Cameco Australia Pty Ltd

WELLINGTON RANGE PROJECT

NORTHERN TERRITORY

EL 5893

ANNUAL REPORT

CONFIDENTIAL

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SUMMARY

This report describes work undertaken on EL5893 for the year ending 3rd May 2007. Exploration activities included a program of pre-collared diamond drill holes. Rio Tinto Exploration commenced a RAB/Aircore program in late 2007, exploring for bauxite.

Three fences comprising 12 pre-collared diamond drill holes were completed. Positioning of the traverses and hole locations was based on the Southern Geoscience airborne magnetics interpretation work that was completed in late 2005. The holes were targeting a linear, approximately north-south trending anomaly, interpreted to correlate with a more regional trend representing the Cahill Formation, the host stratigraphy to the uranium deposits of the ARUF. The results of the drilling proved significant with the predicted Cahill Formation being intersected in the majority of holes. Gneissic terranes were confirmed to enclose the trend both to the east and west.

A deep diamond hole planned to investigate an interesting TEMPEST conductive feature was not drilled. It is planned to complete this hole in 2007.

The Rio work is reported upon in a separate document accompanying this report.

TABLE OF CONTENTS

FIGURES

TABLES

APPENDICES

INTRODUCTION

This report details exploration activity on EL5893 (Wellington Range) for the year ending 3rd May 2007.

Location and Access

EL5893 is located in western Arnhem Land, and centred 100 km NNE of Jabiru.

Relevant map sheets are:

- 1:250K Cobourg Peninsula SC5313
- 1:100K Wellington Range 5574
- 1:50K Laterite Point

Figure 1: EL5893 Location Map

The unsealed road to Gurig National Park on the Cobourg Peninsula provides good vehicular access to the eastern margins of the tenement. Several east-west trending roads and tracks provide additional access. Sandstone escarpment areas are accessible by helicopter.

Tenure

EL5893 was granted on 5 May 2004 for an initial period of six years. On granting, the total area under licence was 269 blocks for 856.4 square kilometres of which 378.8 square kilometres (44%) was excluded from exploration by the Northern Land Council. The current area available for exploration is 477.6 square kilometres.

Cameco applied for a Waiver of Reduction in March 2007. If granted, this will enable retention of all 269 blocks for the coming year.

Physiography

The tenement contains some remnant areas of dissected sandstone plateau, which form the western extension of the Wellington Range. The remainder consists predominantly of gently undulating plains covered by savannah woodland. The principal drainage systems within the region are Angularli creek draining to the east and Murgenella Creek draining to the west.

Tenement Geology

Otto et al, 2005, previously describe the geology of EL5893.

Figure 2: EL5893 – Regional Geology

Figure 3: EL5893 – Tenement Geology

Previous Exploration

Interpretation of government funded geophysical surveys was carried out by Mobil Energy Minerals Australia in the early 1980s. There is no known record of whether this work was followed up on the ground. McIntyre Mines was also active in the region investigating radiometric anomalies linked to conglomeratic beds in the Kombolgie Sub-group. Immediately east and south of the present tenement boundaries substantial exploration programmes have been completed. For example, during 1970-1972, Union Carbide Exploration Corporation, explored for uranium in the King River area, now held by Cameco. This work included airborne magnetics and radiometrics with follow-up geochemical surveys, geological mapping, and drilling.

Exploration work conducted by Cameco in the first year of tenure (2004) included airborne radiometric, magnetic and hyperspectral surveys. Ground follow-up of radiometric anomalies and systematic rock sampling was also completed. A total of 89 outcrop samples, mostly sandstone, were collected for geochemical analysis. Nothing of significance was found.

Work for the second year of tenure (2005) included a TEMPEST EM airborne survey and detailed interpretation of the airborne magnetics, the latter activity providing a basis for year three (2006) planning.

Table 1: EL5893 Summary of Exploration Work Conducted to Date

WORK CONDUCTED FOR REPORTING PERIOD

Rio Tinto Exploration

All work done by Rio Tinto Exploration is summarized into a separate report as an appendix to this report. The appendix should be viewed in conjunction with this report.

Appendix 1: Rio Tinto Exploration Summary Report

Diamond Drilling

In late 2005 Southern Geoscience Consultants were contracted to produce a geological interpretative map utilizing Cameco supplied data. The planning and logistics of the drilling program was based on this interpretative work, which utilized the data of two airborne magnetic surveys and all geological information pertaining to the region. The results of this work were presented in the Annual Report for the period 2005-2006 (Beckitt and Carter 2006).). The 2006 drilling program, which targeted a magnetic trend interpreted to consist of Lower Cahill stratigraphy, confirmed the accuracy of the interpretation with the intersection of a graphitic-magnetic-calc silicate-psammitic sequence. A similarly responsive area, centered approximately 13 kilometres along strike to the north will be drilled in 2007. The following is an extract from the interpretative report; it proved to be quite accurate although the depth to basement was shallower than first thought.

"The relatively narrow, elongate magnetic domain extending along the western side of the project area is thought to be mapping prospective Cahill Formation lithologies surrounded by non-magnetic Nimbuwah Complex granitoids. First pass quantitative modelling of selected magnetic profiles crossing this Cahill Formation trend indicates

that basement is likely to be overlain by 200m to 400m of non-magnetic Kombolgie Subgroup and younger sediments" (Beckitt and Carter 2006).

Drilling on the project commenced on July 24 and was completed on October 5. The contractor was Titeline Drilling who used a UDR650 rig to drill thirteen holes, one of which was abandoned. Total metres drilled were 3822m, which included 2298m of PCD pre-collaring through the Cretaceous cover. All holes were oriented towards the west with a dip of 75 degrees.

Figure 4: EL5893 - Drillhole Locations

The Cretaceous overburden, which averaged around 150m in thickness, unconformably overlies the Lower Proterozoic basement. A zone of weathering was evident in the basement rocks and in some cases was estimated to extend at least 50m beneath the unconformity. The rock type present determined the depth and degree of weathering, i.e. competent quartzites exhibited negligible weathering while pelitic or feldspathic rocks had more extensive weathering profiles. All holes were pre-collared through the Cretaceous sediments with a PCD bit utilising mud additives. Recognition of basement in the pre-collar sludge was made on mica content; in most cases the pre-collar penetrated into the weathered upper portion of the basement prior to the commencement of coring.

There was a favourable comparison between the intersected stratigraphy and the relevant sections of the tabulated 'Summary of Stratigraphy' contained within BMR Bulletin 224 (Needham 1988). A consistent marker horizon, a magnetite-bearing pelite/semipelite, lies within the 'basal' section of the upper Cahill Formation, and is traceable for a considerable distance in the Alligator Rivers region. This unit 'rims' the Nanambu Complex in the south and strikes northwards towards the Cobourg Peninsula eventually terminating, or at least gradually losing it's identity, after traversing the western boundary of EL5893. The drilling campaign targeted the southern extremity of this trend, which strikes in a general northerly direction, eventually passing out of the tenement on it's northern boundary.

Oriented core measurements exhibit little variation, and indicate a regional easterly dip of the stratigraphy, which conforms with the regional interpretation scenario i.e. Archaean Nanambu complex centered to the west with the on lapping metasedimentary sequence progressing up-dip eastwards.

Table 2: Diamond Drill Hole Details

Hole Number	AMG E	AMG N	Elev m	Bearing	Declination	Pre-collar m	Coring m	Total m
WRD001	282244.3	8710143	16.1	276	75	192	123.9	315.9
WRD002	282729.4	8710175	19.8	276	75	168	127	295
WRD003	283230.3	8709971.8	20.8	276	75	150	123.2	273.2
WRD004	284220	8709802	20	276	75	167	110	277
WRD005	285205	8709628	20	276	75	116.4	166.7	283.1
WRD006	282369.2	8711640	16.8	276	75	225.8	137.3	363.1
WRD007	283008.3	8712033.4	27.9	276	75	197.7	103.6	301.3
WRD008	283584.4	8711964.5	22.3	276	75	176.4	1.1	177.5
WRD009	283585.6	8711964.3	21.9	276	75	177	147.4	324.4
WRD010	284569	8711775.7	24.4	276	75	186	127	313
WRD011	285546.3	8711599.4	21.8	276	75	143	98	241
WRD012	284909	8713742	21	276	75	181.4	125.1	306.5
WRD013	284036	8713892	21	276	75	217	134.5	351.5
Totals						**2297.7**	**1524.8**	**3822.5**

Following is a summary of results of each drill hole, detailing the intersected stratigraphy. The holes are described in the order drilled (west to east) and are grouped according to the traverse on which they are located.

Traverse One

WRD001

Radiometrics indicate the Cretaceous/basement contact was at 165m.

WRD001 Summary Log

The metasedimentary package is mostly comprised of light grey, slightly indurated silicified and banded quartz-feldspar-mica pelite to semi-pelite. Alternating quartzofeldspathic and quartz-rich or mica-rich layers result in a pronounced banding effect. Foliation parallel quartz veins and, more rarely, quartz-feldspar veins accentuate the banded structure. Some fine-grained garnet is present sporadically and fine pyrite is disseminated throughout. This unit may be equivalent to the carbonaceous/graphitic unit of the Lower Cahill Formation. Carbonaceous material is contained within the darker bands and abundant graphite developed within localised structures. Minor intervals of pyritic biotite-garnet schist are present in the lower sections of the unit. Graphitic content decreased below 270 m.

Dark grey, mostly non-carbonaceous ‘lenticular’ biotitic (and chloritic) pelitic schists predominated between 279 m and 302.5 m. The abundant quartz-sericite-pyrite lenticles are elongated parallel to foliation. A broken/disrupted interval exists between 289 m and 292 m followed by a minor semipelite. The semipelite contains large porphyroblasts of garnet, particularly in the biotite-rich zones. Below 292 m amphibole schists and amphibolite intervals are common. At 302 m a thin pegmatite forms the boundary between the overlying semipelite and a fine-grained amphibolite in which the hole finishes.

The interpretive map indicates that the hole should intersect “non-magnetic Cahill Formation migmatised in part and with possible Nimbuwah complex” however, no migmatite or Nimbuwah were intersected.

WRD002
Radiometrics indicate the Cretaceous unconformity at 159m.

WRD002 Summary Log

Basement stratigraphy differs markedly from WRD001 and consists predominantly of biotite-garnet schist, biotite-garnet-magnetite schist, minor amphibolite and a carbonate/calc silicate sequence. A leucocratic intrusive pegmatite extends from 223 m to 260 m and contains intervals of equigranular granite. Pegmatite intervals show a patchy but well-developed graphic texture.

The pegmatite separates a non-magnetic pelite from a distinctly magnetite and garnet-rich pelite. The magnetic unit then passes into a sequence consisting of para-amphibolite, calc-silicate gneiss, impure marbles and carbonate veining. The hole terminated in a pyritic biotite-garnet pelite with some minor graphite. The magnetic pelite is a distinct lithology containing abundant anhedral to subhedral magnetite grains up to several millimetres diameter. It is tightly folded and exhibits crenulations over a 7 m section. Pale pink finely granular garnet forms mono-mineralic centimetric bands inter-layered within the quartz-feldspar-biotite pelite, which is in places spectacularly folded. Garnet in this form has not been described in any of the literature dealing with the ARUF geology and its presence is enigmatic. Large (up to 5mm) porphyroblastic garnet is also present within a calc-silicate pelite.

WRD003
The Cretaceous unconformity was intersected at 159.25m. The unconformity is marked by micaceous clays with a thin interval of basement fragments set in the clay matrix.

WRD003 Summary Log

Basement consists of pelitic schist immediately below the unconformity. A thick massive amphibolite extends to 229.7 m and is followed by a sequence of inter-layered biotite-rich pelites grading through to quartzose/quartzofeldspathic psammites. Some amphibole-schist is also present. Garnet occurs as fine orange grains restricted to the quartzofeldspathic unit to about 235 m. The magnetic unit is present from 133 m and continues beyond 255 m within dominantly pelitic biotite-rich feldspar quartz schist with abundant sericitised lenticles. Quartz and quartz-feldspar segregations as pods, veins and boudins increase with depth.

WRD004
The Cretaceous unconformity was intersected at 167.1m.

WRD004 Summary Log

The hole was collared in a competent massive white quartzite band, 4.6 m thick, which forms part of an inter-layered pelitic to psammitic sequence, which extends

throughout the hole. The micaceous pelites are pervasively clay weathered to 193 m, whilst the thin interbeds of silicified quartzite remain largely unaffected. Compositionally, the pelitic/semipelitic rocks consist of biotite, feldspar and quartz in varying amounts with fine-grained garnet mostly confined to the more biotite-rich, pelitic units. Crenulations and folding are present. A gneissic texture is developed in places in the semipelitic variants and these can be described as gneiss. Psammitic intervals are quartzitic to arkosic. A thin carbonate-rich unit (calc-semipelite) exists between 251.7 m and 253.6 m and shows greenish coloured bands with acid reactive carbonate. Quartz banding and veining is present within the pelite, semipelite and gneissic rocks.

WRD005
From the radiometrics the unconformity is estimated to be between 90 and 92m.

WRD005 Summary Log

Semipelites predominate with intervals of concentrated quartzofeldspathic segregation and veining. The semipelites are micro-gneissic in texture and dominantly consist of biotite, quartz and feldspar with some intervals of garnet concentrated within the biotite-rich intervals. Large garnet porphyroblasts are seen between 163 m and 165 m with smaller garnets in quartzofeldspathic segregations between 172 m and 180 m.

A distinct interval of medium to coarse-grained quartzofeldspathic gneiss occurs from 252 m to 276 m. The upper contact is gradational from semipelite to psammite. The lower contact shows shearing and quartz veining, passing into a biotite-pelite/semipelite with some garnet.

Traverse One Summary

The drilling results show a broad correlation with magnetics, but more importantly, they confirm that Cahill formation rocks are present.

Figure 5: Traverse One Cross Section

In summary the stratigraphy of each hole, progressing west to east comprises:

- Graphitic-pelite and pelite with some garnet; minor amphibolite. Pegmatite. Probable upper unit of the 'Lower Cahill' and therefore the stratigraphic equivalent of the ore host rocks at Ranger.
- Pelitic schist, including the magnetic marker horizon, passing into impure marble, calc silicate and minor para-amphibolite. Abundant garnet in places within the pelite. A thick intrusive pegmatite. A garnet-bearing schist with disseminated magnetite overlies the ore horizon at Ranger and is termed the 'hanging wall sequence'.
- Amphibolite, semipelite, magnetic pelite/semipelite. Minor garnet.
- Psammite, semipelite, quartzofeldspathic gneiss, trace calc-silicate. Some garnet. Non-magnetic.
- Semipelite, gneissic texture. Minor garnet. Minor amphibolite. Non-magnetic.

This progression indicates a mix of lower Cahill lithotypes passing upwards through the base of the upper Cahill and into the more semipelitic/psammitic regime of the upper Cahill.

Traverse Two

WRD006

Radiometrics indicate the position of the unconformity at 185m. A deep zone of weathering exists in the basement, extending to approximately 226m.

WRD006 Summary Log

The hole is essentially 'mono-lithologic' consisting of medium to coarse-grained leucocratic and biotite-rich gneiss. Muscovite, with negligible biotite is the dominant mica in the coarser grained leucogneiss while the more mafic sections are finer grained. Centimetric to decimetric pegmatitic intervals occur throughout; these appear to be of two generations, one set with foliation parallel contacts and another exhibiting cross cutting relationships with the host gneiss. Perthitic intergrowths are common in some of the pegmatites, especially the very coarse grained ones where large black blades of tourmaline and/or biotite are present. Light to moderate pink and green alteration of the feldspars becomes apparent below 330m. There is some minor sericite and chlorite veining but overall there is little alteration and negligible structure within the hole.

WRD007

The Cretaceous unconformity was intersected at 181m.

WRD007 Summary Log

Two horizons of graphitic, banded, quartz-rich, slightly silicified semipelite are separated by a micaceous pelitic schist, which exhibits tight asymmetric folding and crenulations. Minor psammite and several thin amphibolites are also present. The graphite in the upper horizon occurs as distinct, grey coloured millimetric bands in a light coloured quartz-rich rock and also as a component in schistose pyritic pelites. In the lower horizon, several small-scale graphite-rich structures are present in the banded quartz-rich unit. Some foliation planes also have coatings of dark grey, mirror-like sub-metallic graphite.

WRD008

Abandoned hole. Coring commenced in the Cretaceous at 143m and was continued to 157m. Coring recommenced at the unconformity at 176.4m. Cretaceous rocks are dominantly green glauconitic silty sandstone and grey laminated mudstone with fossiliferous bands in both units. The 1.1m of basement cored consisted of a quartz vein, weathered quartzite and semipelite.

WRD008 Summary Log

WRD009
The Cretaceous unconformity was intersected at 172m.

WRD009 Summary Log

The stratigraphy comprises a pelitic-semipelitic sequence grading to a gneissic psammite at depth. A thick amphibolite is present in the upper part of the hole. The magnetite-rich unit is prominent between 235 m and 274 m. Concentrations of granular magnetite are present within the biotite schist intervals, as are lenticular structures containing quartz and feldspar. Foliation parallel quartz banding is common throughout the pelitic-semipelitic intervals. The more feldspathic sections are characterised by pink-red alteration. No garnet was identified.

A pink, non-foliated, medium grained, equigranular granite * (K Feldspar-Plagioclase-Biotite-Hornblende-Quartz) was intersected at 315 m and extended to the end of hole. The granite intrudes the meta-sedimentary package and is assigned to the 'post tectonic period' dated at 1850 to 1820Ma. There are no obvious indications of contact metamorphism in the intruded rock, however, there is an increase in chlorite alteration over the last 30cm.

*Dolerite

WRD010
The unconformity was intersected at 165m.

WRD010 Summary Log

As in the previous hole, the metasedimentary package is present as alternating pelitic-semipelitic-psammitic units. The magnetite-bearing pelite was intersected from 260 m, extending to the end of hole and, unlike WRD009, it contained abundant garnets (including some large porphyroblasts) and lacked quartz banding. Elsewhere garnets are common throughout the hole within the biotite-rich rocks. A similar, though non-magnetic pelitic unit, intersected between 184 m and 214 m is biotite-rich, has a wavy to crenulated schistosity and contains both quartz as bands and lenticles and abundant garnets.

WRD011
Located on the eastern end of the traverse, the hole is dominated by migmatitic mafic and leucogneiss and foliated non-migmatised quartzofeldspathic gneiss. The migmatised material is dominant in the upper part of the hole and gradually loses identity approaching a thin amphibolite at 211 m. Leucocratic coarse-grained gneiss and pegmatite extend to end of hole. A 5 m wide fault zone extends from the base of the amphibolite at 221 m.

WRD011 Summary Log

Traverse Two Summary

The intersected stratigraphy in holes 7, 8, 9 and 10 correlate reasonably well with that found in holes on traverse 1. All holes contain one or both of the two important

marker horizons, the graphitic semi-pelite and the magnetite-bearing pelite. The carbonate / calc-silicate unit was not identified.

Figure 6: Traverse Two Cross Section

In summary the stratigraphic progression on the second traverse, from west to east is:

- Older quartz-feldspar-mica leucogneiss. Medium and coarser grained variants with some pegmatites. Possible Kakadu Group (Mount Howship Gneiss).
- Graphitic pelite and pelite-semipelite, amphibolite. Only trace garnet.
- Magnetic Pelite, pelite-semipelite and amphibolite. No garnet.
- Garnetiferous Magnetic Pelite, pelite-semipelite and lesser psammite. Widespread garnet. No amphibolite.
- Migmatite, Leucogneiss and minor amphibolite. Interpreted to be Nimbuwah Complex.

Traverse Three

WRD012

The unconformity was intersected at 181m. The hole was drilled on the eastern end of the traverse.

WRD012 Summary Log

In the upper part of the hole the stratigraphy is comprised of typical quartz-banded pelitic and semipelitic rocks with thin interlayered amphibolites and minor pelitic gneiss. These are followed by distinctive light coloured silicified arkosic psammites interlayered with biotite rich pelite and semipelite between 251m and 263m. The sequence then becomes more gneissic, with leucogneiss and pelitic gneiss interlayered with minor biotite +/- garnet pelitic schist.

The lithologies reflect upper Cahill stratigraphy, with the presence of interbedded psammitic quartzites and arkoses grading into pelitic to semi-pelitic gneiss. There are rare thin garnet-bearing intervals but for the most part garnet is absent. The lack of any magnetic unit in the hole places the intersected stratigraphy above the prospective environment.

WRD013

The unconformity was intersected at 217m.

WRD013 Summary Log

The magnetic pelite is present but not as a distinct unit. It is mainly interlayered with fine-grained non-schistose semipelite with layers varying from centimetric to decimetric in width. In this hole there is a definite lack of quartz ‘banding’ and lenticular structures within the magnetic pelite. It is also garnet deficient. There are locally deformed or strongly crenulated intervals.

The non-magnetic component consists of semipelite, gneiss, amphibolite and pegmatite. A feature of the hole is the presence of numerous pegmatites, which have intruded along the margins and within an amphibolite unit, which extends from 275 m to 300 m. Another thicker pegmatite is intrudes from 329 m to 339 m. The pegmatites are mostly coarse to very coarse grained (rarely, medium grained and equigranular) with well-formed graphic intergrowths in places. Contacts with the amphibolite tend to be sharp.

Traverse 3 Summary

The occurrence of the magnetic marker horizon in WRD013 confirms the continuity of the prospective Cahill Formation within this traverse. The small intrusive pegmatitic bodies that disrupt the stratigraphy may be related to the granite intersected in WRD009 on the previous traverse. The increasing gneissic content in WRD012 may reflect gradual passage into the Nimbuwah terrane to the east.

Figure 7: Traverse Three Cross Section

Summary of Results

- The belt of prospective metasediments has maintained a width of approximately 2.5km to the second traverse. The third traverse would require further drilling to confirm continuation of the graphitic and/or calc-silicate units. There are no further plans to continue drilling in this area.
- The combined results of traverses one and two indicate that the boundary of the pelitic-semipelitic Cahill Formation equivalents has been established, with older gneissic terrane located to the west and the Nimbuwah domain to the east. The gneissic rocks intersected in WRD012 on traverse 3 might indicate a progression into the Nimbuwah
- The presence of a younger post orogenic granite is of interest although it has no obvious intrusive effect on the surrounding rocks. Pegmatites in several holes may be related to this granite.
- The amphibolites are considered to be intrusive (ortho-amphibolite), having mostly sharp contacts with the metasediments. They are finely foliated, homogeneous, fine-grained rocks often with networks of carbonate-bearing veinlets. In some examples, what appear to be chilled margins at their contacts were noted and in others some possible hornfelsing of the intruded sediments. These amphibolites are considered to belong to the Zamu Dolerite episode.
- Although encouraging in terms of being within the host sequence that contain the major uranium deposits of the ARUF, there are no recognisable alteration features indicative of uranium mineralisation. Within the graphite-bearing trend however, there are several intervals with localised strongly graphitic structures.
- Within the graphite-bearing trend however, there are several intervals with localised strongly graphitic structures.
- Geochemistry may shed some light on the prospectivity of the package, specifically certain trace elements indicative of geochemical haloes surrounding the ARUF deposits. A suite of samples has been collected from most holes for petrography and some intervals for age dating. The results can be seen in appendix 2 below.

- Stratigraphically, the Wellington Range Cretaceous sequence equates with the Wangarlu Mudstone member of the Bathurst Island formation.

Appendix 2: Petrographic Report
Appendix 3: DH Logger Drill codes
Appendix 4: NTEL Sample Preparation
Appendix 5: NTEL Analytical Methods
Appendix 6: NTEL Analytical Suite
Appendix 7: PIMA Methodology
Appendix 8: TSG Procedures and Definitions
Appendix 9: Grainsize and Competency

CONCLUSIONS AND RECOMMENDATIONS

Southern Geoscience has provided a comprehensive interpretation that will continue to be utilised for inferring geology below cover and hence provide a platform for future drill targeting. The 2006 drilling results support the interpretations. The magnetics have been used to trace a regional, strongly magnetic marker horizon within the Cahill Formation. This horizon was intersected in several drill holes and its association with certain other lithotypes implies that the Cahill Formation or it's equivalent is present. Further drilling of the magnetic trend will take place in 2007, specifically targeting zones of structural disruption.

The TEMPEST airborne survey (flown in 2005) failed to identify the graphitic-bearing pelites through the thick Cretaceous cover. There is a strongly conductive horizontal layer attributed to clays and mudstones within the Cretaceous, which is thought to mask the basement response. Forward modelling has confirmed that this is likely to be the case and that other current airborne systems are even less likely to succeed in discerning a response. However, ground electromagnetics should provide a response as long as the conductivity-thickness exceeds 400 S. Accurately imaging graphite and local conductivity perturbations due to structure and alteration may greatly assist with drill targeting, therefore it is recommended that an orientation ground time-domain survey be untertaken in the 2007 field program.

It is also recommended that physical property measurements be made to understand the geophysical response at Wellington Range and in particular, to investigate whether portions of the Cahill are denser than other Cahill units.

EXPENDITURE

Eligible exploration expenditure for EL5893 for the reporting period totalled $1,050,309.88
All expenditure for Rio Tinto Exploration for the reporting period was $153,376.80, which brings total expenditure to $1,203,686.68.

Table 3: EL5893 Cameco Exploration Expenditure

Table 4: Rio Tinto Exploration Expenditure

PROPOSED WORK FOR COMING YEAR

Work in 2007 will focus on a drilling campaign in the north-western section of the tenement. Drilling aims to intersect prospective Cahill Formation rocks beneath Cretaceous sediments. The depth of these sediments is unknown, but estimated to be less than 200-300 m.

The proposed drilling program comprises at least 10 truck-mounted diamond drill holes for a minimum 3000 metres, a maximum of 80 RAB/Aircore holes for 2000m and a single heli-assisted diamond drill hole for 450m. The drilling is scheduled to commence mid-July and continue into early October.

In addition, a ground EM survey is planned to cover the area drilled in 2006. The aim of the survey is to ascertain whether the graphite-bearing stratigraphy provides a clear conductive response. An orientation line utilising VTEM, a heli-borne system will be flown over one of the 2006 drill fences.

Bell Air-FTG gravity is to be flown over the northern half of the project to assist mapping geology below cover.

Total exploration expenditure is estimated to be $500,000.

REFERENCES

Otto G., Melville P. and Beckitt G., 2005. Exploration Licence EL5893, Wellington Range Project, Northern Territory. *Cameco Australia, 2004-2005 Annual Report*, WR05-02.