

Rio Tinto Exploration Pty Ltd

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A member of the Rio Tinto Group

Annual Report
For the Period 5 November 2016 to 4 November 2017
EL24305 Walker River,
Northern Territory

Report Title: Annual Report for EL 24305 for the period ended
4 November 2017

Tenement Number(s): EL 24305

Project: Walker River

Tenement Holder: Rio Tinto Exploration Pty Ltd

Tenement Operator: DPG Resources Australia Pty Limited

Commodity: Zinc

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Mapsheet: SD5307 Blue Mud Bay

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1. SUMMARY

Exploration Licence (EL) 24305 is a part of the original EL385 application made in 1972 by CRA Exploration Pty Limited (CRAE) the precursor to Rio Tinto Exploration (RTX) the current holder. Partial consent of EL385 resulted in the granting of two separate licences (ELs 385 & 24304) in June 2004. EL 24305, an application in moratorium resulting from EL 385, was granted on the 5th of November, 2015. The tenement is located approximately 180km south-west of Nhulunbuy, and 80km north of Numbulwar in south east Arnhem Land and on Aboriginal Land Rights Act 1975 (ALRA) land managed by the Northern Land Council (NLC).

The tenement is considered prospective for base metal mineralisation, similar to that at McArthur River (HYC) in the McArthur Basin. In January 2014 Rio Tinto Exploration and DPG Resources Australia Pty Ltd entered into an Earn In and Joint Venture Agreement with DPG managing the tenements. This applies to EL 24305 as well as EL 385, 23565 & 30952 and ELA, 844, 5561, 24305, 27919, 27920, 30953, 30954, 30955, 30956, 30957, & 30958.

The target on EL24305 and adjoining tenements is SEDEX style base metal mineralization. The Balbirini Dolostone has “gossanous” outcrops which are silicified and ferruginous, samples of which taken in the early 1970's reported elevated lead values to 2.7%.

Previous soil and rock chip sampling show the initial target area has encouraging surface geochemistry with soil and chip sample results of anomalous lead, including a 1400m long contour of plus 500ppm lead with a maximum of 2800ppm lead. Rock chips have confirmed the soil results with values as high as 1.8% lead.

Drill testing which finished in November, 2016 has better defined geology of the Balbirini – Jalma - Coast range SSt package.

Assay results from the drilling are consistent with the surface geochemistry and included intervals of up to 9.5m @ 4587 ppm Pb from 35.5m; 4 m @ 414 ppm Zn from 29m; 9.0m @ 588 ppm Cu from 33m; and 2.5m @ 15.1ppm Ag from 39.5m.

Work undertaken during the year was conducted in conjunction with work on EL 385 and included assessment of drilling data and drill core collected during 2016. An expert consultant with experience in the McArthur Basin undertook a review of the Walker River drill core, however, their report has not been received in time for this annual report.

Further work will be undertaken to review the IP resistivity response at the northern end of the survey area. Further modelling of the magnetics will be undertaken to better define the geometry and relationship of the magnetic – gravity response at the gravity surveys northern line. It is also planned to undertake petrological and electron microprobe studies on the drill core and percussion chips in conjunction with analysis of the multi-element surface and downhole geochemistry, together with re-appraisal of the geophysical data. Following receipt of the consultant's review of the drilling data, assessment of all the data collected to date will be undertaken, allowing for development of exploration targets for the forthcoming field season, which will likely comprise a combination of detailed geological mapping and surface geochemical sampling.

2. CONCLUSIONS AND RECOMMENDATIONS

To date on EL 24305, work has resulted in a considerable amount of data being generated and positive results.

Once assessment of the reviewed drill core data, together with previously collected data, has been collated, exploration targets will be generated in preparation for the field season.

The drilling has provided insight into the local stratigraphy and further geological mapping and surface geochemical sampling will be required to better target ongoing exploration for SEDEX style base metal deposits in the Walker Fault Zone of the McArthur Basin both on EL24305 balance of the tenements subject to the DPG – RTX earn in arrangement.

The stromatolitic unit of the Balbirini Dolostone which outcrops as a low ferruginous-silicified ridge "gossan" in EL24305 and the underlying recessive carbonaceous siltstone-fine sandstone shows elevated lead-zinc-silver & copper geochemistry in soil, rock chip and drill sampling.

The presence of carbonaceous siltstone in the Balbirini and Jalma Fm and the elevated Pb and Zn values are considered positive indicators of a metal bearing basinal brine being focussed by fault structures into local sites and the potential for thicker sequences of reducing sediments in the sedimentary package to the south and west.

3. INTRODUCTION

EL 24305 was granted in November, 2015 and was an application area subsequent to EL 385 which was originally applied for in 1972 by CRAE. The tenement area is located approximately 180km south-west of Nhulunbuy, and 80km north of Numbulwar in south east Arnhem Land on Aboriginal Land Rights Act 1975 (ALRA) land managed by the Northern Land Council (NLC).

In January 2014 Rio Tinto Exploration and DPG Resources Australia Pty Ltd entered into an Earn In and Joint Venture Agreement with DPG managing the tenements. This applies to EL 24305 as well as EL 385, 23565 & 30952 and ELA, 844, 5561, 24305, 27919, 27920, 30953, 30954,30955,30956,30957,& 30958.

DPG Resources Australia Pty Ltd is a wholly owned subsidiary of GPM Metals Inc which is listed on the TSXV.

Initial exploration comprising soil and rock chip sampling, reconnaissance geological mapping and an IP Survey was undertaken in late 2015. The initial target area had encouraging surface geochemistry with soil and rock chip sample results of anomalous lead, including a 1400m long contour of plus 500ppm lead with a maximum of 2800ppm lead. Rock chips have confirmed the soil results with values as high as 1.8% lead.

A 2016 drilling program was planned to test the geochemical anomaly and define the geology. A small number of ground gravity traverses were also completed as an orientation exercise. In total 953m diamond core drilling in 7 holes and 1175 m R.C in 11 holes (including one hole on EL 385) was completed in 2016.

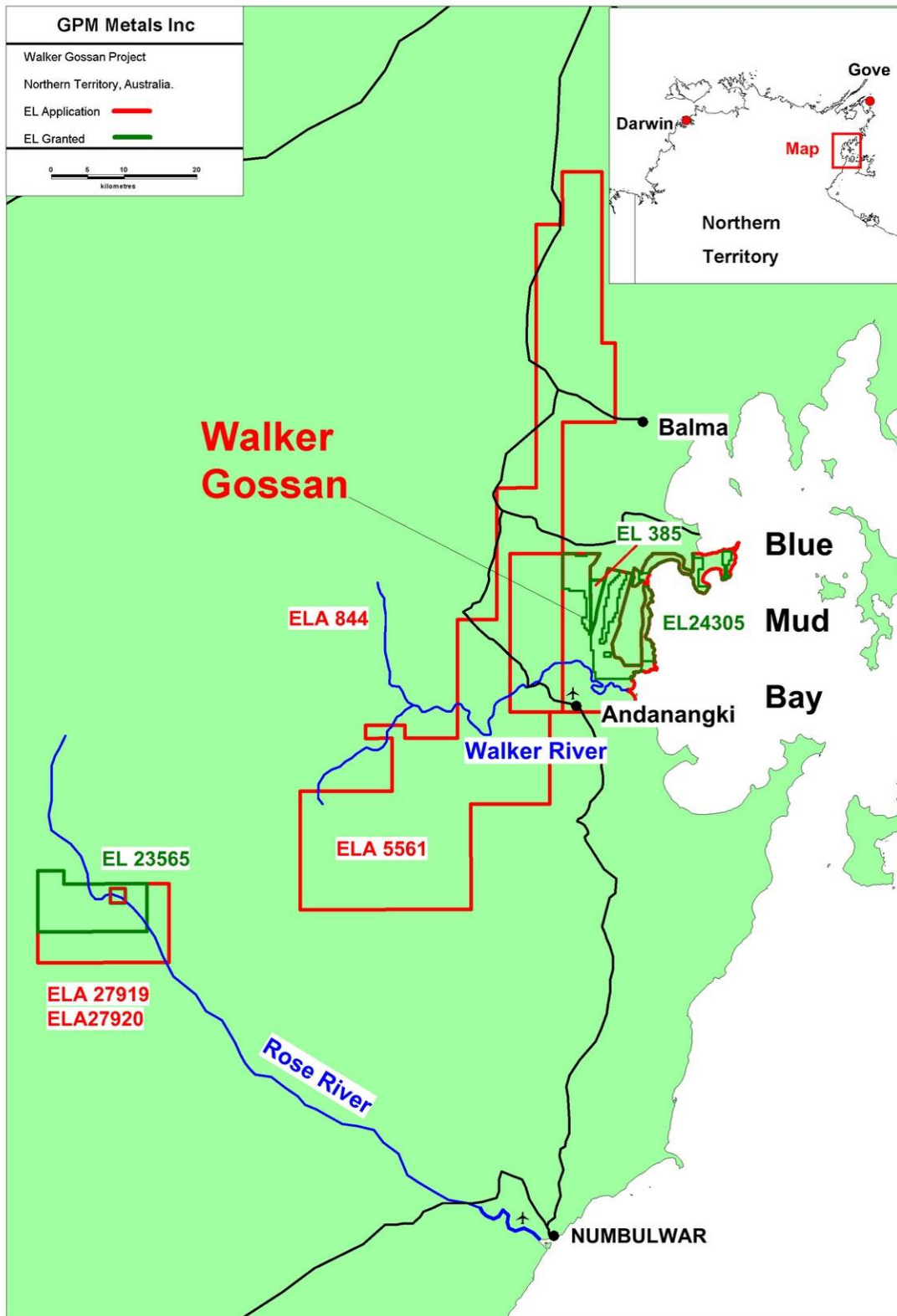


Fig 1. Location.

Table 1: Tenement Details

Tenement No.	Tenement Name	Ownership	Application Date	Grant Date	Blocks Granted	Area	
EL24305	Walker River	Rio Tinto Exploration Pty Limited	19/1/1972	5/11/2015	53	81sq km	

4. GEOMORPHOLOGY

The tenement area comprises portions of two major physiographic subdivisions, the Gulf Fall and the Walker River Flood Plain. The Gulf Fall comprises dissected hilly country draining towards the Gulf of Carpentaria and the Walker Flood Plain Plain comprises low relief areas to the west of the Coast Range. The Coast Range divides the tenement area. This is a NNE trending line of hills with a maximum elevation of approximately 100 metres (after Haines et al 1999).

The Walker and Marura Rivers and Laurie Creek form major perennial water courses within the general vicinity of the tenements.

5. PREVIOUS EXPLORATION

Two exploration licences have been held over the tenement area. Both of these licences existed prior to the grant of the ALRA in 1975. Authority to Prospect (AP) 1138 was granted to BHP Minerals in 1964 and was relinquished in 1972, however it only covered the tenement area between 1964 and 1967. No exploration from the tenement area was reported by BHP.

AP 1967 was held over the tenement area between 1969 and 1970 by Noranda Australia. Again no exploration was reported. Limited exploration comprised an airborne spectrometer survey and ground follow up of five anomalies. No economic uranium mineralisation was intersected. Anomalous radioactivity is due to thorium concentrations with minor associated uranium.

6. GEOLOGY

The tenement area covers a small part of the Paleo – Mesoproterozoic McArthur Basin, one of the principal tectonostratigraphic components of the Northern Australian Craton. The geological description below is dominantly taken from Haines et al 1999.

Mapped units represented within the granted tenement area are include the Paleoproterozoic Grindall Formation, Coast Range Sandstone and Jalma Formation, the Mesoproterozoic Balbirini Dolomite (Nathan Group) and unnamed Cainozoic units.

The Grindall Formation is reported to consist of red-brown to grey-green, fine to medium-grained, thin to thick-bedded, graded sandstone interbedded with red-brown to grey-green mudstone.

The Coast Range Sandstone consists of white, medium to coarse-grained, thick-bedded, commonly pebbly quartz sandstone with lenticular basal pebble or cobble conglomerate. The unit unconformably overlies the Grindall Formation.

The Jalma Formation consists of brown to purple, medium-grained, thin to medium-bedded, ferruginous; fine-grained, thin-bedded sandstone near the base with local basal conglomerate and an upper recessive unit of laminated claystone. The Jalma Formation unconformably overlies the Coat Range sandstone and locally on Grindall Formation.

The Balbirini Dolomite is described as being up to 100 metres thick and consisting of chert, altered carbonate containing stromatolites, carbonaceous siltstones, evaporates and; lesser interbedded sandstone, chert clast rich and cross bedded. A basal sandstone and polymict, open framework conglomerate are present locally. This unit is presumed to unconformably overlie the underlying units, though the field contacts are obscured by alluvium.

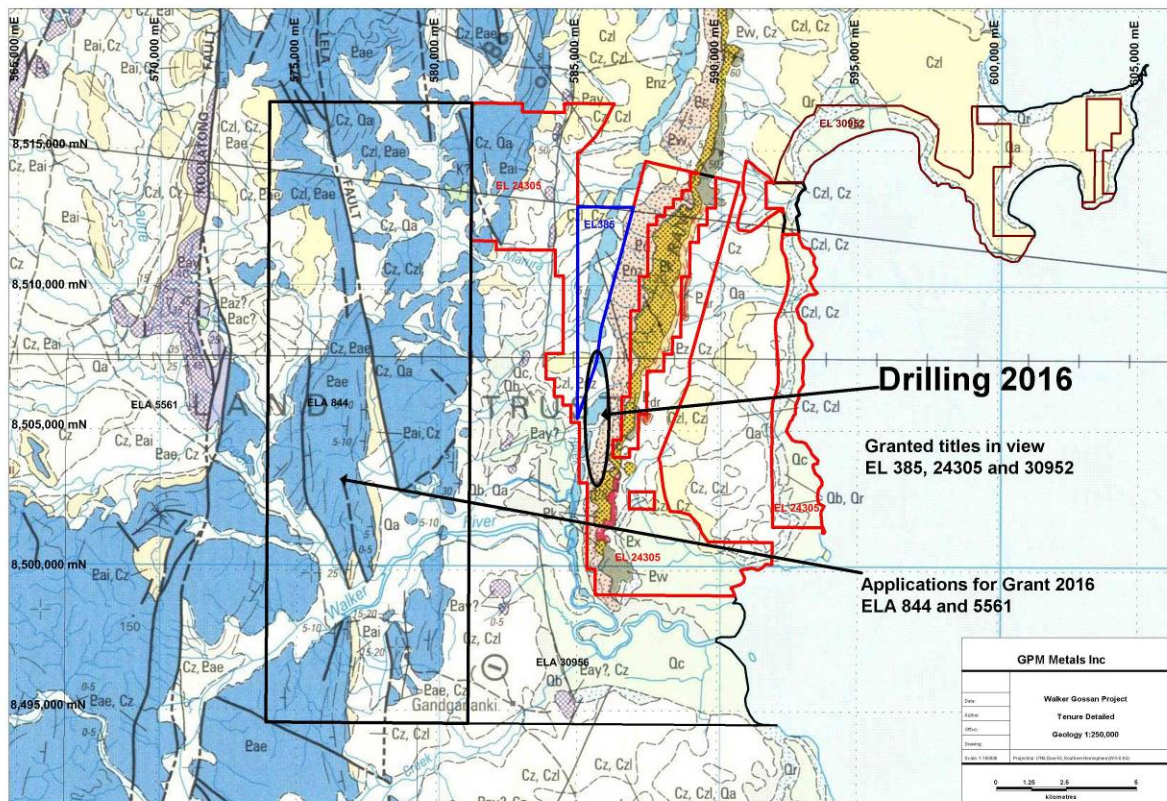


Figure 2: Tenement Location on 1:250000 NTGS Geology

7. GEOPHYSICS

The project area is covered by regional gravity and by airborne magnetic and radiometric data. The aeromagnetic data are from the Mitchell Ranges 1990 and Marumba 1988 Surveys. These surveys had east west oriented flight lines with a line spacing of 500 metres and a mean survey elevation of 100 metres.

8. EXPLORATION COMPLETED DURING THE 2015-2016 REPORTING PERIOD

Exploration completed during the previous reporting year included:

- Purchase of World View 2 imagery over the area and processing by Geoimage.
- A comprehensive geological review and report by David Jones compliant with the TSX 43-101 reporting requirements.
- A detailed airborne magnetic and radiometric survey.
- A Dipole – Dipole IP Survey.
- Reconnaissance ground gravity traverses.
- Soil and rock chip sampling
- Reconnaissance geological mapping

- Diamond Core and Reverse Circulation Drilling

Please refer to the 2015-2016 annual report for a more detailed account.

9. EXPLORATION COMPLETED DURING THE CURRENT REPORTING PERIOD

Exploration completed during the current reporting year comprised assessment of drilling data and drill core collected during 2016. An expert consultant with experience in the McArthur Basin undertook a review of the Walker River drill core, including detailed lithological and alteration (including silicification and siderite) logging of drill core and rock chips, together with assessment of assay data. DPG has not, however, received the consultant's report in time for this annual report.

10. ENVIRONMENT

DPG's 2016 ground disturbance works were approved under a MMP and a Work Program approved by the Traditional Owners and the NLC. Works were monitored by Traditional Owners. A field inspection by the NLC Mining Officer reported operations to be compliant. An independent environmental review and potential impact assessment was prepared by a consulting firm and submitted with the MMP.

11. EXPLORATION EXPENDITURE

A full breakdown of expenditure for the reporting period has been submitted on the prescribed form.

12. PROPOSED EXPLORATION

Previous IP has shown to be limited in depth extent and associated with ferruginous weathered outcrops of the Balbirini and Jalma Fm. A change in the resistivity response at the northern end of the survey area may relate to the decrease in soil geochemical values. Further work will be undertaken to review this data in the office and in the field.

The previous gravity survey reported a 3 milligal gravity anomaly on the northern line. Shallow drill testing in 2016 did not define a cause for this 3 milligal anomaly. Further modelling of the magnetics will be undertaken to better define the geometry and relationship of the magnetic – gravity response

It is planned to undertake petrological and electron microprobe studies on the drill core and percussion chips in conjunction with analysis of the multi-element surface and downhole geochemistry, together with re-appraisal of the geophysical data.

Following receipt of the consultant's review of the drilling data, assessment will be undertaken of all the data collected to date, allowing for development of exploration targets for the forthcoming field season which will likely comprise a combination of detailed geological mapping and surface geochemical sampling.

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LOCALITY

Blue Mud Bay

SD 5307

1:250 000

KEYWORDS

Walker River, Blue Mud Bay, base metals, soil sampling, rock chip sampling, airborne magnetics, satellite imagery

