EXECUTIVE SUMMARY

Following reassessment of district prospectivity in the 2008 reporting period, exploration in 2009 was planned to test two targets to validate the empirical model devised through the previous year.

Initial drilling was attempted in 2009 for both targets. At Oberon, drilling was terminated before target depth due to ground conditions. At Callie NW, delays in permitting lead to attempts to test the target from within the boundaries of MLS 154; an ineffective position. Prioritisation of drilling to further develop the potential of the emerging Auron ore body saw rig capacity directed away from TEA exploration.

In 2010, drilling of one hole was completed at Callie NW. The hole failed to return significant results; however review of recent 3D magnetic modeling suggests that the drill hole was poorly sited to test for the target position.

At Oberon, the failed 2009 hole was 'twinned' by hole TID0065. Assay results for this hole were extremely encouraging, and follow-up commenced in the latter half of the year, comprising TID0066 (drilled 200m to the west of TID0065), TID0067 drilled 200m east of TID0065) and TID0068 (drilled below TID0065). Holes TID0067 and TID0068 remain incomplete at year end; drilling was terminated following the onset of the wet season, which lead to safety concerns related to site access. Assays for part of TID0066 were received in the reporting period (a second batch of assays had not yet been dispatched) and provided further strong encouragement.

A single monitoring bore was drilled by Newmont Tanami Operations' Environment Department. Whole rock geochemical determinations were undertaken to constrain the stratigraphic position of the drilled units.

In 2011, significant follow-up drilling at Oberon is planned. The strong results at Oberon have added weight to NTO’s exploration efforts in the Tanami, increasing confidence in the potential for large Callie style ore bodies at depth beneath geochemical anomalies hosted by key stratigraphic groups. Additional first pass drilling for these ‘deeps’ targets is planned for 2011, at Minotaur and in an area south of The Granites.
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1. INTRODUCTION

This is the sixth annual report on exploration licences covered by the Tanami Exploration Agreement. It covers the period from 1st January 2010 to 31st December 2010.

2. LICENCE DETAILS

The Tanami Exploration Agreement Ratification Act was passed on the 26th August 2004. This Agreement was made between the Northern Territory Government and Newmont Tanami Pty Ltd, Otter Gold Pty Ltd and Newmont Gold Exploration Pty Ltd. The commencement date for this agreement was the 10th September 2004 and it expires on the 31st December 2014.

Newmont and the Northern Territory entered into this Agreement for the purpose of facilitating a further exploration period during which Newmont has rights of exploration in the Tanami region subject to the terms and conditions set out on the Agreement.

The Agreement area comprises of 20,000 blocks of which no more than 10,000 blocks may be held by Newmont. All licenses held 100% by Newmont and its subsidiaries, as above, within the Agreement area (Figure 1) are covered by the Act.

From the commencement date, the Granites Exploration Agreement ceased to be of effect and all remaining licenses are now included in the TEA Project.
Figure 1  Tanami Project Exploration Location
In Agreement with the NT Department of Resources, Minerals and Energy, one report on the exploration activities carried out on the Exploration Licenses shall be submitted prior to the end of May in each Tenure Year in respect of the previous calendar year.

### Table 1: Tanami Project Exploration Licence Details. Reported Tenure highlighted.

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3. **LOCATION**

The tenements that comprise the TEA Project are situated approximately 600km northwest of Alice Springs in the Granites-Tanami region of the Northern Territory. These licenses are located within the following 1:250,000 map sheets;
Geographically, the area lies in the western part of the Tanami Desert, a generally flat and featureless sand-covered landscape of spinifex and low scrub. All tenements within the Project Area are within Aboriginal freehold land except 7 licenses which fall within the Suplejack Pastoral Lease.

The annual average rainfall is of the order of 200mm, which is mostly derived from summer monsoonal and storm activity. Daily temperatures vary from minima of near freezing in winter to summer maxima of approximately 48°C. The area is devoid of surface water except in small soaks after heavy rain.

4. INFRASTRUCTURE

Prior to the presence of Normandy NFM and Otter Gold, now Newmont, in this part of the Tanami region, infrastructural support was almost completely lacking. Currently supplies are trucked or flown to permanent camps at The Granites (within EL4529) from Alice Springs. Telephone and fax using microwave links service all camps. Water is provided by two remote borefields. One borefield lies 35km east of The Granites (Billabong) and the other 10km north-east of Dead Bullock Soak. Power is locally generated at exploration bases and mine sites. The nearest settlements are the Rabbit Flat roadhouse 50km to the northwest of The Granites on the Tanami Road and Tanami Downs homestead 60km to the west. The nearest town is Yuendumu some 250km southeast of The Granites on the Tanami Highway.

5. ACCESS

Access to the area is by air or via the Tanami Highway. A basic network of pre-existing and newly formed tracks link individual prospect areas to the major Newmont Exploration camp at The Granites. A bitumen ore haulage road connects the Dead Bullock Soak mining operation with The Granites mining and camp facilities.

6. SURVEY CONTROL

Initial survey control has been established over the current exploration licences by Company and contract surveyors. All survey marks have been tied to the Australian Map Grid with trigonometrical survey station control. Extensive use is made of Global Positioning System equipment by staff engaged in regional exploration.

7. ENVIRONMENTAL PRACTICE

Rehabilitation of exploration sites was carried out pursuant to Section 24(e) of the NT Mining Act and in accordance with the Departments “Guidelines for Rehabilitation of Exploration Sites”.
• all drillholes were capped or backfilled on completion, all drillpads were rehabilitated and all sample bags removed
• all costeans were backfilled when no longer required
• all grid lines and tracks were rehabilitated when no longer needed.

8. EXPLORATION OBJECTIVES

Exploration and mine studies have indicated that gold mineralisation in the region has an association with a range of geological environments. Models of gold occurrence for which the Tanami is believed to be most prospective include:

• Discordant stockwork deposits of gold in relatively late stage quartz veins;
• Gold mineralisation in veins hosted by shear zones with strong alteration characteristics;

With these models in mind, the Company’s geologists have selected prospective target exploration areas based on regional geological, structural, geophysical and geochemical data.

The detailed assessment of these targets has been undertaken by a range of exploration techniques, designed to reveal the geology of the target area, and the presence of “pathfinder” elements to gold mineralisation, particularly gold itself, in “anomalous” quantities.

The task has been made difficult by the extensive cover of windblown sand and other transported material, which conceals the rock and associated soil, typically to a thickness of several metres.

9. EXPLORATION RATIONAL

The Tanami Regional Framework Study (TaRFS) in 2006 indicated that the Tanami and Barrow Creek Regions retained excellent potential for discovery of Callie style mineralisation. Testing of targets generated by the TaRFS resulted in generally disappointing outcomes.

In late 2007, control of exploration in the Tanami was transferred from Newmont’s Perth based Regional Exploration Group to Newmont Tanami Operations.

In 2008, NTO’s primary focus was to develop an applicable geological model based on observations made within the Callie mineralised system. A broad scale geophysical interpretation was undertaken in order to generate an appropriate structural and stratigraphic framework within which to apply the mineralising model and generate strong conceptual targets.

A total of 20 target areas were reviewed within the context of the Callie model, with two areas selected for drill testing in 2009.

Drill testing was incomplete in 2009, through operational pressures and loss of drilling equipment leading to termination of drilling at Oberon. The 2009 programme was deferred for completion in 2010; outcomes are detailed in this report.

In addition to completion of drilling as initially targeted in 2008, 2010 saw the introduction of a further two targets for testing in 2011.
10. GEOLOGY

The Proterozoic Granites-Tanami Inlier is located about 600km NW of Alice Springs, in the Northern Territory and forms part of the broader Northern Australian Orogenic Province (Plumb, 1990). The Inlier underlies, and is bounded by, the Palaeozoic Canning, Neoproterozoic Wiso and Paleoproterozoic Victoria River Basins to the west, east and north respectively. The Arunta Complex lies to the south and may represent a continuation of the Halls Creek Orogen in Western Australia (Hendrickx, et al, 2000). To the northwest, clastic sediments of the Middle Proterozoic Birrindudu Basin overlie and separate the Inlier from the similar age rocks in the Halls Creek Province.

The oldest rocks of the Tanami region belong to the Billabong Complex, a suite of Archaean age gneiss and schist. This is unconformably overlain by the basal Proterozoic sequence known as the MacFarlanes Peak Group dominated by mafic volcanic and volcanoclastic rocks suggestive of a rift setting. The Macfarlanes Peak Group has a maximum age of deposition of 1880 Ma. This is followed by a thick, possibly disconformable succession of clastic sediments making up the Tanami Group representative of a passive margin sequence. (Hendrickx et al, 2000). The Tanami Mine Group is subdivided into a thin basal meta-quartzite, the lower Tanami Group (Dead Bullock Formation) made up of carbonaceous siltstone, BIF’s and calc-silicates and an upper sequence of turbidites (Killi Killi Formation). A suite of pre-to syn-deformation dolerites and gabbros are found intruding both the MacFarlane Peak and Tanami Groups.

Complex, polyphase deformation during the Tanami Orogeny (1845-1835 Ma) has affected the entire Inlier (Vandenberg et al., 2001). Peak regional metamorphism during the Tanami Orogeny reached amphibolite facies, but is more generally greenschist facies through the Inlier. Contact metamorphic aureoles are well developed at the margins of granite plutons emplaced throughout deformation. Formation of molasse during the Tanami Orogeny occupies a small syn-orogenic sub-basin to the west of the inlier (Pargee Sandstone).

A period of crustal extension (≈1830Ma) followed the Tanami Event, this resulted in the deposition of basalt and turbiditic volcanics in an inferred failed rift (Mt Charles formation) along with high level granite intrusion and felsic volcanism from ≈1830-1800Ma (Dean, 2001). At least three suites of granitic intrusives and two volcanic complexes are present. The last intrusion of (undeformed) granite occurred at around 1805 – 1790Ma, with intrusion of The Granites Suite (Dean, 2001).

Residual hills of gently folded Birrindudu Group siliciclastics unconformably overlie early Proterozoic lithologies and provide platform cover sequences. Younger flatlying Cambrian Antrim Plateau Basalts are also preserved in areas protected from erosional stripping.

Tertiary drainage channels, now completely filled with alluvial sediment, lacustrine clays and calcrite are a major feature of the region. Some drainage profiles exceed 10 km wide, 100m depth, presenting a formidable barrier to mineral exploration.

A desert terrain comprising transported and residual colluvial cover sediments and aeolian sand blanket a large portion of the Inlier, with an estimated outcrop exposure of less than 10% of the early Proterozoic lithological units. Gold mineralisation within the Tanami is dominantly hosted by the Tanami Group and Mt Charles Formation, though mineralisation has been recorded in all Proterozoic units older than the Birrindudu Group cover sequences. Owing to their more resistant nature, only the cherts and iron-formations and associated interbedded graphitic schists tend to outcrop above the sand plain.
11. PREVIOUS EXPLORATION

Where relevant, explorations summaries are given below. Details are available in earlier Annual Exploration Reports.

12. WORK CARRIED OUT

12.1 Ongoing Prospectivity Review

The model for ongoing exploration within the Tanami Exploration Agreement tenure looks to target Callie Laminated Bed (CLB) and Auron Bed (AB) stratigraphic positions within antiform hinge positions. CLB and AB rocks, and to a lesser extent Orac Formation and Schist Hills Iron Member (SHIM) rocks, represent reactive host units; thus identification of a mineralising structure is also required. In the Callie mineralised system, mineralisation is commonly spatially associated with axial planar faulting in fold hinges. Offset on these faults is in the order of 10’s of metres and is typically reverse. The figure below shows the CLB (yellow) and grade envelopes (grey). It is clear that the largest volumes of higher grade mineralisation occur within the CLB within the fold axial plane.

![Figure 2](image.png)

Figure 2 Distribution of mineralisation, typical Callie cross section
Figure 3  **Block Diagram, 2008 District Interpretation.**

Yellow and orange lines represent Callie Laminated Beds and Orac Formation target stratigraphic positions respectively. Green is Killi Killi Fmtn cover, purple is Upper Blake Beds, blue is Lower Blake Beds, grey is Basement.

Figure 4  **Unconstrained 3D Inversion Modelling,**


Image on Left: View is above, from NW. Backdrop is Phase Filtered aeromagnetics. Overlay is interpretation / fact geology for the Callie Pit area. Blue lines are $F_1$ fold axes from 2008 interpretation. Red line shows the Callie Mineralised position. Image on right: View is above from ESE, showing modeled body and three known sections from Callie. CLB is shown in yellow, Orac in khaki and SHIM in pink. Position of modeled body relative to CLB indicates Auron.

In 2010, prospectivity assessment continued, buoyed by strong results from initial drilling at Oberon.

Following the selection rationale for Oberon (prioritising targets with favourable lithology and robust geochemical footprints), Minotaur and The Granites areas were chosen for advancement.
12.1.1 Minotaur

At Windy Hill, whole rock geochemical review completed in 2009 indicated chemostratigraphic equivalence between iron rich facies hosting mineralisation in the Minotaur system and the units hosting mineralisation at Dead Bullock Soak (Triumph, Colliewobble, Villa and Dead Bullock Ridge) and at Oberon.

Field assessments suggest a structural setting more complicated than originally interpreted. Earlier interpretations assumed a simple south plunging anticlinal macro fold, with interference folding leading to development of complications in the vicinity of the Minotaur Pit. To the southeast of Minotaur, key marker units terminate. The historic interpretation invokes a through going fault with variable offset. The structure does not greatly affect the sequence at Minotaur, but has a right lateral throw component of at least 500m leading to the termination of marker units.

Figure 5  Historic Geologic Interpretation, Minotaur
Green = Madigan Beds, brown = ‘Footwall’, pink = granite. Minotaur pit area indicated with red ellipse.
Review with Marc Bardoux (Newmont in-house structural consultant) showed that the termination of the marker unit relates to an early north plunging isoclinal fold event (F₁'). The gross north – south fold is taken to represent the eventual outcome of a progressive east – west F₁ shortening with a gross southern plunge. Small scale folding, particularly noticeable in the F₁ fold hinge and adjacent to Minotaur, may represent relict F₁' closures. F₂ is represented by broad, low amplitude ‘buckling’, comparable with D₂ at Callie. Interestingly, the angular relationship between F₁ folding and F₂ veining at Minotaur is comparable to that observed at Callie.

Based on the revised interpretation, with corroboration from geophysical modeling and locally from drilling, a block diagram for the Minotaur project area has been devised, and is shown below.
It should be noted that while stratigraphic equivalencies are implied, NTO geologists are yet to confirm the correlations made between Minotaur and Callie. Metamorphic grade is considerably higher at Minotaur, and far more work will be required before reliable correlations can be made (note that loose correlation has been made).

Drilling is planned early in 2011 with the primary aim of providing sufficient material with which to attempt lithological and geochemical studies to better define the potential lateral equivalence between Minotaur and Callie. The secondary objective will be to better define the structural framework. Drilling is targeted beneath existing robust geochemical anomalism, and positive geochemical results are anticipated.

12.1.2 The Granites South

Initial review of the immediate Granites area, in 2008, did not suggest strong potential remained in the area.

During 2010, the area was again reviewed, following a request to initiate a sterilisation programme ahead of plans to construct a tailings storage facility in The Granites area. In the 2010 review, inconsistencies in historic geological interpretation, the likelihood of stratigraphic lateral equivalence between iron rich host units at The Granites and at Callie (supported by Minotaur and Oberon work), and the observation of a weak, linear, laterally extensive geochemical anomaly saw the prospectivity assessment raised such that drilling is planned for early 2011.
Figure 8  Historic geology interpretation, The Granites.

Figure 9  Historic geology interpretation, The Granites.
12.2 Environmental Monitoring Bore Drilling

12.2.1 Introduction

A total of 4 holes were drilled, by the NTO Environment Department, proximal to the Bunkers in-pit tailings storage facility. Hole GBUBH 8 was collared and completed within EL4529.

Drilling was completed independently of NTO Geology; however an opportunity was taken to obtain whole rock geochemical data.

12.2.2 Geochemical Results

Geochemical determinations were completed to facilitate stratigraphic discrimination, in line with the Work of Lambeck (discussed previously).

Unfortunately, detection limits and analytical precision for key elements were insufficient to allow accurate assessment. It is clear however that the drilling was partly completed within metasediments that can be correlated to the upper portion of the Callie stratigraphy – likely lateral equivalents of the SHIM / Orac and possibly Upper Blake Beds.

Hole GBUBH 8 encountered mixed lithologies downhole. Drill chips to 9 metres are dominated by smoky vein quartz with minor dark brown goethitic iron laterite material. 9 – 15 metres comprises a fine grained quartz-feldspathic rock with a granoblastic texture, possibly representing contact metamorphosed fine sediments of The Davidson Beds equivalence.

A coarser grained, saccharoidal quartzo-feldspathic unit dominates between 15 and 27 metres. There is considerable fine grained phyllitic metasediment included among the chips. There are two interpretations. Firstly, that the granoblastic rock is an intrusive and the metasediments occur as wall rock clasts. Alternatively, the granoblastic unit may represent contact metamorphosed coarse grained quartz-feldspathic protolith within the sedimentary package.

Metasiltstone, with a phyllitic luster, dominates the chips between 27 and 36 metres. In the interval 33 – 36 metres, a true granite comprises about 50% of the chips. This unit persists to end-of-hole at 60 metres.
13. SEL 23662 – Cave Hills

13.1 INTRODUCTION

The Cave Hills SEL is centred approximately 50km northwest of The Granites Gold Mine. It is readily accessible via roads and tracks leading from the Tanami Road, which bisects the licence. In March 2003, SEL 23662 replaced 157 sub blocks of EL2370 and 1 sub block of EL8802, both of which were previously held by Newmont Exploration.

In 2004 an interpretation of ASTER data acquired over a portion of SEL23662 was obtained from RSG Global Services. The data formed part of an orientation study to determine the effectiveness of multi-spectral imagery in mapping lithological variations, alteration associated with mineralisation and regolith variation. In summary, ASTER is a satellite mounted multi-spectral instrument that contains sensors that measure the wavelengths of energy that are able to be reflected by minerals that occur on the surface of the earth that may be useful in relation to geological interpretation.

Also in 2004 an RC-drilling program was completed at the Titania Prospect area. Detailed results can be found in Parker, 2005 (Interim Report for Cave Hills). An evaluation of a suite of thin sections prepared from subsurface rock taken from the Titania Prospect area was undertaken by APS. The 17 sections were taken from drillchips.

A regional BLEG soil sampling (500m x 500m) program was completed to the south of the Challenger 1 Prospect area. Previous surveys at Golconda and Challenger South had defined anomalous gold values within interpreted transported regolith. Further sampling was conducted toward the end of the reporting period to determine if the source of the elevated gold values lay to the west of the Challenger Prospect area and...
13.2 EXPLORATION ACTIVITY DURING 2009

Following recommendations made in 2008, a programme of 3 holes, each of a nominal 900m depth, was approved for completion at Oberon in 2009.

Drilling of the first hole at Oberon, TID0064 was initiated in May (25th) and terminated, at 703m, in June (12th) following bogging of the rod string, specifically the oversized back-reamer, while tripping out of the hole. The barrel assembly was caught in a broad fault zone around 580m – 600m, which reacted to hydraulic over-pressuring and closing in on the rod string.

In May, the Jenna mineralised position was confirmed beneath Callie. Operational pressures dictated that drilling resources be re-allocated to this target, and no further drilling was completed at Oberon in 2009.

13.3 EXPLORATION ACTIVITY DURING 2010

Diamond Drilling - Oberon

Background

Oberon was selected as a high rank target based on favourable geochemical footprint (~420Koz AU in Resource / Reserve) and recently interpreted stratigraphic equivalence to the Orac Formation / Schist Hills Iron Member units that host mineralisation at the Villa, Dead Bullock Ridge and Triumph / Colliewobble pits at Dead Bullock Soak.

Following a re-logging program based on interpreted equivalence to the Callie stratigraphy, and an exercise attempting to gauge potential stratigraphic thickness at Oberon, three drill targets were defined in late 2008.

Partial completion of the initial hole (TID0064) in 2009 indicated that the stratigraphic equivalence was a valid hypothesis, but that initial structural interpretations were perhaps inadequate. Assay results in 2009, including 1m @ 17.5ppm Au, supported the exploration model, and completion of the program (with modifications based on the outcomes of TID0064) was approved for 2010.

2010 Programme Outcomes

Hole TID0065 was completed to effectively replace hole TID0064, having a slightly shallower collar dip to allow better lateral coverage to the south and to better test an apparent slight southern dip to the host structure at Oberon. Drilling commenced in late April and was completed in late May for a total of 897.8m. The hole was drilled to design depth and was an effective test of the target.

Following receipt of favourable assays from TID0065 drilling commenced to complete the remaining two proposed holes. TID0066 and TID0067 were drilled in succession, starting in early October. TID0066 was completed in late October at 916m. This drillhole was similarly drilled to planned depth and is an effective test of the target position. Drilling of TID0067 was suspended, at 518.6m, in mid November following
the onset of the wet season rains. In late October, a second drill was mobilised to Oberon. By mid November TID0068 had been completed to 459.4m, and was suspended in line with hole TID0067.

<table>
<thead>
<tr>
<th>Hole ID</th>
<th>Plan ID</th>
<th>Target</th>
<th>Depth</th>
<th>Start</th>
<th>End</th>
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<td>TID0065</td>
<td>PTID0065</td>
<td>Oberon Deeps</td>
<td>897.6</td>
<td>24-Apr-10</td>
<td>24-May-10</td>
</tr>
<tr>
<td>TID0066</td>
<td>OBPD0002</td>
<td>Oberon Deeps</td>
<td>916</td>
<td>03-Oct-10</td>
<td>27-Oct-10</td>
</tr>
<tr>
<td>TID0067</td>
<td>OBPD003</td>
<td>Oberon Deeps</td>
<td>518.6</td>
<td>28-Oct-10</td>
<td>15-Nov-10</td>
</tr>
<tr>
<td>TID0068</td>
<td>OBPD004</td>
<td>Oberon Deeps</td>
<td>459.4</td>
<td>31-Oct-10</td>
<td>15-Nov-10</td>
</tr>
</tbody>
</table>

Table 2  Drilling Metrics, Oberon, 2010

**Results**

**TID0065** - Geochemical results from TID0065 greatly exceeded expectations, and are summarised below.

TID0065 returned an intersection of 212.8m @ 2.16ppm. Areas of higher level anomalism within this broad zone are indicated below.

<table>
<thead>
<tr>
<th>Metres</th>
<th>ppm Au</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>212.8*</td>
<td>2.16</td>
<td>581</td>
<td>796.5</td>
</tr>
<tr>
<td>1.6</td>
<td>7.54</td>
<td>581</td>
<td>582.6</td>
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<td>1</td>
<td>96.50</td>
<td>657.8</td>
<td>658.8</td>
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<td>6.8</td>
<td>1.46</td>
<td>664.8</td>
<td>671.6</td>
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<tr>
<td>21.6</td>
<td>5.40</td>
<td>681.4</td>
<td>703</td>
</tr>
<tr>
<td>8</td>
<td>2.16</td>
<td>713</td>
<td>721</td>
</tr>
<tr>
<td>17</td>
<td>3.41</td>
<td>724</td>
<td>741</td>
</tr>
<tr>
<td>6.7</td>
<td>1.42</td>
<td>753.3</td>
<td>760</td>
</tr>
<tr>
<td>24.5</td>
<td>2.92</td>
<td>772</td>
<td>796.5</td>
</tr>
</tbody>
</table>

*No sample 736.3 - 739

Table 3  Drilling Results, TID0065

Stratigraphic outcomes from TID0065 are not yet fully understood. Mineralisation below 665m broadly correlates with a distinct amphibole bearing, moderately calcareous arsenopyrite bearing unit. Magnetic susceptibility data is not available, however these units did not respond to a pen magnet. With the exception of weak magnetic response, the key features of this unit, including a spatial relationship with gold mineralisation, are comparable with the iron rich units at Dead Bullock soak (Schist Hills Iron Member, Orac Formation, Auron Beds).

**TID0066** - Drilled 200m west from TID0065, assay results from TID0066 provide strong support for those in TID0065. A similarly broad zone of mineralisation exists; however there are more considerable zones of only weakly anomalous mineralisation within the greater zone. The overall endowment is dominated by a 1.3m zone which returned an average assay result of 999.75ppm Au (primary Fire Assay and 5 repeats. A 6th repeat sample returned >10,000ppm and has been disregarded). Assays are awaited for the upper parts of TID0066.
Figure 11  Results, TID0065.

<table>
<thead>
<tr>
<th>Metres</th>
<th>ppm Au</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>204.4</td>
<td>7.51*</td>
<td>689.6</td>
<td>894</td>
</tr>
<tr>
<td>1.4</td>
<td>1.40</td>
<td>689.6</td>
<td>691</td>
</tr>
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<td>5.4</td>
<td>3.77</td>
<td>694.6</td>
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<td>3.47</td>
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<td>751</td>
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<td>4.4</td>
<td>4.28</td>
<td>796.6</td>
<td>801</td>
</tr>
<tr>
<td>1</td>
<td>4.07</td>
<td>822</td>
<td>823</td>
</tr>
<tr>
<td>8.9</td>
<td>7.81</td>
<td>849.1</td>
<td>858</td>
</tr>
<tr>
<td>5.2</td>
<td>251.13</td>
<td>869</td>
<td>874.2</td>
</tr>
<tr>
<td>Includes 1.3</td>
<td>999.75</td>
<td>871</td>
<td>872.3</td>
</tr>
<tr>
<td>2</td>
<td>1.64</td>
<td>888</td>
<td>890</td>
</tr>
</tbody>
</table>

*No top cut, includes 1.3m @ 999.75ppm Au

Table 4  Drilling Results, TID0066
As for TID0065, there is a distinct amphibole – arsenopyrite bearing unit spatially associated with mineralisation.

Drilling results to date suggest that Oberon hosts, at depth, a broad medium grade gold mineralised system. At present, drilling has defined anomalism over 200m downhole depths over 200m in strike.

**TID0067 and TID0068** - Though partially complete at the end of the reporting period, the core from current end-of-hole depth indicate that hole TID0067 has entered into the amphibole – arsenopyrite ‘host unit’. Veining is not strongly developed, however the hole is still in the order of 100m short of the target position. TID0067 is located 200m east of TID0065.

Targeting mineralisation 50m above TID0065, TID0068 had not intersected the apparent ‘host unit’ by the end of the reporting period.

**Further Work**

Further drilling is planned and budgeted for 2011, incorporating completion of the current holes (TID0067, TID0068) and completion of drilling on the ‘discovery’ section to determine the vertical extent of the observed ‘deeps’ mineralisation. TID0068 is the first of these holes). Drilling above and below TID0066 and TID0067 is also planned.

Given the poor understanding of the Oberon mineralised system, two Honours projects are planned for 2011, focusing on stratigraphic / structural setting and controls on mineralisation. In addition, a third Honours project will consider the regional links between the Callie and the Oberon Systems (primarily tectono-stratigraphic).

It is hoped that independent, targeted, scientific work will fast track a significant increase in understanding of the Oberon system, and will also enable correlations between Callie / Oberon and future target areas.

A stratigraphic correlation was attempted in 2008, and discussed in the 2009 Annual Report. The proposed research should allow critical assessment and refinement / revision of the existing correlation.
14. EL 2367 – Schist Hills

14.1 INTRODUCTION

The Schist Hills exploration license (EL2367) is centrally located within the company’s Tanami tenement holding centred 20km west of The Granites (MLS8) and completely enclosing the Dead Bullock Soak mining lease (MLS154).

Gold was originally discovered in the Schist Hills region by the explorer Davidson at the turn of the century. Normandy NFM commenced work in the area in 1988 with a reconnaissance laterite sampling program, using a vacuum drill rig to sample on a 2km triangular grid. This initial exploration led to the identification of Dead Bullock Soak, and later in the year, economic grades of gold were intersected in several RC drillholes. Nine individual gold resources have been delineated in the area, including the +5 million ounce Au Callie deposit, and these currently support the largest gold mining operation in the Northern Territory.
During 1996, exploration work on EL2367 was confined to prospect evaluation at Anomaly 2, Madam Pele and Inspiration Peak/Symington. During 1997 most of the license (except for the southern end) was sampled by regional-scale lag and CRC sampling, and some further investigation was undertaken at Anomaly 2. No new prospects emerged from this program of work.

During 1998, exploration focused on completing surface sampling of the southern portion of the tenement (begun in 1997) using regional-scale lag and CRC sampling. Other exploration included RAB drilling, soil sampling and a ground magnetic survey at Anomaly 9 and a soil sampling program at the Magellan 2 anomaly.

During 1999 work was conducted at Anomaly 9, Inspiration Peak, Magellan 1, Magellan 2, Madam Margi, Revelation Ridge and some limited reconnaissance work.

For the 2000 field season work focused on the Madam Margi prospect area with aircore drilling and ground magnetic traverses in two areas of deeper cover.

Work during the 2001 field season was based around the collection and subsequent interpretation of a detailed airborne magnetics survey that encompassed the areas cover by the Schist Hills, Hordern Hills and The Window exploration licences. Based on the interpretation of this data, conceptual targets for the occurrence of gold mineralisation based upon a new interpretation of geology and structure were determined for the Symington, Neverest, Magellan 2, Madam Margi, Razorback Spur and Revelation Ridge prospect areas, located within Schist Hills EL2367. As a consequence, soil sampling surveys, RAB/Aircore drilling, RC drilling, or diamond drilling programs were planned for these particular prospect areas in an effort to garner evidence for these new interpretations.

Work in the 2002 season was mainly based around interpretation of structure and stratigraphy from the 2001 aeromagnetic survey. Diamond and RC drilling was undertaken at Anomaly 2 and Magellan 2. Prospect scale RAB drilling was used at Magellan 1 and regional / stratigraphic RAB was used along the DBS to Magellan 2 trend. VAC drilling was used to collect geochemical samples at the Anomaly 9 prospect. A large program of surface sampling was planned, and mostly completed, covering interpreted prospective geology to generate targets for the 2003 field season.

Work in the 2003 field season focused on fewer high priority targets with 70% of the budget for 2003 allocated to 4 main target areas within 20km of the Callie and Granites operations – Callie Trend, Anomaly 2 Trend, Symington Trend and Grimwade Trend.

The focus of exploration in 2004 continued to be on higher priority targets within the Callie, Anomaly 2, Symington and Grimwade Trends.

In 2005 A RAB and aircore drill programme was conducted to test a broad area of anomalous to highly anomalous BLEG A and BLEG T values occurring over interpreted Blake-Davidson stratigraphic equivalents was finalised. The aim was the discovery of a near surface oxide deposit for the Granites Mill or a Callie style deposit within folded variably magnetic metasediments. A proposed drilling programme was to comprise approximately 3750m and would test approximately 2km of interpreted stratigraphy at a nominal drill density of 400 x 100m to a depth of 50m. This drilling program did deviate however from the original plan due to the lithologies that were intercepted. In the majority of drill holes, fresh bedrock was reached within 5m of ground surface. It was for this reason that most of the holes were not drilled to the proposed depth and were pulled short once a significant bedrock sample had been obtained.

A ‘wild cat’ drill hole was included in the program to obtain lithology information relating to a magnetic high located to the north (~400m) of the scheduled drill program.
Previous drilling interpreted this magnetic high to be dolerite. However sediments were encountered in this hole. The deepest hole drilled in the program was GRAC0029 which was drilled to 74m located within the centre of the magnetic high. A fine grained sericitic schist unit (Davison) was encountered.

14.2 EXPLORATION ACTIVITY DURING 2009

A total of five diamond drillholes were completed at Pegasus, for an aggregate of 1005.1m of HQ core.

14.3 EXPLORATION ACTIVITY DURING 2010

A single drill hole was completed at the Callie NW target, for 481m of diamond core.

Diamond Drilling – Callie NW

Background

Along with Oberon, Callie NW was initially proposed for first pass drill testing in 2008. A programme of 3 drill holes was approved for the 2009 budget year; however permitting issues and the demands of the high priority Auron drill programme had a dramatic impact on the Callie NW programme.

Drilling was again budgeted for in 2010, and the first of the three holes was completed. The collar position of the proposed hole had been designed based on historic interpretive geology and existing upward-continued / extrapolated geology boundaries from the Callie mine.

Patchy drilling has been completed to the northwest of the Callie open pit. At Gahn West, a series of shallow reverse circulation holes reveal a shallow cluster of near ore grade intersections. A relative deep diamond drill hole was completed well south of the main Callie anticline trend, yet returned a single significant intersection of 1m @ 48ppm Au. Two lines of TEM were completed by Geoscience Australia in 2007, and show a near linear weak conductor that may represent the Auron Beds.
2010 Programme Outcomes

Hole CND0001 was completed to a depth of 481.1m against a plan of 500m. The intersected a considerable zone of Auron Beds lithologies, having traversed through the Callie Boudin Chert, Magpie Schist, Callie Laminated Beds and the Lower Blake beds on the southern limb of the Callie Anticline.

Drilling was completed on an orientation consistent with drilling in the main Callie ore zone (from south to north on a magnetic azimuth close to 360°). This drilling orientation is likely less than optimal, given the change in strike of the Callie anticline immediately west of the Gahn deposit.

Minimal veining was noted in the Auron and Callie positions, and assay results reflected this. There were also significant mineralogical differences between Auron Beds lithologies in the Callie NW drilling when compared to Auron Beds lithologies observed within the Callie Mine area. Biotite was common in CND0001, and pyrrhotite dominated over magnetite.

Drilling of CND0001 confirms the presence of target stratigraphy at depth to the west of the Callie pit. Previous interpretations suggested that, as the east plunging Callie Laminated Beds were intersected close to surface in the Callie Pit, there should be no further CLB to the west.

<table>
<thead>
<tr>
<th>Hole ID</th>
<th>Plan ID</th>
<th>Target</th>
<th>Depth</th>
<th>Start</th>
<th>End</th>
</tr>
</thead>
<tbody>
<tr>
<td>CND0001</td>
<td>CNW001</td>
<td>Callie NW</td>
<td>481.1</td>
<td>22-Mar-10</td>
<td>30-Mar-10</td>
</tr>
</tbody>
</table>

Table 5  Drilling Metrics, Callie NW, 2010
Assay results were universally disappointing, with the best result being nearly 2 metres at less than 0.5ppm Au, including 1m @ 0.58ppm Au.

<table>
<thead>
<tr>
<th>Metres</th>
<th>ppm Au</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.8</td>
<td>@ 0.4</td>
<td>310.2</td>
<td>312</td>
</tr>
</tbody>
</table>

Table 6  Drilling Results, CND0001

The absence of significant veining is a strong negative; however re-appraisal of the drill hole against a 3D inversion model of airborne magnetic data suggests that the drillhole was poorly sited to effectively test the target area. Similarly, the south to north drill orientation, while well suited to the east-west stratigraphy in the Callie mine area, was a poor angle with which to target a southeast striking sequence.

**Interpretation**

The presence of favourable stratigraphy at depth to the west of Callie provides significant scope to define future drill targets. Recent structural studies suggest that the Callie stratigraphy is down faulted on the western, footwall, side of the Soolin and Servelan faults, allowing for the continuation of the stratigraphy west of the Callie pit.

Analysis of airborne magnetic data shows that the hinge of the Callie Anticlinorium is relatively flat lying west of the Callie Pit, and that it gradually increases in northwesterly plunge, with a fold closure indicated approximately 12km northwest of Callie. It is reasonable to assume that approximately 13km of prospective folded stratigraphy lies close to the surface through this trend.

Historic RAB drilling shows scattered gold anomalism along the trend; however it is unlikely that prospective horizons have been effectively tested by this drilling (completed prior to the definition of the Callie system).

**Further Work**

No immediate further work is warranted, however appraisal of a more effective drill platform will be undertaken once a more extensive and more tightly constrained magnetic model has been completed for the greater Callie Anticlinorium.

Un-mineralised Auron Bed and Callie Laminated Bed materials will be utilised in an upcoming study investigating the metasomatic / alteration effects of mineralisation on Fe oxidation state and mica – amphibole chemistry.

**15. CONCLUSIONS AND RECOMMENDATIONS**

Drilling in the Bunkers area has provided geochemical support for a potential lateral equivalence between host units at The Granites and host units at Dead Bullock Soak, Oberon and Minotaur.

Drilling at Callie NW has shown the continuation of host stratigraphy below surface, up-plunge from the known Callie mineralisation; however the drilling has also shown that there is minimal veining at Callie NW. Assays reflect this, and no immediate follow-up is planned; however desktop work will continue.
Drilling completed at Oberon has returned exceptional results from the first two completed holes. Holes that remained incomplete at the end of the reporting period indicate that the apparent host stratigraphy continues to the east, and interpretation suggests that it should continue upwards from the discovery hole.

Forward plans for Oberon are significant. Once the wet season abates, drilling is planned for the three existing sections, such that each section will comprise five holes – each at 50m spacing for a total of 200m of vertical coverage on the three sections. These sections are spaced at 200m, giving a resultant 400m long x 200m high x approximately 200m wide zone of mineralised material.

Importantly, the Oberon results have shown that the exploration concept developed by the NTO Exploration team in 2008 is valid, and that the model for exploration targeting allows for rapid success.

Following the success at Oberon, two targets have been put forward for tests in 2011, following on-going prospectivity reviews. At Minotaur two holes are proposed to test beneath the Minotaur Pit and the Chimaera anomaly for higher grade mineralisation associated with hosts laterally equivalent to the Callie Laminated Beds and the Auron Beds. Observed folding at Minotaur is similar to that seen at Callie, and it is expected that Minotaur, at depth, will closely resemble Callie. At The Granites South, a thin laterally extensive zone of weakly elevated gold-in-RAB response is observed. This mineralisation occurs within poorly constrained units in footwall to The Granites host units. The Host Units are believed to be laterally equivalent to hosts at Villa – Dead Bullock Ridge. The structural setting is poorly constrained, and it is difficult to predict what outcomes might be expected from the proposed drilling.

Following from the negative results returned from the 2006 – 2007 Tanami Regional Framework Study, which tested for large stand-alone open pit deposits, the significant outcomes from 2010 have raised the profile of the Tanami’s exploration potential and has boosted the Company’s confidence in the Tanami exploration concept and model.
16. REFERENCES

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Parker, F., 2008. Third Annual report for the Tanami Exploration Agreement Project ELS 10138, 10355, 22899, 22900, 22901, 23342, 2366, 2367, 4529, 8479, 8797, 9607 and SELs 10186, 10187, 10188, 23660 and 23662 for the period 1st January 2007 to 31st December 2007. TEA Project Northern Territory, Newmont Australia CR33505


PROJECT: Tanami Exploration Project

TENEMENTS: EL2367, EL4529 and SEL23662

TENEMENT OPERATOR/HOLDER: Newmont Tanami Pty Ltd

REPORT TITLE: Sixth Annual Report for the Tanami Exploration Agreement

REPORT PERIOD: 1st January to 31st December 2010

AUTHOR(s): P. Hill

DATE OF REPORT: 31st May 2010

1:250 000 SHEET: The Granites SF52-03
Mount Solitaire SF52-04
Tanami SE51-15

1:100 000 SHEET: Inningarra 4856
Frankenia 4857
Ptilotus 4957
Granites 4956
Davidson 5057

TARGET COMMODITY: Gold

KEYWORDS: Prospectivity review, field assessments, environmental monitoring bore drilling, whole rock geochemical sampling

PROSPECTS DRILLED: Oberon, Callie, Granites

ABSTRACT:

Location: 600km NW of Alice Springs, NT

Geology: Archean gneiss and schist overlain by Proterozoic MacFarlanes Peak Group, Proterozoic Granites-Tanami Inlier

Work done: Ongoing review of regional prospectivity, water bore drillhole sampling, diamond drilling

Results: Drilling has defined a broad medium grade gold mineralised system to a depth of 200m over a 200m strike length

Conclusions: Further work is recommended to validate the exploration model and enable better understanding of the stratigraphic/structural settings and controls of the Oberon and Callie systems.