Castile Resources Pty Ltd

(ABN 93 124 134 085)

EL8823
Rover Project – Rover Field
Annual Report

Reporting Period
8 March 2007 to 7 March 2008

May 2008

Report No: R2008-003
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1:100,000 Sheet: Billiatt 5558
Datum: GDA94
Projection: MGA
Zone: 53
Author: Andrew Beckwith
Tenement Holders: Castile Resources Pty Ltd
Distribution: Department of Primary Industries, Fisheries & Mines; and Castile Resources Pty Ltd / Westgold Resources NL
SUMMARY

This report covers exploration completed on EL8823 during the reporting period 8 March 2007 to 7 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 area is located immediately to the east of EL8994 which hosts two advanced IOCG mineralised systems including the recent Explorer 108 Pb-Zn-Ag resource and provides added prospectivity in the region.

Exploration activities completed during the reporting period include:

- Regional gravity survey over portions of the tenement area
- Limited processing of the previous gravity surveys

The initial review of the gravity data suggests significant structural information can be interpreted and in light of the encouraging drill results on the adjoining tenement, it is recommended the survey be extended to the west provided access and the daily production rates can be increased or a helicopter supported survey is contemplated.

The proposed 2008 programme is planned to include the acquisition of additional regional gravity stations progressively to the west. The estimated cost of the programme is $50,000. At the time of writing, the gravity data acquisition over the remaining areas of the tenement has been completed and infill surveys are to be assessed.
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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. The tenement area of EL8823 is located immediately west of EL8994 which hosts two advanced IOCG mineralised systems including the recent Explorer 108 Pb-Zn-Ag resource and provides added prospectivity in the region.

EL8823 is owned 100% by Castile Resources Pty Ltd (Castile), a wholly owned subsidiary of Westgold Resources NL. The original tenement was purchased from AngloGold Ashanti Australia Limited (AngloGold) in late 2005 by Navarre Resources Pty Ltd and subsequently transferred to Castile. AngloGold retains an “option to joint venture” where the company may elect to earn back a 75% equity in a significant discovery.

Castile has been granted permission to explore and potentially mine any economic minerals discovered upon the tenement, under the provisions of the Babylon Agreement, an agreement between Castile and the Central Land Council as the representative body for the traditional aboriginal communities who own the lands.

2. LOCATION

The Rover Project is located approximately 100km west of the Tennant Creek township and comprises a number of granted tenements including EL8823 and various applications that fall within aboriginal freehold lands of the Karlantijpa South Land Trust and the Karlantijpa North Land Trust.

Access to the project is via the Stuart Highway 6 km south of Tennant Creek, then west along the Ngapamilarnu Outstation gravel road for approximately 100 kilometres. Access within the project area is via local exploration tracks on the adjacent tenement EL8994 which were recently upgraded from earlier exploration some 25 years previous. No access tracks occur within EL8823.
3. TENURE

EL8823 comprises an area of 82 graticular blocks or approximately 230 square kilometres (Figure 1) and was originally granted on 08 March 1999 to 07 March 2007 and has now been extended a two further years to 07 March 2009.

The tenement title is held by Castile Resources Pty Ltd, a wholly owned subsidiary of Westgold Resources Limited. The original tenement was purchased from AngloGold Ashanti Australia Limited (AngloGold) in late 2005 by Navarre Resources Pty Ltd and subsequently transferred to Castile. AngloGold retains an "option to joint venture" where the company may elect to earn back a 75% equity in a significant discovery.

The tenement exploration and future mining is subject to the Babylon Agreement, an agreement between Castile and the Central Land Council as the representative body for the traditional aboriginal community who own the lands.

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 volcanicslastics 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 fluvialite 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 Field correlate to the Warramunga Formation of the Tennant Creek region.

4.3 Exploration History

The area was explored by Geopeko under EL983 that was granted in February 1974 and relinquished in 1977. A high level aeromagnetic survey and a B.M.R. regional survey were conducted prior to the granting of EL983. A low-level aeromagnetic survey was conducted by Geopeko in 1974 and covered a large area that included the present EL8823. No discrete magnetic anomalies, resembling Tennant Creek type ironstone responses were identified. Analysis of the low-level aeromagnetic data indicated that the magnetic features were at depths of >300m (Bujtor, 1977).

The area east of EL983 was covered by EL981 (Geopeko) and was granted in February 1974 and relinquished in November 1977. Detailed computer modelling of the low level aeromagnetic data together with statistical analysis revealed that no discrete magnetite bodies will be found within EL981 (Duck, 1977). From 1982 to 1983, Geopeko held EL1286 but no drilling was carried out and only additional geological interpretation was conducted (Harbon, 1983).

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. 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 prospect Explorer 142 being considered a high priority target.

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 EL8921, 8994 and 8823 (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 dunes, with only the NE margin of the including probable exposure Wiso Basin Succession lithofacies. The aerial photography was reviewed together with Landsat TM data and Radiometric data. The south western area of the tenement is dominated by Quaternary sand dunes, while the central through to north eastern portion includes exposures of Wiso Basin Succession lithofacies and Quaternary sediments.

Until 2005, the tenement was held within the Desertex Joint Venture, a joint venture between AngloGold Ashanti Australia Limited and Newmont Mining. In early 2005, Newmont withdrew from the Desertex JV leaving AngloGold with 100% equity. AngloGold subsequently decided to divest the project and Navarre Resource successfully acquired the projects in November 2005.

During early 2006, Navarre successfully completed a helicopter supported heritage clearance of proposed work programmes through the Central Land Council as per the requirements of the agreement to exploration the region.

In 2006/2007 Navarre/Castile/Westgold completed a partial gravity survey over the eastern portions of the tenements area. This survey was not fully completed due to very slow production rates caused by poor vehicle access and related issues.

5. WORK COMPLETED DURING THE REPORTING PERIOD

Exploration activities completed during the reporting period include:

- Completion of the regional gravity survey over the entire tenement area
- Processing of the gravity surveys

5.1 Gravity Surveys

A precision regional ground based GPS-Gravity survey was completed during the period to compliment the previous gravity survey. A total of 54 new stations were recorded in the programme. This survey was stopped due to further vehicle and safety issues and it was proposed to re-commence the survey in early 2008. Discussions were held with the CLC and traditional owners regarding establishing a new access road into the tenement area. This discussion lead to the use of 4WD quad bikes for better access and to defer the establishment of a track until specific targets were defined. Accordingly, contractor Atlas Geophysics was booked for early 2008. At the time of writing, the gravity data acquisition over the remaining areas of the tenement has been completed and infill surveys are to be assessed.

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 and contractor reports are included in Appendix 2 and includes data collected on the adjacent tenement area EL8994.

6. RESULTS

6.1 Gravity

Processing of the 2006 and limited new gravity data has highlighted a number of regional scale features. These features, including a number of significant gravity "highs" possibly reflecting dense alteration zones associated with the known mineralisation on the adjacent tenement or more dense rocks or topographic highs at the unconformity. Additional regional scale structural trends are also noted.

Unfortunately the deferral of the data acquisition resulted in the less information for interpretation to be undertaken than planned. The required regional data acquisition is still required to determine the priority targets. Further infill data will most likely be needed subsequent to the regional programme. This infill is anticipated to be completed mid 2008.

At the time of writing, the regional gravity data acquisition programme over the remaining areas of the tenement has been completed and infill surveys are to be assessed.
7. ENVIRONMENTAL / REHABILITATION REPORT

No environmental rehabilitation has occurred during the reporting period as the gravity survey was completed by a single light 4WD vehicle.

8. CONCLUSION AND RECOMMENDATIONS

The initial review of the gravity data suggests significant structural information can be interpreted and in light of the encouraging drill results on the adjoining tenement, it is recommended the survey be extended to the west provided access and the daily production rates can be increased. [This data acquisition has now been successfully completed in March 2008].

The construction of an access track will need to be completed should any drill targets be defined.

The proposed 2008 programme is planned to include the acquisition of additional regional gravity stations progressively to the west. Subsequent infill gravity data acquisition will most likely be required prior to interpretation and target definition. The estimated cost of the programme is $50,000.

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<td><strong>Total proposed programme (minimum)</strong></td>
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9. REFERENCES


## Appendix 1

**BIBLIOGRAPHIC DATA SHEET**

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Appendix 2

Gravity Survey Data and Reports
(contained on CD)