

## NORTHERN TERRITORY EXPLORATION EXPENDITURE FOR MINERAL TENEMENT

**Section 1. Tenement type, number and operation name: (One licence only per form even if combined reporting has been approved)**

|                           |                      |
|---------------------------|----------------------|
| Type                      | EL                   |
| Number                    | 26942                |
| Operation Name (optional) | Huckitta, Leaky Bore |

**Section 2. Period covered by this return:**

|                                    |          |                         |  |
|------------------------------------|----------|-------------------------|--|
| <b>Twelve-month period:</b>        |          | <b>If Final Report:</b> |  |
| From                               | 5/8/2010 | From                    |  |
| To                                 | 4/8/2011 | To                      |  |
| Covenant for the reporting period: |          | \$100,000               |  |

**Section 3. Give title of accompanying technical report:**

|                           |   |
|---------------------------|---|
| Title of Technical Report | <b>HUCKITTA PROJECT EL26942 Leaky Bore<br/>Year 2 Annual Report for the period 5 August 2010 to 4 August 2011</b> |
| Author                    | Amy Lockheed (Project Geologist) and<br>Jim McKinnon-Matthews (General Manager-Geology)                           |

**Section 4. Locality of operation:**

|                     |                          |
|---------------------|--------------------------|
| Geological Province | Arunta                   |
| Geographic Location | ~200km ENE Alice Springs |

**Section 5. Work program for the next twelve months:**

**Activities proposed** (please mark with an "X"):  Drilling and/or costeaning

Literature review  Airborne geophysics

Geological mapping  Ground geophysics

Rock/soil/stream sediment sampling  Other:

**Estimated Cost: \$ 150,000**

**Section 6. Summary of operations and expenditure:**

Please include salaries, wages, consultants fees, field expenses, fuel and transport, administration and overheads under the appropriate headings below. Mark the work done for the appropriate subsections with an "X" or similar, except where indicated. Complete the right-hand columns to indicate the data supplied with the Technical Report. Note overheads are not to exceed 15% of total.

**Do not include the following as expenditure (if relevant, these may be discussed in Section 7):**

- Insurance
- Company Prospectus
- Rent & Department Fees
- Bond
- Transfer costs
- Title Search
- Legal costs
- Advertising
- Land Access Compensation
- Meetings with Land Councils
- Payments to Traditional Owners
- Fines

| Exploration Work type                                | Work Done<br>(mark with an "X" or<br>provide details) | Expenditure     | Data and Format Supplied<br>in the Technical Report |           |
|--|---|-----------------|---|-----------|
|  |   |                 | Digital   | Hard copy |
| <b>Office Studies</b>                                |   |                 |   |           |
|  | Literature search                                     |                 |   |           |
|  | Database compilation                                  | 10,311          |   |           |
|  | Computer modelling                                    | 21,667          |   |           |
|  | Reprocessing of data                                  | 13,000          |   |           |
|  | General research                                      | 10,000          |   |           |
|  | Report preparation                                    | 13,641          |   |           |
|  | Other (specify)                                       |                 |   |           |
|  | <b>Subtotal</b>                                       | <b>\$68,619</b> |   |           |
| <b>Airborne Exploration Surveys (state line kms)</b> |   |                 |   |           |
|  | Aeromagnetics   | kms 40974       |   |           |
|  | Radiometrics  | kms             |   |           |
|  | Electromagnetics                                      | kms 14284       |   |           |
|  | Gravity   | kms             |   |           |
|  | Digital terrain modelling                             | kms             |   |           |
|  | Other (specify)                                       | kms             |   |           |
|  | <b>Subtotal</b>                                       | <b>\$55,258</b> |   |           |
| <b>Remote Sensing</b>                                |   |                 |   |           |
|  | Aerial photography                                    |                 |   |           |
|  | LANDSAT   |                 |   |           |
|  | SPOT  |                 |   |           |
|  | MSS   |                 |   |           |
|  | Other (specify)                                       |                 |   |           |
|  | <b>Subtotal</b>                                       | <b>\$</b>       |   |           |
| <b>Ground Exploration Surveys</b>                    |   |                 |   |           |
| <b>Geological Mapping</b>                            |   |                 |   |           |
|  | Regional  | 10,000          |   |           |
|  | Reconnaissance  | 10,000          |   |           |
|  | Prospect  | 39,000          |   |           |
|  | Underground   |                 |   |           |
|  | Costean   |                 |   |           |
| <b>Ground Geophysics</b>                             |   |                 |   |           |
|  | Radiometrics  |                 |   |           |
|  | Magnetics   |                 |   |           |
|  | Gravity   | 45,404          |   |           |
|  | Digital terrain modelling                             |                 |   |           |
|  | Electromagnetics                                      | 194,086         |   |           |
|  | SP/AP/EP  |                 |   |           |
|  | IP  |                 |   |           |
|  | AMT/CSAMT   |                 |   |           |
|  | Resistivity   |                 |   |           |
|  | Complex resistivity                                   |                 |   |           |
|  | Seismic reflection                                    |                 |   |           |
|  | Seismic refraction                                    |                 |   |           |
|  | Well logging  |                 |   |           |
|  | Geophysical interpretation                            |                 |   |           |
|  | Petrophysics  |                 |   |           |
|  | Other (specify)                                       |                 |   |           |

|  |  |       |        |                    |  |
|--|--|-------|--------|--------------------|--|
| <b>Geochemical Surveying and Geochronology</b>       |  |       |        |                    |  |
| <i>(state number of samples)</i>                     |  |       |        |                    |  |
| Drill (cuttings, core, etc.)                         |  |       |        | 181,902            |  |
| Stream sediment                                      |  |       |        |                    |  |
| Soil   |  |       |        |                    |  |
| Rock chip  |  |       |        | 52,282             |  |
| Laterite   |  |       |        |                    |  |
| Water  |  |       |        |                    |  |
| Biogeochemistry                                      |  |       |        |                    |  |
| Isotope  |  |       |        |                    |  |
| Whole rock   |  |       |        |                    |  |
| Mineral analysis                                     |  |       |        |                    |  |
| Laboratory analysis (type)                           |  |       |        |                    |  |
| Petrology  |  |       |        |                    |  |
| Other (specify) Niton XRF costs                      |  |       |        | 3,450              |  |
| <b>Ground Exploration Subtotal</b>                   |  |       |        | <b>\$536,124</b>   |  |
| <b>Drilling (state number of holes &amp; metres)</b> |  |       |        |                    |  |
| Diamond  |  | holes | metres | 3,318,660          |  |
| Reverse circulation (RC)                             |  | holes | metres |                    |  |
| Rotary air blast (RAB)                               |  | holes | metres |                    |  |
| Air-core   |  | holes | metres | 70,728             |  |
| Auger  |  | holes | metres |                    |  |
| Other (specify)                                      |  | holes | metres |                    |  |
| <b>Subtotal</b>                                      |  |       |        | <b>\$3,389,388</b> |  |
| <b>Other Operations</b>                              |  |       |        |                    |  |
| Costeaming/Trenching                                 |  |       |        | 15,000             |  |
| Bulk sampling  |  |       |        |                    |  |
| Mill process testing                                 |  |       |        |                    |  |
| Ore reserve estimation                               |  |       |        |                    |  |
| Underground development (describe)                   |  |       |        |                    |  |
| Mineral processing                                   |  |       |        |                    |  |
| Other (specify)                                      |  |       |        |                    |  |
| <b>Subtotal</b>                                      |  |       |        | <b>\$15,000</b>    |  |
| <b>Access and Rehabilitation</b>                     |  |       |        |                    |  |
| Track maintenance                                    |  |       |        | 14088              |  |
| Rehabilitation                                       |  |       |        | 28,034             |  |
| Monitoring   |  |       |        |                    |  |
| Other (specify) heritage                             |  |       |        | 18,112             |  |
| <b>Subtotal</b>                                      |  |       |        | <b>\$60,234</b>    |  |
| <b>TOTAL EXPENDITURE</b>                             |  |       |        | <b>\$4,124,623</b> |  |

**Section 7. Comments on your exploration activities:**

Extensive exploration diamond drilling continued over the Basil Cu-Co discovery and also on the Manuel and Polly mineralised horizons. Regional exploration also continued following further heritage surveys. This included shallow aircore drilling. Work continues on the EL.

Significant exploration activities are planned for the next year.

I certify that the information contained herein, is a true statement of the operations carried out and the monies expended on the above mentioned tenement during the period specified as required under the *Northern Territory Mining Act* and the Regulations thereunder.

I have attached the Technical Report

|            |                         |            |  |
|------------|-------------------------|------------|--|
| 1. Name:   | Jim McKinnon-Matthews   | 2. Name:   |  |
| Position:  | General Manager-Geology | Position:  |  |
| Signature: |                         | Signature: |  |
| Date:      | 1 September 2011        | Date:      |  |