9th ANNUAL AND FINAL TECHNICAL REPORT
FOR THE PERIOD
18 January 2007 to 17 January 2015

Waterhouse West Project
EL24563

NORTHERN TERRITORY

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BIBLIOGRAPHIC DATA SHEET

PROJECT NAME: Waterhouse West Project
TENEMENT NO: EL24563
TENEMENT OWNER: Royal Resources Limited (100%)
TENEMENT OPERATOR: Royal Resources Limited
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REPORT TYPE: Annual and Final Report
REPORT PERIOD: 18 January 2007 to 17 January 2015
AUTHOR: T. Thomas – Royal Resources Ltd.
DATE OF SUBMISSION: March 2014
DATUM: GDA94 - Zone 52
1:250,000 SHEET AREA: Pine Creek (SD52-08)
1:100,000 SHEET AREA: Reynolds River (5071)
MINERAL FIELD: Rum Jungle Mineral Field
COMMODITY: Uranium, Iron Ore
ABSTRACT

LOCATION: The Waterhouse West Project is centred approximately 10 kilometres southwest of the township of Batchelor, Northern Territory. The project is defined by a single Exploration Licence, EL24563, which covers an area of 128.4 km² (48 sub-blocks) and is located on the Pine Creek 1:250 000 Sheet (SD52-08) and the Reynolds River 1:100 000 sheet (5071).

GEOLOGY: The Waterhouse West Project overlies the Archaean Waterhouse Dome, part of the Rum Jungle Mineral Field. The core of the Waterhouse Dome comprises schist, gneiss and granitic units and blocks of the Stanley Metamorphics. Exposures of the Early Proterozoic sedimentary units include the Manton Group, Mount Partridge Group, South Alligator and Tolmer Group sediments, which are folded around the margins of the granitic dome.

WORK DONE: During the reporting period of 18 January 2007 to 17 January 2014, Aldershot Resources Limited and Royal Resources Limited work on EL24563 began with a detailed review, and compilation of historical exploration data from open file reporting into a legible database. Field activities commenced with site reconnaissance to areas identified for uranium prospectivity for verification. Photointerpretation of existing and additional geological mapping aided in geological interpretations. Surface sampling, both soil and rock chipping was carried throughout the tenure of the tenement at sites for prospective for both uranium and iron ore mineralisation. Drilling at two locations along the interpreted Giants Reef fault followed by surveying with downhole gamma logging followed in 2011. Petrology of rock chips and follow up reconnaissance in 2013 and 2014 to test for iron ore prospectivity found low prospectivity for iron given current market conditions and styles of mineralisation. Rehabilitation of disturbed areas completed in 2012. A compilation of the previous years results were reviewed in the final year, with a minor ground magnetics survey taking place.

CONCLUSIONS: Historically the Waterhouse West Project was prospective for uranium and iron within three geological units; Stanley Metamorphics, Crater Formation and Geolsec Formation which differ in age, composition and mineralisation style, occurring within (Stanley Metamorphics) and along the margins of the Waterhouse Dome. Unfortunately, due to economic conditions, styles of mineralisation and low grade assay results, Royal Resources has made the decision to surrender the tenement in lieu of focussing their resources on other projects.

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INTRODUCTION AND TENURE

This 9th Annual and Final Technical report details exploration completed on the Waterhouse West Project by Aldershot Resources Ltd. (Aldershot) and Royal Resources Ltd. (Royal) during their tenure for the period 18 January 2007 to 17 January 2015, compiled by Royal Resources Limited (Royal). The reporting area comprises one surrendered exploration licence EL24563 of 48 graticular blocks (128.4km²), overlying the Waterhouse West Dome, part of the Pine Creek Orogen. Details of tenure of the tenement are given below in Table 1.

Given the decline in uranium ore prices, during the previous (2013) reporting period, an extension of term was granted by the Department of Mines and Energy to commence exploration focused on reviewing the iron ore potential. In addition, ownership by Royal was acquired in 2009 from Aldershot, whereby Royal now holds 100% interest since the initial venture into the project.

Bearing similarities to the East Alligator uranium field and the Athabasca Basin uranium deposits in Canada, initially exploration focus was on unconformity-type uranium mineralisation proximal to the unconformity between Lower and Middle Proterozoic rocks. Later, iron ore prospectivity was explored. Exploration activities during the tenure of the tenement involved:

1. Compiling all historical exploration into a legible database.
2. Field activities commenced with a detailed ground based radiometric surveys, followed by site reconnaissance to the identified anomalies for verification.
3. Photogeological interpretation of existing and additional geological mapping aided in the geological history and setting studies.
4. Surface sampling, both soil and rock chipping was carried out at airborne radiometric anomaly sites.
5. Air Core drilling was carried out at 35 drill holes (total 863m) to test two locations of the Giants Reef Prospect for uranium mineralisation
6. Petrology and review of rock chips was reviewed in 2012.
7. Rehabilitation of disturbed areas completed.
8. A compilation of the previous years results were reviewed in the final year.
9. Minor field work was undertaken in the penultimate and final years to test the prospectivity of iron mineralisation - however results did not produce evidence of economic uranium nor iron mineralisation, subsequently the licence has been surrendered.

Table 1. EL24571 Tenement Details

<table>
<thead>
<tr>
<th>Tenement Location</th>
<th>EL24563 Waterhouse West</th>
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<tr>
<td>Ownership</td>
<td>2007 - 2012 100% Aldershot Resources Ltd</td>
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<tr>
<td></td>
<td>2012 - 2013 60:40% Royal/Aldershot</td>
</tr>
<tr>
<td></td>
<td>2013 - 2015 100% Royal Resources Ltd</td>
</tr>
<tr>
<td>Operator</td>
<td>2007 - 2009 Aldershot Resources Ltd</td>
</tr>
<tr>
<td></td>
<td>2009 - 2015 Royal Resources Ltd</td>
</tr>
<tr>
<td>Grant Date</td>
<td>15/01/2015</td>
</tr>
<tr>
<td>Surrender Date</td>
<td>2007 - 2009 146.9 km²</td>
</tr>
<tr>
<td></td>
<td>2009 - 2015 126.4 km²</td>
</tr>
</tbody>
</table>
2 LOCATION AND ACCESS

EL24563 is located 100 kilometres south of Darwin, approximately 10 kilometres southwest of the historic mining township of Batchelor in the Northern Territory (Figure 1). The tenement abuts the eastern boundary of the Litchfield National Park and covers an area of 128.4 km$^2$. It lies between longitude 130.93ºE and latitude -13.27º S, and longitude 131.0ºE and latitude -13.02º S on the Pine Creek 1:250 000 map sheet (SD52-08) and the Reynolds River 1:100 000 map sheet (5071).

The project area comprises savannah woodland with localised patches of tropical forest lining creeks, as well as areas of open black soil plains and experiences a wet season from November–April and a dry season from May–October. The average rainfall is 677mm with a mean temperature of approximately 34º C.

Access to the tenement area is by the Stuart Highway and turning off toward Batchelor along the Litchfield Park road. The tenement is then accessed via gravel roads heading south and then west via various properties gates and tracks. The flat, relatively open country is generally accessible by 4WD.

Access to the newly defined Crater Iron Prospect is either via Chin Road (dirt track) travelling west to the Litchfield National Park fenced boundary or southwards along the Litchfield Park boundary fence line from the Litchfield Park road. A track marks the boundary on both sides of the fence. Access to the newly defined Camp Creek Prospect is via Camp Creek Homestead.
Figure 1: Waterhouse West Project Location
3 REGIONAL GEOLOGY

The Waterhouse West project is situated around the Archaean Waterhouse Dome part of the historic Rum Jungle Mineral Field on the western side of the Pine Creek Orogen (Figure 2). The Archaean Rum Jungle and Waterhouse Complexes are domal structures containing mixed schist, gneiss, and granitic units and metasediments and Banded Iron Formations (BIF) assigned to the Stanley Metamorphics, upon which early Proterozoic sedimentation has taken place. The Proterozoic sedimentary sequences consist of repeated cycles which commence with the deposition of high energy conglomerate and sandstone, which fine upwards to shallow-water limestone.

In the western part of the Rum Jungle Mineral Field the oldest sedimentary rocks in the sequence are exposed against granitic contacts. These units belong to the basal Manton Group sediments which are overlain by the Mount Partridge Group. The basal member of the Mount Partridge Group is the Crater Formation, overlain by the Coomalie Dolostone, Whites Formation and Wildman Siltstone.

The units of the Mount Partridge Group are unconformably overlain by rocks of the South Alligator Group. The Koolpin Formation lies along the eastern edge of the project area and isolated outcrops of Zamu Dolerite have been mapped along the north eastern edge overlying the Koolpin Formation.

Overlying the South Alligator Group are sediments of the Burrell Creek Formation of the Finniss River Group. The formation consists of siltstone, shale and greywacke and extends through the western sector of the project area. The Geolsec Formation unconformably overlies the Finniss River Group and marks a period of deformation, metamorphism and granitic intrusions, resulting in uplift and erosion. The basal member of the Geolsec is a haematitic quartzite breccia unit which in places unconformably overlies the Coomalie Dolostone. The Late Proterozoic sandstones of the Tolmer Group unconformably overlie the Early Proterozoic sediments at Rum Jungle and elsewhere. These sandstones are essentially flat lying and were deposited upon erosional surfaces of the older rocks, with siliceous iron-rich breccias developed in places.

The Rum Jungle area within the Pine Creek Orogen has undergone greenschist facies regional metamorphism associated with the Nimbuwah Event of the Barramundi Orogeny (1860-1840Ma). A slight increase in metamorphic grade occurs along the boundary of the granitic complexes. Geological mapping by the Northern Territory Geological Survey (NTGS) has identified in order of seven deformational events occurring pre-Manton Group and post-South Alligator Group. The major structural feature of the region is the Giants Reef Fault. The Giants Reef Fault is a north-northeast to northeast trending dextral strike-slip structure with up to 7km lateral offset and >600m vertical movement, northwest-side down. It laterally displaces the Early Proterozoic sediments where structural trends are generally striking north–south but also swing concentrically around the two granitic complexes.

3.1 LOCAL GEOLOGY

EL24563 is situated on the central, southern and western regions of the Archaean Waterhouse Dome. The core of the Waterhouse Dome comprises schist, gneiss and granitic units and blocks of the Stanley Metamorphics. Exposures of the Early Proterozoic sedimentary units include the Manton Group, Mount Partridge Group, South Alligator and Tolmer Group sediments which are folded around the margins of the granite dome.

Exposures of outcrop within the Waterhouse Dome are poorer than those of the Rum Jungle Dome due to areas of extensive surficial cover. Along the south-western margin of the Waterhouse Dome the stratigraphic correlations can be difficult due to a number of the units missing in the sequence and due to a series of northeast trending fault structures. The Whites Formation and the Wildman Siltstone are absent and in general the sediments thin in this area compared to the northern margin of the Waterhouse Dome and to the Rum Jungle Dome.
Figure 2: Geology & Iron Ore Prospects
Along the southwest region of the Waterhouse Dome there are areas of outcropping, extensively brecciated, fault controlled Coomalie Dolostone. Previous mapping and drilling in this area has identified a major northwest trending thrust which repeats the Coomalie Dolostone South Alligator Group succession (Lally, 2002).

EL24563 also covers a portion of the north-western margin of the Waterhouse Dome. To the east outcropping Beestons Formation of the Manton Group sediments unconformably sits on top of the granites of the Waterhouse Dome and is overlain by the Crater Formation of the Mount Partridge Group. In this region the Whites Formation is preserved in conformable contact with the Coomalie Dolostone and both units show a thickening of stratigraphy compared to the southern margin.

Geology is steeply dipping to the southwest in the southern part of the tenement and towards the west in the north. The Giants Reef Fault cuts across the project area and offsets the northern tip of the Waterhouse Complex, exposed to the west is the Tolmer Group sediments.

4 PREVIOUS EXPLORATION
More than one hundred open-file reports were identified in and around the Waterhouse West tenement the results of which were compiled in digital format to produce the following tenement history summary.

4.1 Bureau of Mineral Resources
Parts of the project area were subjected to extensive exploration for uranium by the Bureau of Mineral Resources (BMR) in conjunction with Territory Enterprises Pty. Ltd. (TEP) in the 1950s and 1960s. The relevant BMR records for the area are available and cover geological mapping and geophysical surveys. Some diamond drill holes were drilled within the project area and are referred to in the BMR data but drill logs have not been located.

4.2 Uranez Australia Pty. Ltd.
In the period 1977–83 major exploration programmes were conducted in the region by Uranerz Australia Pty. Ltd. (UAL) and CRA Limited. This exploration was driven by the results of the BMR–TEP exploration data and concentrated on anomalies outlined in that work on adjoining areas. In 1980–81 a zone of anomalous radioactivity was discovered in an area west of the Camp Creek Homestead called Riverside. Six RAB holes were drilled and one hole returned 150 ppm U$_3$O$_8$ and 250 ppm Cu, but the remainder were barren (Open File Report CR81/176).

UAL farmed into a group of contiguous tenements held by Mines Administration Pty Limited and aimed their exploration primarily at the discovery of uranium mineralisation with the knowledge that there was likely to be associated base metal mineralisation. In the period 1978–83 UAL conducted geological mapping, RAB and auger drilling for bedrock geochemical sampling, and geophysical surveys. This work defined the Hoppy Anomaly, a combined geochemical–geophysical anomaly which coincides with the axis of a weak electromagnetic anomaly. This had been located by the BMR exploration of the 1960s and was tested by six TEP diamond drill holes prior to 1967. Drill logs for these holes have not been located. Anomalous nickel, cobalt, copper and zinc values in bedrock samples exist over a strike length of 2500 metres with widths of up to a maximum of 500 m. The anomalous zone is elongate north–south, trends parallel to the mapped position of the Coomalie Dolostone – Masson Creek Formation contact, and is open to the south.

Six TEP diamond drill holes tested a similar contact position within ex EL6988 and about 1600 m north of the Hoppy Anomaly: no drill logs have been located. UAL carried out RAB drilling in this area but reported no anomalous results.
4.3 Wells Family Syndicate
Further exploration was conducted by the Wells Family Syndicate who took up EL5429 in 1988. Reconnaissance geological traversing and geochemical rock-chip sampling was undertaken in the western portion of the area. A maximum value of 13 ppm Au was recorded from more than 100 samples with most samples below the limit of detection for gold (0.02 ppm). The 13 ppm Au value came from what is now known as the Ford Grid.

Exploration of the Hoppy Anomaly confirmed the earlier bedrock geochemical results. During 1991 Poseidon Exploration Limited explored the area for “Woodcutters” style mineralisation. A Sirotem survey was carried out to delineate conductors which were subsequently tested by two drill holes located approximately 500 m apart along strike. The holes confirmed that the source of the Sirotem response was foliated sheared graphitic sediments, and that the sequence contained sporadic, low-grade, base metal mineralisation (best intersection being 1.65 m at 11.9% copper, 1 g/t silver, with traces of nickel, cobalt and bismuth). Poseidon concluded there was little potential for “Woodcutters”-style deposits, but that the mineralisation was similar to that at Area 55.

4.4 Central Electricity Generating Board (Australia) Pty. Ltd
The Central Electricity Generating Board (Australia) Pty. Ltd. (CEGBEA) conducted exploration for uranium within the general area from 1986–90. However, their major exploration effort concentrated to the east over the contact between the Rum Jungle Complex and the Lower Proterozoic sediments immediately west of Rum Jungle. CEGBEA conducted interpretation of the published aeromagnetic and radiometric data, commissioned colour aerial photography, flew an INPUT geophysical survey over 5 widely spaced lines, and carried out 4 regional ground magnetic and radiometric traverses. No major anomalies were delineated.

In 1989 prior to relinquishing the area, CEGBEA conducted helicopter-borne stream-sediment sampling for gold. A BLEG sample taken from a major tributary of the Finniss River west of Mount Fitch returned an anomalous value of 4.1 ppb gold. Re-sampling of the site was not undertaken due to a lack of trap sediment when revisited in 1990.

In 1990 Compass Resources N.L., in joint venture with CEGBEA, explored targets for base and precious metal mineralisation of the styles known at Whites and Dysons uranium deposits; and the intermediate copper deposit at Rum Jungle; deposits of the Brown’s lead–silver prospect type, the Mount Fitch and Mount Burton copper and uranium occurrences, and the Area 55 copper–lead occurrences.

In late November 1993 a discovery of copper–lead mineralisation hosted by a silicified dolomite was made. An outcrop zone measuring up to 10 m wide can be traced about 200 m along strike at this locality. Chalcopyrite, pyrite, galena, covellite and malachite are visible in the host rocks. Up to 15 volume % sulphides exist in hand specimen, but overall the proportion of sulphides is low. Out of 6 grab rock-chip samples collected from lines spaced 10 m apart at the northern end of the outcrop zone, 2 are reported to carry gold values above 0.5 ppm. Poor exposures of silicified dolomite have been recorded in 3 other localities.

The most significant gold prospect within the tenements is the Ford Grid: an arsenic anomaly 800 m long and up to 110 m wide, well-defined by auger soil samples greater than 1000 ppm As. The original gold rubble sample that ran 13 ppm Au found by the Wells Syndicate work has not been duplicated.
5 EXPLORATION

5.1 Summary of past exploration
Annual Technical Reports have been submitted to the Department of Mines and Energy on the annual anniversary for the reporting period of 18 January to the subsequent 17 January. Table 2 lists these reports and gives a summary of exploration events.

Table 2. Summary of Exploration Activities over tenure of tenement

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<td>Desktop Studies</td>
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<td>Historic Data Compilation</td>
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<td>2008 - EL24563 Annual Report</td>
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<td>Historic Data Compilation</td>
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<td></td>
<td>Radiometric Ground Survey</td>
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<td>Photogeological Mapping</td>
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<td>2011 - EL24563 Annual Report</td>
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<td>2012 - EL24563 Annual Report</td>
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<td></td>
<td>Ground Magnetic Survey</td>
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<td></td>
<td>Compilation of previous work</td>
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5.2 Exploration Index Map

Figure 3. Exploration Index Map detailing sample locations and ground mag with respect to tenement boundaries
5.3 Reporting Period Activities

During the final year reporting period – 18 January 2014 to 17 January 2015, 2 days of fieldwork were completed at the Waterhouse West Project. The work targeted the Camp Creek Magnetite Prospect, exploration for Geolsec Hematite and exploration for iron and potential magnesite mineralisation. Three prospective lithologies for iron mineralisation and two iron Prospects are identified and include in summary:

1. Magnetite / haematite-quartz rocks of the Archaean Waterhouse Complex (Stanley Metamorphics), Camp Creek Prospect;
2. Banded Iron Formation magnetite mineralisation in the Paleoproterozoic Crater Formation, Crater Prospect;

Camp Creek Prospect - Stanley Metamorphic BIF

The Camp Creek Prospect consists of a magnetic feature of approximately 3.3 km in strike length, containing coincident sparse outcrop/sub-crop of high metamorphic-grade Banded Iron Formation (Figure 3). These iron-rich units are contained within the Stanley Metamorphic rocks within the Archaean Waterhouse Complex and have not been previously explored for iron.

Crater Prospect – Crater Creek BIF

The Crater Prospect was identified from open file magnetic imagery as a ~ 1.1 km strike length magnetic feature, and is coincident with an outcropping ridge of highly sheared, magnetite-quartz rock of the Crater Formation (Figure 3).

The Geolsec Formation

The Geolsec Formation is a haematite-quartz breccia (HQB), haematitic sandstone, siltstone, mudstone and rare shale breccia (palaeo-regolith) overlying the Coomalie Dolostone and less commonly, the Whites Formation. HQB is the dominant rock type within the Geolsec Formation and contains laterally discontinuous interbeds of haematitic sandstone, siltstone and mudstone. The breccias are thought to be the product of in situ weathering and collapse of Coomalie Dolostone due to karst processes or reworked talus slope breccias deposited in fault-bounded blocks of Coomalie Dolostone. Structure is considered to play a key role for the enrichment, hence the hydrothermal tag. There are no recorded iron ore prospects or occurrences of the Geolsec Formation within the Waterhouse project area.

5.4 Geochemical Sampling

In total, 6 rock chip samples were taken of the Geolsec Formation for hematite, and in 2 locations containing lateritic duricrust (Figure 8). Samples were ~2kg in weight and sent to ALS Laboratories in Adelaide for magnetic susceptibility and XRF iron ore analysis including; Al2O3%, As2O3%, As%, BaO%, Ba%, CaO%, Cl%, CoO%, Co%, Cr2O3%, CuO%, Cu%, Fe2O3%, Fe%, K2O%, MgO%, MnO%, Mn%, Na2O%, NiO%, Ni%, P2O5%, P%, PbO%, Pb%, SO3%, S%, SiO2%, SnO2%, Sn%, SrO%, Sr%, TiO2%, V2O5%, V%, ZnO%, Zn%, ZrO2%, Zr%, LOI%, magnetic%. Sample data and assay results provided in Appendix 1.
Figure 4: Surface sample and petrology locations over TMI
5.5 Heritage
During 2009 a search for sacred aboriginal sites in the tenement area was completed with the Aboriginal Areas Protection Authority, (AAPA). No records of sacred sites were identified within the area nor in the immediate vicinity.

5.6 Permitting
The following Mine Management Plans (MMP) were submitted to the DME for the authorisation to undertake exploration activities within EL24563. Authorisation numbers are detailed below.

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<td>2011</td>
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<td>0569-01(Carried forward)</td>
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<tr>
<td>2012</td>
<td>MMP - Updated</td>
<td>0569-01(Carried forward)</td>
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5.7 Geophysical Surveys

**Radiometric Survey**
In 2008 Aldershot undertook a footborne radiometric survey over a target horizon identified by previous explorers to the Waterhouse West tenement. The initial grid covered an area 1300m x 800m with a 100m line spacing. Gamma radiation (total count) was recorded on GR-135S spectrometer using a 1 sec sample time averaged over 3 readings. Locations were recorded with a Garmin GPS-76 and times were synchronised in both instruments for later merging. Unfortunately instrument failure prevented proposed infill lines over the Riverside Prospect area being completed that season.

To follow up, a small foot-borne radiometric survey was completed over the Giants Reef Prospect in 2009 following a soil sampling program to increase the resolution of the airborne survey, to compare with the results of the soils and to follow-up on the x4bg anomaly referred to in the above sections. The survey consisted of 500-650m east-west lines spaced at 50m for a total of 3.5 line kilometres. As before, a Geometrics GR-135 Spectrometer was used in a continuously recording search mode, recording total count data every 1 second. The instrument’s clock was synchronised with a Garmin GPS clock (UTC time) to allow for the merging of the data.
Figure 5. Ground Radiometric Surveys – 2008
Figure 6. Follow-Up Ground Radiometric Surveys – 2009
Ground Magnetics
At the Camp Creek Prospect in 2014, ground magnetics targeted the magnetite bearing BIF of the Stanley Metamorphics. A GEM Systems model: GSM – 19t and 19TW ground magnetometer with base station system was utilised for the survey along two traverses (~2km) across the Stanley Metamorphic unit. Initially, aeromagnetic data interpretation identified a 3.3km long magnetic feature which was initially interpreted as Stanley Metamorphics (coincident with the Pine Creek NTGS mapping), however ground truthing confirmed that the magnetic features was a mixture of Stanley BIF, outcropping granites and Proterozoic sediments. This has downgraded the extent of the Stanley BIF and the magnetite potential. Two ground magnetics lines were carried out over the Stanley BIF which gives thicknesses of 85 to 100m at surface.

![Figure 7. Waterhouse West - Camp Creek Prospect Ground Magnetics lines](image)

5.8 Reprocessing of Geophysics
During 2012 magnetic data and satellite ariel imagery was obtained to examine the iron ore potential through the processing of QuickBird Archive (captured 20 May 2005) imagery. The dataset was systematically orthorectified to GDA94/MGA52 using PCI OrthoEngine with cubic convolution methodology. XY control for the orthorectification was satellite ephemeris data used within a DigitalGlobe modelling module. Z control for the orthorectification was from the Shuttle Radar Topography Mission (SRTM) 90 metre DEM. Two datasets were used; the Aster dataset available from the NTGS and orthorectified Quickbird Archive Imagery sourced by GeoImage, Brisbane.

In 2014 further magnetic data acquisition and processing was undertaken by Hutchens Geophysics to help further delineate iron ore prospectivity.
5.9 Photogeological Interpretation.
During April 2010, a geological consultant was contracted to interpret the regional geology and surrounding area southeast to the Adelaide River Fault. The objective was to focus on key stratigraphic markers for instance, the role of the Depot Creek unconformity, geological contacts and deformation effects (structure a key element due to vein-style mineralisation) and to assess the role of northwest-southeast trending features. Method employed was photo-interpretation at 1:20,000 scale.

![Figure 8. Photogeological Interpretation Mapping at 1:20,000 (2010)](image)

5.10 Drilling
Drilling at Waterhouse West commenced on the 4th of November 2011. The drill rig utilised was a WASDRILL 400D mounted on the back of a six-wheel Landcruiser ute. Thirty five holes were drilled over four days for a total of 863m. The program was terminated on Tuesday the 8th of November due to significant rain the previous night.

All holes were gamma logged after drill rods were removed. Holes with above background intersections included WWAC006, 9, 10, 12, 17, 18, 19, 20, 29, 30 and WWAC032. Only 5 of these 11 intersections had above background uranium assays. Holes WWAC006, 009, 017, 030 and 032 had above background uranium values, averaging around 40ppm in the best intersections. The highest uranium assay was 76.2ppm U in hole WWAC017 @ 3-4m. These uranium values are believed to be far below economic grade.

WWAC032 had anomalous Cu, Pb and Zn values from 0-5m which were above detection limit. Upon re-assay values were up to 511ppm Cu, 2690ppm Pb and 1450ppm Zn. The top 5 metres for hole WWAC032 was 0-2 metres of ferricrete and 2-5 metres of moderately weathered schist with a sheared fabric. Below the schist was tourmaline-bearing pegmatite. To the north of the tenement area the Hoppy Prospect also demonstrates this type of anomalism following tourmaline development, with Cu intercepts as high as 11.9%.
Outcropping around the middle area of Target Area B was a muscovite-bearing boudinaged migmatite unit. This unit was logged in most of the holes below the ferricrete in the middle and southern holes of Target Area B. To the east of Target Area B the granite contacts were constrained (Holes WWAC008, 20, 25, 26, 33). In the two holes that were drilled in Target Area C (northwest of group), siltstone, granite and dolomite was found from top to bottom.

Figure 9. Drill Hole Collar Details

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5.11 Sampling

Drill Sampling
A total of 126, one metre riffle split samples were collected for multi-element analytical testing from each aircore drill hole. All samples were submitted to ALS Laboratories in Perth for testing. Sample preparation involved primary crushing then pulverising. The elements assayed for using the instrument ICP-MS were As (ppm), Cu (ppm), Mo (ppm), Se (ppm), Th (ppm), U (ppm) and using the ICP-AES instrument Cr (ppm) and V (ppm).

Rock Chip Sampling
In total, 22 rockchips were sampled during radiometric reconnaissance follow-up in 2010. All samples were submitted to ALS Laboratories in Alice Springs for testing. Sample preparation involved primary crushing then pulverising. The elements assayed for using MS from ME-MS62s liquors were As (ppm), Cu (ppm), Mo (ppm), Se (ppm), Th (ppm), U (ppm), Cr (ppm) and V (ppm). Cr and V results are indicative only.

No significant anomalism was reported from any of the rockchip samples. The two highest U value reported was 68.5ppm and 33.1ppm from sample 193607 and 193608 respectively, both taken from radiometric anomaly NG016, a subdued calcrete outcrop in the southern part of the tenement. This area was subsequently explored by means of a soil grid.

The rock chip sampling in the final year 2014, from the Waterhouse West project yielded one high grade Fe sample of +67% Fe however the remaining samples proved low to moderate Fe grades which when considered with potential ore body size and depth appear uneconomic at this stage. The high grade sample 120817 was described as a high Fe hematite sample, occurring as minor float. Unfortunately further samples of this type were not evident in the area.

Table 4: Waterhouse West 2014 Rock Chip sample results

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5.12 Petrology Study
During 2013 representative samples of each of the 3 iron units as discussed above were submitted to Pontifex and Associates in 2013 in Adelaide for thin section analysis.

5.13 Rehabilitation
In 2011 Access paths were cleared from the main roads to the project site. Ten drill lines were cleared for a proposed 57 air core drill holes. 35 out of the proposed 57 air core drill holes were completed in the dry season and the best intercepts were assayed. In 2012 field activities were restricted to brief reconnaissance visits in mid-May due to road closures preventing access with environmental monitoring and rehabilitation of the 2011 drill programs undertaken in November.
6 DISCUSSION OF RESULTS

The following is an extract from Royal ASX announcement 25th November 2013; Royal Acquires NT JV Identifies Major Gold and Iron Targets (England, 2013).

6.1 Camp Creek Prospect - Stanley Metamorphic BIF

Thin section analysis of surface rock chip samples by Royal and previous exploration work completed by Idemitsu, show that these rocks contain coarse-grained (0.2 to 1mm) sized, lozenge-shaped magnetite (often oxidized at surface) or retrograded haematite replacement of magnetite, with relic inclusions of magnetite (Figure 4). Royal rockchip assay results returned grades of between 37 to 44% Fe (Figure 6). See Table 2 and Appendix 1 for assay results. Much of the material was partially oxidised at surface, but SATMAGAN analysis of samples showed several containing high magnetic susceptibility, suggesting magnetite content of 30% to 40%.

Royal plans further work at the Camp Creek Prospect next field season, including a high resolution ground magnetic survey, field mapping and eventually drilling. While still at a conceptual stage, if it is found that the iron mineralisation is of economic size and grade, the coarse nature of the magnetite / haematite grains may make the prospect financially attractive, in regards to coarse grinding and inexpensive beneficiation methods (e.g. dry coarse cobbing or gravity spirals), which could produce a suitable concentrate product for sale.

Figure 10. A) Photograph of parasitically folded banded iron formation sub crop material from recent field visit by Royal to the Camp Creek Prospect. B) Photomicrograph reflected-light image of outcrop material, containing coarse-grained lozenge-shaped haematite (light grey), containing inclusions of magnetite (medium grey), surrounded by quartz gangue (dark grey), Camp Creek Prospect

6.2 Crater Prospect – Crater Creek BIF

The rock fabric suggests either the protolith was a quartz pebble conglomerate (with pebbles now highly deformed) with a magnetite-quartz matrix; or a banded iron formation, that has remobilised through shearing into lenticular bands of quartz and magnetite. Thin section analysis of rock chip samples by Royal show partially oxidised magnetite, coarse-grained (0.05 to 0.5mm), with a strongly metamorphic mosaic-texture, (Figure 5). Royal rockchip assays returned grades of between 22 to 60% Fe (Figure 6). See Table 2 Assay Results in Appendix 1. The thickness of the BIF unit is unclear, as both hangingwall and footwall contact are not observed in the field and the unit dips 40 to 60 degrees.
6.3 Geolsec Formation Haematite Mineralisation

The HQB mineralisation appears to occur around the unconformable contact of the Coomalie Dolomite and may be linked to structurally-controlled hydrothermal activity. Royal assay of the HQB show iron levels to be generally at that considered uneconomic (6 to 40% Fe), however several small poorly exposed pods of more massive haematite siltstone of grades of 50 to 64% Fe were identified (Table 2 Assay Results in Appendix 1). The geological contexts of these pods are still to be further investigated, but appeared to occur below the HQB and near major structures. It is of note that the Yarram Prospect is predominantly hosted in a haematite siltstone similar to what is observed in Waterhouse West.

7 CONCLUSIONS AND RECOMMENDATIONS

Historically the Waterhouse West Project was prospective for uranium and iron within three geological units; Stanley Metamorphics, Crater Formation and Geolsec Formation which differ in age, composition and mineralisation style, occurring within (Stanley Metamorphics) and along the margins of the Waterhouse Dome. Unfortunately, due to economic conditions, styles of mineralisation and low grade assay results, Royal Resources has made the decision to surrender the tenement in lieu of focussing their resources on other projects.

Recommendations include drilling of the target prospects to determine the unit thickness and thus gauge the mining potential. Like the Camp Creek Prospect, the Crater Prospect may have positive beneficiation qualities. The thin section analysis in 2013 and observations in the field suggest the quartz – magnetite is weekly bonded, friable and may crush and grind easily. In addition, magnetite grain size is generally 100 to 500 micron in diameter, which may make beneficiation amendable to a coarse grind size, so reducing operating costs. Further gravity and ground magnetic surveys and field mapping is recommended to further delineate iron ore mineralisation here.
### 8 VERIFICATION LIST

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REFERENCES

Compass Resources N.L., 1992 & 1993; Annual Reports to Shareholders.
APPENDIX 1: Exploration Activities – EL24563

Digital files supplied
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EL24563_2014_A_03_SSAssay.txt
EL24563_2014_A_04_SSQAQC.txt
EL24563_2013_A_05_Ground Magnetics.txt