

HEAVY METAL RESOURCES PTY LTD

ANNUAL REPORT- MOUNT HOWSHIP PROJECT
15TH MAY 2015 TO 14TH MAY 2016

EXLORATION LICENCE 9637

TENEMENT OPERATOR.	HEAVY METAL RESOURCES PTY LTD
TENEMENT HOLDER.	HEAVY METAL RESOURCES PTY LTD (50%) CAMECO AUSTRALIA PTY LTD (50%)
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1: 250,000 MAP SHEET.	ALLIGATOR RIVER SD-5301
1:100,000 MAP SHEET.	HOWSHIP SD-5572
TARGET COMMODITY.	URANIUM

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ABSTRACT

The Mount Howship project covers 66.51 sq. Km as 22 sub block contained in Exploration Licence 9637 in Western Arnhem Land about 260 km east of Darwin. The licence was granted to Heavy Metal Resources Pty Ltd (HMR) on 15th May 2009 for an initial period of six years. Cameco Australia Pty Ltd formed a joint venture with HMR and carried out exploration for four years before requesting a moratorium on expenditure. In 2015, Cameco elected to leave the joint venture.

The Mount Howship tenement is considered to be prospective for uranium mineralisation. It is hoped to identify unconformity related uranium deposits.

Exploration activities carried out up to and including reclamation of two diamond drill sites in 2014 were completed under the terms of consent documents agreed with the Northern Land Council pursuant to the Aboriginal Land Rights (Northern Territory) Act 1976.

The field programme for the fifth year of tenure was halted by request to the DME from Cameco due to financial uncertainties arising out of the Fukushima nuclear accident.

The field programme for 2015/2016 was suspended and desk top studies were carried out by Andrew Browne of GeoSynthesis Pty Ltd

Expenditure in 2015/2016 amounted to \$18,174.

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1. LOCATION.

Exploration Licence 9637 is located in Western Arnhem Land in the Northern Territory. The tenement is about 260 km East of Darwin and is to be located on map: 1:250,000. Alligator River (SD-5301)

2. TITLE HISTORY.

Heavy Metal Resources Pty Ltd received an offer of grant from the DME in 1991 subject to agreement with the traditional owners of the land. In 2005 the company formed a joint venture with Cameco Australia Pty Ltd. After protracted negotiations with the Northern Land Council, agreement was reached and EL 9637 was granted on 15th May 2009.

Exploration programme have been in abeyance since 2013 at the request of Cameco to the DME.

In 2015, Cameco formally withdrew from the joint venture and under the terms of agreement there interest in the title reverted to Heavy Metal Resources.

3. LOCAL AND REGIONAL GEOLOGICAL SETIINGS.

These matters have been fully addressed in previous annual reports and remain unchanged.

4. PREVIOUS EXPLORATION.

Prior to 2013 the following air and ground surveys have been completed;

Airborne magnetic, radiometric and hyperspectral surveys.

Ground mapping and sampling and geochemical analysis.

Two targets diamond drilled and analysis.

From 2013, no exploration activities have occurred except for the reclamation of the two drill pads.

5. WORK PROGRAMME FOR 2016/2017

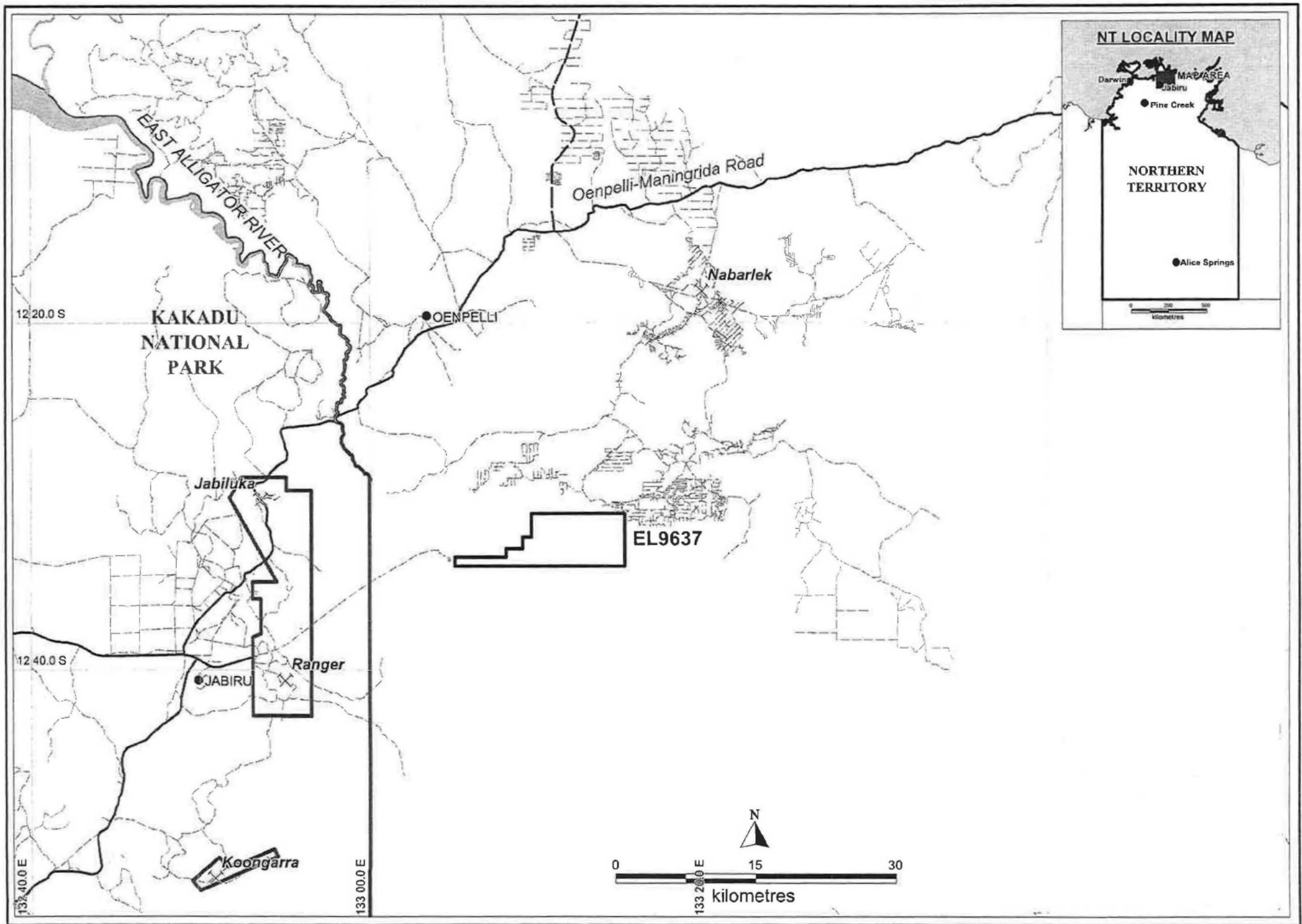
Expenditure will be \$58,000 ground geophysical survey in close proximity to the margin of the Kombolgie and Lower Proterozoic.

6. PREVIOUS EXPENDITURE

Heavy Metal Resources and Cameco have expended in excess of \$1,200,000 on administration and exploration of EL 9637.

7. EXPLORATION MAP.

The position of EL 9637 is identified on the attached map.



CONCLUSION

Cameco as our joint venture partner completed exploration programmes for the first four years of the six year grant and then proceeded to seek a moratorium for the following two years of due to financial uncertainties arising out of the Fukushima nuclear accident. The request was granted by the DME.

ELA 9637 was issued to HMR in 1988 and since that time thousands of hours and thousands of dollars have been expended 'keeping it live' and making many formal presentations to the NLC and the Traditional Owners of the land.

In excess of \$1,000,000 has been expended on exploration.

It has become apparent, by default, that Cameco's model of searching for uranium deposits by Interpretation of the sandstone overlay is not productive in Arnhem Land. The diamond drilling of fault zones in the sandstone has had negative results.

It is HMR's intention to test the margins of the Kombolgie and the lower sediments by geological methods over the next dry season.