EXPLORATION LICENCE 24822
OORATIPPA

FOURTH AND FINAL ANNUAL REPORT
4 April 2009 – 3 April 2010

LICENSEE:
Acacia Minerals Pty Limited

AUTHOR:
N. BYRNE

July 2010
CONTENTS

<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTENTS</td>
<td>i.</td>
</tr>
<tr>
<td>SUMMARY</td>
<td>1</td>
</tr>
<tr>
<td>1. INTRODUCTION</td>
<td>2</td>
</tr>
<tr>
<td>2. LOCATION</td>
<td>2</td>
</tr>
<tr>
<td>3. TENURE</td>
<td>2</td>
</tr>
<tr>
<td>4. GEOLOGY</td>
<td>3</td>
</tr>
<tr>
<td>5. WORK DONE DURING THE YEAR</td>
<td>3</td>
</tr>
<tr>
<td>6. REHABILITATION</td>
<td>5</td>
</tr>
<tr>
<td>7. CONCLUSIONS</td>
<td>5</td>
</tr>
<tr>
<td>8. YEAR 4 EXPENDITURE</td>
<td>6</td>
</tr>
</tbody>
</table>

FIGURES

<table>
<thead>
<tr>
<th>FIGURE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOU003</td>
<td>1:450,000 EL 24822 AND PROJECT LOCATION PLAN</td>
</tr>
<tr>
<td>SOU005</td>
<td>1:100,000 CKA1 MAGNETIC ANOMALY LOCATION</td>
</tr>
<tr>
<td></td>
<td>1:250,000 OORATIPPRA GEOLOGY AND LEGEND</td>
</tr>
<tr>
<td></td>
<td>SAMPLE LINE LOCATIONS SATELLITE IMAGE</td>
</tr>
</tbody>
</table>
Southwestern Mining Company Pty Limited (ACN 104 649 774) (Southwestern) was granted Exploration Licence 24822 on the 4th April 2006.

The Company also held four adjoining Exploration Licences numbered 22488 24869, 24993, 25019.

Southwestern’s Ooratippra ELs were transferred from Southwestern Mining to Acacia Minerals Pty Limited and were lodged with the Department in September 2007.

Acacia Minerals was a wholly owned subsidiary of Adelaide River Resources Limited which subsequently changed its name to NT Resources Limited which listed on the Australian Stock Exchange (ASX) in February 2010 thereby raising $3,000,000 by public subscription.

EL 24822 and adjoining Licences are worked as one project previously known as the “Ooratippra Diamond Project” and now known as the Ooratippra Project.

The Ooratippra Project area covers a major regional magnetic anomaly coinciding with a regional gravity anomaly within basement rocks of the concealed Altjawarra Craton that remain virtually untested. The gravity anomaly is of similar strength to those at Prominent Hill and Olympic Dam, two well-known examples of Iron Oxide Copper Gold Uranium (‘IOCGU’) style of mineralisation in South Australia. An alternative interpretation of the anomalies could be as either kimberlitic or carbonatite intrusions.

Exploration Licence 24822 was automatically cancelled on the 3rd of March 2010 and the area is now within SELA 27526.

During this year however, principal efforts have been preparing the Company for listing on the Australian Stock Exchange (ASX) and exploring the Frazers-Acacia Prospect.

Consequently, only minimal exploration was carried out on EL 24822. This Fourth and Final Report summarises the exploration work carried out on the Licence during the fourth year of tenure and from the date of grant to the 4th of April 2009 to 3rd of April 2010 and since the date of grant.

The area covered by EL 24822 is now part of SEL 27526 over which a major gravity survey and soil sampling programme is planned for July-August 2010 as part of the Company’s search for an Olympic Dam style deposit.
The co-incident gravity and magnetic anomalies are shown below;

Work done includes:
- Review of exploration to date
- Satellite image interpretation
- Geophysical Interpretation
- Land-owner liaison

1. INTRODUCTION

Southwestern Mining Company Pty Limited (ACN 104 649 774) (Southwestern) was granted Exploration Licence 24822 on the 4th of April 2006
Principal reason for the application was an unexplained magnetic anomaly which straddles the eastern boundary of EL 22488.

Acacia Minerals was a wholly owned subsidiary of Adelaide River Resources Limited which subsequently changed its name to NT Resources Limited which listed on the Australian Stock Exchange (ASX) in February 2010 thereby raising $3,000,000 by public subscription.

EL 24822 was automatically cancelled on the 3rd of March 2010 upon the grant of Substitute Exploration Licence 27526.

During this year however, principal efforts have been preparing the Company for listing on the Australian Stock Exchange (ASX) and exploring the Frazers-Acacia Prospect.

Consequently only minimal exploration was carried out on the Licence.

A major gravity survey and soil sampling programme are planned for July-August 2010 as part of the Company’s search for an Olympic Dam style deposit.

This is the Fourth and Final Report covering all exploration carried out on the tenement during the fourth year and since the date of grant.

2. LOCATION

Exploration Licence 24822 is situated approximately 350kms southeast of Tennant Creek. The Licence is on the Huckitta 1:250 000 scale map sheets and is located on the Ooratippra(6154) 1:100 000 scale map sheets.

Access to the Licence area from Tennant Creek is south via the Stuart Highway and then east onto the Ali Curung Aboriginal Community road. This leads to the Sandover Highway which is then followed approximately 80kms east to the Ooratippra Homestead from where bore tracks are followed to Robbie Bore which is on the eastern boundary of the EL.

Alternatively, the Licence area can be accessed via the Sandover Highway from Alice Springs.

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

Exploration Licence 24822 covering 8 sub-blocks (26 square kilometres) was granted on the 4th April 2006 for a period of 6 years.

Four blocks were relinquished at the first anniversary and a further 2 blocks were relinquished in March 2009.

Adjoining EL 22488 was granted on the 3 December 2001 and 24869, 24993 and 25019 were granted on the 7th July, 11th August and 26th July 2006 respectively.

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

EL 24822 was explored in conjunction with ELs 22488, 24869 and 25019 and being contiguous are worked as one Project, known as the Ooratippra Diamond Project. The area is now covered by SEL 27526 which is the target for Olympic Dam style mineralization and is referred to as the Ooratippra base metal Project.

Plan SOU003 shows the current Project Area.

4. GEOLOGY

4.1 Regional Geology
The reader is referred to AusIMM Monograph 14 (Geology of the Mineral Deposits of Australia and Papua New Guinea), Volume 1, pp. 829-861, to gain a good introduction to the regional geology and styles of gold-copper mineralization of the area.

4.2 Local Geology
The Sandover River flows east through the Project Area and north of EL 24822, within which are extensive flood-out areas and tributaries. North of the Sandover River, there is little outcrop and much of the area is covered by alluvial outwash cover.

South of the River, areas of Cambrian outcrop have diverted southerly flowing drainage channels. The outcropping Cambrian Arrinthrunga Formation sediments of the Georgina Basin Sequence are generally flat-lying throughout the central to southern parts of the Licence Area. The Ooratippra fault strikes northwest–southeast throughout the central portion of the Project Area.

A plan of the geology accompanies this report.
5. WORK DONE DURING THE YEAR

Geophysics
Lindeman Geophysics Pty Ltd were commissioned to carry out an interpretation of CKA 1 magnetic anomaly from open file magnetics. However the conclusion reached was that the line spacing at 400m is too wide for a depth estimation to be made.

A plan showing the Analytical signal is attached. Co-ordinates for this plan are, 7577200N, 7579700N, 644600E, 645400E

Loam sampling:
Over the last six years, exploration for diamonds in the Ooratippra Diamond Project using various sampling techniques has been spectacularly unsuccessful.

For this current sampling programme, the Company has implemented a method successfully used by De Beers in Botswana in the Kalahari Desert in the 1960s and described by Eric Bruton F.G.A. in his book titled “Diamonds” first published in 1970. In essence it consists of taking a large number of small scoop samples from grid lines established over the target area. The use of a GPS relieves the company of the need to clear grid lines.

Twelve samples of approximately 30kg bulk and twelve 2kg geochem samples numbered 163067 to 163084 were collected over the CKA 1 magnetic anomaly.
CKA 1

Line 1
Sample 163073 - 163074
7578200N to 7578700N
644800E  644800

Line 2
Sample 163075 - 163076
7578200N  7578700N
644850E  644850E

Line 3
Sample 163077 - 163078
7578200N  7578700N
644900E  644900E

Line 4
Sample 163079 - 163080
7578200N  7578700N
644950E  644950E

Line 5
Sample 163081 - 163082
7578200N  7578700N
645000E  645000E

Line 6
Sample 163083 - 163084
7578200N  7578700N
645500E  645500E

In this CKA 1 programme, a small sample is taken at 10 metre intervals along six 500 metre lines. (see attached satellite image).

Sampling is carried out by taking a small scoop approximately every 10m constituting 2 samples per line which results in a sample of about 30 - 35kg. The 2kg geochem sample is split and reduced form this sample.
Diamond and Key Indicator minerals
The bulk samples were dispatched to Diatech, of Kelmscott WA.
Results from Diatech not included in the 3 Annual Report are included here;
## Detailed Heavy Mineral Analysis

**Sample No:** 163073

<table>
<thead>
<tr>
<th>Overall Sample Assessment</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your Project Code:</td>
<td>NT</td>
</tr>
</tbody>
</table>

### Sample Details
- **Sample Type (as collected):** Loam
- **Sample Type (as received):** Loam
- **Observed Sample Type:** TBE Concentrate
- **Head Weight:** 25 kg
- **Wet Weight:** kg

### Diamond

<table>
<thead>
<tr>
<th>Number of particles in each size fraction</th>
<th>+10.0</th>
<th>+1.0</th>
<th>+1.0</th>
<th>+0.6</th>
<th>+0.4</th>
<th>+0.3</th>
<th>+0.2</th>
<th>+0.1</th>
<th>+0.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of these particles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Key Minerals

<table>
<thead>
<tr>
<th>Number of particles in each size fraction</th>
<th>+1.0</th>
<th>+1.0</th>
<th>+0.6</th>
<th>+0.4</th>
<th>+0.3</th>
<th>+0.2</th>
<th>+0.1</th>
<th>+0.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of these particles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Other Minerals

<table>
<thead>
<tr>
<th>Minerals</th>
<th>1.0</th>
<th>1.0</th>
<th>0.6</th>
<th>0.4</th>
<th>0.3</th>
<th>0.2</th>
<th>0.1</th>
<th>0.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apatite</td>
<td>Tr</td>
<td>W</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amphibole</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rutile</td>
<td>Tr</td>
<td>Tr</td>
<td>Tr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sphene</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ilmenite</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Garnet</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourmaline</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### TOTAL

<table>
<thead>
<tr>
<th>%</th>
<th>%</th>
<th>100%</th>
<th>100%</th>
</tr>
</thead>
</table>

### Final Conc Weight
- 3.7000000 g

### Weight Observed
- 2.7000000 g

### Magnetic Fractions vs Size Fraction

<table>
<thead>
<tr>
<th>NoMag</th>
<th>All</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Comment about this sample:**

---

**Technician:** JED

**Date Observed:** 17-Sep-09

**Report Printed:** 29/09/2009 9:40:12 AM
The 2kg samples taken for geochemical analysis were sent to North Australian Laboratories of Pine Creek NT.

<table>
<thead>
<tr>
<th>NA 10038</th>
<th>12SAM</th>
<th>11COL</th>
<th>Au</th>
<th>Au(R)</th>
<th>Cu</th>
<th>Pb</th>
<th>Zn</th>
<th>Co</th>
<th>Ni</th>
<th>Ag</th>
<th>As</th>
</tr>
</thead>
<tbody>
<tr>
<td>270809</td>
<td>ppb</td>
<td>ppm</td>
<td>ppb</td>
<td>ppm</td>
<td>ppm</td>
<td>ppm</td>
<td>ppm</td>
<td>ppm</td>
<td>ppm</td>
<td>ppm</td>
<td>ppm</td>
</tr>
<tr>
<td>LLD's in S</td>
<td>TORE UNITS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CO

| 163073   | 2       | 8      | 11  | 25   | 5   | 7   | L   | L   |
| 163074 L | 10      | 13     | 26  | 6    | 9   | L   |     |     |
| 163075 L | 6       | 10     | 22  | 4    | 5   | L   |     |     |
| 163076 L | 1       | 6      | 11  | 21   | 4   | 6   | L   |     |
| 163077 L | 8       | 13     | 23  | 5    | 6   | L   |     |     |
| 163078 L | 1       | 1      | 7   | 12   | 23  | 4   | L   |     |
| 163079 L | 1       | 1      | 7   | 12   | 21  | 4   | L   |     |
| 163080 L | 2       | 7      | 12  | 24   | 4   | 7   | L   |     |
| 163081 L | 8       | 12     | 23  | 5    | 7   | L   |     |     |
| 163082 L | 1       | 7      | 11  | 24   | 5   | 7   | L   |     |
| 163083 L | 1       | 6      | 18  | 24   | 4   | 7   | L   |     |
| 163084 L | 7       | 12     | 22  | 5    | 6   | L   |     |     |

Results of this work were not available for the Year 3 Annual Report and are included here.

Satellite interpretation.

Earlier satellite interpretation was carried out using the free Google Earth system. The Company has since purchased Google Pro; however no feature indicative of a kimberlite has been identified in the immediate CKA 1 magnetic anomaly area.

6. REHABILITATION

The small scoop of loam samples created only superficial disturbance, consequently, no field work carried out by the Company over the Licence area during year requires any rehabilitation measures.

7. CONCLUSIONS

The Project Area appears to be in a significant structural position and geophysical and aerial photographic and satellite appraisal suggest that the one magnetic response at CKA 1 could represent a kimberlite.
The previous sampling of CKA 1 were unsuccessful, consequently a system successfully used by DeBeers in the Kalahari Desert has been applied in the current sampling to determine if any diamonds or key indicator minerals are present in the vicinity of the CKA 1 magnetic anomaly.

Diamond exploration of the Ooratippra tenements has not been successful and the exploration emphasis will now be on base metals.

The area covered by EL 24822 is now part of SEL 27526 over which a major gravity survey and soil sampling programme is planned for July-August 2010 as part of the Company’s search for an Olympic Dam style deposit.
8. YEAR 3 EXPENDITURE

9. PROPOSED PROGRAMME AND EXPENDITURE FOR YEAR 4 WAS $32,700

During this year however, principal efforts have been preparing the Company for listing on the Australian Stock Exchange (ASX) and exploring the Frazers-Acacia Prospect.

Consequently, only minimal exploration was carried out on EL 24822. This Fourth and Final Report summarises the exploration work carried out on the Licence during the fourth year of tenure and from the date of grant to the 4th of April 2009 to 3rd of April 2010 and since the date of grant.

The area covered by EL 24822 is now part of SEL 27526 over which a major gravity survey and soil sampling programme is planned for July-August 2010 as part of the Company’s search for an Olympic Dam style deposit.

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Review of exploration to date</td>
<td>$1,500</td>
</tr>
<tr>
<td>2. Geophysical interpretation</td>
<td>$0,500</td>
</tr>
<tr>
<td>3. Satellite image interpretation</td>
<td>$0,500</td>
</tr>
<tr>
<td>6. Land owner liaison</td>
<td>$0,200</td>
</tr>
<tr>
<td>7. Administration and overheads</td>
<td>$0,320</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,700</strong></td>
</tr>
</tbody>
</table>

Nick Byrne  
*Director*

**THIRD ANNUAL REPORT**

**SUMMARY**

Southwestern Mining Company Pty Limited (ACN 104 649 774) (Southwestern) was granted Exploration Licence 24822 on the 4th April 2006.
The Company also held four adjoining Exploration Licences numbered 22488 24869, 24993, 25019.

Southwestern’s Ooratippra ELs were transferred from Southwestern Mining to Acacia Minerals Pty Limited and were lodged with the Department in September 2007.

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

This Report covers the exploration work carried out during the third year of tenure from the 4th April 2008 to 3rd April 2009.

Work done includes:
- Surface loam sampling
- Satellite image interpretation
- Geophysical Interpretation
- Land-owner liaison

1. INTRODUCTION

Southwestern Mining Company Pty Limited (ACN 104 649 774) (Southwestern) was granted Exploration Licence 24822 on the 4th of April 2006
Principal reason for the application was an unexplained magnetic anomaly which straddles the eastern boundary of EL 22488.

This Report summarises the exploration work carried out on EL 24822 during the third year of tenure from the 4th April 2008 to 3rd April 2009.

2. LOCATION

Exploration Licence 24822 is situated approximately 350kms southeast of Tennant Creek. The Licence is on the Huckitta 1:250 000 scale map sheets and is located on the Ooratippra(6154) 1:100 000 scale map sheets.

Access to the Licence area from Tennant Creek is south via the Stuart Highway and then east onto the Ali Curung Aboriginal Community road. This leads to the Sandover Highway which is then followed approximately 80kms east to the Ooratippra Homestead from where bore tracks are followed to Robbie Bore which is on the eastern boundary of the EL.

Alternatively, the Licence area can be accessed via the Sandover Highway from Alice Springs.

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

3. TENURE

Exploration Licence 24822 covering 8 sub-blocks (26 square kilometres) was granted on the 4th April 2006 for a period of 6 years.

Four blocks were relinquished at the first anniversary and a further 2 blocks were relinquished in March 2009.

Adjoining EL 22488 was granted on the 3 December 2001 and 24869, 24993 and 25019 were granted on the 7th July, 11th August and 26th July 2006 respectively.

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

EL 24822 is explored in conjunction with ELs 22488, 24869 and 25019 and being contiguous are worked as one Project, known as the Ooratippra Diamond Project.

Plan SOU003 shows the current Project Area.
4. GEOLOGY

4.1 Regional Geology
The reader is referred to AusIMM Monograph 14 (Geology of the Mineral Deposits of Australia and Papua New Guinea), Volume 1, pp. 829-861, to gain a good introduction to the regional geology and styles of gold-copper mineralization of the area.

4.2 Local Geology
The Sandover River flows east through the Project Area and north of EL 24822, within which are extensive flood-out areas and tributaries. North of the Sandover River, there is little outcrop and much of the area is covered by alluvial outwash cover.

South of the River, areas of Cambrian outcrop have diverted southerly flowing drainage channels. The outcropping Cambrian Arrinthrunga Formation sediments of the Georgina Basin Sequence are generally flat-lying throughout the central to southern parts of the Licence Area. The Ooratippra fault strikes northwest–southeast throughout the central portion of the Project Area.

A plan of the geology accompanies this report.

5. WORK DONE DURING THE YEAR

Geophysics
Lindeman Geophysics Pty Ltd were commissioned to carry out an interpretation of CKA 1 magnetic anomaly from open file magnetics. However the conclusion reached was that the line spacing at 400m is too wide for a depth estimation to be made.

A plan showing the Analytical signal is attached. Co-ordinates for this plan are, 7577200N, 7579700N, 644600E, 645400E

Loam sampling:

Over the last six years, exploration for diamonds in the Ooratippra Diamond Project using various sampling techniques has been spectacularly unsuccessful.

For this current sampling programme, the Company has implemented a method successfully used by De Beers in Botswana in the Kalahari Desert in the 1960s and described by Eric Bruton F.G.A. in his book titled “Diamonds” first published in
1970. In essence it consists of taking a large number of small scoop samples from grid lines established over the target area. The use of a GPS relieves the company of the need to clear grid lines.

Twelve samples of approximately 30kg bulk and twelve 2kg geochem samples numbered 163067 to 163084 were collected over the CKA 1 magnetic anomaly.

**CKA 1**

**Line 1**
Sample 163073 - 163074
7578200N to 7578700N
644800E to 644800

**Line 2**
Sample 163075 - 163076
7578200N to 7578700N
644850E to 644850E

**Line 3**
Sample 163077 - 163078
7578200N to 7578700N
644900E to 644900E

**Line 4**
Sample 163079 - 163080
7578200N to 7578700N
644950E to 644950E

**Line 5**
Sample 163081 - 163082
7578200N to 7578700N
645000E to 645000E

**Line 6**
Sample 163083 - 163084
7578200N to 7578700N
645500E to 645500E

In this CKA 1 programme, a small sample is taken at 10 metre intervals along six 500 metre lines. (see attached satellite image).

Sampling is carried out by taking a small scoop approximately every 10m constituting 2 samples per line which results in a sample of about 30 - 35kg. The 2kg geochem sample is split and reduced form this sample.
Diamond and Key Indicator minerals
The bulk samples were dispatched to Diatech, of Kelmscott WA.

Geochemical analysis
The 2kg samples taken for geochemical analysis were sent to North Australian Laboratories of Pine Creek NT.

Results of this work are not yet available.

Satellite interpretation.
Earlier satellite interpretation was carried out using the free Google Earth system. The Company has since purchased Google Pro, however no feature indicative of a kimberlite has been identified in the immediate CKA 1 magnetic anomaly area.

6. REHABILITATION

The small scoop of loam samples created only superficial disturbance, consequently, no field work carried out by the Company over the Licence area during year requires any rehabilitation measures.

7. CONCLUSIONS

The Project Area appears to be in a significant structural position and geophysical and aerial photographic and satellite appraisal suggest that the one magnetic response at CKA 1 could represent a kimberlite.

The previous sampling of CKA 1 were unsuccessful, consequently a system successfully used by DeBeers in the Kalahari Desert has been applied in the current sampling to determine if any diamonds or key indicator minerals are present in the vicinity of the CKA 1 magnetic anomaly.
8. YEAR 3 EXPENDITURE

Proposed expenditure for the Third year of tenure was $86,800. Actual expenditure was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Geophysical interpretation</th>
<th>Loam sampling</th>
<th>Satellite image interpretation</th>
<th>Diamond and key indicator mineral identification</th>
<th>Geochemical analysis</th>
<th>Land owner liaison</th>
<th>Administration and overheads</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$1,000</td>
<td>$5,500</td>
<td>$1,500</td>
<td>$8,000</td>
<td>$4,000</td>
<td>$0,500</td>
<td>$2,460</td>
<td>$22,960</td>
</tr>
</tbody>
</table>

The principal reason for the large difference in proposed and actual expenditure was that the proposed RC drilling programme and related geochemical analysis was deferred until year 4.

The reason for this deferral was that Acacia’s parent company Adelaide River Resources Limited is in the process of acquiring a company which is listed on the Australian Stock exchange and the drilling was deferred until that acquisition is completed. The Company was going to list on the ASX in its own right, however in the light of the stock market downturn, acquiring control of an already listed company with sufficient funds is now the most appropriate approach.

9. PROPOSED PROGRAMME AND EXPENDITURE FOR YEAR 4

<table>
<thead>
<tr>
<th></th>
<th>Detailed ground magnetics</th>
<th>Geophysical interpretation</th>
<th>Geological supervision</th>
<th>Rotary Air Blast (RAB) drilling</th>
<th>Geochemical analysis</th>
<th>Land owner liaison</th>
<th>Administration and overheads</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$2,500</td>
<td>$2,500</td>
<td>$4,000</td>
<td>$15,000</td>
<td>$4,000</td>
<td>$1,200</td>
<td>$3,500</td>
<td>$32,70</td>
</tr>
</tbody>
</table>

Nick Byrne

*Director*
SECOND ANNUAL REPORT

SUMMARY

Southwestern Mining Company Pty Limited (ACN 104 649 774) (Southwestern) was granted Exploration Licence 24822 on the 4th April 2006.

The Company also held four adjoining Exploration Licences numbered 22488 24869, 24993, 25019.

Southwestern’s Ooratippra ELs were transferred from Southwestern Mining to Acacia Minerals Pty Limited and were lodged with the Department in September 2007.

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

This Report covers the exploration work carried out during the first year of tenure from the 4th April 2007 to 3rd April 2008.

Work done includes:
- Loam sampling
- Satellite image interpretation
- Geophysical Interpretation
- Helicopter reconnaissance
- Land-owner liaison
1. INTRODUCTION

Southwestern Mining Company Pty Limited (ACN 104 649 774) (Southwestern) was granted Exploration Licence 24822 on the 4th of April 2006.

Principal reason for the application was an unexplained magnetic anomaly which straddles the eastern boundary of EL 22488.

This Report summarises the exploration work carried out on EL 24822 during the second year of tenure from the 4th April 2007 to 3rd April 2008.

2. LOCATION

Exploration Licence 24822 is situated approximately 350kms southeast of Tennant Creek. The Licence is on the Huckitta 1:250 000 scale map sheets and is located on the Ooratippra(6154) 1:100 000 scale map sheets.

Access to the Licence area from Tennant Creek is south via the Stuart Highway and then east onto the Ali Curung Aboriginal Community road. This leads to the Sandover Highway which is then followed approximately 80kms east to the Ooratippra Homestead from where bore tracks are followed to Robbie Bore which is on the eastern boundary of the EL.

Alternatively, the Licence area can be accessed via the Sandover Highway from Alice Springs.

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

Exploration Licence 24822 covering 8 sub-blocks (26 square kilometres) was granted on the 4th April 2006 for a period of 6 years.

Four blocks were relinquished at the first anniversary.

Adjoining EL 22488 was granted on the 3 December 2001 and 24869, 24993 and 25019 were granted on the 7th July, 11th August and 26th July 2006 respectively.

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

EL 24822 is explored in conjunction with ELs 22488, 24869 and 25019 and being contiguous are worked as one Project, known as the Ooratippra Diamond Project

Plan SOU003 shows the current Project Area.
4. GEOLOGY

4.1 Regional Geology
The reader is referred to AusIMM Monograph 14 (Geology of the Mineral Deposits of Australia and Papua New Guinea), Volume 1, pp. 829-861, to gain a good introduction to the regional geology and styles of gold-copper mineralization of the area.

4.2 Local Geology
The Sandover River flows east through the Project Area and north of EL 24822, within which are extensive flood-out areas and tributaries. North of the Sandover River, there is little outcrop and much of the area is covered by alluvial outwash cover.

South of the River, areas of Cambrian outcrop have diverted southerly flowing drainage channels. The outcropping Cambrian Arrinthrunga Formation sediments of the Georgina Basin Sequence are generally flat-lying throughout the central to southern parts of the Licence Area. The Ooratippra fault strikes northwest–southeast throughout the central portion of the Project Area.

A plan of the geology is included in this report.

5. WORK DONE DURING THE YEAR

Geophysics
Lindeman Geophysics Pty Ltd were commissioned to carry out a detailed interpretation of NTGS and open file magnetics and gravity to identify any magnetic anomalies previously considered to be possible kimberlites or base metal targets.

Each anomaly was given the identification of CKA, followed by sequential numbering. On CKA 1, having been interpreted earlier by others as an ultramafic intrusive pipe, the depth to the top of the body was also interpreted.

Of the 48 anomalies previously considered to have the potential to be kimberlites, only one CKA 1 was identified in EL 24822 as a potential kimberlite. The location of CKA 1 in GDA 94 is 644871E 7578352N.

This location is shown on the accompanying plan SOU005.

Surface sampling
Stream sediment sampling in the general Ooratippra area has proved unsuccessful, consequently, the Company has applied a different strategy.
A 20 kg sample was collected in September 2007 and sent to Diatech Laboratories in Perth for diamond and key indicator mineral identification. At the same time, a 2kg sample was collected and sent to North Australian Laboratories in Pine Creek for general geochemical analysis. Results of this work are included in this report. The location of these samples was as near as possible to the centre of the magnetic anomaly. As the flight lines on which the identification was based were spaced at 400m, the centre of the anomaly will not be accurately identified.

These results of this sampling were mainly negative but inconclusive, consequently, in March 2008, the sampling was repeated, however this time the source of the sample was surface material raked or swept from a much larger area. Again, a 20kg sample was collected and sent to Diatech laboratories in Perth for diamond and surface indicator mineral identification, and a 2kg sample was sent to Northern Territory Environmental Laboratories in Berrimah.

Results of the sampling are attached but the second sampling results have not yet been received.
Satellite interpretation.

As with previous photo interpretation, one vague feature was identified with a width of approximately 1,000 metres and centred approximately 2.2 kilometres northeast of CKA 1. The cause of the feature is not yet explained but earlier rock-chip sampling gave slightly anomalous lead-zinc anomalism.

Helicopter reconnaissance
In late September 2007, geologist Peter Simpson and Nick Byrne landed at CKA1 and collected some rock chip samples.

An extract from Mr. Simpson’s report is as follows:

Stop 4. EL 24822 7578352N 644871E
Site description
A flattish thinly vegetated area cut by several shallow linear scrubby gullies, with a coincident magnetic anomaly designated CKA1 and considered by some previous explorers to be caused by a pipe-like ultramafic body.

Work done
A ground inspection was made of the area, which showed scattered patches of subcrops of Arrinhrunga Formation dolomitic limestone among extensive areas of red sand. No samples were submitted for analysis as this had been done in the helicopter-borne sampling carried out just prior to our visit.

Comments
Nothing was seen on the ground to explain the magnetic anomaly. A drilling program is planned for this target.

6. REHABILITATION

Raking up loam samples created only superficial disturbance, consequently, no field work carried out by the Company over the Licence area during year requires any rehabilitation measures.

7. CONCLUSIONS

The Project Area appears to be in a significant structural position and geophysical and aerial photographic and satellite appraisal suggest that the one magnetic response at CKA 1 and the circular feature to the northeast could represent kimberlites.

The relationship between CKA 1 and the circular feature are unknown and the Company considers the Licence to be very prospective and intends to continue exploration over the area.
8. YEAR 2 EXPENDITURE

Proposed expenditure for the Second year of tenure was $86,800. Actual expenditure was as follows:

1. Geological mapping ................................................................. $2,500
   Geophysical interpretation .................................................. $3,000
2. Helicopter reconnaissance ...................................................... $3,500
3. Anomaly locating and sampling ................................................ $2,500
4. Diamond and key indicator mineral identification (estimated) .......... $3,000
5. Geochemical analysis (estimated) ........................................... $1,000
6. Land owner liaison ............................................................... $2,500
7. Administration and overheads .................................................. $2,160
Total .......................................................................................... $20,160

The principal reason for the large difference in proposed and actual expenditure was that the proposed RC drilling programme and related geochemical analysis was deferred until year three.

The reason for this deferral was that Acacia’s parent company Acelaide River Resources Limited is in the process of preparing to list on the Australian Stock Exchange (ASX) and the drilling was deferred until listing is completed.

9. PROPOSED PROGRAMME AND EXPENDITURE FOR YEAR 2

1. Detailed ground magnetics ....................................................... $2,500
2. Geophysical interpretation ....................................................... $3,500
3. Geological supervision ............................................................ $5,000
4. Reverse Circulation drilling ...................................................... $48,000
5. Geochemical analysis .............................................................. $15,000
6. Land owner liaison ................................................................. $2,000
7. Administration and overheads ................................................. $9,100
Total .......................................................................................... $86,800

Nick Byrne
Managing Director