Final Annual Exploration report for exploration license 25416, in the Daly River Region. Outlines the tenement details and the exploration that has been undertaken on the tenement, including a desktop study and reviews by independent consultants. The annual report was compiled by Mrs Trudy Pearce as the relevant person having ownership of copyright with relation to reporting on field activities. Mrs Trudy Pearce authorises the Minister to publish information and the department to copy and distribute the report and associated data.
1. PROPERTY DESCRIPTION AND TENURE

EL 25416, consisting of 4 sub-blocks, is approximately 6.92 square kilometres in size. It was granted to Corporate Developments (a subsidiary of Outback Metals Ltd) on 20 August 2007 for a period of six years and transferred to Outback Metals Ltd on the 5 March, 2102.

The tenement is in the Daly River Region of the Northern Territory, and the Daly River Mt Nanacar conservation area lies within the boundaries of this exploration Licence. The tenement’s most northerly boundary is at 13\(^{\circ}\)35’ South and its most southerly boundary is at 13\(^{\circ}\) 50’ South. Its western boundary is 130\(^{\circ}\) 41 East and its eastern boundary is at 130\(^{\circ}\) 46 East

Figure 1: Location of EL25416 outlined in red

Tenement details are provided in Table 1.

Table 1. Tenement Details

<table>
<thead>
<tr>
<th>EL</th>
<th>Sub-blocks</th>
<th>Grant Date</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>25416</td>
<td>33</td>
<td>20 Aug 2007</td>
<td>19 Aug 2013</td>
</tr>
<tr>
<td>25416</td>
<td>Reduced to 17 in August 2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25416</td>
<td>Reduced to 4 in July 2011</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Figure 2: Location of EL25416 as at 4 July 2011.

2. **ACCESS & INFRASTRUCTURE**

The project area can be accessed via the all weather Daly River Road and various all weather tracks. Daly River is a township of approximately one thousand people and is less than 5km from the tenement boundaries. It has a number of amenities including a small supermarket.

The region is considered accessible however the area is subject to the summer monsoons and quite often during this period can be cut off due to flooding. In general the area is arable supporting livestock and fruit trees.

3. **GEOLOGICAL SETTINGS**

**Climate and Topography**

The Daly River Region is located within the monsoonal region of Northern Australia, with the wet season beginning around November and continuing until around March. Average annual rain fall in the region is approximately 1000mm per year with 600mm in the wet season, from November to March, and less than 30mm falling in the dry season.
from April to October. The mean monthly temperature can range from 19.8° to 34.4° degrees centigrade.

Table 2: Climate Data in mm

<table>
<thead>
<tr>
<th>Mean Daily Temp</th>
<th>Mean Humidity 9am</th>
<th>Mean Humidity 3pm</th>
<th>Mean Annual Rainfall</th>
<th>Mean monthly Rainfall(June – Feb)</th>
<th>Highest Daily rainfall</th>
<th>Mean # of rain Days</th>
<th>Mean Evaporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.4-34.1</td>
<td>73%</td>
<td>43%</td>
<td>1308.4</td>
<td>0.3-326.2</td>
<td>218</td>
<td>95.3</td>
<td>2418</td>
</tr>
</tbody>
</table>

The vegetation is comprised of open savannah woodlands and eucalypt forests consisting of mostly Bloodwood, Stringybark and Woolybutt varieties with acacias growing on the rocky areas. Along the water courses Pandanus palms and Paperbark trees are dominant.

Geology

The Daly River region is located between Darwin and Katherine and begins where the Katherine and Flora Rivers intersect and flow west to the Timor Sea. This region encompasses the Litchfield geological province of the Northern Territory.

The Litchfield Province is part of the western Pine Creek Orogen which consists of sedimentary, metamorphic and igneous rocks of Paleoproterozoic age (1800-2100ma). The Pine Creek Orogen is a large intracratonic basin deposited on Archaean basement rocks. It overlies 2500Ma Archaean granites and gneisses and is overlain by Palaeo to Mesoproterozoic basins including the Daly basin in this region. It can be up to 14 kms thick and hosts a variety of mineral commodities including gold, uranium, base metals, PGE, Iron ore manganese magnesite and phosphates. It is one of the prime exploration targets for a variety of commodities. It has suffered metamorphosis ranging from lower greenschist to granulite facies.

The Daly River Basin comprises sedimentary units of Limestone, dolostone, sandstone, siltstone and flood basalt the ages of these units range from Ordovician to Cambrian with a minimum age of 470 to 540 ma. The basin is an intracratonic basin forming part of the Central Australian Platform Cover.

It unconformably overlies the Pine Creek Orogen metamorphic rocks in this region and is overlain by Cretaceous rocks of the Dunmarra Basin on the southern margin. It can be up to 1km thick in parts and is considered to have potential for MVT style Pb-Zn occurrences. It has not suffered any metamorphism.

Within the tenement boundaries the submarine facies Finniss River Group dominate to the west. The Finniss River Group consists of mafic to felsic volcanics and interbedded sediments of the Burrell Creek Formation and Noltenius formations. These sediments are mainly siltstones, greywacke, with mica schist and andalusite schists.

These sediments are unconformably overlain in the east by the upper Proterozoic, Tolmer Group sediments. Group (Depot Creek Sandstone and Stray Creek Sandstone. Exposures of the Middle Proterozoic Stray Creek and Depot Creek sandstones
(hematitic quartzites) outcrop immediately north of the licence and may well comprise basement rocks to the Cambrian sequence in the northern part of the licence.

A large semi-continuous dextral wrench fault (Victoria River Giants Reef Fault, VRFZ) traverses the centre of the tenement within the Burrell Creek Formation. The fault extends from Rum Jungle in the north into the Fitzmaurice and Halls Creek Mobile Zones further south. The distribution of the Burrell Creek Formation is largely controlled by the Giants Reef Fault, which consists of numerous NE-SW trending splays. Fracture systems associated with dislocations along the VRFZ have almost certainly been opened and closed several times. The complexity of the fault pattern suggests a very large volume of country rock would have been accessible by hydrothermal activity; there could be significant potential for localized high grade deposits. The rocks have undergone intense folding (axes NNW – SSE), minor faulting and have undergone low grade metamorphism. The fault zones are highlighted by the presence of quartz veining, brecciation, slickensides and chloritisation.

The Daly River tenement is located proximal to the highly prospective Daly River Mineral Field (DRMF) which is located about 20km to the north east of EL25416, and is underlain by green schist facies, submarine, mafic to folic volcanics and interbedded sediments of the Finniss River Group, within the Pine Creek Orogen (PCO). The north-trending field is about 160km² in area and contains numerous base metal occurrences.
Fifteen of these can be classified as hydrothermal vein-type and three as volcanic-hosted massive sulphide (VHMS)-type.

4. **PREVIOUS EXPLORATION, OPEN FILE SEARCH**

Detailed interpretations of airborne radiometric data from the Northern Territory Geological Survey highlighted the following radiometric anomalies as shown in Figure 3 below.

**Figure 3: Daly River Base Metals Prospects.**

- **Anomaly A (650nT above bgrd)**
  - W6: 4.0m@6.6% Zn, 0.6% Cu (40m)
  - W26: 13.7m@13.7% Zn, 0.5% Cu (58m)
  - A26: 21.0m@6.3% Zn 2.2% Cu (212m)
  - 213,000t@18.7% Zn, 0.65% Cu, 0.3% Pb
  - 548,000t@6.6% Zn, 2.2% Cu, 19g/t Ag
- **Wars (50nT)** (9 holes)
  - W1: 5.8m@6.4% Zn, 0.7% Cu (82m)
  - 58,000t@+8% Zn
- **Anomaly B (140nT)** (4 holes)
  - W8: 2m@3.4% Zn (90m)
- **Anomaly C (30nT)** (5 holes)
  - A13: 7.3m@8.3% Zn, 0.3% Cu (100m)
  - **Knowles Farm (250nT)** (13 x RC holes)
  - KF3: 5m@8.0% Zn (2m)
  - Rock Chip: up to 1.2% Pb, 78g/t Ag, 0.5g/t Au in aspy-bearing quartz veins

**Historical Resources**

No known JORC compliant resources have been reported within the tenement area.
5. WORK COMPLETED BY OUTBACK METALS LTD

On the 4th September 2008, Outback Metals Limited listed on the Australian Stock Exchange. Given the Global Economic Crisis (“GEC”) Outback, upon listing, was immediately forced into a cash conservation strategy and this involved the rationalisation and prioritisation of exploration programmes. A detailed desktop review was undertaken commencing in November 2008 of all tenements including EL25416.

In the 2007/08 Annual Report the Company proposed to follow some significant targets identified during the following exploration season. This included the Research studies which have shown a number of clusters of second and third order radiometric anomalies that have not, to date, been systematically explored. The radiometric anomalies are associated with the favourable lithologies which have hosted uranium and base metal deposits in the Pine Creek region.

An exploration programme was undertaken to investigate a line of radiometric anomalies with mixed uranium and thorium source properties found by a previous NT Government survey located in sediments of the Paleoproterozoic Noltenius Formation following close to the unconformity with the overlying Neoproterozoic Tolmer Group. Accordingly a flight was made at 30-40m altitude and at about 50kts from Mount Nancar in the south to the Mount Thomas area in the north. Several weak total count radiometric anomalies were detected but these were not considered to be worthy of ground follow-up.

In addition further desktop studies were carried out, resulting in the rationalisation of the tenement holding, by relinquishing 50% of the area held.

During 2010 reporting period a field trip was made to the tenement to assess the logistics future and a helicopter survey was also carried out over the Daly River EL25416.

Tempest data was acquired during the 2010/2011 reporting period from Geoscience Australia.

In May 2011 attempts were made to gain access to the western strike extensions of pegmatites at the Mount Thomas Uranium Prospect. This was not possible due to washouts of creek crossings and the presence of tall spear grass and fallen trees.

INTERPRETATION OF THE GA AEM DATA

Plots of the flight lines from the 2009 Fugro Geophysics TEMPEST survey show that the EL is covered by eight E-W flight lines spaced at about 1.66km apart and fifteen flight
lines spaced at about 0.6km apart, which penetrate up to about 300m into the EL from the east (Figures 1-4). A preliminary interpretation of the eight main flight lines follows.

**Flight Line 1200301**
A folded and faulted aquifer in an antiformal structure with moderate conductivity is evident in the Noltenius Formation.

**Flight Line 1200401**
There is only moderate conductivity at the western EL boundary.

**Flight Line 1003601**
Portions of the above noted antiformal structure are visible within the EL on this flight line.

**Flight Line 1200601**
The antiformal structure has migrated to the west outside the EL and there are no conductors visible within the EL.

**Flight Line 1200701**
A thin zone of weak near surface conductors is present and there is also a weak inclined conductor at depth, possibly caused by groundwater saturation on a fault zone.

**Flight Line 1003701**
There are no conductors present within the EL boundaries.

**Flight Line 1200901**
There is a zone of weak to moderate near surface conductors in the western part of the EL, possibly caused by ferricrete.

**Flight Line 1201003**
A small zone of weak to moderate near surface conductors is present in hill country in the central part of the EL and may be due to ferricrete. There is also one narrow sub-vertical zone of weak to moderate conductivity in the east-central part of the EL.
During the 2011/2012 reporting period Outback Metals Limited only carried out administrative requirements on the Daly River as the viability of this project is dependent on other Outback Metal’s projects.

Discussions were held (& are ongoing) with interested parties (including the adjoining tenement owner) regarding joint venture or sale of the EL. As these were unsuccessful the tenement was surrendered on its anniversary date.