



Rio Tinto Exploration Pty. Limited

ABN 76 000 057 125 / ACN 000 057 125

A member of the Rio Tinto Group

**Second Annual Report
For the Period Ending 8 June 2006,
EL24304 & EL385 Walker River,
SD5307 Blue Mud Bay,
Northern Territory**

Exploration Report No. 27640

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| Tenement Holder: | Rio Tinto Exploration Pty Limited |
| Date: | June 2006 |
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| Distribution: | Department of Primary Industry, Fisheries and Mines RTE Perth Information Centre |

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SUMMARY OF ACTIVITIES

1 SUMMARY

Exploration Licence (EL) 385 was applied for in 1972 by CRA Exploration Pty Limited (CRAE). Partial consent of the application area resulted in the granting of two separate licences (ELs 385 & 24304) in June 2004. The tenements are located approximately 180 km south-west of Nhulunbuy, and 80 km north of Numbulwar in south east Arnhem Land and consequently are processed under the Aboriginal Land Rights Act 1975 (ALRA).

The tenements are considered prospective for base metal mineralisation, similar to that at McArthur River (HYC) in the McArthur Basin. Subsidiary targets are diamonds and bauxite. The tenements contain McArthur Group equivalent sediments adjacent to the eastern margin of the Walker Trough. McArthur Group sediments are host to the McArthur River (HYC) lead-zinc deposit located approximately 300 km to the south.

Exploration completed during the current reporting period was directed at locating a stratabound base metal deposit by shallow auger drilling through an area of possible sand cover. Testing for bauxite was also conducted by auger drilling. The programme consisted of drilling a total 51 auger holes for 327m.

Results of the auger drilling did not show any anomalous geochemistry below the sand cover. No significant results were reported for the bauxite auger holes.

EL 24304 was relinquished in full on 4 May 2006 prior to the second anniversary. EL385 was partially surrendered (19 blocks) on the 8 May 2006.

VERIFICATION LISTING

| Exploration Work Type | File Name | Format |
|-------------------------------------|---|--------------------------------------|
| Office Studies | | |
| Literature search | | |
| Database compilation | | |
| Computer modelling | | |
| Reprocessing of data | | |
| General research | | |
| Report preparation | 27640 Walker River WAp46091 WAp46570 | .pdf .pdf .pdf |
| Other (specify) | 27359 Walker River MMP WAp46324 | .pdf .pdf |
| Airborne Exploration Surveys | | |
| Aeromagnetics | | |
| Radiometrics | | |
| Electromagnetics | | |
| Gravity | | |
| Digital terrain modelling | | |
| Other (specify) | | |
| Remote Sensing | | |
| Aerial photography | | |
| LANDSAT | | |
| SPOT | | |
| MSS | | |
| Radar | | |
| Other (specify) | | |
| Ground Exploration Surveys | | |
| Geological Mapping | | |
| Regional | | |
| Reconnaissance | | |
| Prospect | | |
| Underground | | |
| Costean | | |
| Ground Geophysics | | |
| Radiometrics | | |
| Magnetics | | |
| Gravity | | |
| Digital terrain modelling | | |
| Electromagnetics | | |
| SP/AP/EP | | |
| IP | | |
| AMT | | |
| Resistivity | | |
| Complex resistivity | | |
| Seismic reflection | | |
| Seismic refraction | | |
| Well logging | | |
| Geophysical interpretation | | |
| Other (specify) | | |
| Geochemical Surveying | | |
| Drill sample | | |
| Stream sediment | | |
| Soil | | |
| Rock chip | | |
| Regolith | | |
| Water | | |
| Biogeochemistry | | |
| Isotope | | |
| Whole rock | | |
| Mineral analysis | | |
| Other (specify) | | |
| Drilling | | |
| Aircore | | |
| Auger | EL385_2006_A_02_drillcollars.txt EL385_2006_A_03_lithology.txt EL385_2006_A_04_downholegeochem_XRF.txt EL385_2006_A_05_downholegeochem_ICP.txt WAp46602 | .txt .txt .txt .txt .pdf |
| Diamond | | |
| Reverse circulation | | |
| Rotary air blast | | |
| Rotary percussion | | |
| Tungsten carbide bit (coring) | | |
| Groundwater drilling | | |
| All drilling | | |

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| File Verification Listing (this table) | 27640 Walker River V | .pdf |
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