



**NATURAL  
RESOURCES  
EXPLORATION**

**YEAR 1**

**ANNUAL REPORT  
ALROY DOWNS (EL28331)  
17/05/2011 to 16/05/2012**

|  |   |
|--|---|
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## Contents

|   |    |
|---|----|
| Summary .....   | 3  |
| 1. Introduction .....   | 4  |
| 2. Tenure .....   | 4  |
| 2.1 Location and Access .....                                     | 4  |
| 2.2 Topography and Drainage .....                                 | 6  |
| 3. Geology .....  | 7  |
| 3.1 Regional Geology .....  | 7  |
| 3.2 Stratigraphy and sedimentology .....                          | 8  |
| 3.3 Permit Geology .....  | 10 |
| 4. NRE's Exploration Activities during the Reporting Period ..... | 11 |
| 4.1 Previous Exploration Studies .....                            | 12 |
| 5. NRE's Exploration Activities for next 12 month period .....    | 16 |
| 6. Reports lodged during the reporting period .....               | 17 |
| 7. Conclusions .....  | 17 |
| 8. Bibliography .....   | 18 |

## Figures

|  |    |
|--|----|
| Figure 1. <i>Location Map</i> .....                                | 5  |
| Figure 2. <i>Access Map</i> .....                                  | 5  |
| Figure 3. <i>Cadastral Map</i> .....                               | 6  |
| Figure 5. <i>Regional Geology Map</i> .....                        | 8  |
| Figure 6. <i>Stratigraphic Summary of the Georgina Basin</i> ..... | 9  |
| Figure 7. <i>Permit Geology Map</i> .....                          | 11 |
| Figure 8. <i>Historic tenements over EL28331</i> .....             | 13 |
| Figure 9. <i>Water Bore Location Map</i> .....                     | 15 |

## Tables

|   |    |
|---|----|
| Table 1. Tenement Details .....                       | 4  |
| Table 2. Historical Reports Reviewed by NRE .....     | 13 |
| Table 3. Water Bores without cuttings .....           | 16 |
| Table 4. Water Bore tested using the XRF Device ..... | 16 |

## Appendices

|  |    |
|--|----|
| Appendix 1 Water Bore Cuttings XRF Assay Results ..... | 20 |
|--|----|

## Summary

Section 94 of the **Mineral Titles Act** requires the submission of an Annual Report prepared by the titleholder for each exploration licence. The purpose of the following Annual Report for Exploration Licence (EL) 28331 is to provide a summary of the activities carried out over the area, including results produced by those activities.

Natural Resources Exploration's ('NRE') has carried out a detailed geological assessment of its Alroy Downs Prospect, Exploration Licence (EL) 28331, during the first year of grant. To delineate prospective areas for phosphate, uranium and diamond mineralisation and define the next phase of exploration, NRE carried out extensive office-based studies including desktop reviews of all previous exploration across EL28331 and its surrounding tenures which form the group project area known as the 'Barkly Project'.

NRE also attended the Darwin Core Facility with a view to analysing water bore cuttings held at the library. NRE carried out both XRF and ALS Analysis of water bores located within EL28331 and within the region.

NRE has met all work and expenditure commitments for EL 28331 for the first term of the licence.

## 1. Introduction

Natural Resources Exploration ('NRE') has carried out a detailed geological assessment of its Alroy Downs Prospect, Exploration Licence (EL) 28331, during the first year of grant.

To delineate prospective areas for phosphate, uranium and diamonds mineralisation and define the next phase of exploration, NRE carried out extensive office-based studies including desktop reviews of all previous exploration across EL28331 and its surrounding tenures which form the group project area known as the 'Barkly Project'.

Natural Resources Exploration ('NRE') is exploring for phosphate, uranium and diamonds in the Northern Territory's Barkly Sub-basin within the central Georgina Basin.

Investigations were intended to locate any outcropping of any mineralisation and any indicators of any sub-surface any mineralisation within the tenement.

## 2. Tenure

NRE's exploration licence (EL) 28331, is more commonly known by NRE as its 'Alroy Downs Prospect'. EL28331 was granted to NRE on 17 May 2011 consisting of 216 sub-blocks over the Barkly Tablelands. **Table 1** lists the pertinent tenement details.

**Table 1. Tenement Details**

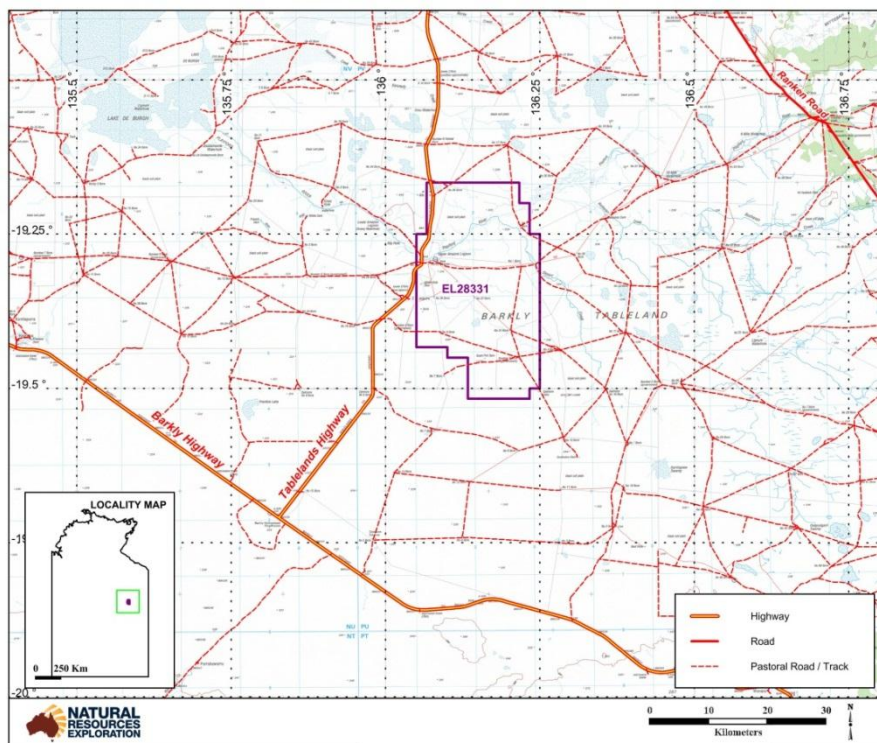
| Project Name | Tenement Name | Title No. (EL) | Sub-blocks | Sq. Km | Status  | Grant Date | Term (Yrs) | Expiry Date |
|--------------|---------------|----------------|------------|--------|---------|------------|------------|-------------|
| Barkly       | Alroy Downs   | 28331          | 216        | 700.01 | Granted | 17-May-11  | 6          | 16-May-17   |

### 2.1 Location and Access

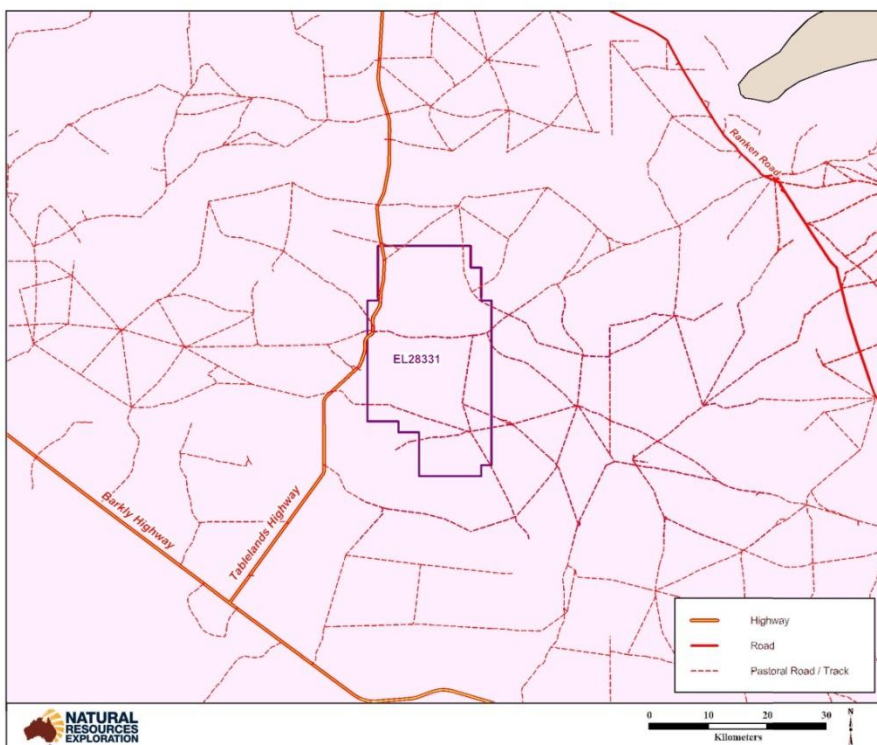
EL28331 is located in the Barkly Tablelands approximately 315 kilometres to the northwest of Mount Isa. The location of the project is shown in **Figure 1**.

Access is from Mt Isa via the sealed Barkly Highway or Darwin via the sealed Stuart and Barkly Highways. Alternatively, EL28331 can be accessed by helicopter. Access to the project is identified in **Figure 2**.

**Figure 1. Location Map**



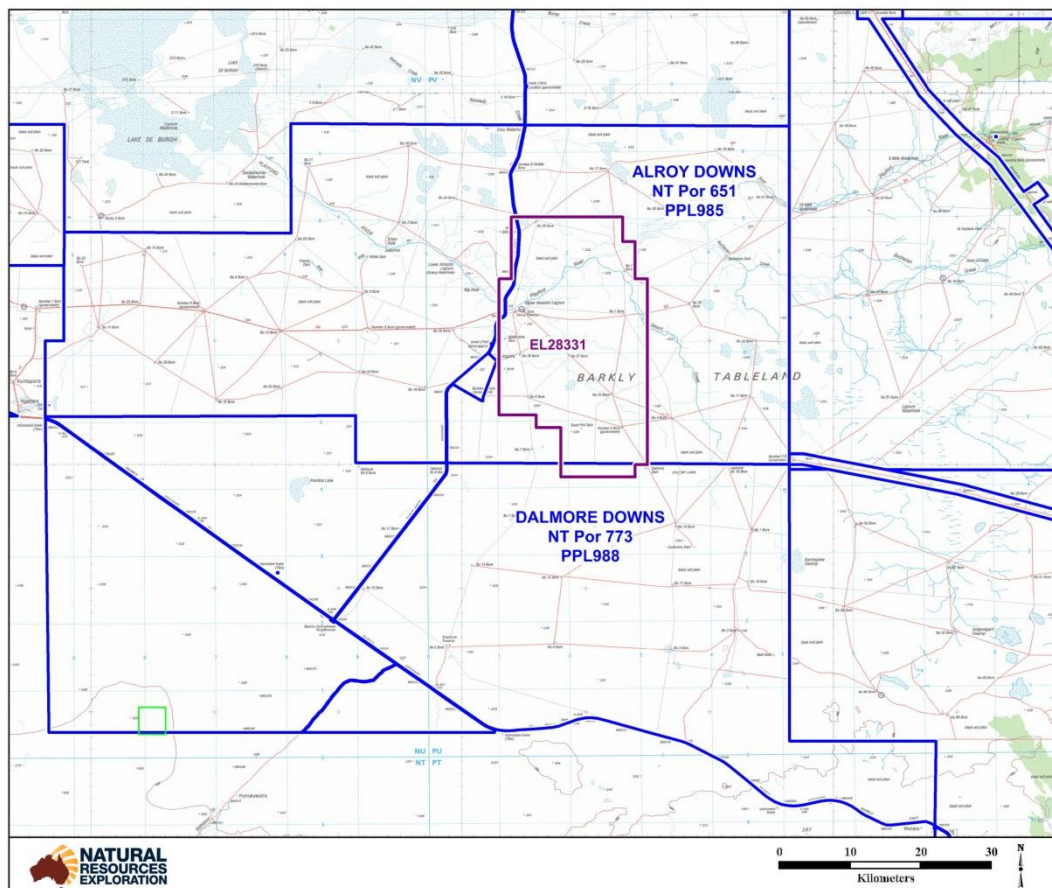
**Figure 2. Access Map**



## Pastoral Leases

NRE's EL28331, Alroy Downs Prospect overlies two (2) Perpetual Pastoral Leases namely, 'Alroy Downs' NT Portion 651 PPL 985 and 'Dalmore Downs' NT Portion 773 PPL988. These Perpetual Pastoral Leases have been identified in **Figure 3**.

**Figure 3. Cadastral Map**

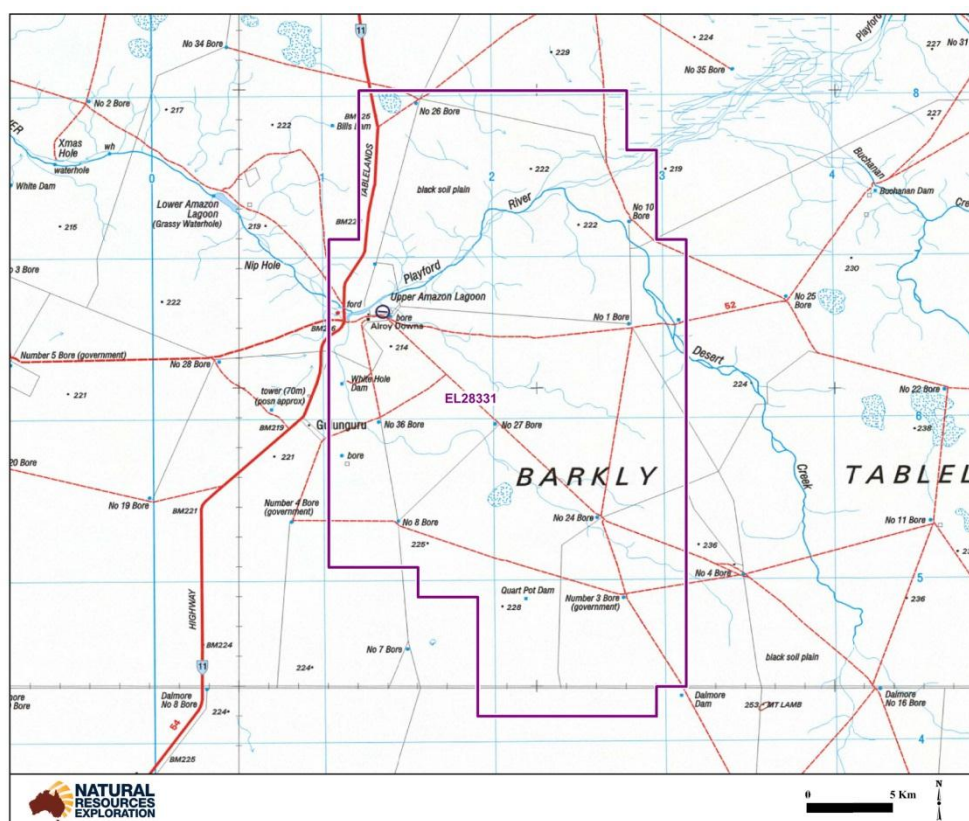


## 2.2 Topography and Drainage

The Barkly Tableland is a vast terrain of flat to very gently undulating black soil plains. The tenure is flat lying with clays soils and sheet wash. There are three lakes in the southern part of the tenure and minor outcrops of quartz sandstone and dolostone in the north eastern part of the tenure. The topography of the Alroy Downs Prospect is depicted in **Figure 4** below.



**Figure 4. Topography Map**

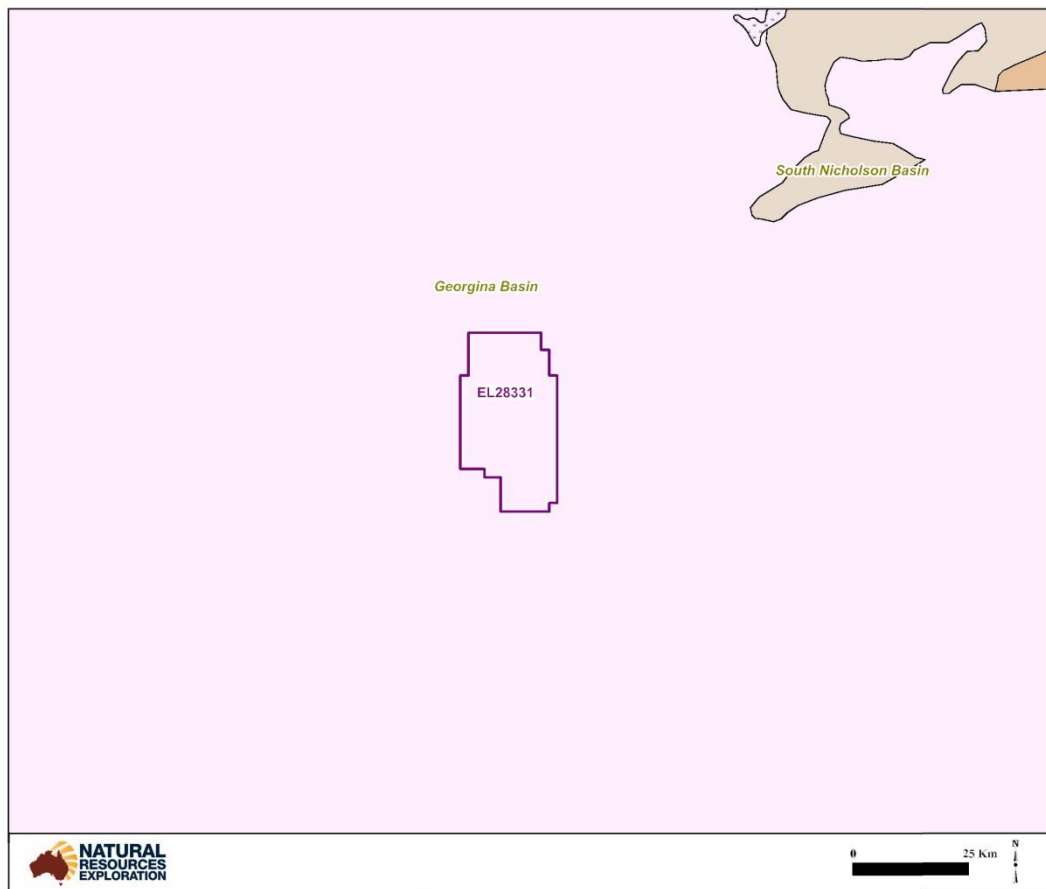


### 3. Geology

#### 3.1 Regional Geology

EL28331 and the surrounding tenures within NRE's Barkly Project lie centrally within the Georgina Basin, straddling the boundary between the Barkly and Undilla Sub-basins (**Figure 5**). Together with the Wiso and Daly Basins, which lie to the west and northwest respectively, the Georgina Basin constitutes an extensive (360,000 square kilometres remnant of the NeoProterozoic and Palaeozoic, sedimentary sequence that was originally deposited across an intra-continental platform that covered a large part of central Australia.

**Figure 5.      *Regional Geology Map***



The Georgina Basin comprises rocks ranging in age from Neoproterozoic to Devonian and covers an area of approximately 325,000 square kilometres. The Basin is elongated north west to south east and regional magnetic data can be used to infer a north west – south east structural grain with ridge and depression sub-basin topography.

### **3.2 Stratigraphy and sedimentology**

Shergold and Druce (1980) subdivided the Basin sequence into three tectono-stratigraphic units or “tectotopes”.

- Tectotope 1 is Neoproterozoic to Early Cambrian in age and consists of glacial, siliciclastic sediments overlain by marine and marginal marine or continental siliciclastic sediments.
- Tectotope 2 is distributed widely across the Basin, is of Middle Cambrian to Ordovician in age and comprises sequences dominated by carbonates with some early siliciclastic units.



- Tectotope 3 is Ordovician to Devonian in age, dominated by siliciclastic rocks and occurs only in the south.

The significant phosphate deposits of the Georgina Basin occur in the Middle Cambrian and consequently the relevant part of the stratigraphy belongs to tectotopes 1 and 2. The sedimentology across the Basin is complex and consequently the stratigraphy developed by many people working in specific relatively localised areas includes a plethora of units and stratigraphic names.

As Cook (1989) noted that no single stratigraphic column can be provided for the Georgina Basin. **Figure 6** is an attempt to reconcile localised stratigraphic interpretations for the Early and middle Cambrian, which is most relevant to the discussion of phosphate mineralisation. The following outline of the geological history of the Georgina Basin from Neoproterozoic to Late Cambrian times is taken largely from Cook (1989). Sedimentation in the Georgina Basin was initiated in the Neoproterozoic in grabens formed by regional north east- south west extension. Tholeiitic basalts and felsic volcanic rocks were emplaced in the centre and north during the earliest Cambrian; these lie unconformably on Proterozoic basement and include the Helens Springs and Peaker Piper Volcanics. Elsewhere, the basal units of the Georgina Basin comprise conglomerates, sandstones, shales and glacial and fluvial sediments (e.g. Mount Birnie, Riversdale and Mount Hendry Formations).

**Figure 6.      *Stratigraphic Summary of the Georgina Basin***

| GEORGINA BASIN   |                        |                         |                      |                     |                 |  |
|------------------|------------------------|-------------------------|----------------------|---------------------|-----------------|--|
| WESTERN          |                        |                         | EASTERN              |                     |                 |  |
| BARKLY SUB-BASIN |                        | UNDILLA SUB-BASIN       | UNDILLA SUB-BASIN    | BURKE RIVER OUTLIER |                 |  |
| MIDDLE CAMBRIAN  | Anthony Lagoon Beds    | Camooweal Dolostone     |                      |                     |                 |  |
|                  |                        | Ranken Ls               | Gowers Fm            |                     | Currant Bush Fm |  |
|                  |                        | Wonarah Fm              | Burton Beds          | Inca Fm             |                 |  |
|                  |                        |                         |                      | Beetle Crk Fm       |                 |  |
|                  | Gum Ridge Fm           | Thorntonia Limestone    | Thorntonia Limestone |                     |                 |  |
| EARLY CAMBRIAN   | Peaker Piker Volcanics | Helen Springs Volcanics | Mt Hendry Fm         | Riversdale Fm       | Mt Birnie Beds  |  |

Ongoing extension and subsidence were accompanied by a marine transgression and by the Middle Cambrian, the Basin was covered by a shallow intra-continental sea, rich in marine life. Extensive limestone and dolomitic sequences (e.g. Thornton Limestone and Gum Ridge Formation) were deposited. These also contain evidence for shallow, intertidal and highly saline conditions (e.g. algal structures and pseudomorphs of halite and gypsum crystals).

Following a short break in sedimentation, subsidence continued with the deposition of a sequence of siltstone and sandstones around the Basin margins and carbonate shoals in deeper water. Cook (1989) noted that this was a time when the Basin was characterised by a complex interplay of sedimentary environments, ranging from shallow marine, through intertidal and estuarine to lagoonal. It was also the time when the major phosphatic units (e.g. the Beetle Creek and Wonarah Formations and Anthony Lagoon and Burton Beds) and the phosphorites were deposited.

Formation of the phosphatic units of the Georgina Basin was followed by deposition of black organic-rich shales (Inca Formation) in near shore areas and shallow carbonates throughout most of the Basin. Carbonate sedimentation continued until uplift and erosion associated with the Delemarian Orogeny occurred in the Late Cambrian.

Howard (1990) used bore hole and drillhole, aeromagnetic and gravity data to define a phosphatic lithofacies within the Middle Cambrian of the Georgina, Wiso and Day Basins. The phosphatic horizon has an average width of 32 km and a thickness of between 10 and 190 metres. The strike length exceeds 2000 km. The phosphate deposits in the southeast are slightly younger than those found elsewhere. The dominant lithology of the phosphatic lithofacies is siltstone and the phosphatic horizon occurs either at basin margins, adjacent to Proterozoic basement (e.g. in the eastern Undilla sub-basin and Burke River outlier) or above structural basement highs (e.g. Barkly subbasin).

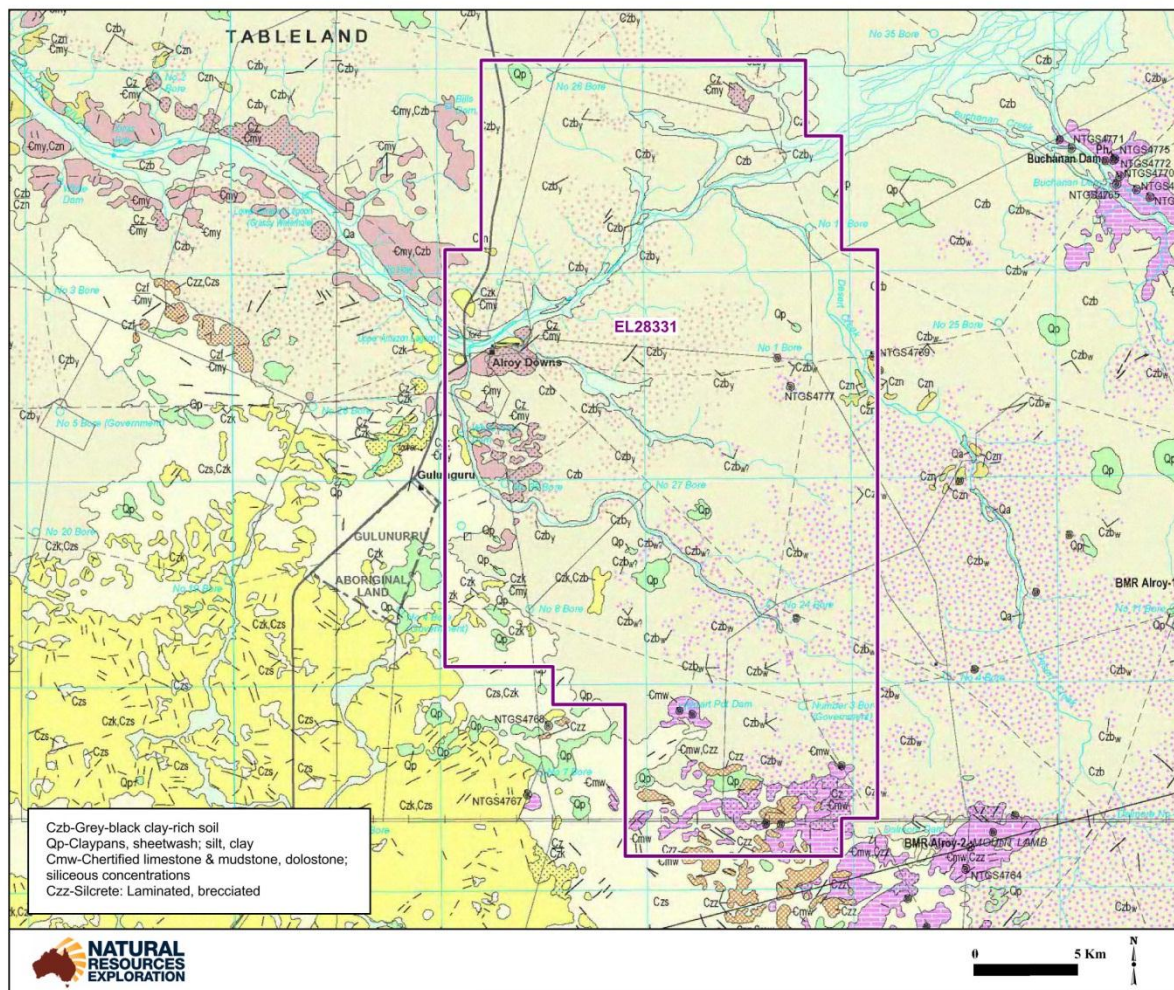
### **3.3 Permit Geology**

EL28331 sits across the Barkly Tableland and overlies the Georgina Basin. The Barkly Tableland coincides closely with the north-central and northern parts of the Neoproterozoic to Palaeozoic Georgina Basin. Exposures of the basinal sediments in the area are rare, but where present, are typically composed of weakly deformed middle Cambrian carbonate sedimentary rocks. Locally overlying the Palaeozoic rocks are thin deposits of flat lying late Palaeogene limestone. Thin deposits of Cretaceous marine sediments also locally occur in the northern margin of the Barkly Tableland.

The geology within EL28331 consists of units which have been mapped and interpreted across the Alcoota 1:250K, Alcoota 1:250K and Woodgreen 1:100K geological sheets by government geologists.

The permit geology is illustrated in **Figure 7**.

**Figure 7. Permit Geology Map**



#### 4. NRE's Exploration Activities during the Reporting Period

In order to define the next phase of exploration, NRE's exploration program for the first term of its Alroy Downs Prospect consisted of extensive desktop studies and a historic review of previous exploration over the tenure area as well as its surrounding tenures which form the group project area known as the 'Barkly Project'.

Our office-based studies have allowed us to delineate prospective areas for phosphate mineralisation. From these studies, NRE has begun modelling the phosphate horizon in the region with the view of conducting a future limited drilling program.

NRE also lodged an Exploration Report with the Northern Territory Department of Resources' Geoscience Division on 7 June, 2011. This report was required in respect of the XRF and ALS Assaying of Water Bore Chips at the Darwin Core Facility. The Exploration Report was titled '**XRF & ALS Assaying of Water Bore Chips – Core Facility: Darwin**'.

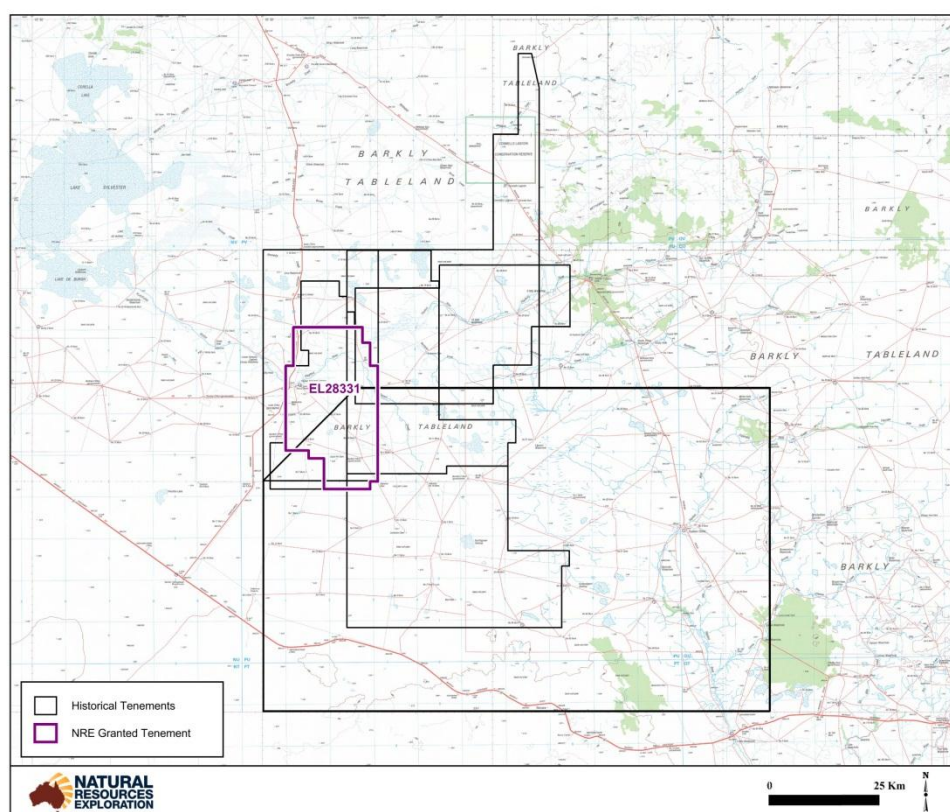
## **4.1 Previous Exploration Studies**

NRE has conducted an extensive review of historic exploration over EL28331. Historic exploration in this region has largely been for phosphate and diamond exploration with some uranium exploration. Encouraged by IMC's success in locating high grade phosphate in the late 1960's, a number of explorers have continued to search for phosphate in the region.

The Barkly region was part of the Australian Diamond Exploration Joint Venture regional programme to search for kimberlitic pipes. Results varied across the region with microdiamonds recovered, and intrusive pipes located. Recent exploration has favoured base metal mineralisation. A number of historic tenements have covered areas overlapping NRE's tenures and these are shown in **Figure 8** below.



**Figure 8. Historic tenements over EL28331**



NRE has reviewed a number of previous companies' exploration reports overlapping EL28331, including those listed in **Table 2** below.

**Table 2. Historical Reports Reviewed by NRE**

| Tenement | Period    | Company Reports   | Company                               |
|----------|-----------|---|---------------------------------------|
| EL 22982 | 2002-2003 | CR2004-0044   | De Beers Australia Exploration        |
| EL 22981 | 2002-2003 | CR2004-0044   | De Beers Australia Exploration        |
| EL 4348  | 1983-1989 | CR1985-0023,CR1986-0099                                     | Aberfoyle Exploration / Ashton Mining |
| EL 1081  | 1976-1977 | CR1977-0038   | Australia Fertilizers                 |
| AP 1874  | 1967-1971 | CR1968-0016,CR1970-0079,CR1971-0012,CR1971-0192             | Continental Oil Company of Australia  |
| AP 2161  | 1968      | CR1968-0032,CR1969-0022,CR1970-0036,CR1970-0038,CR1970-0040 | IMC Development                       |
| AP 1802  | 1967-1968 | CR1968-0030   | IMC Development                       |
| EL 27082 | 2009-2010 | CR2010-1020   | Aragon Resources                      |

## 4.2 Water Bore Cuttings Analysis

NRE attended the Northern Territory's Alice Springs Core Facility and conducted XRF Assaying of all water bore chips available within EL28331 as well as its surrounding tenures which form the group project area known as the 'Barkly Project'.

This exploration activity was completed in order to define any mineral potential within EL28331. The XRF Assaying of water bore chips at the Darwin Core Facility involved:

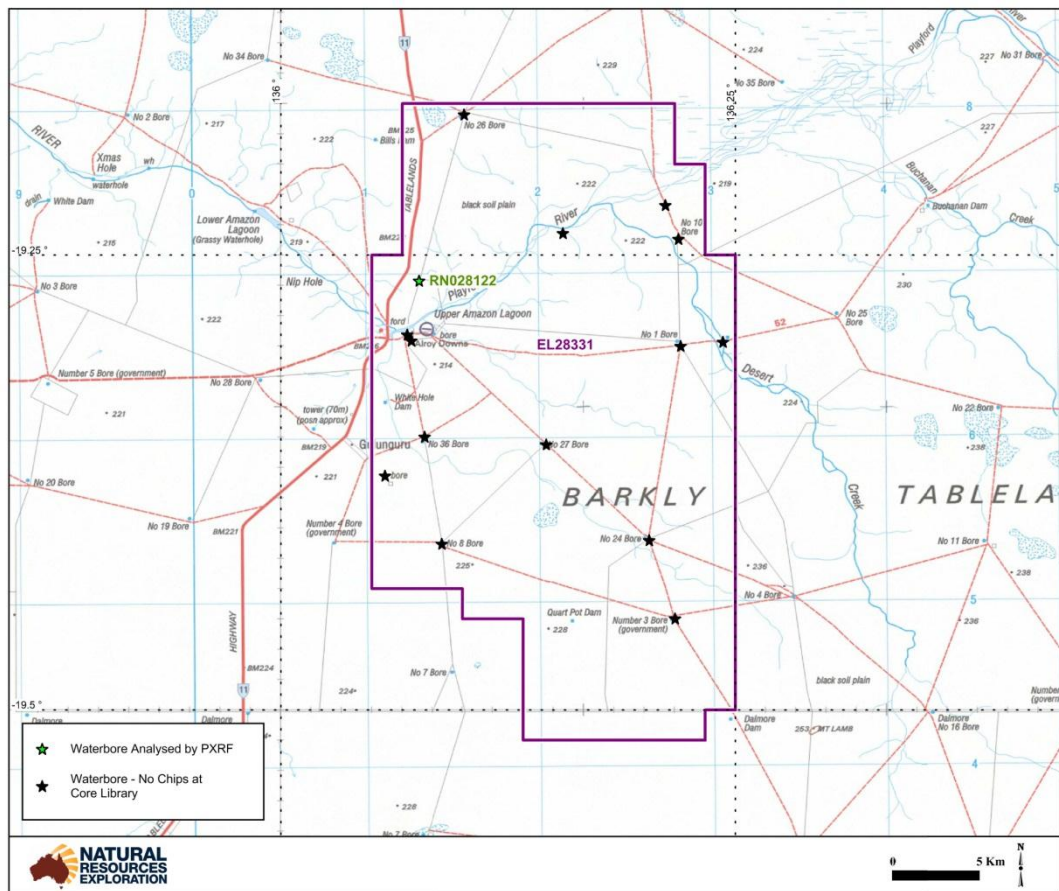
- Delineation of all water bores drilling in the project areas;
- Compilation and data entry of all relevant information recorded at the time of drilling, including geology intersected and water chemistry;
- Determination of water bore chips available for XRF analysis held at the Darwin Core Facility;
- Assessment and correlation of XRF results and geological data within each hole and across the project areas.

The XRF Analysis of water bore chips held at the Northern Territory Department of Resources' ('the Department') Darwin Core Facility has proved to be valuable to NRE in determining the mineral prospectivity of each of its project areas and specifically, in respect of each tenement.

After compilation and detailed interrogation of all currently available data within each tenement with the XRF results, NRE was provided with valuable insight into the mineral potential of EL28331, its surrounding tenements and the region in general. The location of the water bores within or near NRE's Alroy Downs Prospect are depicted in **Figure 9**.



**Figure 9. Water Bore Location Map**



The Department kindly allowed NRE to set-up in the Darwin Core Facility where NRE's geologists undertook analysis of the water bore cuttings using a hand-held XRF device. There were fourteen (14) additional water bores within EL28331 but no chips were held at the Core library.

Although not all water bores had cuttings available for testing (**Table 3**), NRE was able to test one (1) water bore within the Alroy Downs Prospect (**Table 4**). Full results obtained are provided in **Annexure 1**.

**Table 3. Water Bores without cuttings**

| Hole_ID  | MGA_53_E | MGA_53_N  |
|----------|----------|-----------|
| RN000719 | 630604   | 7865773.8 |
| RN000723 | 612596.1 | 7865966.7 |
| RN000726 | 611026.1 | 7857768.8 |
| RN000728 | 628077   | 7872058.7 |
| RN000734 | 627718.1 | 7848967.8 |
| RN003138 | 615734.1 | 7879713.7 |
| RN003140 | 626261.1 | 7853743.8 |
| RN003142 | 614289.1 | 7853596.8 |
| RN004088 | 628168   | 7865541.8 |
| RN005938 | 620355.1 | 7859599.8 |
| RN028454 | 613331.1 | 7860116.7 |
| RN031193 | 612364.1 | 7866332.7 |
| RN031194 | 627348   | 7874118.7 |
| RN034668 | 621406   | 7872457   |

**Table 4. Water Bore tested using the XRF Device**

| Hole_ID  | MGA_53_E | MGA_53_N  |
|----------|----------|-----------|
| RN028122 | 613060.1 | 7869603.7 |

## 5. NRE's Exploration Activities for next 12 month period

The objective of NRE's exploration activities over the next 12 month period in relation to EL28331 is to delineate optimal drill targets for a limited drilling program within the region.

NRE intends to also take samples and take field assessments of the area with the objective of delineating optimal drill targets to test NRE's phosphate model and the phosphate potential of its tenements as well as obtain an indication of whether base metal mineralisation may be present within the region.

## 6. Reports lodged during the reporting period

NRE lodged an Exploration Report with the Northern Territory Department of Resources' Geoscience Division on 7 June, 2011.

This report was required in respect of the XRF and ALS Assaying of Water Bore Chips at the Darwin Core Facility. The Exploration Report was titled ***'XRF & ALS Assaying of Water Bore Chips – Core Facility: Darwin'***.

NRE believes that no other reports were required to be lodged during this reporting period.

## 7. Conclusions

Natural Resources Exploration's exploration activities during the first term of EL28331 has been focused on determining the mineral prospectivity of the area, modelling phosphate horizons present in EL28331 and its surrounding tenements as well as delineating targets and developing a limited drilling program.

NRE believes that the region is prospective for fairly shallow phosphate mineralisation and NRE has successfully identified various targets for further exploration within EL28331 and other surrounding tenements. NRE will aim to conduct further studies in relation to these findings during its second term of grant with the view of considering conducting a limited drilling program.

NRE is looking forward to commencing exploration activities during the second term of its Alroy Downs prospect.

## 8. Bibliography

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Shergold, J.H., Southgate, P.N. (1986). Middle Cambrian phosphatic and calcareous lithofacies along the eastern margin of the Georgina Basin, western Queensland. Australian Sedimentologists Group Field Guide No. 2, Geological Society of Australia, Sydney, Australia, 89 pages.

Note many more references are also located in the References section of the Alroy, Brunette Downs, Mt Drummond and Ranken 1:250,000 geological map series explanatory notes.

## **Appendix 1**

### *Water Bore Cuttings XRF Assay Results*