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1. SUMMARY

This report documents work undertaken by RTX on Exploration Licence 23565 during the second year of tenure to 21 April 2012.

RTX’s activities during the tenure period were limited to farm-out negotiations.

No field activities were completed on EL 23565.

A bona fide third party offer to farm-in to the tenement and surrounding zinc prospective tenements has been nearly finalized.

2. CONCLUSIONS AND RECOMMENDATIONS

No technical progress was made on this licence during the annual reporting period.

The introduction of an experienced zinc-focussed third party explorer to EL 23565 will expedite exploration on the tenement and adjoining EL applications in the Walker Trough held by RTX and its affiliate companies.

3. INTRODUCTION

Exploration Licence 23565 was applied for on 27 March 2002. Partial consent of the application area resulted in the granting of exploration licence 23565 to Rio Tinto Exploration Pty Limited (RTX) on 9 June 2004. The areas of non-consent were assigned as ELA 27919 and ELA 27920 are in moratorium.

The tenement area is located approximately 80km north-west of Numbulwar in south east Arnhem Land (Plan pZn11_001) and activities conducted on the tenement is in accordance with the provisions of the Aboriginal Land Rights Act 1975 (ALRA) under an Exploration Agreement with the NLC dated 31 August 2009.

The tenement contains McArthur Group equivalent sediments adjacent to the eastern margin of the Walker Trough. The tenement is considered prospective for sedex-style base metal mineralisation, similar to that at McArthur River (HYC) lead-zinc deposit located approximately 300 km to the south.

Tenement details are included in Table 1.
4. **GEOLOGY**

The tenement area covers ground surrounding the Parsons Range Fault. Dominant geological units in the area are Mesoproterozoic McArthur Group siltstones, sandstones and dolomites and Neoproterozoic Roper Group sandstones and conglomerates (Haines et al, 1999). The tenement is considered prospective for sedex-style base metal mineralisation, similar to that at McArthur River (HYC) lead-zinc deposit located approximately 300 km to the south.

5. **EXPLORATION COMPLETED DURING REPORTING PERIOD**

Exploration completed during the reporting year was office-based and included:

- Commercial negotiations with third parties to farm-in to the tenement and adjoining EL applications held by RTX;
- Data and divestment package compilation; and
- Engagement with the NLC regarding ongoing RTX activities.

6. **ENVIRONMENT**

No ground disturbing work conducted during the period.

7. **EXPLORATION EXPENDITURE**

Expenditure incurred by RTX for the twelve months ending 21 April 2012 was $2,640 and as a consequence the expenditure covenant was not met. Pre-grant expenditure amounted to $34,000. A full breakdown of expenditure for the reporting period was submitted on the prescribed form.

8. **PROPOSED EXPLORATION**

It is anticipated the introduction of an experienced zinc-focussed third party explorer to EL 23565 will expedite exploration on the tenement and adjoining EL applications held by RTX. Stakeholder engagement will be an important early component of any work programmes conducted by the incoming third party.
REFERENCES


LOCALITY

Blue Mud Bay SD 5307 1:250 000

DESCRIPTOR

Annual Report for the Period from 22 April 2011 to 21 April 2012, EL 23565 Zamia Creek Northern Territory located within the Arnhem Land Aboriginal Land Trust, Northern Territory, Australia.

KEYWORDS

EL 23565, Zamia Creek, Blue Mud Bay, base metals, divestment