Castile Resources Pty Ltd
(ABN 93 124 134 085)

EL24989
Rover Project – Rover Field
Annual Report

Reporting Period
7 March 2007 to 6 March 2008

May 2008

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Datum: GDA94
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Zone: 53
Author: Andrew Beckwith
Tenement Holders: Castile Resources Pty Ltd
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SUMMARY

This report covers exploration completed on EL24989 during the reporting period 7 March 2007 to 6 March 2008.

The Rover Project is located approximately 100km west of the Tennant Creek township and comprises a number of granted tenements and applications that fall within aboriginal freehold lands of the Karlantijpa South Land Trust and Karlantijpa North Land Trust. The project area is considered prospective for copper and gold and base metals mineralisation associated with Iron Oxide Copper Gold (IOCG) mineralising systems.

The tenement EL24989 is granted over a very small window of crown land and essentially is unworkable in respect to the access provided within the surrounding Aboriginal Freehold land. Accordingly, the Company has agreed to carry out work on this tenement under the surrounding tenement Deeds of Exploration negotiated with the local traditional owners through the Central Land Council (CLC).

Exploration activities completed during the reporting period include:

- Ultra detailed ground based gravity survey over the entire tenement area and surrounding area covering the Rover 1 prospect
- Ultra detailed ground magnetic survey over the entire tenement area and portions of the surrounding area covering the Rover 1 prospect
- Processing of the gravity and magnetic surveys

The ultra detailed ground based gravity and magnetic surveys were completed over the entire Rover 1 prospect target area. EL24989 covers approximately 20% of this prospect area and subsequent surveys.

Initial processing of the new gravity data has highlighted a number of regional scale features, including a coincident gravity high with the discrete and intense magnetic high at Rover 1. The Rover 1 prospect also lies to the immediate north east of the a major regional scale gravity high complex and shows a number of significant bounding and cross cutting features with the dominant structures in a north west orientation.

The proposed 2008 programme at Rover 1 is planned to include the establishment of a field camp at the original Rover 1 camp site, deep diamond drilling to confirm previous reported copper-gold-cobalt-bismuth mineralisation, further diamond drilling to extend this mineralisation both laterally and up-dip. This programme and tenement is part of a larger programme at Rover 1 associated with the surrounding tenement EL24541, which was recently granted in late December 2007.

The proposed expenditure totals $152,000 on EL24989.
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1. INTRODUCTION

The Rover Project is located approximately 100km west of the Tennant Creek Township and comprises a number of granted tenements and applications that fall within aboriginal freehold lands of the Karlantijpa South Land Trust and Karlantijpa North Land Trust. The project area is considered prospective for copper and gold and base metals mineralisation associated with Iron Oxide Copper Gold (IOCG) mineralising systems. This tenement covers approximately 20% of the Rover 1 magnetic target ironstone.

The tenement is owned 100% by Castile Resources Pty Ltd (Castile).

2. LOCATION

The Rover Project is located approximately 100km west of the Tennant Creek Township and comprises a number of granted tenements including EL24989 and various applications that fall within aboriginal freehold lands of the Karlantijpa South Land Trust.

Access to the project is via the Stuart Highway 6 km south of Tennant Creek, then west along the east west track approximately 50km to the abandoned Kunayungku Outstation, then 30km south along existing tracks. The tenement covers portions of an old airstrip at Rover 1 together with existing tracks and other infrastructure including an old water bore.
3. TENURE

EL24989 comprises an area of 1 graticular blocks or approximately 0.03 square kilometres (Figure 1) and was originally granted on 07 March 2007 to 06 March 2008.

The tenement title is held 100% by Castile Resources Pty Ltd, a wholly owned subsidiary of Westgold Resources Limited.

Although the tenement is classified as crown land, Castile has negotiated an deed of access with the local surrounding traditional owners through the CLC as the tenement is essentially unworkable without this consent due to the surrounding 100% owned aboriginal freehold lands and the very small area of tenement.

4. GEOLOGY

4.1 Regional Geology

The Rover Project is underlain by the geological Babylon Field covering an area on the poorly exposed southern margin of the Proterozoic Tennant Creek Block, central Tennant Creek Inlier, of the Northern Territory. The regional geological setting of the tenements is interpreted from rare outcrop, limited drill testing, geophysical surveys and information from the relatively well-exposed portions of the block to the north.

The Tennant Creek Block is bound to the north and south by the Proterozoic Tomkinson Creek and Davenport Provinces respectively. The eastern and western margins are the sedimentary successions of the Palaeozoic Georgina and Wiso Basins. The stratigraphic components of the Tennant Creek Block are multiply deformed and the regional metamorphic grade is lower greenschist facies.

The oldest exposed rocks in the Tennant Creek Inlier are the metasedimentary rocks of the Warramunga Formation. This succession is assigned a minimum depositional age of 1860 Ma, based on SHRIMP zircon dates. The basement to the depositional basin does not crop out, has not been intersection by drilling, and is inferred from the age of sediment provenance to be Proterozoic age (1900Ma).

Northward thrusting, E-W trending tight folds and a penetrative axial plane cleavage characterise the first phase of regional deformation. This phase of deformation and the intrusion of the Warramunga Formation by voluminous porphyries and granitoids are assigned to the Barramundi Orogeny (1858 Ma to 1845 Ma).

Following deformation and uplift the volcanics and volcaniclastics of the Flynn Sub-Group were erupted (1845 Ma to 1827 Ma), with intrusion of porphyries and minor granitoids into the Warramunga Formation. A second phase of N-S shortening regional deformation characterised by E-W trending folds, a penetrative axial plane cleavage and reactivation of D1 faults preceded the deposition of the Hatches Creek Group and stratigraphic equivalents during the period 1820 Ma to 1785 Ma.

The Hatches Creek Group is composed of a succession of shallow marine and fluviatile sedimentary and volcanic rocks metamorphosed to lower greenschist facies. The southern margin of the Tennant Creek Block is in part defined by an unconformable contact with the Hatches Creek Group, but commonly this contact has been the focus of strain during deformation and is faulted.
Deformation of the Hatches Creek Group (1765Ma) is characterised by upright NW-SE trending fold axes and shows a trend of increasing strain (tightening of folds) on a regional scale moving to the south and west. This deformation has been identified in the northern Tennant Creek Block and folds of this trend are of potentially greater significance in the Babylon Field than the Tennant Creek Field. Late-stage granitoids and porphyries intruded the Warramunga Formation, the Flynn Sub-Group and the Hatches Creek Group at 1650-1712 Ma.

Extensive flat lying Phanerozoic cover unconformably overlies the Proterozoic basement. This cover has a westward thickening trend from less than 100m in the east to in excess of 200 metres in the west.

4.2 Local Geology

The NTGS regional geological interpretation does not recognise the presence of Warramunga Formation within the Babylon Field. However, exploration geologists correlate meta-sedimentary rocks from drill core at Explorer 142 and the nearby Rover 1 prospect to characteristic Warramunga Formation that host the numerous copper gold deposits in the Tennant Creek area. The Warramunga Formation rocks do not outcrop in the region and are covered by flat lying Cambrian siltstones, dolomitic siltstones and dolomites of the Wiso Basin. Detailed aeromagnetic data provides strong support that the Warramunga Formation sedimentary sequence extends beyond the known drilled prospects to cover an area of at least 1000km² and most likely represents a fold a thrust belt repeat of the Warramunga Formation of the Tennant Creek region.

In addition, the metallogenic model that applies to the Tennant Creek Field and the presence of abundant ironstone and extensive alteration and associated Cu-Au mineralisation provides added evidence that the rocks or the Babylon (Rover) Field correlate to the Warramunga Formation of the Tennant Creek region.

4.3 Exploration History

The Rover 1 area was explored by Geopeko during the 1970 to early 1980’s. A high level aeromagnetic survey and a B.M.R. regional survey were conducted over the region prior to the recognition of a number of significant magnetic anomalies. A low-level aeromagnetic survey was conducted by Geopeko in 1974 and covered a large area that included the Rover 1 prospect area.

Diamond drill testing of the Rover 1 magnetic target intersected a number of significant copper, gold, cobalt and bismuth results associated with strong chlorite-dolomite-ironstone alteration considered to closely resemble mineralisation mined at Tennant Creek. Drilling continued over a few seasons however this programme was terminated in 1982 when the lands were returned to the local traditional owners 100%. Geopeko were unable to negotiate access to the area and subsequently the prospect remained inactive until the late 1990’s when Normandy on behalf of joint venture partners negotiated access deeds on nearby areas. Rover 1 remained in veto.

During 1999 Newmont used the contractor Kevron to fly an aerial geophysical survey at variable 100m to 200m line spacing and a mean terrain clearance of 40m over the region including Rover 1. Preliminary analysis of this survey data confirmed magnetic anomalies suitable for exploration targeting as Tennant Creek style Au-Cu mineralisation hosted by magnetite ironstone, with the historical Rover 1 prospect rating as one of the highest priority targets within the greater survey.
A critical consideration to exploration of this tenement for Tennant Creek-style mineralisation is the depth to Proterozoic basement that is known to exceed 200m in drilled prospects within the tenement. To estimate depth to basement, Newmont using in-house proprietary algorithms modelled the AMAG data. The results of this modelling suggested that although there were some areas of limited cover the overall depth to basement is in excess of 150m with some areas including cover in excess of 500m.

Aerial photography was completed over the Babylon (Rover) Project area which includes tenements 24541 and 24989 (Clifford, 1999). A total of 370 photographic frames covering 1570 km² were taken by the contractor Quasco Northern Surveys. This program produced 1:25,000 precision located colour photography over the tenement with the aircraft flying at approximately 4,000m.

The aerial photography was reviewed together with Landsat TM data and Radiometric data. The area of the tenement is dominated by Quaternary sand cover.

During early late 2007, Castile successfully negotiated a Deed of Exploration covering EL24989 and the larger surrounding EL24541 as the company considered EL24989 was unworkable without the local traditional owners consent since the surrounding areas are owned 100% freehold by the traditional aboriginals. The Company considers this decision to include EL24989 in the Deed was fundamental in gaining consent to access the Rover 1 prospect and surrounding tenement areas.

5. WORK COMPLETED DURING THE REPORTING PERIOD

Exploration activities completed during the reporting period include:

- Ultra detailed ground based gravity survey over the entire tenement area and surrounding area covering the Rover 1 prospect.
- Ultra detailed ground magnetic survey over the entire tenement area and portions of the surrounding area covering the Rover 1 prospect.
- Processing of the gravity and magnetic surveys.

5.1 Gravity Surveys

A precision ultra detailed ground based GPS-Gravity survey was carried out during the period. A total of 1165 new stations were completed in the programme. The programme comprised nominal 200m x 50m stations over an area 4km x 2km in the north east portion of EL25451 and covering the entire area of EL24989 (Fig 2). Infill was also undertaken over the rover 1 magnetic target at a spacing of approximately 50m x 25m. Five lines 200m apart and with stations 50m along the lines was completed over the adjoining Adelaide Resources tenement EL7739 to the north to complete the north south anomaly profile. Adelaide Resource’s permission was granted prior to the survey being undertaken.

Gravity data were acquired using a Scintrex CG5 digital gravity meter, in conjunction with Magellan FX324 autonomous GPS receivers. All data were acquired using vehicle-borne methods, in conjunction with foot-borne methods. The contractor was Atlas Geophysics of Perth, Australia.

All data is provided in appendix 2, including all data covering the surrounding tenement areas associated with this survey.
5.2 Magnetic Surveys

An ultra detailed ground based magnetic survey was completed over the entire EL24989 during the period. The survey cover a total area of approximately 1.8km x 1.2km within EL24541 (the surrounding tenement and entirely covering EL24989 (Figure 3). A number of lines were also extended into the adjacent Adelaide Resource’s tenement EL7739 with the company’s permission.

The data was collected on nominal 50m spaced lines with semi continuous readings taken along lines. As no base station was used during the survey a short 40m reference line was repeated periodically through out the survey to enable levelling of the final data.

The Smartmag dual sensor magnetometer equipment used is owned by Westgold/Castile.

All data is provided in Appendix 3, including all data covering the surrounding tenement areas associated with this survey. Data includes survey portion completed over EL24541.
All data is provided in appendix 2, including all data covering the surrounding tenement areas associated with this survey. Data includes surveys completed over EL24541, 8823 and 8994.

6. RESULTS

The data from the gravity and magnetics is currently being processed and final modelling is yet to be finalised and interpreted fully.

Initial processing of the new gravity data has highlighted a number of regional scale features, including a coincident gravity high with the discrete and intense magnetic high at Rover 1. The Rover 1 prospect also lies to the immediate north east of the a major regional scale gravity high complex and shows a number of significant bounding and cross cutting features with the dominant structures in a north west orientation.

The new ground based magnetic data is concentrated over the known intense magnetic high at Rover1. The magnetic data is yet to be fully modelled but provides a robust data set that confirms the original survey information.

3D modelling of both new data sets is anticipated to aid drill targeting in the future programmes.
7. ENVIRONMENTAL / REHABILITATION REPORT

No environmental rehabilitation has occurred during the reporting period as the gravity and magnetic survey was completed by a single light 4WD vehicle and personnel walking the entire survey area.

8. CONCLUSION AND RECOMMENDATIONS

The initial review of the gravity and magnetic data suggests significant structural information can be interpreted on the regional scale and it is hoped future 3D modelling will aid future targeting at this significantly mineralised prospect.

Further assessment of the regional gravity high complex immediately the south of Rover 1 is proposed.

The proposed programme at Rover 1 and therefore EL24989 plans to drill test to confirm and extend the known ironstone hosted copper, gold, cobalt and bismuth mineralisation. This programme commenced in March 2008 and is anticipated will continue through much of the 2008 field season. The estimated cost of the programme is estimated as 20% of the overall Rover 1 programme.

- Existing track re-establishment subject to traditional owner approval 4,000
- Camp establishment 8,000
- Diamond drilling 140,000
- Total proposed programme (minimum) $152,000

9. REFERENCES


### Appendix 1

#### BIBLIOGRAPHIC DATA SHEET

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Appendix 2

Gravity Survey Data
(contained on CD)
Appendix 3

Ground Magnetic Data
(contained on CD)