Rio Tinto Exploration Pty Ltd
ABN 76 000 057 125 / ACN 000 057 125
A member of the Rio Tinto Group

Surrender Report
for the period 25 May 2015 to 24 Feb 2017

Tenement No. EL 27686 – Kombolgie 3 – West Arnhem Land

Report Title: Surrender Report – EL 27686 Kombolgie 3
Tenement Number(s): EL 27686
Project: West Arnhem Land
Tenement Holder: Rio Tinto Exploration Pty Ltd
Tenement Operator: Rio Tinto Exploration Pty Ltd
Commodity: Uranium
Author: M. Gill
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Digital Files (name, file size, file type)
No digital files included.
1 Abstract
Rio Tinto Exploration Pty Ltd applied for EL 27686 (the Tenement) on the 5 October 2009 to explore for unconformity hosted uranium; it was believed to be prospective for the following reasons:

- Its position in the Alligator Rivers uranium prime terrane
- Prospective geology of the Middle Proterozoic Kombolgie Sub Group, preserving the unconformity
- Proximity to regional faults which may control mineralisation
- Limited previous exploration due to difficult access conditions

The tenement was granted on the 25 May 2015. A small sampling program had been envisaged in conjunction with work programs on adjacent tenure. However, programs on surrounding applications have not yet been granted and budgetary constraints inhibited a standalone field program on this tenure. As such, no fieldwork has been undertaken since the Tenement has been granted.

A desktop project review occurred during the final reporting period. The tenure conditions required a 50% reduction by 25 May 2017. Given the low prospectivity and challenges of access, the decision was made to surrender the Tenement in full.

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3 Introduction
3.1 Location
EL 27686 is located in West Arnhem Land (WAL), east of the Kakadu National Park, 30 km SE of the historic Nabarlek uranium mine (Figure 1).
3.2 Title History
Rio Tinto Exploration Pty Ltd applied for EL 27686 (the tenement) on the 5 October 2009 and it was granted on the 25 May 2015. The lease was surrendered on the 24 February 2017.

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<tr>
<th>Tenement Number</th>
<th>Tenement Name</th>
<th>Tenement Status</th>
<th>Tenement Holder</th>
<th>Tenement Operator</th>
<th>Project</th>
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<td>EL 27686</td>
<td>Kombolgie 3</td>
<td>Surrendered</td>
<td>Rio Tinto Exploration Pty Ltd</td>
<td>Rio Tinto Exploration Pty Ltd</td>
<td>West Arnhem Land</td>
</tr>
</tbody>
</table>

Table 1: Summary of tenement

3.3 Physiography
The tenement covers 59 km² of the steep rocky Arnhem Land Plateaux, consisting of sandstone hills, plains and rises of weathered basalt and laterite with thin sandy soils. Only minor drainage channels exist in the tenement with the Goomadeer River 2 km to the west.

3.4 Access
The tenement sits in Aboriginal Land of the Arnhem Land Aboriginal Land Trust; consent and work program meetings with Traditional Owners (facilitated by the Northern Land Council) were conducted prior to tenement grant and the planned exploration activities.
4 Geology

4.1 Geological setting
The East Alligator River area is underlain by a sequence of Early Proterozoic metasediments with a gradual migmatitic contact with the Archean Namambu Complex of granitoids. This sequence was then intruded by the Nimbuwah Complex granites in the east. These rocks are unconformably overlain by Middle Proterozoic sandstone and interbedded volcanics of the Kombolgie Sub Group. The erosional remnant of this formation forms the Arnhem Land Plateaux. The uranium mineralisation of West Arnhem Land is largely attributed to the presence of this major unconformity.

Figure 2: 250K Geology Map of EL 27686 with locations of historic diamond drilling and surface samples

4.2 Exploration History
The area covered by the tenement had not previously been explored prior to the EL being granted.
- AFMEX 1997 – 2001. Exploration was carried out in the area as part of the larger EL 3347 tenement. An airborne radiometric survey in 1997 identified Stevens prospect 8 km WNW of EL 27686, which was drilled and sampled extensively. In addition 5 helicopter-supported diamond drill holes and five Nano TEM, five ground EM traverses, a regional stream sediment survey and a regional gravity line were completed
- Cameco 2003 – 2010. Cameco acquired EL 3347 from AFMEX in 2003 becoming EL 25896, drilling 11 diamond, 33 RC & 75 aircore holes, a soil sampling program, a SAM survey and a TEMPEST EM survey at Stevens. Cameco concluded that mineralisation at Stevens was limited & discontinuous, insufficient to produce an economic deposit. Cameco surrendered the ground on the 16th September 2010
4.3 Exploration Rationale
The ground was taken out to explore for large unconformity hosted uranium deposits like Ranger and Jabiluka of the East Alligator Rivers region. The tenement was believed to be prospective for the following reasons:

- Its position in the Alligator Rivers uranium prime terrane
- Prospective geology of the Middle Proterozoic Kombolgie Sub Group, preserving the unconformity
- Proximity to regional faults which may control mineralisation
- Limited previous exploration due to difficult access conditions

Rio Tinto Exploration was looking for large Tier 1 style deposits in the order of 100 Mt of ore at 0.25% U3O8.

4.4 Exploration Index Map
See Figure 2 to show extents of historic AFMEX and Cameco exploration on and around the tenement.

5 Geological Activities and Office Studies
A project review occurred during the reporting period. A small sampling program had been envisaged in conjunction with work programs on adjacent tenure. However, access to those programs has not yet been granted and budgetary constraints inhibited a standalone field program on this tenure.

A desktop review from the previous reporting period had identified a conceptual exploration target; a magnetic anomaly coincident with samples collected in 2006 described as gossanous specular hematite rich sandstone, with elevated U/Th, V, Au, S and As.

However, the tenure conditions required a 50% reduction by 25 of May 2017. Given the largely conceptual nature of the target and challenges of access, the decision was made to surrender the Tenement in full.

6 Remote sensing
No remote sensing work was conducted or data purchased over the tenement during the reporting period.

7 Geophysical Activities
No geophysical work was conducted or data purchased over the tenement during the reporting period.

8 Surface geochemistry
No surface geochemical work was conducted on the tenement during the reporting period.

9 Drilling
No drilling work was conducted on the tenement during the reporting period.

10 Geotechnical studies
No geophysical work was conducted on the tenement during the reporting period.

11 Resources and reserve estimation/modelling
No resource and reserve estimation/modelling were conducted during the reporting period.
12 Conclusions and Recommendations
No new data was collected during the reporting period; work was restricted to a project review. The expenditure was not met due to budgetary constraints and the challenges of access. No further work is recommended to explore for tier 1 uranium resources related to the unconformity.

13 References
Previous company reports used:

14 Photographs other than those in the body of the text
No photographs included.

15 Appendices
No appendices included, all reference material used in the period was open file public data.