

ACACIA MINERALS PTY LIMITED

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EXPLORATION LICENCE 24822
OORATIPPA

SECOND ANNUAL REPORT

4 April 2007 – 3 April 2008

LICENSEE:

Acacia Minerals Pty Limited

AUTHOR:

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June 2008

SF53-11
ELKEDRA 1:250 000
SF53-07
HUCKITTA 1:250 000
6153
Lucy 1:100 000
6154
Ooratippra 1:100 000

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SUMMARY

Southwestern Mining Company Pty Limited (ACN 104 649 774) (Southwestern) was granted Exploration Licence 24822 on the 4th April 2006.

The Company also held four adjoining Exploration Licences numbered 22488 24869, 24993, 25019.

Southwestern's Ooratippra ELs were transferred from Southwestern Mining to Acacia Minerals Pty Limited and were lodged with the Department in September 2007.

The Licences are worked as one project known as the "Ooratippra Diamond Project".

This Report covers the exploration work carried out during the first year of tenure from the 4th April 2007 to 3rd April 2008.

Work done includes:

- Loam sampling
- Satellite image interpretation
- Geophysical Interpretation
- Helicopter reconnaissance
- Land-owner liaison

1. INTRODUCTION

Southwestern Mining Company Pty Limited (ACN 104 649 774) (Southwestern) was granted Exploration Licence 24822 on the 4th of April 2006

Principal reason for the application was an unexplained magnetic anomaly which straddles the eastern boundary of EL 22488 .

This Report summarises the exploration work carried out on EL 24822 during the second year of tenure from the 4th April 2007 to 3rd April 2008.

2. LOCATION

Exploration Licence 24822 is situated approximately 350kms southeast of Tennant Creek. The Licence is on the Huckitta 1:250 000 scale map sheets and is located on the Ooratippra(6154) 1:100 000 scale map sheets.

Access to the Licence area from Tennant Creek is south via the Stuart Highway and then east onto the Ali Curung Aboriginal Community road. This leads to the Sandover Highway which is then followed approximately 80kms east to the Ooratippra Homestead from where bore tracks are followed to Robbie Bore which is on the eastern boundary of the EL.

Alternatively, the Licence area can be accessed via the Sandover Highway from Alice Springs.

Figure 1 shows the Exploration Licence in relation to the Sandover Highway.

3. TENURE

Exploration Licence 24822 covering 8 sub-blocks (26 square kilometres) was granted on the 4th April 2006 for a period of 6 years.

Four blocks were relinquished at the first anniversary.

Adjoining EL 22488 was granted on the 3 December 2001 and 24869, 24993 and 25019 were granted on the 7th July, 11th August and 26th July 2006 respectively.

The Licences lie within NT Portions 2891, being Ooratippra Station, Perpetual Pastoral Lease 921.

EL 24822 is explored in conjunction with ELs 22488, 24869 and 25019 and being contiguous are worked as one Project, known as the Ooratippra Diamond Project

Plan SOU003 shows the current Project Area.

4. GEOLOGY

4.1 Regional Geology

The reader is referred to AusIMM Monograph 14 (Geology of the Mineral Deposits of Australia and Papua New Guinea), Volume 1, pp. 829-861, to gain a good introduction to the regional geology and styles of gold-copper mineralization of the area.

4.2 Local Geology

The Sandover River flows east through the Project Area and north of EL 24822, within which are extensive flood-out areas and tributaries. North of the Sandover River, there is little outcrop and much of the area is covered by alluvial outwash cover.

South of the River, areas of Cambrian outcrop have diverted southerly flowing drainage channels. The outcropping Cambrian Arrintheta Formation sediments of the Georgina Basin Sequence are generally flat-lying throughout the central to southern parts of the Licence Area. The Ooratippra fault strikes northwest-southeast throughout the central portion of the Project Area.

A plan of the geology is included in this report.

5. WORK DONE DURING THE YEAR

Geophysics

Lindeman Geophysics Pty Ltd were commissioned to carry out a detailed interpretation of NTGS and open file magnetics and gravity to identify any magnetic anomalies previously considered to be possible kimberlites or base metal targets.

Each anomaly was given the identification of CKA, followed by sequential numbering. On CKA 1, having been interpreted earlier by others as an ultramafic intrusive pipe, the depth to the top of the body was also interpreted.

Of the 48 anomalies previously considered to have the potential to be kimberlites, only one CKA 1 was identified in EL 24822 as a potential kimberlite. The location of CKA 1 in GDA 94 is 644871E 7578352N.

This location is shown on the accompanying plan SOU005.

Surface sampling

Stream sediment sampling in the general Ooratippra area has proved unsuccessful, consequently, the Company has applied a different strategy.

A 20 kg sample was collected in September 2007 and sent to Diotech Laboratories in Perth for diamond and key indicator mineral identification. At the same time, a 2kg sample was collected and sent to North Australian Laboratories in Pine Creek for general geochemical analysis. Results of this work are included in this report. The location of these samples was as near as possible to the centre of the magnetic anomaly. As the flight lines on which the identification was based were spaced at 400m, the centre of the anomaly will not be accurately identified.

These results of this sampling were mainly negative but inconclusive, consequently, in March 2008, the sampling was repeated, however this time the source of the sample was surface material raked or swept from a much larger area. Again, a 20kg sample was collected and sent to Diotech

laboratories in Perth for diamond and surface indicator mineral identification, and a 2kg sample was sent to Northern Territory Environmental Laboratories in Berrimah.

Results of the sampling are attached but the second sampling results have not yet been received.

Satellite interpretation.

As with previous photo interpretation, one vague feature was identified with a width of approximately 1,000 metres and centred approximately 2.2 kilometres northeast of CKA 1. The cause of the feature is not yet explained but earlier rock-chip sampling gave slightly anomalous lead-zinc anomalism.

Helicopter reconnaissance

In late September 2007, geologist Peter Simpson and Nick Byrne landed at CKA1 and collected some rock chip samples.

An extract from Mr. Simpson's report is as follows:

Stop 4. EL 24822 7578352N 644871E

Site description

A flattish thinly vegetated area cut by several shallow linear scrubby gullies, with a coincident magnetic anomaly designated CKA1 and considered by some previous explorers to be caused by a pipe-like ultramafic body.

Work done

A ground inspection was made of the area, which showed scattered patches of subcrops of Arrinthrunga Formation dolomitic limestone among extensive areas of red sand. No samples were submitted for analysis as this had been done in the helicopter-borne sampling carried out just prior to our visit.

Comments

Nothing was seen on the ground to explain the magnetic anomaly. A drilling program is planned for this target.

6. REHABILITATION

Raking up loam samples created only superficial disturbance, consequently, no field work carried out by the Company over the Licence area during year requires any rehabilitation measures.

7. CONCLUSIONS

The Project Area appears to be in a significant structural position and geophysical and aerial photographic and satellite appraisal suggest that the one magnetic response at CKA 1 and the circular feature to the northeast could represent kimberlites.

The relationship between CKA 1 and the circular feature are unknown and the Company considers the Licence to be very prospective and intends to continue exploration over the area.

8. YEAR 1 EXPENDITURE

Proposed expenditure for the Second year of tenure was \$86,800. Actual expenditure was as follows:

1.	Geological mapping	\$2,500
	Geophysical interpretation	\$3,000
2.	Helicopter reconnaissance	\$3,500
3.	Anomaly locating and sampling	\$2,500
4.	Diamond and key indicator mineral identification(estimated)	\$3,000
5.	Geochemical analysis(estimated)	\$1,000
6.	Land owner liaison	\$2,500
7.	Administration and overheads	\$2,160
	Total	\$20,160

The principal reason for the large difference in proposed and actual expenditure was that the proposed RC drilling programme and related geochemical analysis was deferred until year three.

The reason for this deferral was that Acacia's parent company Acelaide River Resources Limited is in the process of preparing to list on the Australian Stock Exchange (ASX) and the drilling was deferred until listing is completed.

9. PROPOSED PROGRAMME AND EXPENDITURE FOR YEAR 2

1.	Detailed ground magnetics	\$2,500
2.	Geophysical interpretation.....	\$3,500
3.	Geological supervision	\$5,000
4.	Reverse Circulation drilling.....	\$48,000
5.	Geochemical analysis	\$15,000
6.	Land owner liaison	\$2,000
7.	Administration and overheads	\$9,100
	Total	\$86,800

Nick Byrne
Managing Director