

SUMMARY

Acacia Minerals Pty Limited ACN 127 419 729 (Acacia), a Territory based exploration Company, purchased Exploration Licence 22488 from Southwestern Mining Pty Limited (Southwestern). The dealing was approved under Section 173 of the Mining Act on the 4th of December 2007. Acacia is a wholly owned subsidiary of Adelaide River Resources Limited (ACN 127 411 796) (Adelaide River), a public company currently intending to list on the Australian Stock Exchange (ASX).

Acacia also acquired a further four Exploration Licences numbered 24822, 24993 and 25019 all adjoining or within EL 22488.

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

This Report covers the exploration work carried out during the seventh year of tenure from the 3rd of December 2007 to the 2nd of December 2008.

Work done included:

- Research
- Satellite image interpretation
- Geophysical Interpretation
- Sampling of magnetic anomalies
- Sampling of circular topographic features
- Diamond and Indicator Mineral assessment
- Geochemical analysis
- Land owner liaison

1. INTRODUCTION

Acacia Minerals Pty Limited (Acacia), a Territory based mineral exploration company, purchased Exploration Licence 22488 from Southwestern Mining Pty Limited (Southwestern). The dealing was approved under Section 173 of the Mining Act on the 4th of December 2007. Acacia is a wholly owned subsidiary and the exploration arm of Adelaide River Resources Limited (ABN 50 127 411 796) (Adelaide River), which is intending to list on the Australian Stock Exchange.

Principal exploration targets are diamonds and base metals.

This Report summarises the exploration work carried out during the seventh year of tenure from the 3rd of December 2007 to the 2nd of December 2008.

2. LOCATION

Exploration Licence 22488 is situated approximately 350kms southeast of Tennant Creek. The Licence area spans the boundaries of the Elkedra and Huckitta 1:250 000 scale map sheets and is located on the Lucy (6153) and 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 northwest portion of the Licence area. Most of the EL has little relief and vegetation, and is quite accessible via good station tracks servicing the water bores in the area.

Alternatively, the Licence area can be accessed via the Sandover Highway from Mount Isa or Alice Springs, and south using the Lucy Creek Station roads.

There is also a good all-weather landing strip approximately 3 kilometres south of the Ooratippra Homestead.

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

3. TENURE

Exploration Licence 22488, initially covering 388 sub-blocks (1236 square kilometres) was granted to Giants Reef on the 3rd December 2001 for a period of 6 years.

ELs 24822 24993 and 25019 were granted on the 4th April, 11th August and 26th July 2006 respectively.

The Licences lie within NT Portions 2891, being Ooratippra Station, Perpetual Pastoral Lease 921, NT Portion 370, being Argadargada Station Perpetual Pastoral Lease 1137.

In November 2004, the area was reduced to 194 sub-blocks (618 square kilometres).

EL 22488 is explored in conjunction with ELs 24822, 24933 and 25019 and, being contiguous, are worked as one Project known as the Ooratippra Diamond Project

All granted tenements in the Ooratippra Diamond Project were transferred to Acacia Minerals on the 4th of December 2007.

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, 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.

5. WORK DONE DURING THE YEAR

5.1 Review

An extensive open file research programme was carried out and a review of the results achieved by previous explorers. This work was then correlated with the geophysical and satellite image interpretation and previous work carried out by Southwestern.

5.2 Geophysics

Lindeman Geophysics Pty Ltd carry out on an ongoing basis, interpretation of NTGS and open file magnetics to identify any magnetic anomalies considered to be possible kimberlites. Additional anomalies have been identified by Southwestern.

A large number of magnetic anomalies have been identified from NTGS airborne magnetics and interpreted to identify any with the potential to be kimberlites. A detailed interpretation located the approximate centre of 70 magnetic anomalies considered to have the potential to be kimberlites.

Each magnetic anomaly has been given the identification prefix of CKA. From each location, a 20kg of surface loam was collected and assessed for diamonds and key indicator minerals. Also, a 2kg sample was collected for geochemical analysis.

During year 7, within EL 22488, seven of these anomalies were re-sampled

The locations of anomalies re sampled in April 2008 during year 7 .

Co-ordinates in GDA 94 are:

EL	CKA	MGAE	MGAN	SAMPLE #	NOTES	DESCRIPTION
22488	CKA07	604287	7585191	163026	20kg + 2kg ref sample	Sand
22488	CKA17	613082	7583110	163027	20kg + 2kg ref sample	Sand
22488	CKA28	608606	7574596	163028	20kg + 2kg ref sample	Sand
22488	CKA29	607856	7573105	163029	20kg + 2kg ref sample	Sand, siltstone, qtz, Lt
22488	CKA43	633868	7583963	163030	20kg + 2kg ref sample	Clay
22488	CKA46	605459	7571441	163031	20kg + 2kg ref sample	Sand, siltstone, qtz, Lt
22488	CKA48	618664	7577455	163032	20kg + 2kg ref sample	Sand

These locations are also shown on the accompanying 1:100,000 plan SOU006.

5.3 Sampling

These anomalies were re-sampled by sweeping up surface loam from a larger area than previously done, sieved to -1mm and submitted for diamonds and key indicator minerals assessment and geochemical analysis.

From each location, a 20kg and a 2 kg sample of surface loam was collected through a 1mm mesh sieve.

5.3.1 Diamonds and key indicator minerals

The 20kg samples were sent to Diotech Heavy Mineral Services of Welshpool, WA, for processing for diamonds and key indicator minerals.

TNT Transport were used to transport the samples from Tennant Creek to Welshpool.

Results of this work are attached.

5.3.2 Other minerals

The 2kg sample of surface loam was sent to Northern Territory Environmental Laboratories, Berrimah, to be analysed for: Au, Pd, Pt, Ag, As, Ba, Bi, Cd, Ce, Co, Cr, Cu, Fe, La, Mg, Mn, Mo, Ni, P, Pb, Th, Ti, U, V, Y, Zn.

Assay results are attached.

5.3.3.

Satellite imagery

Google Pro satellite imagery was used for reconnaissance in search of convex or concave topographic features which could reflect the presence of a kimberlite pipe.

Four circular features CF4, CF5, CF6 and CF 34 were identified in EL 22488 during Year 7, additional to features identified by the Company in previous years' exploration.

The locations of features identified during year 7 in GDA 94 are:

	MGA_E	MGA_N
CF 4	624594	7587427
CF 5	625417	7586867
CF 6	624827	7686591
CF 34	633815	7583921

CF 5 is a large depression approximately 600m in diameter with 3, probably related, satellite depressions including CF 4 and CF6 of approximately 100m diameter to the northwest, west and south west.

CF 34, eight kilometers to the southeast, is an unrelated concave feature approximately 200m in diameter immediately west of CKA 43 which has anomalous trace elements indicative of what one would expect in from a kimberlite.

Circular features sampled during July, August and November 2008

EL	LOC.	MGAE	MGAN	SAMPLE #	NOTES	DESCRIPTION
22488	CF04	604594	7587427	163036	20kg + 2kg ref sample	Sandy loam
22488	CF05	625555	7586978	163037	20kg + 2kg ref sample	Sandy loam
22488	CF05	626296	7586772	163038	20kg + 2kg ref sample	Sandy loam
22488	Roadsde	625094	7587291	163039	20kg + 2kg ref sample	Lmstne rubble/chalcedony
22488	CF05	625264	7586759	163040	20kg + 2kg ref sample	Sand
22488	CF05	625388	7587103	163044	20kg + 2kg ref sample	Sandy loam
22488	CF05	625264	7586759	163051	20kg + 2kg ref sample	Sand
22488	CF05	625417	7586867	163057	20kg + 2kg ref sample	Sandy loam
22488	CF05	625370	7586704	163061	20kg + 2kg ref sample	Sandy loam sndstne gravel

5.3 Sampling

From each location, a 20kg and a 2 kg sample of surface loam was collected through a 1mm mesh sieve.

5.3.1 Diamonds and key indicator minerals

The 20kg samples 163036 to 163040 and 163044 were sent to Diotech Heavy Mineral Services of Welshpool, WA, for processing for diamonds and key indicator minerals.

TNT Transport were used to transport the samples from Tennant Creek to Welshpool.

Results of this work are attached.

Samples 163051, 163057 and 163061 were sent to Diamond Recovery Services, 92 Ewing Street Welshpool, WA for processing for diamonds and key indicator minerals.

Results of this work are not yet to hand.

5.3.2 Other minerals

The 2kg samples of surface loam were sent to Northern Territory Environmental Laboratories, Berrimah, to be analysed for:

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SiO₂, TiO₂, Al₂O₃, Fe₂O₃, MnO, MgO, CaO, Na₂O, K₂O, P₂O₅, LOi, Be and Sc.

Trace elements

Ag, As, Au, Ba, Bi, Cd, Ce, Co, Cr, Cs, Cu, Dy, Er, Eu, Fe, Gd, Hf, Ho, La, Mg, Mn, Mo, Ni, P, Pb, Pd, Pt, Sb, Sm, Sn, Ta, Tb, Th, Ti, Tm, U, V, W, Y, Yb, Zn.

Assay results are not yet to hand.

6. LANDOWNER LIAISON

Prior to commencing initial field work, the co-ordinates and a 1:100,000 Rasta plan showing the proposed sample locations were given to the Central Land Council to enable them to show the landowners. The detailed topography on the plan enabled the landowners to clearly identify the work areas in relation to sites of significance.

7. REHABILITATION

The scraping up or sweeping of surface loam samples did not create significant disturbance. No field work was carried out by the Company on the Project Area during the year which requires any rehabilitation measures.

8. RESULTS

The Project Area appears to be in a significant structural position and geophysical and aerial photographic and satellite appraisal suggest that a number of magnetic responses and circular topographical features could represent kimberlites.

Magnetic anomalies CKA43 and CKA6.

CKA43 has been sampled twice, once during year six and repeated in year seven. Each time, 20kg and 2kg samples were collected and submitted for diamond and key indicator assessment and trace element analysis. Diamond and key indicator results from both samples were negative, however geochemical analysis (sample number 163030) shows that almost every trace element including Cr and Ni, from both samples are anomalous.

Immediately to the west of CKA43, satellite imagery using recently purchased Google Pro, shows a convex circular feature with a diameter of approximately 200m which could be a kimberlite and has been given the prefix of CF34. The position of CKA43 is below CF34 and the anomalous values appear to come from material shed from this feature.

A satellite image showing the locations of CKA43 and CF34 are attached.

CKA6, located approximately 18 kilometres southwest of CKA43, also sampled twice, had negative diamond and key indicator minerals but had anomalous trace elements of a lower order than CKA43. There are no obvious topographical features in the immediate vicinity of CKA6.

Detailed ground magnetics, surface sampling followed by RAB drilling are proposed for follow-up work in year eight.

Circular features CF4, CF5, CF6 and CF 34

The first three, probably related, circular depressions were identified using Google Pro satellite imagery.

CF5 is a large circular depression with a diameter of approximately 600 metres. If CF5 is a kimberlite, CF4 and CF6 with diameters of approximately 100m are probably satellite kimberlites.

CF4 and CF5 have been sampled with negative diamond and key indicator mineral results. The geochemical results are not yet to hand, however chalcedonic chips on the surface of CF5 may be from an ultra mafic source.

CF5 has been re-sampled by taking 20kg and 2kg samples. Diamond and key indicator minerals assessment and geochemical results are awaited and will be forwarded on receipt.

CF34 is located immediately west of magnetic anomaly CKA43. Satellite imagery using recently purchased Google Pro, shows a convex circular feature with a diameter of approximately 200m which could be a kimberlite. It has been given the prefix of CF34. The elevation of CKA43 is below that of CF34 which suggests that the anomalous values from CKA43 come from material shed from this feature.

CONCLUSIONS

The anomalous geochemical results from CKA6 and CKA43 and discovery of a topographic feature CF 34 adjacent to CKA43 are very encouraging and suggest that it could be a kimberlite and warrant follow-up work.

Chalcedonic material within the CF5 circular depression lends weight to it being a kimberlite and also justifies further work.

Consequently the Company intends to continue with its diamond exploration of EL 22488 for the eighth year of tenure.

EXPENDITURE

Estimated expenditure for seventh year of tenure was \$88,600.

Actual expenditure for year seven was

1.	Assessment of all internal and external work carried out to date	\$8,000
2.	Geophysical interpretation	\$4,000
3.	Satellite imaging and interpretation	\$9,500
4.	Vehicle Hire	\$6,500
5.	Ground reconnaissance	\$8,000
6.	20kg and 2kg sampling	\$12,000
7.	Freight	\$2,200
7.	Diamond and key indicator assessment (est.)	\$9,000
8.	Major and trace element analysis (est.)	\$6,000
9.	Assessment and interpretation of results	\$6,000
10.	Diamond consultant (est.)	\$7,000
12.	Overheads and supervision	\$11,500
	Total	\$89,700

Proposed expenditure for eighth year of tenure is:

1.	Assessment of all work carried out to date	\$3,000
2.	Ground magnetic surveys	\$10,000
3.	Surface 20k and 2kg sampling	\$3,000
4.	Diamond and key indicator mineral assessment	\$5,000
5.	Rotary Air Blast (RAB) drilling	\$12,000
6.	Geochemical analysis	\$5,000
7.	Overheads and supervision	\$4,500
	Total	\$42,500

Nick Byrne
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