ANNUAL REPORT
for
EL 7150
Talbot South
for the period
23 October 2008 to 22 October 2009
‘Central’ Project
Northern Territory

Volume 1 of 1

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TENEMENT HOLDER: Australian Tenement Holdings Pty Ltd

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SUMMARY

No exploration work was carried out over the tenement area during the reporting period.

It is important for ATH to ensure that there is a reasonable amount of exploration land to include with the TMJV/Groundrush Mining Leases as a saleable package. If we reduce the ATH landholdings in the vicinity of the TMJV/Groundrush Mining Leases and processing infrastructure, the likelihood of securing a sale to an established junior Mining Company or Initial Public Offerings may be diminished. In addition, all of the area covered by the project area is considered prospective for gold mineralisation similar to the Tanami, Twin Bonanza, Old Pirate & Groundrush deposits and any purchaser will require time to effectively evaluate the exploration potential of the area.

Further to our recent discussions with the Department of Regional Development, Primary Industries, Fisheries and Resources, Newmont Australia Limited (Newmont) anticipates recommencing the divestment of the ATH exploration tenements and TMJV/Groundrush mining leases in the second half of 2009 subject to an improvement in market conditions.

During 2009 Newmont is planning to continue with its environmental auditing of ATH tenements to ensure the success of previous rehabilitation of exploration disturbances.
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1. INTRODUCTION

This is the annual report for EL7150 – Talbot South – for the period 23rd October 2008 to 22nd October 2009. The tenement was part of the Central Project and was granted on the 6th November 1997.

2. LOCATION AND ACCESS

The Talbot South exploration licence is located approximately 100km north northwest of The Granites Gold Mine and 42km northeast of the Tanami Mine. The licence lies within the south eastern portion of the 1:250,000 Tanami map sheet (SE52-15).

The licence is accessed by the Tanami Mine to Groundrush Haulage road, which was established during October 2001. A second track leads north from the Challenger prospect grid which is located in the northern part of EL2370.

Spot and radiometric images of the area indicate that very little Proterozoic geology outcrops within the exploration licence. The land surface is typically flat and is manifested by a depositional regime of aeolian sands overlying recent sediments or Proterozoic bedrock. Low lying laterite ridges up to 10m in elevation are present in the central and northwestern portion of the tenement and a low chert rise is present in the far south of the license at the Base Jump grid.

A Tertiary drainage channel flows northeastwards from Ripcord to Freefall and then southeastwards through the Jing Shan Prospect Area. The drainage profile is typically 2-9km in width and up to 40m in depth. It is now filled with fluvial sediments and minor groundwater silcrete/calcrete precipitates.

Vegetation consists mainly of spinifex with scattered low trees (eucalyptus and acacia species), shrubs and herbaceous plants. There are no permanent watercourses in the region.

3. TENEMENT DETAILS

Zapopan applied for the Talbot South EL on 1st August 1990. This area was targeted primarily because of its proximity to the Tanami Mine and also because it had no history of modern exploration. Zapopan underwent a name change in 1996 to Pegasus Gold Australia Pty Ltd. NFM purchased EL7150 in June 1996 as part of a package of Tanami exploration licenses from Pegasus. NFM became known as Normandy NFM in October 1997.

The exploration licence was granted on 6th November 1997 and clearance was approved by the Central Land Council on 21st November 1997. The first statutory relinquishment (50% after 2 years) was waived in November 1999, again in 2000 and also in November 2001, 2002 and 2003.

The Groundrush Mineral Lease (22934) was granted in September 2001, with operations commencing shortly thereafter. Ore is trucked to the Tanami Mill for treatment and processing.

EL7150 is situated entirely within Aboriginal Freehold land held by the Central Desert Aboriginal Land Trust.

Figure 1 Tenement Location
4. GEOLOGY AND GEOMORPHOLOGY

The Granites-Tanami Goldfield lies in the eastern part of the Early Proterozoic Granites-Tanami Inlier, which is part of the Northern Australian Orogenic Province (Plumb 1990). The Inlier abuts the Arunta Complex to the south and east and is onlapped by younger cover sequences including the extensive Paleozoic Wiso Basin on its northeastern margin. To the west, clastic sediments of the Middle Proterozoic Birrindudu Basin overlie and separate the Inlier from similar age rocks in the Halls Creek Province.

The Palaeoproterozoic units of the Tanami Complex have been subject to complex, polyphase deformation and have reached greenschist to local amphibolite facies metamorphism during the regional Barramundi Orogeny.

The Talbot South licence is dominated by Tanami Complex Metamorphic sedimentary and mafic lithologies. The sedimentary package is comprised of fine-grained quartz greywacke, medium-grained lithic to arkosic wackes, coarse-grained felspar to lithic arkose and siltstone. These sediments are metamorphosed to upper greenschist facies and are complexly folded and faulted. Thin bedding-parallel and locally boudinaged cherts are occasionally observed within siltstone.

At Groundrush, the sediments have been intruded by dolerite to quartz dolerite typically up to 50m true thickness. Gold mineralisation is associated with the development of multistage quartz veining, chlorite alteration and sulphides (dominantly arsenopyrite, with minor pyrite and rare sphalerite) within the dolerite. Granitoid is interpreted to have intruded post peak metamorphism, late in the orogenic cycle, with contact metamorphic mineral assemblages (eg. andalusite) observed at several localities proximal to granitoid.

Residual hills of gently folded Carpentarian Gardiner Sandstone unconformably overlie the early Proterozoic lithologies and Granitoid. It is characterised by well-rounded sand grains, thick beds, fluvial type cross bedding and ripple marks. It generally forms low strike ridges dominated by sublithic arenite and subordinate quartz arenite, conglomerate, shale and siltstone. Cambrian Antrim Plateau Basalt is present to the north of the Talbot Camp.

Outcrop within the Talbot South Tenement is limited to the Groundrush, Freefall, Skysurf and Basejump Prospects. At Groundrush, subcropping units include lateritised dolerite, pelitic schist and boudinaged chert. At the Talbot Camp, prominent ridges of Gardiner Sandstone show well developed cross bedding, indicating an overturned sequence dipping 80° to grid north. Further to the north (outside the tenement boundary), these units dip 10-20° towards grid south.

At Basejump, silicate facies BIF's and chert outcrop. Outcrop at Freefall is predominantly lateritic duricrust developed over basalt, with limited outcrop of chert, pelitic schists and minor quartz veining at the eastern margin of the prospect. Highly silicified units outcrop near the Skysurf baseline and may represent Tanami Complex cherts. Further to the east, Gardiner Sandstone forms prominent outcrops which overlie basement lithologies and granitoid.
5. HISTORICAL EXPLORATION

5.1 Previous Exploration by Other Companies

No in-ground exploration has been carried out on the land now comprising EL7150.

Anaconda Australia applied for a portion of the ground in 1968, in search of gold and base metal mineralisation, however no field work was undertaken. From 1989 to 1994 Zapopan held tenure of EL5412, a license in close proximity to EL7150. Six gold anomalous prospects were identified within EL5412, the most significant being mineralisation from quartz veins hosted by the Tanami Complex.

5.2 Previous Exploration by Normandy NFM Ltd/Newmont Tanami Pty Ltd

The Talbot South EL was applied for by Zapopan NL in 1990, and was acquired by Normandy NFM in 1996 as part of the Windy Hill purchase. Access to work the EL was granted at the beginning of the 1998 field season.

Work involved the acquisition of aerial photographs and the production of a regolith map of the area. Initial fieldwork included the establishment of access tracks, gridding over the principal targets (Groundrush, Freefall, Basejump and Skysurf), the completion of a water bore and setting up a temporary field camp. Preliminary exploration targeted outcropping mineralisation and a program incorporating reconnaissance Lag and rock chip sampling was implemented. Follow up work on the conceptual target at Freefall included detailed ground magnetics and scout drilling of RAB holes to investigate the nature of the regolith. At Groundrush the more detailed work included soil sampling, close spaced RAB drilling and two diamond holes.

During the second year of tenure, work consisted detailed evaluation of the Groundrush mineralisation and further reconnaissance exploration of the other prospect areas. At Groundrush, Vacuum, RAB, Diamond and RC drilling were conducted, in conjunction with further gridding, lag sampling, mapping, petrology and geophysical surveys. The result was the announcement in November 1999 of an inferred resource of 3.2 Mt @ 4.5 g/t Au. Work programs were also implemented over the regional prospects, namely, Base Jump, Free Fall and Sky Surf. Work included gridding and access tracks, geophysical surveys, lag and soil sampling and Vacuum and RAB drilling. South of Groundrush, RAB drilling identified an additional mineralised prospect, named Ripcord. This prospect lies within the Groundrush gridded area.

The evaluation of the Groundrush orebody continued during 2000. This involved the completion of 50x30m RC drilling to 100Vm along the entire 1200m strike length of the prospect. Close-spaced shallow RC drilling was undertaken in the centre of the resource to give greater data density for variography studies. Deeper diamond drilling to 150Vm under the centre of the resource and a single deep scout hole to 250Vm indicated a depth extent to the mineralisation. Selected diamond drilling was carried out to collect metallurgical samples and to test the geotechnical aspects of the proposed pit.

Regional work involved locating possible strike extensions of the Groundrush mineralisation. This work focused on the Ripcord prospect where RAB drilling returned significant results over an 800m strike length (GHRB652 24m @ 0.72, GHRB720 9m @ 1.43 and GHRB678 30m @ 1.35). RC drill testing of the most prospective zones returned encouraging results including 18m@ 2.64 from 44m (GHRC233).

Lag sampling was conducted to the east and west of Groundrush and orientation soil sampling was conducted over the Ripcord Prospect with some technical success.
Furthermore, airborne geophysical surveys (TDEM & ultra-detailed magnetics) were flown over the Groundrush, Ripcord and Freefall areas. RAB drilling was also completed at the Freefall and Skysurf Prospects.

During 2001, work on the Ripcord Prospect involved RC drilling on 100m sections with mixed results. A return to regional exploration saw the use of RAB and Aircore drilling as well as regional and prospect scale surface sampling within prospective areas. Several new gold anomalous prospects were highlighted including the Drop Zone, Jing Shan and Skysurf Sth Prospects. In September of the same year, the Groundrush Mineral Lease 22934 was granted, with mining operations commencing shortly thereafter.

Exploration during the first half of the 2002 field season was dominated by RAB drilling at Dropzone. This work targeted low order BLEG gold anomalism returned from regional sampling. Disappointing results were returned from Dropzone, however, a single regolith traverse drilled between Dropzone and Groundrush highlighted gold anomalism over prospective stratigraphy. The name “Tandem” was used to identify the location of this anomaly.

Exploration during the second half of 2002 involved drilling at the Tandem and Jing Shan prospects. The Mine Exploration division conducted separately funded and reported drilling at Groundrush, Ripcord and several discrete geophysical targets during the period.

Work for the 2003 field season involved the assessment of gold anomalous Prospect areas, namely Tandem, Jing Shan and Sky Surf. At Tandem, drilling was undertaken to determine a bedrock source to the dominantly colluvial gold anomalism, generally >20ppb Au over an area 1200m x 800m. Anomalous gold/arsenic mineralisation (up to 106ppb Au and 350ppm As) was targeted for drilling at Skysurf. While at Jin Shan drilling focussed on a strongly quartz-sericite altered shear zone within dolerite and sediments.

During 2004 a short RAB drilling program of 2 holes for 145m was carried out. The program was designed to test the potential for strike extensions of the Groundrush mineralisation. The aim of the drilling was to penetrate through cover sequences and into potential prospective bedrock packages. However in this case the drilling was unsuccessful at penetrating through the cover sequences which are at least 90m thick.

All holes were rehabilitated on completion of drilling by using a concrete bung and available drill spoil to back fill to the top of the hole.

No exploration work was carried out in the field during 2005 to 2008.

6. EXPLORATION DURING THE REPORTING PERIOD

No work was carried out during the reporting period.

During 2009 Newmont is planning to continue with its environmental auditing of ATH tenements to ensure the success of previous rehabilitation of exploration disturbances.
7. REFERENCES


Crockford, J.A., 2002. The origin and formation temperature of mineralised hydrothermal veins at the Groundrush gold deposit, Northern Territory, Australia. Manuscript submission for Honours degree in Geology, Department of Geology and Geophysics, Adelaide University.


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