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1.0 INTRODUCTION

The Coxco Prospect, Mineral Authority 366 (MA366 NORTH) is located approximately 10 kilometres southeast of the HYC deposit. It is a sub-economic carbonate hosted Zn- low Pb deposit within highly prospective Proterozoic McArthur Group stratigraphy directly adjacent to a major regional structure, the north-south trending Emu Fault zone. Mineralisation exhibits both stratabound and structurally complex, fracture controlled characteristics within both sedimentary breccias and massive dolomite tectonic breccias respectively. A highly irregular, cavitated, karstic weathering profile, within which conventional drilling techniques have failed to adequately recover oxide sample material, further complicate a deposit which has confounded multiple campaigns of evaluation spanning over 90 years. Carefully targeted diamond drilling completed during the 2009 dry season has identified untested deeper potential within the Coxco Dolomite for higher grade mineralisation, along the hypothesized shallowly north-plunging intersection of the Coxco Fault and the Emu Fault Zone.
Figure 1: Location of MA366 tenure relative to the current McArthur River Mining leases (sourced from NTGS Strike GIS system – 10 km grid lines).
Figure 2: Mineral Occurrences – MA 366 (sourced from NTGS Strike GIS system).
2.0 RECENT EXPLORATION

2.1 Work completed - 8 June 2008 to 7 June 2009

In the reporting year 2008-2009, work focussed on refining the geological block geometries utilising detailed drill section information gathered during the North Ltd drilling (1999-2001). This work was designed to aid additional drill targeting for a 2009-2010 diamond drilling programme. In addition, North Ltd detailed surface mapping (Selley, 1999) was registered to provide some surface constraint to fault, stratigraphic, base of oxidation and base of Cambrian Bukalara Sandstone 3D geometries. In detail:

- Nine sections were structurally re-interpreted.
- These nine sections were digitised and registered within the VULCAN Coxco model.
- Selley’s (1999) interpretive map was draped on topography within the VULCAN Coxco model.
- Important surfaces were re-interpreted and triangulated using the new section and surface constraints. These included: 3 strands of the Emu Fault Zone, the Coxco Fault, a NW-SE Fault that cuts the Emu Fault Zone just south of Cook’s’, the base of Barney Creek-Lynott Formations (top of ‘Coxco Dolomite’ Member), the base of oxidation and the base of the Cambrian Bukalara Sandstone.

Detailed review of all the historic drilling results in the context of the new sub-surface geometries highlighted sections for infill and/or extension-to-depth drilling. The following Table presents potential drill targets and the two highlighted targets on sections 2950N and 2775N chosen for 2009-2010 drilling.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Section</th>
<th>Target Position</th>
<th>Target RL</th>
<th>DDH meters</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>3100N</td>
<td>closer to Emu Fault</td>
<td>9900RL</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>3050N</td>
<td>between Emu Fault and Coxco Fault</td>
<td>9900RL</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>3000N</td>
<td>below DDH D92 intercept</td>
<td>9850RL</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>2950N</td>
<td>between Emu Fault and Coxco Fault</td>
<td>9900RL</td>
<td>~300</td>
</tr>
<tr>
<td>2</td>
<td>2900N</td>
<td>between Emu Fault and Coxco Fault</td>
<td>9850RL</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>2875N</td>
<td>above Coxco Fault intercept with Emu Fault</td>
<td>9850RL</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>2800N</td>
<td>infill between 2 DDH’s on section</td>
<td>9975RL</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>2775N</td>
<td>between Emu Fault and proj Coxco Fault</td>
<td>9975RL</td>
<td>~150</td>
</tr>
<tr>
<td>2</td>
<td>2700N</td>
<td>at projected Coxco Fault</td>
<td>9975RL</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Potential Coxco diamond drilling targets

The 2950N and 2775N sections with the proposed diamond drill holes from the VULCAN model are presented below.
Figure 3: Section 2950N with proposed DDH Coxco2009-01
Figure 4: Section 2775N with proposed DDH Coxco2009-02.
2.2 Work completed - 8 June 2009 to 7 June 2010

- Identification of old (1990’s) vehicle access tracks to the east of the mine from satellite imagery (Google Earth).
- Conversion of lat/long waypoints of track into AMG and input to GPS.
- Re-flagging of old vehicle access track by Mine Surveyors using RTK (Real Time Kinetic) GPS.
- Re-establishment of this10km of access track using D10 dozer.
- Pegging of x2 diamond drill hole collars using RTK GPS.
- Digging of x2 drill sumps near site using mine site backhoe.
- Provision of water to sumps from the nearby PVC capped COXCOD40 with downhole submersible pump and power from hired generator.
- HQ and NQ diamond drilling totalling 442.9m.
- Survey of completed collars with RTK GPS.
- Structural logging of oriented core.
- Core photography.
- Cutting, sampling and analysis of 275 core samples.
- Drill site rehabilitation.
- Consultant’s structural report.
- Preparation of annual report.

2.2.1 DIAMOND DRILLING

Between July 22nd and 5th August 2009, May Drilling Pty. Ltd completed two diamond drill holes, Coxco09-01 and Coxco09-02 totalling 442.9m, aimed at testing the targets identified in Table 1.

An experienced structural geologist, Dr Mark Hinman, who had previously worked on the Coxco prospect in the late 1990’s with North Ltd, was engaged to supervise this drilling and to complete a detailed structural analysis of the oriented core. The conclusions of his report are summarised in section 2.2.3

The aims of this drilling programme, within a strictly defined budget were, therefore: (1) to extend resources into untested volumes of likely-significant mineralisation, (2) provide detailed structural logging on infill sections where adjacent sections were structurally well understood allowing attempts at between-section correlation, and (3) with additional high quality sample and assay data, to allow a further refinement of the deposit’s variography, building towards a more robust resource estimation.

<table>
<thead>
<tr>
<th>Hole No.</th>
<th>Easting (AMG)</th>
<th>Northing (AMG)</th>
<th>RL</th>
<th>Azimuth</th>
<th>Incl</th>
<th>Total Depth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coxco09-01</td>
<td>621992.6</td>
<td>8172927.1</td>
<td>10081.9</td>
<td>085</td>
<td>-74</td>
<td>290.7</td>
</tr>
<tr>
<td>Coxco09-02</td>
<td>622036.4</td>
<td>8172786.4</td>
<td>10077.7</td>
<td>090</td>
<td>-75</td>
<td>152.5</td>
</tr>
</tbody>
</table>

Table 2: 2009 Coxco Drilling details
2.2.1.1 Summary of Results

Both drillholes intersected moderate-strongly mineralised intervals within the target Coxco Dolomite breccia complex. Coxco09-02 was stopped in mineralisation before hitting the Coxco Fault target due to cost constraints. A total of 275 ½ NQ and HQ core samples were submitted to North Australian Laboratories for analysis for Zn, Pb, Ag, Fe and Cu. A total of 20 1/4 core duplicates and 10 non-mineralised W-Fold Shale blanks were inserted into the sampling sequence for QA/QC.

<table>
<thead>
<tr>
<th>Hole No.</th>
<th>From</th>
<th>To</th>
<th>Width (m)</th>
<th>% Zn</th>
</tr>
</thead>
<tbody>
<tr>
<td>COXCO09-01</td>
<td>105.3</td>
<td>124</td>
<td>18.7</td>
<td>1.78</td>
</tr>
<tr>
<td>COXCO09-01</td>
<td>200.3</td>
<td>222.9</td>
<td>22.6</td>
<td>3.23</td>
</tr>
<tr>
<td>COXCO09-01</td>
<td>224</td>
<td>233.5</td>
<td>9.5</td>
<td>2.78</td>
</tr>
<tr>
<td>COXCO09-01</td>
<td>245.5</td>
<td>251</td>
<td>5.5</td>
<td>3.60</td>
</tr>
<tr>
<td>COXCO09-01</td>
<td>252.95</td>
<td>257.3</td>
<td>4.35</td>
<td>1.87</td>
</tr>
<tr>
<td>COXCO09-01</td>
<td>259.9</td>
<td>277</td>
<td>17.1</td>
<td>1.82</td>
</tr>
<tr>
<td>COXCO09-02</td>
<td>129.2</td>
<td>152</td>
<td>22.8</td>
<td>2.55</td>
</tr>
</tbody>
</table>

Table 3: Coxco Drilling: Significant +1% Zn intersections extracted from drill hole data using the inter-select compositing utility in VULCAN™ software with waste absorption maximum length of 1.0m.

2.2.2 Geology - The ‘Coxco Dolomite’ Complex mineralisation

The following sections, including the conclusions and recommendations have been extracted from Mark Hinman’s internal MRM company report of August 2009 titled ‘Coxco 2009 Oriented Diamond Drilling’ – Preliminary report on Coxco09-01 and 02.

Breccia and fracture/vein sphalerite-pyrite-galena mineralisation is well developed within the ‘Coxco Dolomite’ complex (the domain between the controlling Emu and Coxco faults) and has been the primary focus of the more recent drilling campaigns of MRM in 2009 and North Ltd. in 1999-2000. In both campaigns mineralisation demonstrably shows a close spatial relationship with faults and major fractures within the dolomite complex. An asymmetric zonal arrangement of breccia and fracture intensity around significant fractures and faults within the dolomite complex was commonly observed in all holes from the 1999-2000 and 2009 programs for both pyrite-dominant portions of the system as well as sphalerite-dominant parts.

This zonal development of brecciation and fracturing comprises outward from the controlling fault or significant fracture:

- a thin zone of milling immediately adjacent to the structure which is commonly only moderately mineralised (reduced permeability as a result of the milling).
- a zone of intense brecciation, high permeability and strong mineralisation.
- a zone of strong vein networking, transitional into true breccia inward within the zone and transitional through vein networks or breccia veins into spaced veining outward. This zone can have high permeability and also be well mineralised.
- an outer veined zone with decreasing vein density, permeability and mineralisation strength outward.
- a barren dolomite zone.
The presence of a tightly milled zone and absence of significant open space within and along these controlling structures suggests they are transpressive. The generally moderate to steep orientations (see below) coupled with the geometry of secondary Riedel fracturing would indicate reverse senses of movement on them.

The overall resource potential within the tectonically brecciated and fractured dolomite complex is a function of what gross volume contains a sufficient density of these individual zoned breccia-breccia vein-vein systems. Two aspects of this are critical. Firstly, the simple downhole density of these zones will determine whether the bulk volume will grade sufficiently well. And secondly, the geometric arrangement of these zones (and their controlling structures) within the volume will significantly impact on how mineralisation continuity within, and between, sections is established. These geometries will control the grade distribution within the volume and ultimately what bulk grade is assigned to the volume. Current drilling densities may remain insufficient to attempt such between-section correlation, however, it is expected that an initial attempt will be made when all the new data is uploaded into the current Coxco VULCAN™ model.

The block containing significant breccia- and vein-hosted mineralisation within ‘Coxco Dolomite’ is bounded to the West by the steep Emu Fault Zone (cored by Masterton Sandstone) and to the east by the moderately WNW-dipping Coxco Fault (Figure 3. How the Coxco Fault runs out at its currently-mapped, southwest termination and its relationship with the most eastern, ?third strand of the Emu Fault (in the south) and the cross-cutting NW-SE structure, remains unresolved (but will be discussed further below). This area of current termination is, however, coincident with the well drilled, shallow, oxide resource at Coxco (Cook’s workings) where deep information and detailed geometry is currently lacking and begs further drill investigation.
Figure 5: Interpretive Geological Map of the Coxco Prospect (Selley, 1999) highlighting significant structures, showing MRM 2009 collars (black) and North Limited 1999-2000 DDH (red) and RC (blue) collars.
Figure 6: Section 8142933N – With completed DDH Coxco09-01 and significant intersections.
Figure 7: Section 8142775N – With completed DDH Coxco09-02 and significant intersections
2.2.3 Conclusions and Recommendations

- Moderate to steep WNW-dipping control structures have been qualitatively confirmed to control the majority of the breccia hosted mineralisation within the ‘Coxco Dolomite’ at Coxco.

- Significant untested deeper potential exists within the Coxco Dolomite, in particular, for higher grade mineralisation, along the hypothesized shallowly north-plunging intersection of the Coxco Fault and Emu Fault Zone.

- Both 2009 MRM drill holes targeted deeper levels than had up till now been tested on each of their sections. Both holes returned qualitatively excellent mineralised intersections at depth with Coxco2009-02 terminated in mineralisation.

- Quantitative analysis of metal budgets associated with different fault orientations awaits assay results and should be reviewed with past North Ltd data when available.

- The structural analysis suggests that the Coxco Fault may wrap into an Emu orientation at its southern termination and it is suggested that it may in fact be the same structure as the third Emu Fault strand mapped to the south of Cook’s (Fig.3).

- Mineralised breccias, breccia veins, vein networks and veining are asymmetrically zoned around controlling reverse faults or major fractures. These control structures were generated in a localized shortening regime generated within the constraining geometry of the eastern portion of a sinistrally transpressive, positive flower structure at Coxco. Fine fracturing and veining have Riedel geometries with respect to shear failure on the control faults within the ‘Coxco Dolomite’. Variable vein orientations reflect inhomogeneous local shortening directions during ongoing deformation of the ‘Coxco Dolomite’.

- The 2009 MRM drilling confirms that fracture vein orientations remain sub-parallel to past MIMEX AMG 060° and AMG E-W grid drilling. Although the veined mineralisation’s contribution to the total metal budget may be small, a careful assessment of grade within the veined zones remains critical to any resource evaluation.

- The losses of high grade mineralisation to karsting at the oxide-sulphide interface may be significant. An assessment of the cavity network, and the detailed geometry of the oxide-sulphide interface, will be a necessary component of future resource estimates.

- VULCAN™ sections should be reworked to show the re-interpretation of the southern extension of the Coxco Fault in the Cook’s area. The projected intersection of the curvilinear Coxco Fault and Emu Faults should be carefully modelled and targeted in future drilling.

- The orientations and correlations of mineralisation control faults should be re-interpreted on all North Ltd and MRM sections to reflect the higher confidences
now placed on control structure orientations. 3-D correlations between sections should now be attempted in VULCAN™.

- North Ltd. drill core structure and lithological logs should be recast into MRM digital log format for incorporation into the VULCAN™ 3D model.

- When control structure geometries and their correlations have been resolved, a new statistical appraisal of the Coxco data should be undertaken to tighten understanding of the system’s variography.

- Re-appraisal of the Geostatistics of the deposit with the additional 2009 drilling results to establish parameters for suitable non-linear methods of interpolating zinc grades in a structurally complex environment with a highly positively skewed grade distribution.

- Maximise sample support by drilling of minimum HQ size core accompanied by whole core analysis.

### 2.2.4 Expenditure - 8 June 2009 to 7 June 2010

Activity for the 2009-2010 included the drilling of two diamond holes totalling 442.9 metres, structural logging, analysis, report writing and the assaying and interpretation of 275 diamond drill core samples.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>1,190.69</td>
</tr>
<tr>
<td>Geological Consulting</td>
<td>33,078.08</td>
</tr>
<tr>
<td>Diamond Drilling</td>
<td>90,881.15</td>
</tr>
<tr>
<td>Generator Hire</td>
<td>240.00</td>
</tr>
<tr>
<td>PPE</td>
<td>181.27</td>
</tr>
<tr>
<td>Core Trays</td>
<td>1,976.50</td>
</tr>
<tr>
<td>Catering</td>
<td>1,473.93</td>
</tr>
<tr>
<td>Assaying</td>
<td>4,729.80</td>
</tr>
<tr>
<td>Core Cutting</td>
<td>3,511.00</td>
</tr>
<tr>
<td>Non-costed Mine Survey and Dozer time for track rehabilitation and sump digging (total 2 days)</td>
<td>6,000.00</td>
</tr>
</tbody>
</table>

**Table 4: Expenditure 2009-2010**

### 2.3 Work completed - 8 June 2010 to 7 June 2011

Exploration activities were strongly affected by a critical technical staff shortage experienced during 2010/2011 that included the absence of a Senior Geologist. This resulted in the proposed diamond drilling programme being postponed until the MRM Geology Department could be adequately staffed.
3.0 WORK COMPLETED - 8 June 2011 to 7 June 2012

The critical staff shortage experienced during 2010/2011 continued into 2011/2012, resulting in the MRM Geology Department remaining under-resourced to be able to effectively carry out the proposed diamond drilling programme.

A drill rig mobilised to commence drilling the Coxco deposit during the latter part of 2011 was impacted by unfavourable weather conditions (early rain) resulting in impassable tracks cutting drill site access. Drilling activities were subsequently postponed until the 2012 field season.

3.1 Work completed during 2011/2012:

- Review of historical drilling results, focusing on data from the 2009/2010 diamond drilling campaign.
- Review and prioritisation of targets generated from the 2009 Coxco report (Hinman, 2009).
- The design of two HQ3 diamond drill holes (Table 5; Figures 8 & 9). Geological Consultant, highly experienced with the Coxco prospect, engaged to review hole design.
- Drill site access track surveyed and flagged by Mine Surveyors.
- Track re-established using a grader to enable light vehicle and drill rig access.
- Two diamond holes pegged and pad prep work initiated.
- Potential bores, suitable for the provision of water for drilling requirements, identified and marked in the field.

<table>
<thead>
<tr>
<th>Hole ID</th>
<th>AMG Easting</th>
<th>AMG Northing</th>
<th>RL Regional</th>
<th>Azimuth (degrees)</th>
<th>Inclination (degrees)</th>
<th>Collar Status</th>
<th>Total Depth</th>
<th>Drilling method</th>
<th>Core diameter</th>
<th>Tenement</th>
</tr>
</thead>
<tbody>
<tr>
<td>CD_2012_01</td>
<td>621965.2</td>
<td>817225.0</td>
<td>73,498</td>
<td>90</td>
<td>-75</td>
<td>Planned</td>
<td>250</td>
<td>Diamond core</td>
<td>HQ3</td>
<td>MA366</td>
</tr>
<tr>
<td>CD_2012_02</td>
<td>622036.7</td>
<td>817273.5</td>
<td>73,031</td>
<td>90</td>
<td>-75</td>
<td>Planned</td>
<td>160</td>
<td>Diamond core</td>
<td>HQ3</td>
<td>MA366</td>
</tr>
</tbody>
</table>

*Table 5: Planned 2012 Coxco drillholes*
### 3.2 2011/2012 Expenditure:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Re-establish drill site access track</td>
<td>14,500</td>
</tr>
<tr>
<td>Office studies</td>
<td>3,500</td>
</tr>
<tr>
<td>Consumables (purchased core trays, sample bags, QAQC standards etc.)</td>
<td>2,700</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>20,700</strong></td>
</tr>
</tbody>
</table>

*Table 6: Expenditure 2011-2012*

### 4.0 PROPOSED EXPLORATION –
8 June 2012 to 7 June 2013

The 2009/2010 Coxco Drilling Program successfully intersected significant, structurally controlled, breccia hosted, ZnS mineralisation. The proposed 2012 drill campaign targets untested deeper potential for higher grade mineralisation along the hypothesized intersection of the Emu and Coxco fault intersection; and tests mineralised continuity along strike of the Coxco fault.

Structural analysis of 2012 diamond drill core aims to strengthen understanding on control structure geometries and their correlations, enabling a more robust geostatistical evaluation of the Coxco Deposit.

### 4.1 Proposed Exploration activities:

- Site access track maintenance.
- Re-establish pads.
- Re-activate existing bores with submersible pumps for the provision of water for drilling requirements.
- Drill two HQ3 diamond holes totalling approximately 410 metres.
- Survey collar locations with RTK GPS.
- Geological and structural logging of oriented core.
- Core photography.
- Cutting, sampling and analysis of core samples.
- Drill site rehabilitation.
- Append 2011/2012 drillhole data to the Coxco Database and validate; commence building new sections and interps; update the Coxco model.
Figure 8: Section 2850N – 2012 Proposed Diamond Hole CO_2012_01
Figure 9: Section 2850N – 2012 Proposed Diamond Hole CO_2012_02

- COXCO 2012-02
- COXCO FAULT
- Base of oxidation
- EMU FAULT ZONE
- 2725N
- 10100 L
- 10000 L
- 9900 L
- 9800 L
5.0 BIBLIOGRAPHY


Hinman, Mark  GeoSOLUTIONs Pty Ltd. Interim report on Oriented Diamond Drilling for North Ltd - February 2000. Internal Company Report to North Ltd.


Selley, David  North Ltd. Coxco Prospect Field Mapping Report, Internal Company Report, May, 1999


