



BROWNS RANGE PROJECT EL25207

TANAMI REGION, NT

ANNUAL REPORT 2015
FOR PERIOD 12 FEBRUARY 2014 TO 11 FEBRUARY 2015

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April 2015

Title Page for Reporting under the NT Mining Act

Titleholder	Palace Resources Limited
Operator	Excalibur Mining Corporation Ltd
Tenement Manager	M & M Walter Consulting
Titles/Tenements	EL 25207
Mine/Project Name	Brown's Range
Report title including type of report and reporting period including a date	Annual Report for period ending 11/02/2015
Personal author	Terrence Jones
Corporate author	Excalibur Mining Corporation Ltd
Company reference number	Tanami
Target Commodity or Commodities	Gold, base metals
Date of report	April 2015
Datum/Zone	GDA94/Zone 52
250 000 K mapsheet	Tanami SE 52-15
100 000 K mapsheet	Mallee 4759
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ABSTRACT

EL25207 was granted to Palace Resources Ltd in 2007 and comprised 488 sub-blocks. It targeted uranium within the lower Proterozoic Tanami Group in proximity with the unconformity with the flat-lying mid-Proterozoic Gardiner Sandstone, in an area north of the Tanami-Granites Gold Fields, based on an East Alligator Valley deposit model.

Since grant the Licence area has been appropriately reduced and at the end of the reporting period comprises 54 sub-blocks covering only the exposed Tanami Group basement. As interest in uranium has waned in recent years, the exploration focus has changed to Tanami-style gold and base-metals and the mid-Proterozoic cover is no longer prospective.

The change of focus towards gold attracted Excalibur Mining Corporation Ltd to earn an interest in the Licence through joint venture. Having achieved a 90% interest, Excalibur has exhausted greenfields exploration funds and is currently raising working capital through a rights issue.

Apart from desktop evaluation in-house, Excalibur has not carried out any drilling programs and will not resume exploration programs until further capital is raised.

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INTRODUCTION

Palace Resources Ltd (“Palace”) applied for EL25207 (“the Licence”) to secure a strike length of unconformity between lower and mid-Proterozoic rocks in the Tanami region, considered prospective for unconformity-type uranium mineralisation, akin to the East Alligator Region of NT. The majority of the Licence was dominated by the mid-Proterozoic Gardiner Sandstone flat-lying cover and although the NTGS has interpreted Tanami Group basement beneath much of this, effective exploration has been confined to the western part only where basement is exposed.

Airborne EM and radiometrics over the lower Proterozoic exposures in the west mapped out the unconformity and several carbonaceous conductors worthy of exploration. Shallow RAB drilling of a number of these EM anomalies in 2010 was inconclusive with several down-hole geochemistry anomalies unexplained.

LOCATION

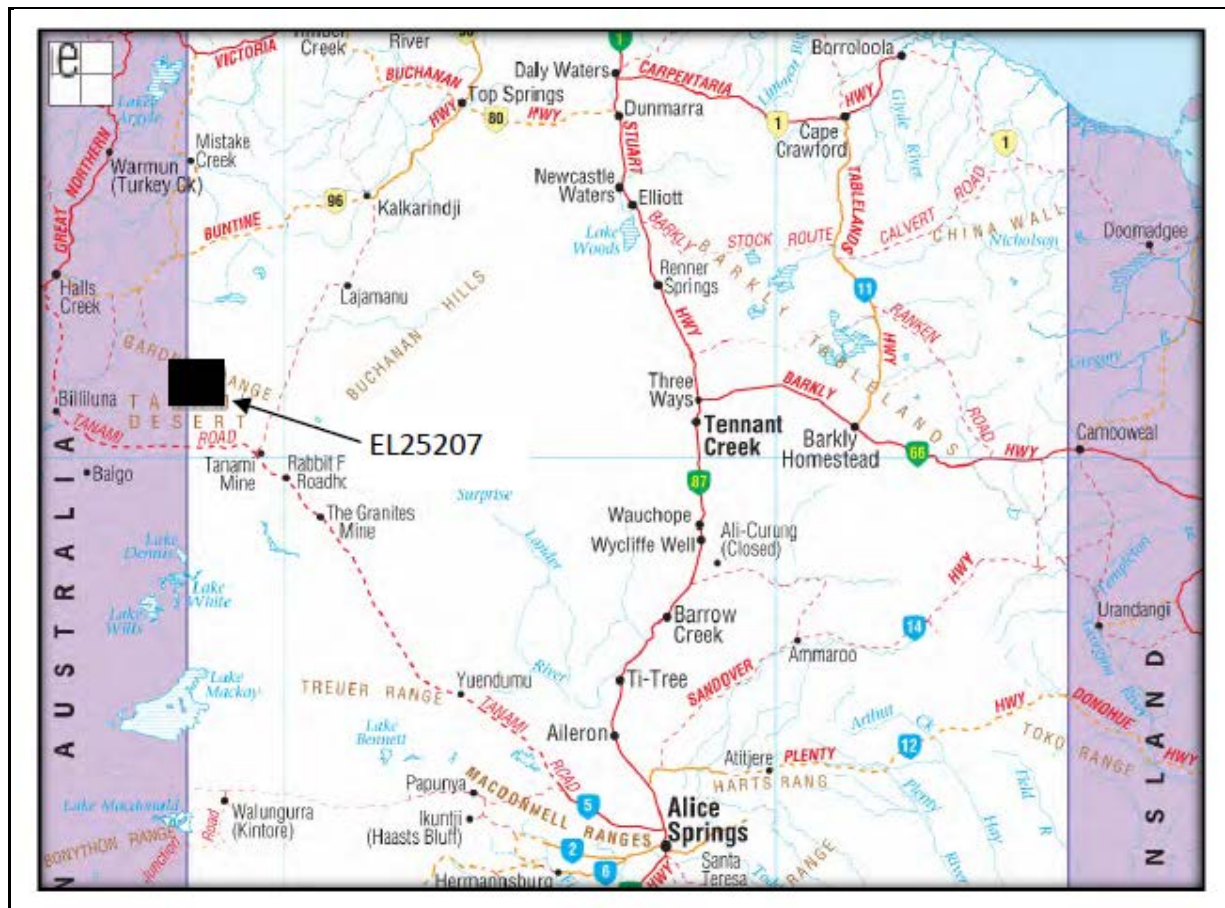


Figure 1: Licence location plan

The Licence is located 100km northwest of the Tanami Mine and 800km northwest of Alice Springs, within the Tanami Desert (Figure xx). It lies almost entirely with the Suplejack Pastoral Lease with the areas of interest some 50km west of the homestead.

Access roads from Halls Creek in the west or Alice Springs in the east are unsealed and subject to closure following wet weather.

TENEMENT STATUS

Initially granted on 12/2/07 and comprising 488 sub-blocks, the Licence was subsequently reduced to 244 sub-blocks on 12/2/2011. It was due for expiry on 12 February 2013 but Palace was successful in obtaining an extension of term for a greatly reduced area of 54 sub-blocks which covers the areas prospective for gold and base-metals.

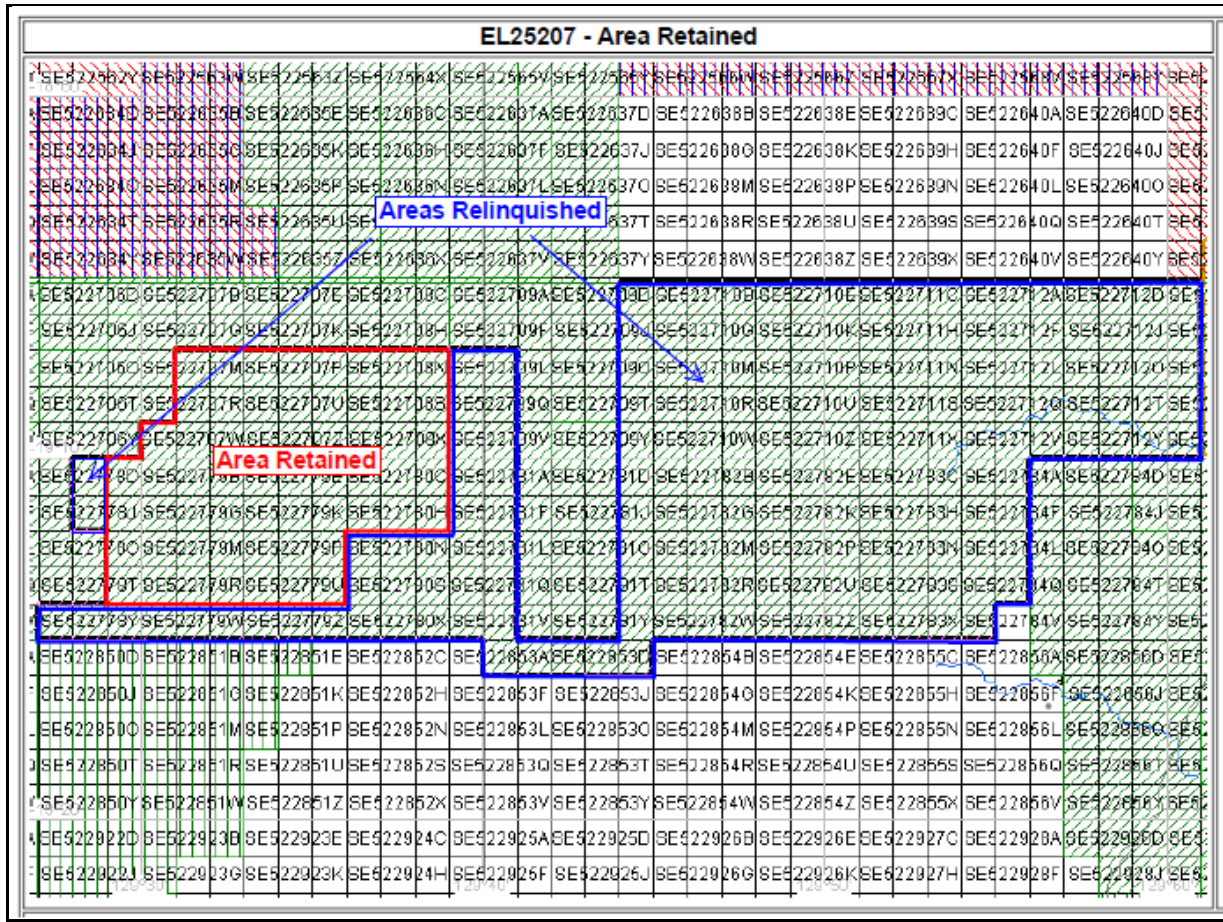


Figure 2: Licence graticules retained and relinquished at 12/2/2013

The Licence is held by Palace Resource Ltd but is subject to a joint venture with Excalibur Mining Corporation Ltd which has earned a 90% interest in the gold, uranium and base-metal rights.

GEOLOGICAL SETTING

The Licence was applied for to cover a strike length of unconformity between the lower Proterozoic Tanami Complex and mid-Proterozoic Birrindudu Formation, a setting considered analogous to East Alligator uranium deposits.

Locally the lower Proterozoic basement comprises volcaniclastics and metasediments of the Mt Ware Group and Killi Killi Formation (blue are in Figure 3). Unconformably overlying these are the flat-lying conglomerates and sandstones of the Gardiner Sandstone member of the lower mid-Proterozoic Birrindudu Formation

(pale green). In the east of the Licence area Cambrian volcanics and sediments of the Wiso Basin further mask the prospective basement (grey).

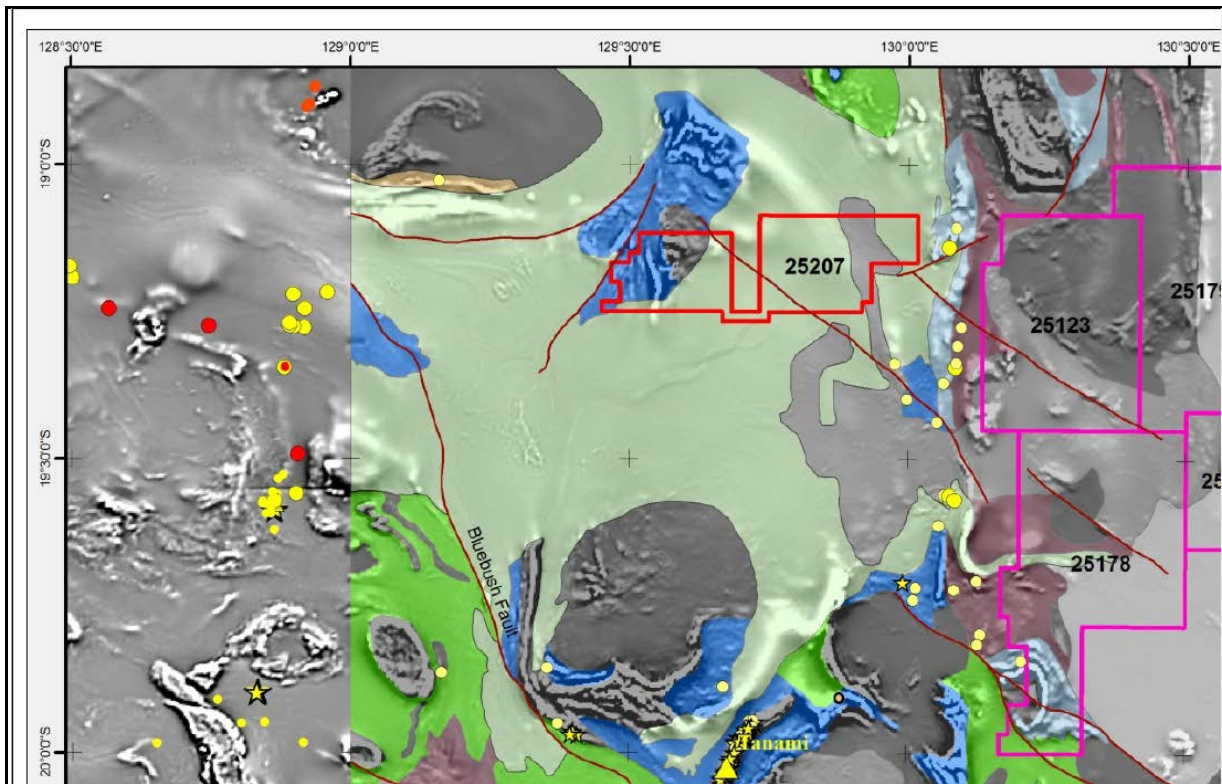


Figure 3: EL25207 regional geology

WORK DONE AND RESULTS

Due to lack of funds, further exploration work was not carried out through the period. Discussions are currently taking place regarding funding options and partnerships to commence further exploration.

CONCLUSIONS AND RECOMMENDATIONS

Previously, a desktop review of available information and exploration results to date has led SRK Consultants to conclude that significant potential for Tanami-style gold mineralisation still exists in the western corner of the Licence. Areas of the Licence shown to be overlain by Gardiner Sandstone and Cambrian volcanic and sediments have now been relinquished and only the Tanami Group basement remains.

Several of the RAB drillholes from 2010 showed anomalous gold and pathfinder elements which are yet to be followed up. Drilling needs to be deeper and sample quality improved. Only a handful of the original airborne EM anomalies were tested and several remain. Little is known of the geology of the area.

Vegetation comprises thick native scrub and access is limited; drill rig access requires the bulldozing of tracks.

Prior to further drilling however, it is recommended that a helicopter-supported grid-based systematic soil geochemistry programme be carried out to supplement the airborne EM/radiometric data and restrict future effort to areas of anomalous metal endowment. More than 150km² of Licence area still remains with only minimal geological knowledge and this will allow concentration of limited resources on several prospects within the remaining Licence area.

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