ANNUAL REPORT

ON

EL 24563

WATERHOUSE WEST PROJECT

NORTHERN TERRITORY

for the period


Compiled by: Ian Faris

Date: January 2009
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SUMMARY

The Waterhouse West Project is centred approximately 10km southwest of Batchelor near the historic Rum Jungle mineral field and overlies the Archaean Waterhouse Dome which is made up of poorly exposed mixed schist, gneiss, and granitic units plus metasediments and banded iron formations (BIF).

The project is defined by a single Exploration Licence, EL24563, granted on 18 January 2007 which covers 146.9km² (58 sub-blocks). It is 100% owned and operated by Aldershot Resources Ltd.

This report details exploration activities undertaken by Aldershot Resources Ltd during the tenement’s second year of term, 18 January 2008 – 17 January 2009. Activities completed during the reporting period comprised desktop geological studies, historical data compilation and a footborne radiometric survey that identified two anomalous areas.
1 INTRODUCTION

EL24563 was granted on 18 January 2007 and covers 146.9 km² (58 sub-blocks). It is 100% owned and operated by Aldershot Resources Ltd.

Aldershot Resources Ltd is targeting unconformity-type uranium deposits proximal to the unconformity between the Lower and Middle Proterozoic rocks. This area has similarities to the East Alligator uranium field and the Athabasca Basin uranium deposits in Canada.

This report summarises the work carried out by Aldershot Resources Ltd during the initial year of tenure from 18 January 2008– 17 January 2009.

2 LOCATION

EL24563 is located 100 km south of Darwin in the Northern Territory approximately 10 km southwest of the historic mining township of Batchelor (Figure 1). It lies between latitude 130.93ºE and longitude 13.27º S, and latitude 131.0ºE and longitude 13.02º S on the Pine Creek 1:250 000 map sheet SD52-08 map and the Reynolds River 1:100 000 map sheet 5071. The tenement outline is irregular in shape abutting the eastern boundary of Litchfield National Park and covers an area of 146.9 km².

3 TENURE

The tenement details for the Waterhouse West Project are shown in Table 1.

<table>
<thead>
<tr>
<th>Tenement Details — Waterhouse West Project</th>
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<td>Tenement</td>
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<tr>
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<td>Expenditure commitment</td>
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4 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

Access to the tenement area is by the Darwin–Adelaide River road (Stuart Highway), then by the Litchfield Park road to Batchelor, and then south and west along gravel roads to various property gates and tracks. The flat open country underlain by the Burrell Creek Formation and granitic rock is generally accessible by 4WD.

The vegetation of the area comprises savannah woodland with localised patches of tropical forest lining creeks, as well as areas of open black soil plains.

Climatically the project area 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.
5 GEOLOGICAL SETTING

Aldershot Resources Ltd is targeting Rum Jungle type and unconformity-style uranium deposits. This area has similarities to the East Alligator uranium field and the Athabasca Basin uranium deposits in Canada. Previous exploration has defined primary uranium mineralisation associated with chlorite–white mica–hematite alteration.

5.1 Regional Geology

The Waterhouse West Project is centred approximately 10km southwest of Batchelor near the historic Rum Jungle mineral field and overlies the Archaean Waterhouse Dome which is made up of up of poorly exposed
mixed schist, gneiss, and granitic units plus metasediments and banded iron formations (BIF) assigned to the 
Stanley Metamorphics.

The regional geology is shown in Figure 2. The Archaean Rum Jungle and Waterhouse Domes are domal 
structures upon which early Proterozoic sedimentation has taken place. The sedimentary sequence as detailed 
above consists of repeated cycles which commence with the deposition of high energy conglomerates 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 
adjacent to the granitic contact and belong to the Crater Formation at the base of the Mount Partridge Group. 
These are overlain by the Coomalie Dolostone, Whites Formation and Wildman Siltstone.

Between 1979 and 1982 Uranerz Australia Ltd (UAL) carried out detailed geological mapping within the project 
area and separated the Coomalie Dolostone into four rock units: siliceous and quartzitic rocks (usually formed 
over dolomite); tremolitic schist; unsilicified dolomite; and undifferentiated dolomitic sediments. The overlying 
Whites Formation was not mapped as a separate unit within the Hoppy Anomaly area by UAL, but 
carbonaceous schist was recorded in the equivalent stratigraphic position elsewhere within the area mapped.

These units are unconformably overlain by rocks of the South Alligator Group. The Koolpin Formation lies 
along the eastern edge of the project area extending from EL23/677 into the north eastern sector of EL23/722. 
Isolated outcrops of Zamu Dolerite have been mapped along the north eastern edge of EL23/722 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 Central Electricity Generating Board Exploration Australia (CEGBEA; a subsidiary of Cameco 
Corporation), noted that the sediments were strongly veined by quartz in places within EL23/722.

The Late Proterozoic sandstone of the Tolmer Group unconformably overlies 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 Tolmer Group sandstones 
are essentially erosion remnant deposits and appear to be restricted to the eastern side of the Giants Reef Fault.
A small area of ferruginous sandstone that was mapped as overlying dolomite at the northern end of the Hoppy 
Anomaly is probably a remnant of Cretaceous sediments.

The strike trends of Early Proterozoic sediments are generally north–south but swing concentrically around the 
granitic complexes. The major structural feature of the region is the Giants Reef Fault. It laterally displaces a 
 wedge-shaped mass of Early Proterozoic sediments containing part of a synclinal structure which forms an 
embayment in the Rum Jungle Complex.

The known mineralisation in the Rum Jungle Mineral Field has a close spatial relationship with the Coomalie 
Dolostone – Whites Formation contact. Whites Formation is host to the uranium ores of the previously mined 
Dysons and Whites mines. Base metal mineralisation is associated with these deposits and also exists separately 
in the field, e.g. at the Intermediate Mine (copper), and at the Brown's Deposit (Copper Cobalt Nickel Lead 
Silver).

Gold mineralisation was discovered in 1978 at the Sundance Mine, east of Batchelor. The ore consists of a 
haematite–quartz breccia located at the Early Proterozoic – Late Proterozoic unconformity. It is thought that 
the primary quartz–pyrite–gold mineralisation was deposited by hydrothermal processes in karstic cavities on the 
old weathering surface (Eupene, 1993). As the major remnants of the Late Proterozoic Tolmer Group rocks 
appear restricted to the eastern side of the Giants Reef Faults the potential for this style of gold mineralisation in 
the project area is limited.

5.2 Geology of the tenement area

The dominant geological characteristic of the tenement is the Archaean Waterhouse Dome, a unit comprising 
granitic rock. Members of the Lower to Middle Proterozoic Pine Creek Orogen sedimentary units are folded 
around the margins of the granite. Manton Group sediments are overlain by the Mount Partridge (prospective 
Whites Formation unit), South Alligator and Tolmer Group sedimentary units. Geology is steeply dipping to the 
southwest in the southern part of the tenement and towards the west in the north. A prospective mineralised
zone is the unconformity that separates the calcareous units within the Mount Partridge Group and the chlorite-altered meta-siltstones and shales of the South Alligator Group. The Giants Reef Fault cuts across the project area and offsets the northern tip of the Waterhouse Complex. A small sub-vertical fault striking north–south lies south of the Waterhouse Complex and cross-cuts the stratigraphy — it has potential for uranium mineralisation.

**Figure 2 Geology & Target Horizon**
6 PREVIOUS EXPLORATION

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 sunk within the project area and are referred to in the BMR data but drill logs have not been located.

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 U₃O₈ 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.

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.

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.

7 EXPLORATION ACTIVITIES FOR 2008–2009

7.1 Data Compilation

More than one hundred open-file reports were identified in and around the Waterhouse West tenement and these are being compiled into a digital format.

7.2 Footborne Radiometric Surveying

Personnel from 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. The merged data file containing the GR_135 readings (total count) and GPS locations are presented in Appendix 1 (WW_WASG3_RADIOM_2009A) with the results summarised in Figure 3. Approximately 49,500 reading were taken.

Instrument failure prevented proposed infill lines over the Riverside Prospect area being completed.

7.3 Drill hole pickup

During the radiometric survey and from information provided by people working on Florina Station 3 or 4 historic drillhole collars were located. No hole information was recovered but the coordinates are contained in Appendix 2 (WW_WASLG_HISTCOLL_2009A).
Figure 3  Footborne radiometric survey
8 CONCLUSIONS AND WORK PLANNED

8.1 Conclusions

- The geological province, tectonic setting, geology, and presence of a small occurrence of primary uranium mineralisation make this project extremely attractive.

- The footborne radiometric survey has identified specific zones for more detailed exploration during 2009.

- Prospectivity is also high at the north-northeast end of a 30km-long corridor stretching from the Mt Thomas prospect.

- A gravity high and EM conductors in the vicinity of a shear zone running northwest from the Kylie and Southeast Kylie Prospects provide additional encouragement for exploration.

- These features possibly signify an important uranium mineralised splay off the Giants Reef Fault. This corridor is considered highly prospective for further discoveries of uranium mineralisation.

8.2 Work planned

- Infill footborne radiometric over the anomalies identified by the 2008 survey.

- After data compilation and infill radiometrics has been completed drill testing through a series of shallow RC or RAB holes is anticipated.

- All holes will be logged radiometrically using a down hole probe.

- After re-processing of the most recent airborne magnetic-radiometric survey consideration will be given to flying a new survey.

9 TECHNICAL DETAILS

Personnel

VP Exploration Ian Faris
Field Assistants Colin Williams, Kerry Borchard
10 REFERENCES


RUM JUNGLE WEST – HOPPY ANOMALY

Anon, 1979, Annual Report on Exploration over EL 1296, Rum Jungle Area, Northern Territory, Uranerz Australia Limited, Perth. CR79/100


Central Electricity Generating Board Exploration (Australia) Pty. Ltd., 1989, EL 4879, Report to NTDME. CR 89/565


Fordyce, I.R., 1988, EL 4879 Mt. Firch, Final Report to the Northern Territory
Department of Mines and Energy for the 47 Blocks relinquished at the end of the second year of tenure. Central Electricity Generating Board Exploration (Australia) Pt. Limited, Darwin. CR 88/314


Uranerz Australia Limited, Various company reports submitted to the NTDME between 1978 and 1985 namely:

- CR 78/93 - EL 1295
- CR 79/100 - EL 1618, EL 1296
- CR 80/136 - EL 1296
- CR 81/175 - EL 1296
- CR 82/238 - EL 1296
- CR 83/188 - EL 1296
- CR 83/189 - EL 1297
- CR 85/211 - EL 1901


APPENDIX 1
DIGITAL DATA – FOOTBORNE RADIOMETRIC SURVEY
(WW_WASG3_RADIOM_2009A)
APPENDIX 2

DIGITAL DATA – HISTORIC DRILLHOLES

(WW_WASLG_HISTCOLL_2009A)