northern part of EL26719.
Sample locations and uranium (Niton XRF) results are summarised in Figure 8.

Anomalous uranium values up to 83 ppm U (Niton) were obtained from the auger drilling.

Figure 8 Adnera auger sample locations coloured by uranium results (Niton)
Figure 9 Google Earth image of the Adnera Uranium project area showing aeromagnetic anomaly, and location of alaskite outcrops.

Figure 10 Aeromagnetic TMI image of the SE corner of the Adnera EL26748 tenement area showing aeromagnetic features, and the locations of the two outcroping uranium bearing alaskites.
7.3 EL26543, Tungsten Exploration.

Work undertaken previously by Intercept includes a data review, a 500m spaced ground gravity survey, and field reconnaissance and rock chip sampling using a Niton portable XRF analyser. In mid 2008, the Northern Territory Geological Survey, in conjunction with Geoscience Australia, conducted a gravity survey over a large area north of Alice Springs on a 4 km by 4 km grid. Intercept selected an area over the old workings at Millionaires Well for infill on a 500m by 500m grid.

The gravity survey delineated an ellipsoidal gravity high approximately 1.5 km long and 1 km wide oriented in an ESE-WNW direction, being orthogonal to the regional foliation. The gravity high occurs over what is interpreted to be Bullion Schist (outcrop not located during field visit due to sand cover), with the tungsten workings situated near the contact of the granite to the south and Bullion Schist to the north. The block of Bullion Schist is possibly a large roof pendant within the granite batholith, with the remaining schist being stoped out. The main veins targeted by the early miners are of a similar orientation to the gravity high.

![Figure 11 Millionaires Well- residual gravity image and simplified geology](image)

Later, the old workings at Millionaires Well and surrounding area were examined and rock chips sampled. A total of twenty seven rock chip samples were collected from the Project Area and tested with a NITON XRF analyser. Of the 27 samples, only 5 samples produced values above detection, and these were all derived from a small area of about 50m in strike.

Results showing significant tungsten values are given in Table 2. Most of the samples gathered within the vicinity of the old workings were collected with the aid of a UV lamp at night time in order to pick out scheelite bearing samples. The tungsten values in Table 2 are the result of scheelite rich zones as indicated by fluorescent response under the UV lamp, i.e. the sampling was selective for scheelite).
Sampling was conducted along strike over some 400m of strike, collecting and testing quartz and particularly quartz tourmaline vein materials. Outside the immediate area of the small workings, no tungsten was recorded in any samples. There is potential for tungsten bearing veins to be present and masked by shallow transported cover.

Table 2 Significant W Values From Millionaires Well Rock Chip Samples

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<th>Sample</th>
<th>Description</th>
<th>W %</th>
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<tr>
<td>m001</td>
<td>quartz mullock from small shaft, minor granite on selvage</td>
<td>0.96</td>
</tr>
<tr>
<td>m002</td>
<td>dark grey medium grained granite (mullock from workings)</td>
<td>2.44</td>
</tr>
<tr>
<td>m011a</td>
<td>quartz-carbonate (picked up from “sorting area”)</td>
<td>18.08</td>
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</table>
8  CURRENT EXPLORATION.

8.1 Base Metals.

No base metal exploration activity has been undertaken in the current period.

8.2 Uranium

The Adnera uranium prospects, identified through the small outcrops of altered alaskite at two locations in EL26748 remain at the centre of Intercept's uranium exploration program. During the course of this year, reconnaissance and prospecting was conducted up to 5kms around the known alaskite occurrences without identifying any other bedrock outcrops. Data review and research on acid igneous hosted uranium deposits continued during this year. It is essential that models and examples of these deposits are known and understood to facilitate the best exploration techniques.

Follow-up work to date has been restricted to this sort of reconnaissance and prospecting plus 2 earlier programs of shallow auger sampling in the vicinity of the southern outcropping alaskite. While the results of this work were considered disappointing initially, it is now realised that the work was of doubtful merit and that there is a strong probability that the sampling and assays did not reflect those of the underlying bedrock in many cases.

There is an almost total lack of bedrock exposure, with a layer of transported sand cover and this presents a substantial difficulty. Figure 6 shows the extent of transported cover with all light green, light brown and pale purple representing transported covered areas.

Given that so much of the entire area is covered with this transported sand, it is probable that many holes did not penetrate into residual bedrock material by the end of each auger hole 60cm below surface. With an open flight auger, contamination and dilution are possible from upper parts of the holes. While samples tested and assayed were the last samples collected around the hole collars, their reliability must be questionable.

In addition to the concerns about the sample representation at 60cm depth, there is a major question about the effect of the weathering profile on the distribution of secondary uranium minerals above fresh rock. The probability of leaching out and surface depletion of uranium in totally weathered soils (below transported cover) would make earlier negative results of little value in assessing the potential of uranium mineralisation in this area.

The auger sampling carried out was conducted only near the southern alaskite outcrop, and no work was conducted around the northern locality, despite the uranium assay results being significantly higher in this area. This area still requires evaluation.

Given the absence of surface geological information, testing of the immediate areas around the alaskite outcrops and then their probable extensions will be guided by magnetic data, primarily, with magnetic features elongate NW-SE along the main regional geological trend. The Namibian alaskite deposits show rapid variations in uranium content within the host alaskites, with high grade reducing to relatively low grades over distances of hundreds of metres. Recognising the existence of alaskite will be of primary importance.

It is suggested that a RAB drilling program of vertical holes drilled to blade refusal, would provide cost effective exploration data. Initial drilling close to the known alaskites should confirm anomalous
uranium values and give an understanding of the vertical distribution of uranium in the weathering profile. Step-out drilling would seek to extend elevated uranium values beyond the limit of these outcrops. Extensions of the alaskite would be located through step-out sections initially based on magnetic trends to the NW and SE.

The observation of an apparent increase in REE values associated with the higher uranium (laboratory) assays can be further investigated.

8.3 Tungsten

It has been proposed to test the potential for multiple vein sets with a series of shallow backhoe trenches. These trenches were expected to have less than 1 metre of cover overlying bedrock offering an effective means to evaluate the potential of further tungsten occurrences in the tenement. However a more recent field inspection of the area has suggested that cover may be variable and questioned the suitability of this proposed backhoe trenching program.

The trenching program is yet to be agreed and finalised, but conceptually aims to investigate the region of the granite / schist contact and determine whether there are unexposed tungsten bearing quartz veins in this position. Exposure is poor in this area, and it is possible that at least one initial trench up to 1000m long may be required for primary geological control. The gravity and magnetic data has been used in optimising the target positioning.
Figure 13 Regional Uranium Counts over the Project Area

Figure 14 Regional Gravity over the Project Area.
9 CONCLUSIONS

The potential for significant uranium mineralisation associated with alaskite bodies in the Adnera Project area remains untested and a program of vertical RAB drilling is proposed, attempting to trace the extent of the uranium bearing alaskite occurrences, to gather data on the uranium distribution in the weathered profile, and to examine the uranium grades present through this drilling program.

Areas where encouraging uranium is encountered will require follow up with more substantial drilling programs and equipment.

REFERENCES

Dunster JN, Kruse PD, Duffett ML and Ambrose GJ. 2007. Geology and resource potential of the southern Georgina Basin, Northern Territory, NTGS.