FIRST ANNUAL REPORT

EXPLORATION LICENCE 27282

ACACIA PROJECT

For the reporting period 8th March 2010 to 7th March 2011

ACACIA MINERALS Pty. Ltd

Level 22, Allendale Square

77 St Georges Terrace

Perth WA 6000

Telephone: (08) 9325 8888

Facsimile: (08) 9325 8088

Project Name: Acacia Hills

Map Sheets: DARWIN SD52-04 1:250,000
MANTON DAM 5172-3

Commodities: Uranium, Base Metals

Licensee: Acacia Minerals Pty. Ltd.

Author: R. Lennartz

Date: April 2011

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SUMMARY

The project area of EL27282 is 100% owned by Acacia Minerals Pty. Ltd. a subsidiary company of Northern Territory Resources (NTR). The tenement covers 31 blocks (66.48 sq. km) and was sought for a six year term. The area applied for covers land falling within NT Freehold Land, Perpetual Pastoral Lease Land, Crown Lease (Term) Land and Vacant Crown Land.

Work carried out consisted of a field reconnaissance trip by company representatives, a regional airborne geophysical survey; extensive field mapping that included a rock chip sampling exercise and examination of historical exploration results.

Significant rock chip sample assays are;

Sample 15003	5ppb Au, 255ppm Cu, 22.5% Fe, 151ppm Ni, 338ppm Zn
Sample 15005	111ppm Cu, 32.1% Fe, 222ppm Zn
Sample 15006	4ppb Au, 24.4% Fe, 85.8ppm Ni, 294ppm Zn
Sample 15007	3ppb Au, 156ppm Cu, 39.7% Fe, 1910ppm Mn, 294ppm Ni, 885ppm Zn
Sample 15010	3ppb Au, 36.3% Fe, 771 ppm Ni, 1710ppm Zn
Sample 15011	5ppb Au, 541ppm As, 92.3ppm Co, 37.2% Fe, 833ppm Ni, 146ppm Pb, 2420ppm Zn
Sample 15012	3ppb Au, 147ppm Co, 42.7% Fe, 3060ppm Mn, 1190ppm Ni, 92.4ppm Pb, 3050ppm Zn
Sample 15019	840ppm Cu, 11.3% Fe, 205ppm Ni, 411ppm Zn
Sample 15021	16.0% Fe, 200ppm Ni, 987ppm Zn
Sample 15022	8ppb Au, 143ppm Cu, 17.4% Fe, 160ppm Ni
Sample 15023	3ppb Au, 639ppm As, 13ppm Co, 40.6% Fe, 1280ppm Mn, 948ppm Ni, 3150ppm Zn
Sample 15026	112ppm Cu, 25.8% Fe, 956ppm Mn, 484ppm Ni, 555ppm Zn
Sample 15036	27ppb Au, 3010ppm As, 418ppm Cu, 34.1% Fe

Follow up field work will include drilling of targets identified from the first pass drilling program and from further geophysical interpretation.

Expenditure for the period was $84,707.96 against an expenditure covenant of $38,640.

1. INTRODUCTION

In 1974, Magnum Exploration NL. conducted a data review of the area now covered by EL 27282 as part of a regional search for base metals.

Previous exploration activities on the De Monchaux Creek gold prospect intersected mineralisation at depth but anomalous intersection were never followed up with further drilling. The primary mineralised quartz, gossanous outcrop underwent extensive, historical surface testing and some sub-surface testing that intersected mineralisation.

Historical recommendations included deeper and extended drilling to test open ended mineralisation however, this was never completed.

Rock chip sampling by Normandy over the De Monchaux Creek prospect returned anomalous assays up to 71g/t Au. Subsequent costeaning returned assays up to 18m @ 3.85g/t Au. Gold mineralisation is associated with disseminated pyrite within dolomitic shale of the Whites Formation. RC holes were drilled into the prospect area but deeper holes failed to intersect significant mineralisation. Better drill hole intersections included: 8m @ 6.04g/t Au from 3m in DCRC004 and 3m @ 47.8g/t Au from surface in DCRC005.

Since the early 1970's a series of soil geochemistry, stream sediment sampling, geological mapping, costean sampling and drilling programs were conducted by several companies and formed the basis of exploration activities in the area that resulted in the identification of a mineralised quartz ridge that became the De Monchaux Creek gold prospect.

Most of the historical work was concentrated on the main mineralised quartz ridge with a broader geochemistry survey covering a small portion of the surrounding area. An extensive grid was surveyed and extends for most of the soil and lateritic cover of the central portion of the project area. Based on information from historical reports, results from the soil geochemistry survey were considered as discouraging by Uranerz Australia who was mainly concentrating on the search for uranium.

Recent field activities undertaken for Acacia Minerals Pty. Ltd. indicate the potential for mineralisation outside the main quartz ridge of the De Monchaux Creek prospect.

A comprehensive rock chip sampling program was undertaken to establish the distribution and anomalism of regional geological features.

It is anticipated that geological mapping and surface sampling will be expanded as a result of the excellent surface samples reported and will target surface extensions of mineralisation to identify the extent of anomalism and to prioritise drill targets.

2.0 LOCATION

The licence area is about 60 kilometres south of Darwin, NT and can be access via the Acacia Hills Road or via Mocatto Road. The tenement is on private land in the rural area of Darwin's south and is very accessible during the dry period. Figure 1. represents a regional location of the tenement.

3.0 TENURE

Exploration Licence 27282 was granted to Acacia Minerals on the 11th of March 2010 for a period of 6 years.

The application of 31 blocks (66.52 sq. km) covers fifty-four individual land sections, the majority of which are NT Freehold land.

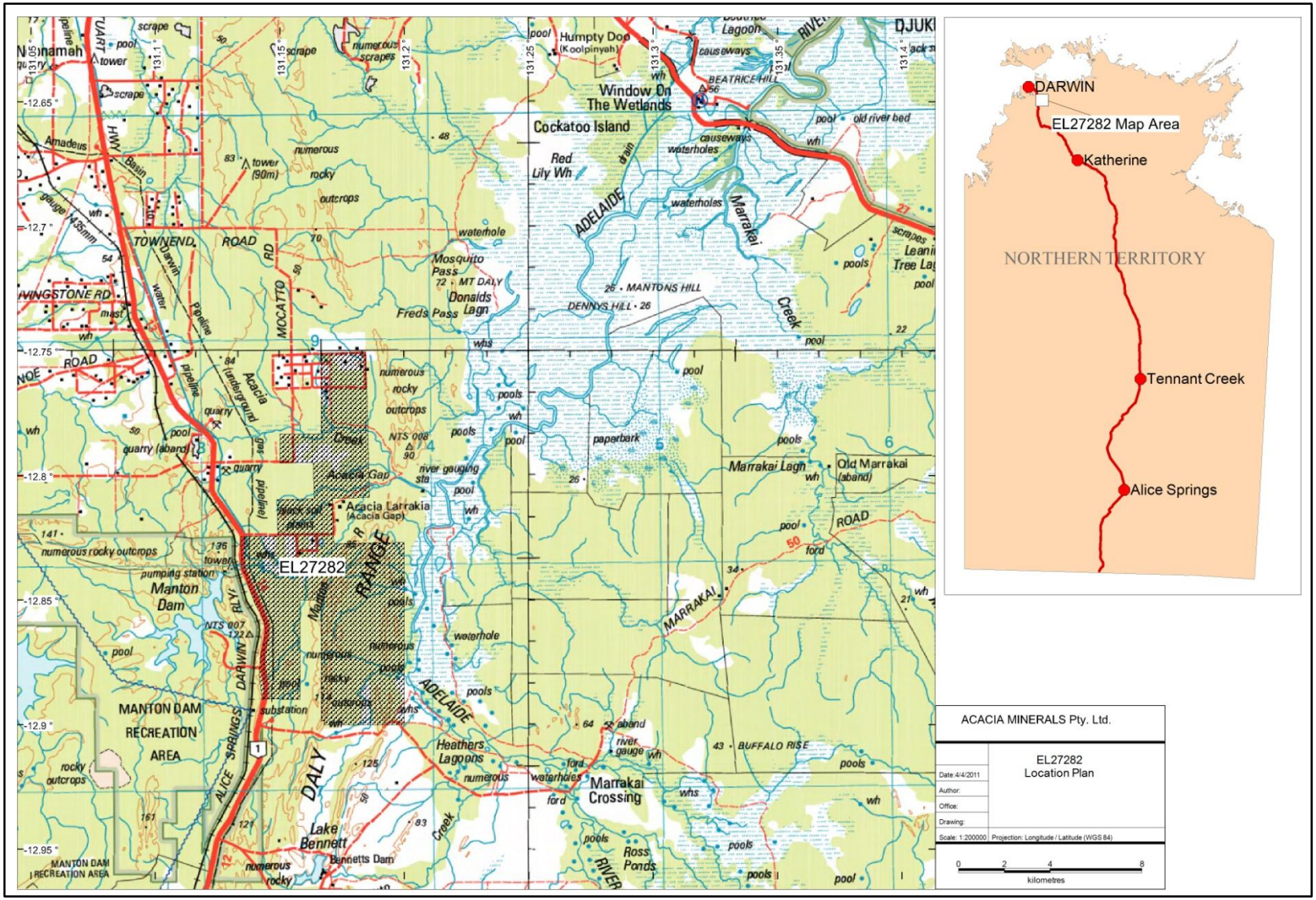

Figure 1. EL27282 Location Plan

4.0 GEOLOGY

4.1 Regional Geology

Exploration licence 27282 lies within the Rum Jungle area of the Lower Proterozoic, Pine Creek Geosyncline (PCG). This major depositional basin covers approximately 40,000 square kilometres and extends from Katherine in the south to north of Darwin in the northwest and beyond Jabiru in the northeast.
The Project area is located in the northern part of the PCG and contains early Proterozoic meta-sedimentary rocks resting on a gneissic and granitic Archaean basement.
Detailed geology of the PCG is discussed by Nicholson, Ormsby, and Farrar (1994) who simplified the stratigraphy into the Batchelor, Frances Creek and Finnis Groups. *(Independent Geological Report, 2009 – NT Resources Ltd).*

NOTE: *Detailed geology Maps and Interpretations are available in the report in* ***APPENDIX 1*** on the accompanying CD.

4.2 Prospect Geology

The De Monchaux Creek mineralisation is bounded by Quartzite ridges of the Proterozoic Acacia Gap Quartzite Member and Whites Formation striking in a north-south direction in the central portion of EL 27282. The Acacia Gap Quartzite Member is mainly quartzite, commonly pyritic, with interbedded shales and phyllites. The Whites Formation consists of calcareous and carbonaceous pyritic argillite, dololutite and calcareous para-amphibolite.

The distinctive carbonaceous, pyritic shales of the Whites Formation were not observed as outcrop in the mapping area although remnant drill chips were observed close to historic drill hole colllars and it is assumed that the Whites Formation would be intersected relatively close (within 50m – interpreted from drill hole logs) to the surface.

4.3 Prospect Geology Interpretation

The Acacia Gap Quartzite formed distinctive high relief ranges on the margins of the project area. The presence of scree and rubble on the hill slopes became an impediment when defining *situ rocks* for chip sampling and every effort was made to collect untransported rock samples for analysis.
The presence of gossanous quartz, throughout the project area, indicates that mineralisation is not retricted to the primary De Monchaux Creek quartz ridge.

Several linear trends were observed in the region. Of note were distinct quartz ridges that formed the basis of extrapolating major deformation lineations. These lineations are most likely parastic faulting (D_2 ?) associated with the primary fault (D_1) that offsets the north and south Acacia Gap Quartzite ridges; with the cross-cutting De Monchaux Creek following the fault line.
Clearly identified lines of "unburnt" vegetation were mappable, features of particular interest. Starts and finishes of the lineaments were recorded and plotted on plan. It was observed that there was a broad correlation between the vegetation lineaments and the interpreted quartz filled, fault line lineaments. It could be concluded that the structural setting of the region is more complex than previously discussed in any historical reporting. All indications are that there may be various stages of displacement in mineralised zones that continue on a northerly trend.

At sites where bedding, cleavage or other stuctural formations were observed a Dip/Dip Direction reading was recorded.

Structural readings are presented in **APPENDIX 5** on the accompanying CD.

Future map production at a larger scale, on specific areas of interest, will enable the structural interpretation of veining and possible mineralisation trends.

4.1 Lithologies

Detailed mapping is difficult as the main outcropping Acacia Gap Quartzite is quite uniform with no good marker horizons. There are areas however, where a series of inter-fingered sedimentary units of varying characteristic were observed.
At least three units were observed. The first unit can be categorised as being massive, homogeneous quartzite. The second unit is characterised by quartzite with fine pervasive remnant cubic and rounded sulphide inclusion. Historical reports suggest that the inclusions are remnant pyrite and arsenopyrite oxidised to limonite. The coloration and remnant crystal form of the inclusions have a distinctive grey/red/maroon colouration and very unlike the yellow/brown of limonite. Mineralogical identification will form a part of the next phase of work on the project area.
The third quartzite unit is closely associated to the second but differs due to larger, more dispersed, remnant sulphide inclusions throughout the quartzite matrix.
It was anticipated that an association between quartz veining and gossanous quartz outcrops, within the quartzite outcrop and mineralisation, may be established however the nature of the terrain and infrequent *in situ* exposure of outcrop restricted the detailed mapping required for this technique.

Rock Chip sample assays and locations are presented in **APPENDIX 3 and 4** respectively, on the accompanying CD.

5.0 REHABILITATION

The airborne magnetic and radiometric survey did not disturb the ground in any way. No field work was carried out by the Company on the Project Area during the year which requires any rehabilitation measures.

6.0 WORK DONE DURING THE YEAR

6.1 Geophysics

Thomson Aviation, based in Griffith NSW, carried out a Fixed Wing Geophysical Survey of a total of 3,101 line km near Humpty Doo, NT. The survey covered all Acacia Minerals tenements in the area and the total airborne survey has been included in this report.
For the survey the Thomson Aviation Air Tractor 502B – Data Boss aircraft was based out of the Batchelor Airfield. The survey was planned and delivered in GDA94 (Zone 52) data coordinates. A map of the survey areas and flight plan can be found below in Figure 2.

All specific details and digital data related to the geophysical survey are included in **APPENDIX 2** on the accompanying DVD.

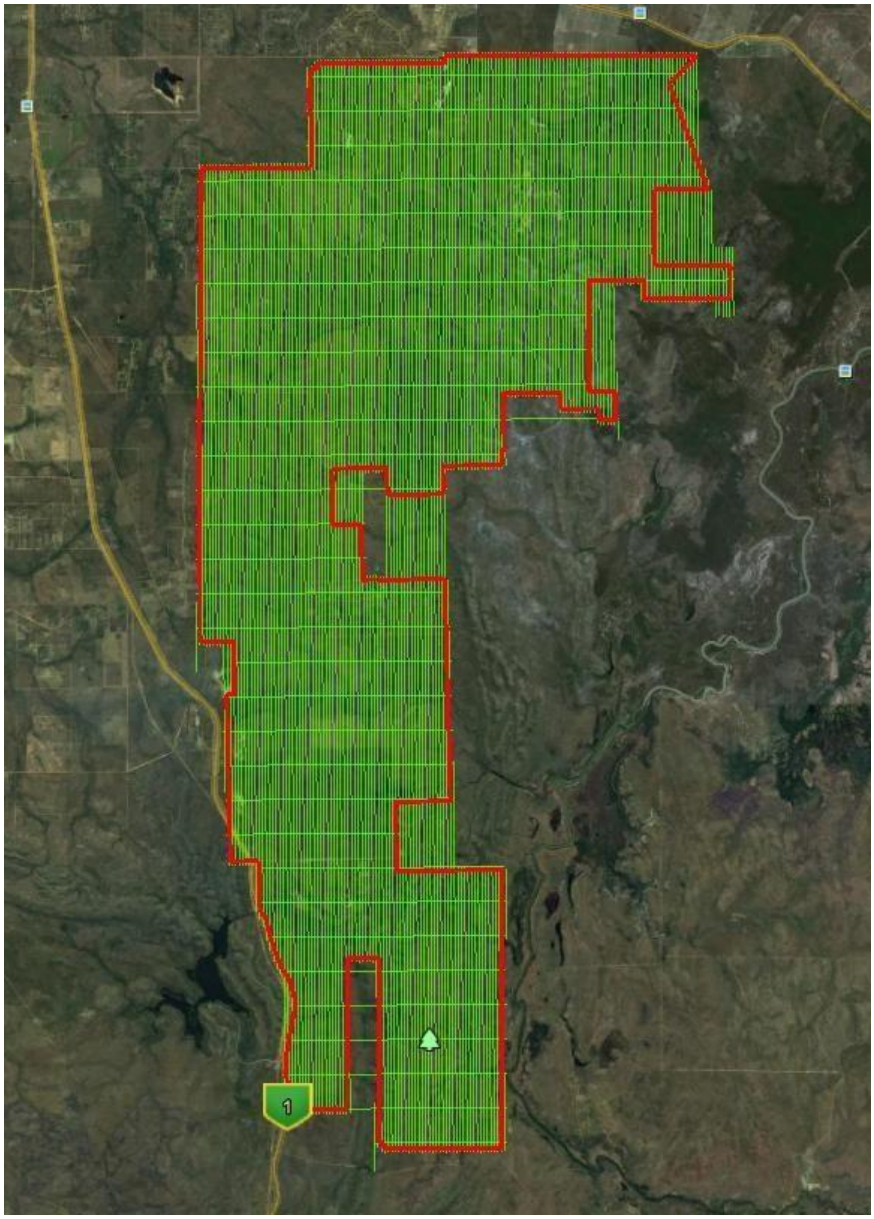

Figure 2. Geophysics Airborne Survey Flight lines

Geophysical data interpretation was undertaken by Mr. Frank Lindeman who produced various interpretive images. The rectified analytical TMI signal used for most of the visual interpretation is presented as Figure 3.

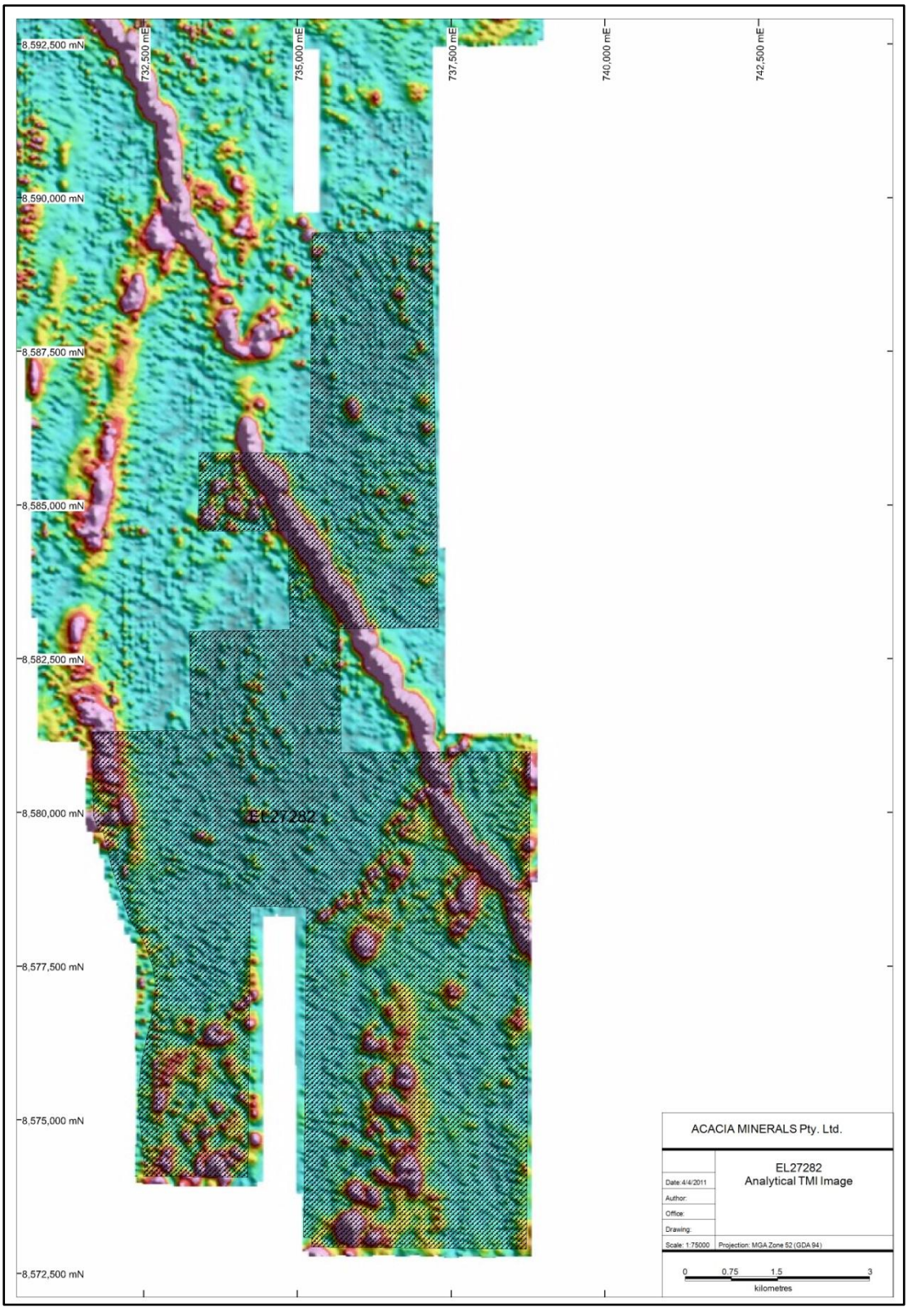

Figure 3. TMI analytical signal

7.0 PROPOSED EXPLORATION FOR YEAR TWO

There are very favourable geological indicators that would suggest an extension to the recent mapping and sampling program is warranted. The following recommendations are suggested as part of the on-going exploration of the region.

- Completed regional mapping and sampling program to establish a sound geological base on which further all future work will be based.

- Compile all previous relevant exploration results into a database from which historical drill hole, soil sampling, rock chip sampling and geological mapping results can be extracted and plotted as required. This will facilitate further work planning and drill hole design.

- After review and discussions related to the results from the recent airborne geophysical survey it would be pertinent to undertake an orientation geochemical survey to determine the most appropriate and practical exploration method suitable for further work in the area.

- Undertake a complete regional geochemical survey if the initial orientation warrants program further work.

- Design a drilling program to test anomalous areas defined by base geological mapping, airborne geophysical survey results, and associated geochemical survey results.

CONCLUSION

Geological mapping and surface rock chip sampling was conducted over the south eastern portion of the De Monchaux Creek project area to determine if the region was prospective for further exploration activities. As a result of the work undertaken, some very encouraging structural and lithological features were identified which compliment historical exploration activities. Anomalous assay results from samples collected during the recent mapping exercise indicate the potential for surface extensions of mineralisation.

A comprehensive exploration report examining all aspects of the exploration and interpretation undertaken over EL27282 is included in the report contained in **APPENDIX 1.**

BIBLIOGRAPHY

Maynard, AL. and Associates Pty. Ltd. – Independent Geological Report on Northern Territory Projects for NT Resources Ltd., 2009.

APPENDIX 1. Detailed Exploration Report – on accompanying CD

APPENDIX 2. Airborne Geophysics Survey Data – on accompanying CD.

APPENDIX 3. Rock Chip Assay Results – on accompanying CD.

APPENDIX 4. Rock Chip location and Description – on accompanying CD.

APPENDIX 5. Structural Readings – on accompanying CD.

EXPENDITURE SUMMARY

NORTHERN TERRITORY EXPLORATION EXPENDITURE FOR MINERAL TENEMENT

Section 1. Tenement type, number and operation name: (One licence only per form even if combined reporting has been approved)	
Type	*Exploration Licence*
Number	*27282*
Operation Name (optional)	*Acacia Hills*

Section 2. Period covered by this return:			
Twelve-month period:		**If Final Report:**	
From	*8/03/210*	From	
To	*7/03/2011*	To	
Covenant for the reporting period:		$**38,640**	

Section 3. Give title of accompanying technical report:	
Title of Technical Report	*Annual Report Year 1.*
Author	*Mr. Rudy Lennartz*

Section 4. Locality of operation:	
Geological Province	*Pine Creek*
Geographic Location	*Acacia Hills*

Section 5. Work program for the next twelve months:			
Activities proposed (please mark with an "X"):		[X]	Drilling and/or costeaning
[X]	Literature review	[ ]	Airborne geophysics
[X]	Geological mapping	[X]	Ground geophysics
[X]	Rock/soil/stream sediment sampling	[ ]	Other
Estimated Cost:	$**35,000**		

Section 6. Summary of operations and expenditure:

Please include salaries, wages, consultants fees, field expenses, fuel and transport, administration and overheads under the appropriate headings below. Mark the work done for the appropriate subsections with an "X" or similar, except where indicated. Complete the right-hand columns to indicate the data supplied with the Technical Report. Note overheads are not to exceed 15% of total.

Do not include the following as expenditure (if relevant, these may be

- Insurance
- Company Prospectus
- Rent & Department Fees
- Bond
- Transfer costs
- Title Search
- Legal costs
- Advertising
- Land Access Compensation
- Meetings with Land Councils
- Payments to Traditional Owners
- Fines

Exploration Work type	Work Done (mark with an "X" or provide details)		Expenditure	Data and Format Supplied in the Technical Report	
				Digital	Hard copy
Office Studies					
Literature search					
Database compilation					
Computer modelling					
Reprocessing of data					
General research	X		3236.93		X
Report preparation					
Overheads	X		6353.73		
	Subtotal		$9,590.66		
Airborne Exploration Surveys (state line kms)					
Aeromagnetics	**3,101 (total)**	kms	25,749.35	X	X
Radiometrics		kms			
Electromagnetics		kms			
Gravity		kms			
Digital terrain modelling		kms			
Other (specify)		kms			
	Subtotal		$25,749.35		
Remote Sensing					
Aerial photography					
LANDSAT					
SPOT					
MSS					
Other (specify)					
	Subtotal		$		
Ground Exploration Surveys					
Geological Mapping					
Regional					
Reconnaissance					
Prospect	**X**		43,364.83	X	X
Underground					
Costean					
Ground Geophysics					
Radiometrics					
Magnetics					
Gravity					
Digital terrain modelling					
Electromagnetics					
SP/AP/EP					
IP					
AMT/CSAMT					
Resistivity					

Exploration Work type	Work Done (mark with an "X" or provide details)	Expenditure		Data and Format Supplied in the Technical Report	
				Digital	Hard copy
Complex resistivity					
Seismic reflection					
Seismic refraction					
Well logging					
Geophysical interpretation	X	1577.27		X	X
Petrophysics					
Data interpretation and target definition work					

Geochemical Surveying and Geochronology ***(state number of samples)***									
Drill (cuttings, core, etc.)									
Stream sediment									
Soil									
Rock chip									
Laterite									
Water									
Biogeochemistry									
Isotope									
Whole rock	X					4,425.85		X	X
Mineral analysis									
Laboratory analysis (type)									
Petrology									
Other (specify)									
Ground Exploration Subtotal						$**49,367.95**			
Drilling (state number of holes & metres)									
Diamond		holes		metres					
Reverse circulation (RC)		holes		metres					
Rotary air blast (RAB)		holes		metres					
Air-core		holes		metres					
Auger		holes		metres					
Other (specify)		holes		metres					
	Subtotal					$			
Other Operations									
Costeaning/Trenching									
Bulk sampling									
Mill process testing									
Ore reserve estimation									
Underground development (describe)									
Mineral processing									
Other (specify)									
	Subtotal					**$**			
Access and Rehabilitation									
Track maintenance									
Rehabilitation									
Monitoring									
Other (specify)									
	Subtotal					$			
TOTAL EXPENDITURE						**$84,707.96**			

Section 7. Comments on your exploration activities:

I certify that the information contained herein, is a true statement of the operations carried out and the monies expended on the above mentioned tenement during the period specified as required under the *Northern Territory Mining Act* and the Regulations thereunder.

[X] I have attached the Technical Report

1. Name:	Rudy Lennartz	2. Name:	
Position:	Geologist	Position:	
Signature:		Signature:	
Date:	6/04/2011	Date:	