Exploration Licence 23186
"Barrow Creek"
1st Annual Report

August 2003

Barrow Creek SF53-06
Northern Territory

Submitted by: John W. Benger

Date: August 2003

Copies to: GOLDSTAKE / IMPERIAL GRANITE
Department of Business, Industry & Resource Development/Titles
Department of Business, Industry & Resource Development/Mines
Capricorn Mapping & Mining Title Services

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<td>PPL 969 “NEUTRAL JUNCTION”</td>
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<td>Table 2</td>
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<td>PPL 1139 “MURRAY DOWNS”</td>
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SECTION 1: OUTLINE AND INTRODUCTION

Proponent Details

1.1 Project Name and Location
Exploration Licence (EL) 23186 “Barrow Creek” is located in the central part of the 1:250,000 Sheet of BARROW CREEK SF53-06, and the 100,000 HOME OF BULLION and TAYLOR maps. (Plan No. GOL001 EL 23186 “Topographic, AAPA & Heritage Sites”).

1.2 Mining Title Details
EL 23186 “Barrow Creek” was granted on the 15 July 2002 for a period of six years. The EL covers an area of 229 graticular sub blocks and approximately 733 square kilometres. (Table 1)

Table 1

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1.3 Operator
Mithril Resources Ltd (Mithril), a public listed company on the Australian Stock Exchange, has entered into an agreement (5 August 2003) with Goldstake and Imperial to explore specific areas of the Exploration Licence. This agreement will be lodged with DBIRD. A Notice of Appointment of Operator of a Mining Site (Section 10 (4) of the Mining Management Act) and an Application for an Authorisation (Section 35 of the Mining Management Act) will be lodged by Mithril.

1.4 Address
John Benger
PO Box 21, Howard Springs, NT 0835

1.5 Contact Details
John Benger
Telephone: (08) 8945 9200  Fax: (08) 8945 1890  Mobile: 0411 032 946
Email: johnbenger@optusnet.com.au

1.6 Contact Person
John Benger

Permits and Conditions

1.7 Permits and Conditions
- *Northern Territory Mining Management Act 2002 (Section 24A)*
- Occupation, Health & Safety
- *Section 10(4) of the Mine Management Act* "Notice of Appointment of Operator of a Mining Lease" which includes Exploration. *(To be supplied to DBIRD prior to commencement of Mithril Exploration Programme)*
- *Section 35 of the Mine Management Act* "Application for an Authorisation" *(To be supplied to DBIRD prior to commencement of Mithril Exploration Programme)*
- *Part 4, Division 4, Section 43,44 of the Mine Management Act* Security Calculation Form *(To be supplied to DBIRD prior to commencement of Mithril Exploration Programme)*
- *Northern Territory Mining Act 2002*
- *Bushfires Act 1980*
- *Sacred Site Act*
- *Heritage Act*
Project Status

1.8 History of Development and Current Status (1st Year)

- All historical data relating to the area of the exploration licence has been reviewed.

- Contact has been made with employees of past licence holders within the area, i.e. Kewanee and lengthy discussions have been carried out in relation to the area known as “Prospect D”, a nickel/copper prospect.

- Several field trips were carried out to the area of “Home of Bullion” mine site and a total of six grab samples were taken from that site for analysis. Sample numbers are HOB 1, 2 and 3, and POS.D1, 2 and 3. Results are as yet unavailable and will be lodged with DBIRD in due course.

(See Plan No. GOL002 “Geology”)

- Expenditure for 2002-2003 was as follows:

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<th>Item</th>
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<td>Field Trip (including vehicle hire &amp; airfares)</td>
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<td>Assay Costs</td>
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<td>Consultant Fees</td>
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<td>Administration Costs</td>
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Estimated expenditure covenant for 2002-2003 was $43,000. A variation of covenant will be lodged with this Report.

- Expenditure for 2003-2004 (Mithril) is as follows:

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1.9 Proposed Exploration Activities

Mithril will be carrying out ground EM and gravity surveys seeking drill targets in the first instance. If drilling ensues from these initial surveys, a Mining Management Plan will be lodged.
1.10 Proposed Treatment Process
   • NOT APPLICABLE

1.11 Material Reserves
   • NOT APPLICABLE

1.12 Expected Exploration Schedule
   Refer to Mithril Resources.

1.13 Infrastructure Required
   Accommodation is available at Barrow Creek Motel or Wycliffe Well Motel. No infrastructure needed in this phase of exploration.

1.14 Transportation Corridors and Site Access
   Access to the sight is from the Stuart Highway on existing station tracks.

1.15 Other Relevant Information
   This report covers all requirements under the Mining Act 2002 and the Mining Management Act 2002.

1.16 Maps and Layout
   Plans included in this report are GOL001 EL 23186 “Topographic, AAPA & Heritage Sites” and GOL002 EL 23186 “Geology”
SECTION 2: CURRENT PROJECT SITE CONDITIONS

Physical Environment

2.1 Land Area Type
Semi-arid desert type of land with sandy and pebbly soils. The area contains a number of hill type ranges. Various Eucalypts, Spinifex and various other native grasses and shrubs.

2.2 Hydrology
Taylor Creek is a major water course (perennial). There will be no disturbance to water course, water will be carried to site where necessary.

2.3 Flora and Fauna
The flora of the area is scattered small eucalyptus trees, with good grass coverage (some Spinifex) on sandy and pebbly soils.
There are a sparse numbers of kangaroos and dingoes in the area, as well as domestic cattle.

Socio-Economic Environment

2.4 Current Land Use
The land use is Perpetual Pastoral Lease.

2.5 Identified Stakeholders

Land Tenure: FRITH, CHARLES OLIVER & FRITH, ELIZABETH ANN
Neutral Junction Station

Land Tenure: L. & S. NOMINEES PTY. LTD. (A.C.N. 009 606 688)
Murray Downs Station

Mining Tenure: Goldstake Explorations Inc. / Imperial Granite & Minerals Pty Ltd

Mining Tenure: Exploration Licence 23186
Table 2

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2.6 Historical, Aboriginal, Heritage Sites
Aboriginal and Heritage Sites over the EL area shown on Plan No. GOL001
"Topographic, AAPA & Heritage Sites"

2.7 Workforce
Five people
SECTION 3: SAFETY MANAGEMENT PLAN

3.1 Safety Policy Commitments and Responsibilities
   Comply with statutory safety requirements.

3.2 Induction and Training
   Not applicable.

3.3 Communications
   Satellite Phone.

3.4 Management of Risk
   No drilling at this stage, when drilling occurs, the drilling company will be required to produce a comprehensive OH&S plan.

3.5 Hazardous Materials/Fuel Storage
   No fuel required to be stored on site at this stage.

3.6 Records and Reporting
   A daily diary of activities will be maintained, which will form part of the next annual report. This will include any sightings of unusual flora or fauna, as well as any OH&S incidents.

3.7 Emergency Response
   Satellite phone as well as an emergency medical kit. Aircraft landing strip in near vicinity (approximately 30 km).

SECTION 4: SAFETY PERFORMANCE

Safety Performance Reporting

4.1.1 Were there any reportable incidents or injuries during the previous year?
   NO [ ] YES [ ]

4.1.2 Were there any complaints relating to health and safety incidents or accidents during the previous year?
   NO [ ] YES [ ]

4.1.3 Were there any lost time injuries during the previous year?
   NO [ ] YES [ ]

4.1.4 Were any reviews (eg. audits) conducted through the year?
   NO [ ] YES [ ]

4.1.5 Was there any Occupational Health Monitoring (eg. noise, dust) completed during the year?
   NO [ ] YES [ ]

4.1.6 Are there any other Safety Performance issues that have been/will be measured?
   NO [ ]
SECTION 5: ENVIRONMENTAL MANAGEMENT PLAN

5.1 Environmental Management System
   Daily diary to monitor any unusual occurrences with flora and fauna. No waste material generated.

5.2 Environment Policy and Responsibilities
   Will comply with all responsibilities under the Mining Act and Mine Management Act.

5.3 Induction and Training
   Not required at this stage.

5.4 Consultation
   Consultation will be made with appropriate statutory bodies if required under the relevant Acts.

5.5 Incident Reporting
   Incident reporting will be implemented by a daily diary.

5.6 Emergency Procedures
   Satellite Phone if consultation required.

5.7 Monitoring Programs
   DAILY DIARY.

5.8 Environmental Audits and Inspections
   NOT REQUIRED AT THIS STAGE

5.9 Environmental Performance Programs
   5.9.1 Water Management
   Taylor Creek is a major water course (perennial). There will be no disturbance to water course, any water will be carried to site.

   5.9.2 Biological Management
   NOT APPLICABLE AT THIS STAGE

   5.9.3 Waste Management:
   Not applicable at this stage

   5.9.4 Noise and Air Quality Management:
   NOT APPLICABLE
SECTION 6: ENVIRONMENTAL PERFORMANCE

6.1 Environmental Performance Reporting
6.1.1 Have(will) Environmental Performance Targets been(be) set?

NO ☐ YES ☒
Details: Daily diary maintained for flora and fauna, if anything unusual is observed.

6.1.2 What progress has been made against Environmental Performance Targets.
NOT APPLICABLE AT THIS TIME.

6.1.3 Were there any complaints relating to environmental performance during the previous year?

NO ☐ YES ☐

6.1.4 Were any reviews (eg. audits) conducted through the year?

NO ☐ YES ☐

6.1.5 Has Environmental Monitoring (eg. water, vegetation, fauna) been done on the site?

NO ☐ YES ☐

6.1.6 Is there a program for managing industrial waste, oils, greases, domestic waste, sewage on the site?

NO ☐ YES ☐
Details: __Not applicable at this stage

6.1.7 Are there any other Environmental Performance issues that have been/will be measured?

NO
SECTION 7: REHABILITATION

7.1 Status of Current Rehabilitation
   No substantial ground disturbance has occurred over previous year.

7.2 Rehabilitation Planning
   Refer to Mithril

7.3 Topsoil Management
   Not applicable at this stage

7.4 Revegetation Methods
   Not applicable at this stage

7.5 Fire Management
   Not applicable at this stage

7.6 Closure Planning
   Not applicable at this stage
8. REFERENCES

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