CSA Global
Resource Industry Consultants

CSA Global Pty Ltd
Unit 12, 16 Charlton Court
Woolner, NT 0820

PO Box 36559
Winnellie, NT 0821
Australia

T +61 8 8941 2097
E csant@csaglobal.com

ABN 67 077 165 532
www.csaglobal.com

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Exploration & Evaluation

HIGHLANDER GOLD PROJECT (EL26094) – COSTEAN SAMPLING PROGRAM

Regalpoint Resources Ltd

Rum Jungle Region, Northern Territory

By
Harry Mees
BEng (Geol)

For:

Regalpoint Exploration Ltd.
Level 14, 191 St. Georges Terrace
Perth
WA 6000

Daniel Wholley
Director / Operations Manager

Executive Summary

A program of excavator costeaning was carried out at the Highlander Gold Prospect on EL26094 near Woodcutter's Mine in the Top End of the Northern Territory on behalf of client Regalpoint Resources Ltd. Fieldwork took place from 6/5/2011 to 16/5/2011.

The purpose of the program was to confirm the results of previous gold exploration by Nicron Resources and to assist in providing targeting information for a follow-up RC drilling program.

A total of 6 trenches for a total length of 768m were dug by a local contractor. Trenches were channel sampled at 5m intervals. Anomalous gold mineralisation was intersected in all trenches, broadly consistent with results reported by Nicron Resources. The quartz veining exposed in the trenches was found to have a general Northerly strike with a moderate to steep dip to the east.

The first pass proposed drilling program has been designed to follow up on the Nicron drill-hole results in the Northern part of the prospect by testing 40m along strike North and South and 20m down dip of the existing holes around costean HLCT001 which has significant mineralised intercepts, and to test the mineralisation between costeans HLCT002 and HLCT003.

A number of drill pads have been prepared in advance of an RC drilling program.

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2 Introduction

A program of excavator costeaning was carried out at the Highlander Gold Prospect on EL26094 near Woodcutter's Mine in the Top End of the Northern Territory on behalf of client Regalpoint Resources Ltd. Fieldwork took place from 6/5/2011 to 16/5/2011.

The purpose of the program was to confirm the results of previous Au exploration by Nicron Resources and to assist in providing targeting information for a short RC drilling program. No formal structural interpretation of the trench geology was requested beyond obtaining general information on the orientation of zones of quartz veining.

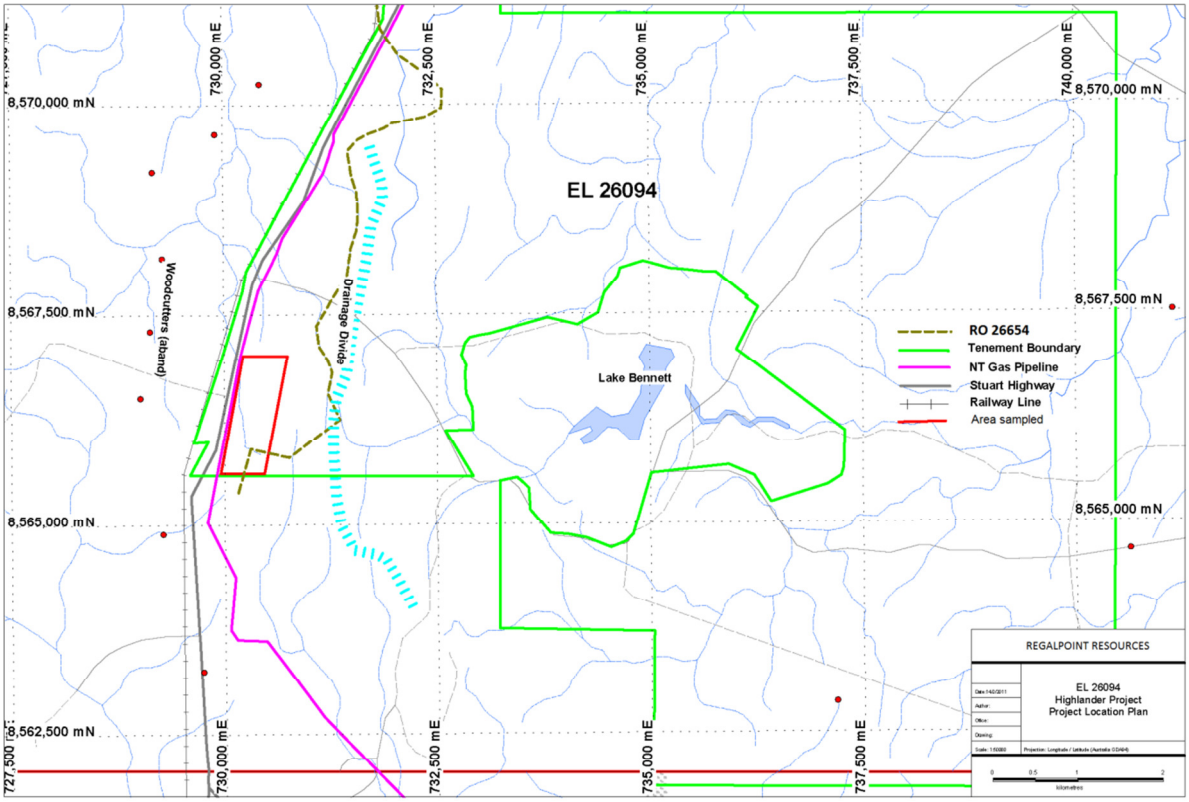

Figure 1. Location of area sampled within EL26094

3 Methodology

A 24 tonne excavator was used to dig the costeans to identifiable bedrock. A total of 6 trenches for a total length of 768m were dug by a local contractor. Trenches were channel sampled at 5m intervals.

In most cases this was successful, with only short sections of costeans 4 and 5 stopping in indurated and lateritised colluvium. Most of the Proterozoic rock exposed in the trenches has been weathered to clays, with little un-oxidised rock material remaining. The trenches range in depth from 0.8 to 2.1m and are approximately 1.3m wide.

The North wall of the east-west oriented costeans was measured using a tape-measure, clinometer and compass and geologically mapped, with special reference to structure and quartz veining.

After mapping the costean was channel sampled in 5m intervals. This involved cutting a continuous channel approximately 5cm wide and a few centimetres deep in the wall of the trench with picks. The channel was generally cut in the North wall of the trench about 20-40cm above the floor of the trench after the wall of the trench had been cleaned of any smearing caused by the excavator.

The base of the colluvial layer exposed in the trench was marked and wherever possible the channel sample was taken well below the colluvial layer. In the few instances where no bedrock was exposed the colluvial layer was sampled near the base of the costean for the sake of continuity. The 5m channel samples were reduced to a 3-4kg sample size by cone and quartering whenever excess material was collected. Occasionally a duplicate sample was collected by splitting off another 3-4kg sample during the cone and quartering stage.

Where geological mapping suggested it was warranted channel samples were collected in 1m or occasionally 2m or 3m intervals; in these cases the entire sample was collected for analysis.

Samples were submitted to Amdel Pty Ltd for sample preparation in Darwin and analysis in Adelaide. Samples were analysed for Al, Ca, Cr, Fe, K, Mg, Mn, Na, P, S, Ti, V, Cu, Zn, Au, Ag, As, Bi, Cd, Ce, Co, Cs, Ga, Ln, La, Mo, Nb, Pb, Rb, Sb, Se, Sr, Te ,Th, Tl, U, W, Y, Zr, Ba and Ni using an Aqua-Regia digest and mass-spectrometer finish.

4 Geology

The following attachments detail both plan and profiles of the costeans:

- Attachment 1 – Highlander Costean Plan
- Attachment 2 – Highlander Costean Profiles 01 to 03
- Attachment 3 – Highlander Costean Profiles 04 to 06

All trenches intersected an east dipping sequence of oxidised siltstones with minor intercalations of sandstone or quartzite beneath a thin (0.1-2.0m) veneer of colluvium. The colluvium ranges from a thin soil layer to boulder colluvium on the steeper slopes and some areas of highly indurated, lateritised valley-fill colluvium ("coffee rock").

The siltstones in particular were variably but almost completely oxidised, and range from fairly massive yellow-brown clays to well laminated purple hematitic siltstone. The variable weathering is likely to be partly due to an original variation in sulphide content.

Structurally the area lies on the east limb of a NNE trending anticline; in general the stratigraphy dips about 50 degrees to the east. In several of the trenches minor upright parasitic folds with amplitude of 5-10m can be observed: a few of these may be drag-folds on faults.

Quartz veining is present in all trenches and appears intimately related to gold mineralisation, although not all veining is mineralised and there is a great variety of vein types. Veining in the siltstone appears to be of two styles; bedding parallel and slightly steeper than bedding; the latter may be aligned with axial-planes of folding. Both these styles of veining are planar and veins range from 0.1 to rarely 20cm. Occasional wider but irregular and discontinuous masses of vein quartz occur. Within the sandstones the veins form a ladder array: some veins are parallel to contacts with linking veins cross-cutting the sandstone units. The latter is a result of the rheology contrast of the relatively rigid sandstone units within the more ductile siltstones. The sandstones are locally discontinuous as observed in HLCT003 where sandstone outcrop is present immediately to the North and South of the costean, but was not intersected.

5 Results

The certified laboratory analytical results received from Amdel are attached to this report as Attachment 4 & Attachment 5. The analysis results with their associated costean and sample identifiers are also attached to this report as Attachment 6 - Highlander (EL26094) Costean Assays Results (A3 size).

Strongly anomalous gold assays (>150ppb Au) were returned from all trenches (c.f. Table 1). Higher grade gold mineralisation (>500ppb) appears broadly related to zones of quartz veining, but mineralisation shows what appears to be a broad secondary dispersion pattern in the oxidised zone.

The widest and highest grade mineralised intersection was obtained from Costeans HLCT001, 002 and 003; this is reasonably consistent with results obtained by Nicron Resources (HLCT003: 55m @ 0.255ppm Au compares with a reported 50m @ 0.3ppm in a nearby Nicron Trench).

Costean	From (m)	To (m)	Interval(m)	Au (ppb)	Remarks
HLCT001	5	80	75	333	inc 40-45m 5m@1.4ppm Au
HLCT001	111	116	5	458	inc 112-113m 1m@1.1ppm Au
HLCT002	10	60	50	411	inc 52-53m 1m@1.5ppm Au
HLCT003	0	55	55	255	
HLCT004	45	65	20	376	
HLCT004	90	95	5	152	
HLCT005	40	50	10	209	
HLCT006	55	60	5	200	
HLCT006	65	70	5	308	

Table 1: Mineralised Costean Intervals >150ppb Au

Most duplicate sample pairs correlated reasonably well, with the exception of the highest grade duplicate sample WF144570 (326ppb Au) which shows considerable divergence from its original (150ppb Au); this is probably an indicator of a nugget effect at higher grades rather than being a sampling problem.

There is no obvious correlation of the mineralised veins from costean to costean; the individual mineralised veins are likely to be discontinuous structures within a broader mineralised envelope; in costeans HLCT001, 002 and 003 this broader mineralised envelope appears to coincide roughly with the areas where parasitic folds are mapped; it seems likely that mineralisation, as is generally the case in the Pine Creek region, is concentrated at a failed anticline. This being the case a strong plunge to the mineralisation can be expected, although this could not be determined from the trenching.

The probable discontinuity of mineralisation is exemplified by the interval 110-115m in Costean HLCT001: in this costean a section of the south wall was sampled as well as the north wall as irregular quartz veining was exposed in the south wall but not in the north wall; the south wall assayed 458ppb while the equivalent north wall assayed 113ppb Au. Little quartz veining was observed in HLCT005 and 006; and this is reflected in the limited anomalous mineralisation in these costeans, although the correlation of anomalism with veining is poor in these particular costeans.

In HLCT001 it is apparent that colluvium may be locally strongly mineralised, eg 554ppb Au in the interval 0-5m. No particular attention has been paid to the nature of the mineralisation in the colluviums. It is possible that the anomalous gold in the lateritised colluvium is due to hydromorphic dispersion or more likely of detrital origin.

6 Historical Data

In a recent review further Open File Reports on the Highlander Prospect were obtained from the Mines Department. All known Highlander drill-hole assay information (including QA/QC data) has been compiled from information contained in these reports. All previous Highlander Prospect drill-hole collars have been located to within GPS accuracy (+-5m).

The historical information shows the presence of a significant east dipping zone of mineralisation in the northern part of the Highlander Prospect, centred on Costean HLCT001.

Elsewhere patchy inconsistent gold anomalies were recorded. It is reported that all mineralisation was intersected in the oxide zone, and that only one hole (Diamond drill-hole HLD01) targeted primary mineralisation. Judging by the description ("limonitic quartz") even the mineralisation in this hole was still at least partly oxidised, so it is fair to say that the primary zone and perhaps the highest grade zone of supergene mineralisation at the oxide-fresh interface were not adequately tested.

7 Proposed Drilling Program

It was initially proposed to carry out confirmatory drilling to replicate the Nicron results by twinning existing holes. However, since all the Nicron drill-hole data was subsequently obtained, including QA/QC results, it seems unwarranted to twin the existing holes.

The first pass proposed drilling program is essentially designed to follow up on the Nicron drill-hole results in the Northern part of the prospect by testing 40m along strike North and South and 20m down dip of the existing holes around costean HLCT001 which has significant mineralised intercepts, and to test the mineralisation between costeans HLCT002 and HLCT003.

Accordingly a number of drill-pads were cleared while the earthmoving equipment was still on site for the costeaning. Most proposed holes are 90-120m deep, and inclined at 60 degrees to the west.

ID	East	North	Inclination	Azim_Magnetic	Depth	Elevation
PRC2	730480	8566455	-60	265	100	110
PRC3	730475	8566495	-60	265	120	110
PRC4	730450	8566550	-60	265	100	110
PRC5	730480	8566635	-60	265	120	110
PRC6	730490	8566675	-60	265	90	107
PRC7	730475	8566715	-60	265	100	106
PRC8	730455	8566755	-60	265	120	106

Table 2: Proposed RC Holes

Cross sections for proposed holes PRC2, 4, 6 and 7 are attached as follows:

Attachment 7 – Proposed Hole PRC2.

Attachment 8 – Proposed Hole PRC4.

Attachment 9 – Proposed Hole PRC6.

Attachment 10 – Proposed Hole PRC7.

An allowance for an additional 450m of drilling is also included in this program by utilising 4 of the proposed hole locations in Table 2 above – this will take the total RC meters planned to 1,209.

8 Conclusions

- Costean sampling work was conducted by CSA Global to attempt to replicate exploration results from previous workers.
- The recently completed costeans intersected geology similar to that in the earlier work. This comprised oxidised siltstone and sandstone with zones of 0.1 to 20cm quartz veins which are anomalous in gold.
- The results are broadly consistent with earlier work completed by Nicron and require follow up with RC percussion drilling as outlined in Section 7 and attachments.

9 Recommendations

- Complete follow up RC drill program as outlined in Section 7.
- Sample all holes as single metres or 4 meter composites and submit for multi-element analyses.
- Incorporate robust QA-QC procedures:
    - Field duplicates 1 in 20
    - Certified reference material 1 in 20
    - Blanks in areas likely to be mineralised
    - Umpire assays at a rate of 1 in 20 samples
- A detailed structural study of vein stratigraphic relationships would provide valuable information on the shape and distribution of gold deposits.
- This could initially be done from costeaning data but subsurface data collected from drill core would also be very useful.