

Rio Tinto Exploration Pty. Limited

ABN 76 000 057 125 / ACN 000 057 125

A member of the Rio Tinto Group

Second Annual Report for the Period Ending 13 October 2006, EL 4170 Cato Plateau Australian Bauxite Project, Northern Territory

Exploration Report No. 27895

Tenement Holder: Rio Tinto Exploration Pty Limited

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RTE Perth Information Centre

BHPB Perth

SUMMARY OF ACTIVITES

EL 4170 Cato Plateau was applied for by BHP Minerals on 3rd October 1982 and was granted on 14th October 2004. Rio Tinto Exploration Pty Limited (RTE) signed an agreement with BHP on 27th March 2000 whereby RTE took over management of the tenement. The original tenement application covered an area of 593.5 km² of which only 57.0 km² was granted. The remainder of the area was split off into a new application, EL 24389 and put into moratorium. The tenement is located 22 km southwest of Nhulunbuy, east Arnhem Land and consequently is processed under the Aboriginal Land Rights Act 1975 (ALRA).

This second annual report describes the exploration completed during the second year of the tenement and includes a review of the previous years auger drilling and PIMA analysis of drill chips. EL 4170 forms part of the larger contiguous tenement package in east Arnhem Land, which is prospective for bauxite.

EL 4170 covers part of the Cato Plateau, which is a known area of bauxite of similar style to the nearby world class Gove deposit.

Exploration was focused on testing the area for bauxite. Work completed during the period included:

- Review of previous exploration.
- Consultation meeting.
- PIMA analysis of 6 auger holes.

The Pima study was conducted to assess its potential as a field based tool for quickly analyzing samples. The results show a degree of consistency between the assayed values and the PIMA.

Other work in the area focused on the adjoining tenement, EL4171.

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