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EL 3976

DAVIS HILL

FIRST PARTIAL SURRENDER REPORT FOR THE PERIOD 5/11/2007 TO 4/11/2010

Submitted by
Regal Point Exploration Pty Ltd
2011

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Enquiries: Customer Services Branch
Minerals and Energy Resources
7th Floor
101 Grenfell Street, Adelaide 5000

Telephone: (08) 8463 3000
Facsimile: (08) 8204 1880



Government of South Australia
Primary Industries and Resources SA

Project Name: Lake Gregory
Combined Reporting Number: N/A
Tenement Numbers: EL3976
Tenement Operator: Regal Point Exploration Pty Ltd
Tenement Holder: Regal Point Exploration Pty Ltd
Report Type: Partial Surrender
Report Title: Partial Surrender Report EL3976 2010
Report Period: 5 November 2007 - 4 November 2010
Author: N. Wilson
Date of Report: 15 April 2011
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1: 100 000 map sheet: Cooryanna 6639; Kopperamanna 6640
Target Commodity: U
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ABSTRACT:

Locations: The tenement area is located near the Birdsville Track, approximately 45 km east of Clayton, 50 km northeast of Marree and 615 km north of Adelaide.

Geology: Most rocks and sediments within the area covered by the Lake Gregory project form part of the Mesozoic Eromanga Basin and superposed, Cenozoic Lake Eyre Basin. The oldest exposed rocks are the shales, siltstones, sandstones and minor coal horizons of the Cenomanian Winton Formation, and calcareous sandstones, siltstones and shales of the overlying Cenomanian Mackunda Formation.

Work Done: Exploration in the surrendered portion of the tenement included a detailed airborne magnetic and radiometric survey, field visit with geochemistry, a palaeochannel interpretation and Native Title discussions were initiated.

Results: One geochemical sample with 8ppm uranium.

Conclusions: The surrendered portion of the tenement is considered to be of reduced exploration potential compared to the remainder.



15th April 2011
Report No: R185.2011

Annual Report

REGAL POINT EXPLORATION PTY LTD

Partial Surrender Report EL3976

Lake Gregory Project

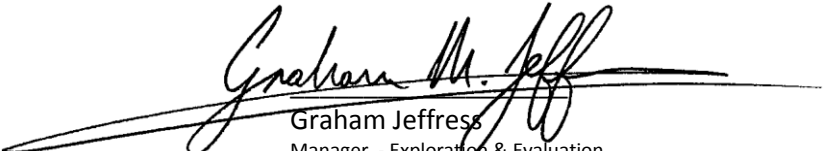
South Australia

By
Nigel Wilson
B.Sc (Hons)

For:

Regal Point Exploration Pty Ltd
14th Floor
191 St Georges Terrace
Perth, WA 6000
Australia

Approved


Graham Jeffress
Manager - Exploration & Evaluation

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1 INTRODUCTION

1.1 Introduction

This report concerns tenement EL3976 (Davis Hills), currently held by Regal Point Exploration Pty Ltd. This partial surrender annual report covers the period 5 November 2007 - 4 November 2010.

Exploration in the surrendered portion of the tenement included a detailed airborne magnetic and radiometric survey, field visit with geochemistry and palaeochannel interpretation.

The location of the surrendered portion of the tenement is shown in Figure 1. The area of the tenement has been reduced from 921km² to 690km².

The Lake Gregory project area is located 615 km north of Adelaide between the Birdsville Track and Lake Gregory approximately 100km NNE of Marree in central South Australia. The project area covers Etadunna (pronounced eetha'dinna), Dulkaninna and Clayton stations.

An average rainfall of approximately 100–150 mm per year occurs in the project area, however, this rainfall is highly irregular and often interspersed with extended periods of drought. There is a seasonal tendency for rainfall to occur in late summer when the climate is most influenced by tropical depressions and thunderstorms.

Seasonal and diurnal temperature variations can be extreme. In summer, maximum temperatures often exceed 45°C in the shade. In winter, the days can be mild with maximum temperatures averaging around 18–24°C. July is the coldest month of the year with minimum temperatures averaging between 3–5°C and occasional sub-zero conditions.

The windiest months occur in September through to December when winds prevail from the SSE. Prevailing winds tend to be more variable during winter and the strong south-westerly winds that precede the cold fronts as they sweep up from the southern oceans often whip up severe dust storms.

Lake Gregory (EL 3976, EL 3977) is a conceptual, greenfields-type project. It is an outcome of a conceptual (GIS-assisted) and empirical (automated, GIS-based) uranium prospectivity analysis of the Australian continent. This study was funded by Regalpoint and undertaken by a research team at the Centre for Exploration Targeting (University of Western Australia and Curtin University of Technology).

Regalpoint selected the licence area because of its potential for sediment-hosted uranium mineralisation at regional redox boundaries and within Cretaceous and / or Cainozoic palaeochannels. The licence area covers part of an extensive curvilinear topographic depression spanning from Lake Frome in the southeast to Lake Eyre in the northwest. This depression is evident in remote sensing imagery and marked by a series of lakes, lacustrine, fluvial and evaporitic sediments. It was interpreted by researchers at the Centre for Exploration Targeting as an extensive palaeo-drainage system that possibly drained a uranium-rich hinterland (i.e., granite and metamorphic rocks of the Mount Painter Inlier, approximately 100 km south of the Lake Gregory project). The exploration model is based on

analogy with the significant Chu-Saryssu and Syrdarya uranium fields in Kazakhstan where economic sandstone-hosted uranium deposits were discovered up to 250 km away from the inferred uranium source.

The principal target lithologies are siliciclastic sedimentary rocks of the Cretaceous Winton and Mackunda Formations and pyritic and carbonaceous sands of the Paleogene Eyre Formation, which hosts the significant Honeymoon uranium deposit. Widespread uranium (including XRF assays to 668 ppm U₃O₈) and radiation have been documented by Adavale Resources Ltd for Tertiary Clayton Basin (within EL 3622), which is located immediately south of Regalpoint's EL 3976.

1.2 Location and access

The tenement area is located near the Birdsville Track, approximately 45 km east of Clayton, 50 km northeast of Marree and 615 km north of Adelaide (Figure 2).

1.3 Tenement

The tenement commenced 05 November 2007 and expires 4 November 2010. The tenement covers an area of 921km². It is part of Regalpoint's Lake Gregory project, which includes the adjacent EL3977 (Mt Wells). Regalpoint Exploration Ltd ("Regalpoint") is the sole holder and operator of EL3976.

The area of the tenement has been reduced from 921km² to 690km².

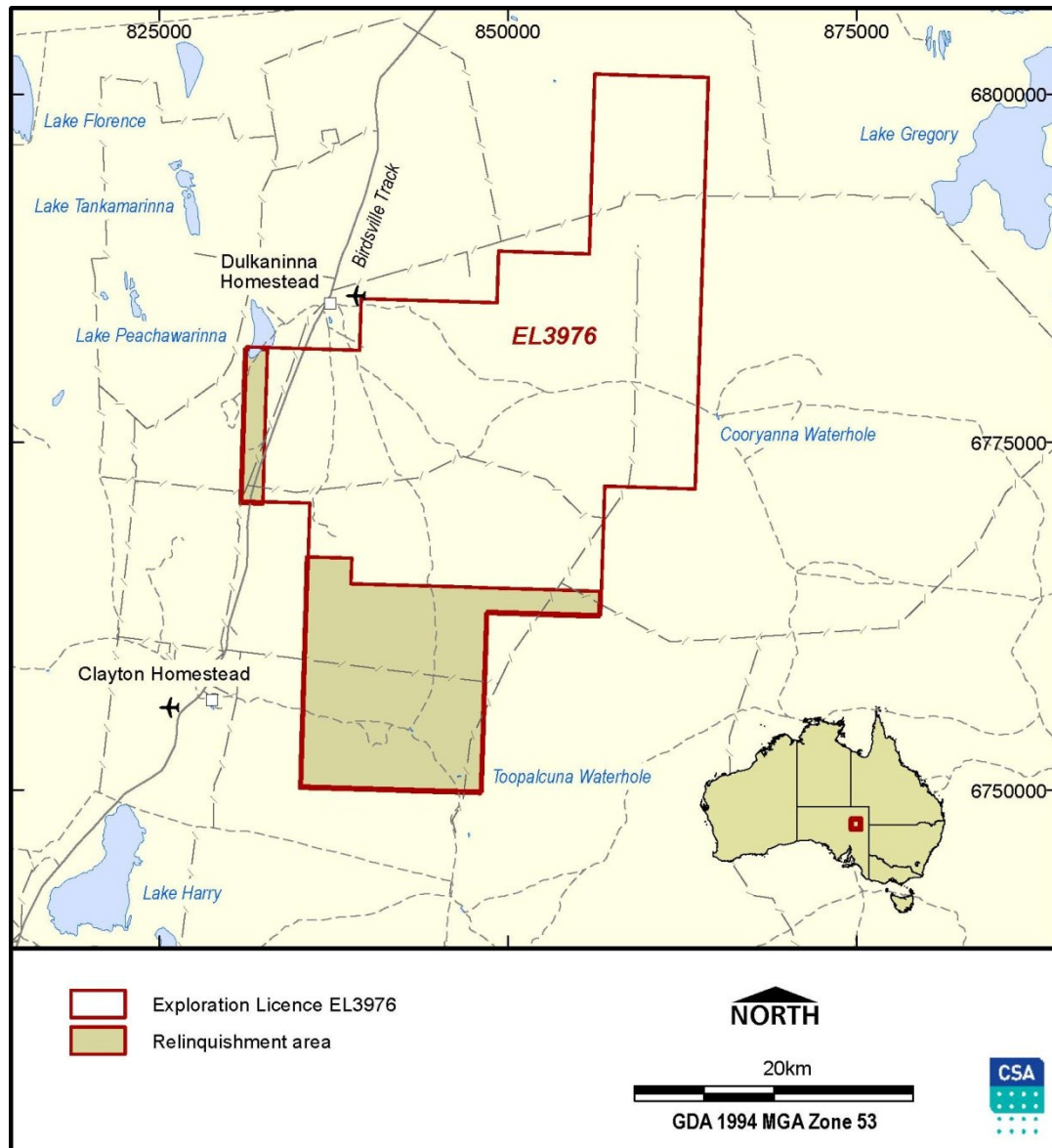


Figure 1: Location of surrendered area of EL3976.

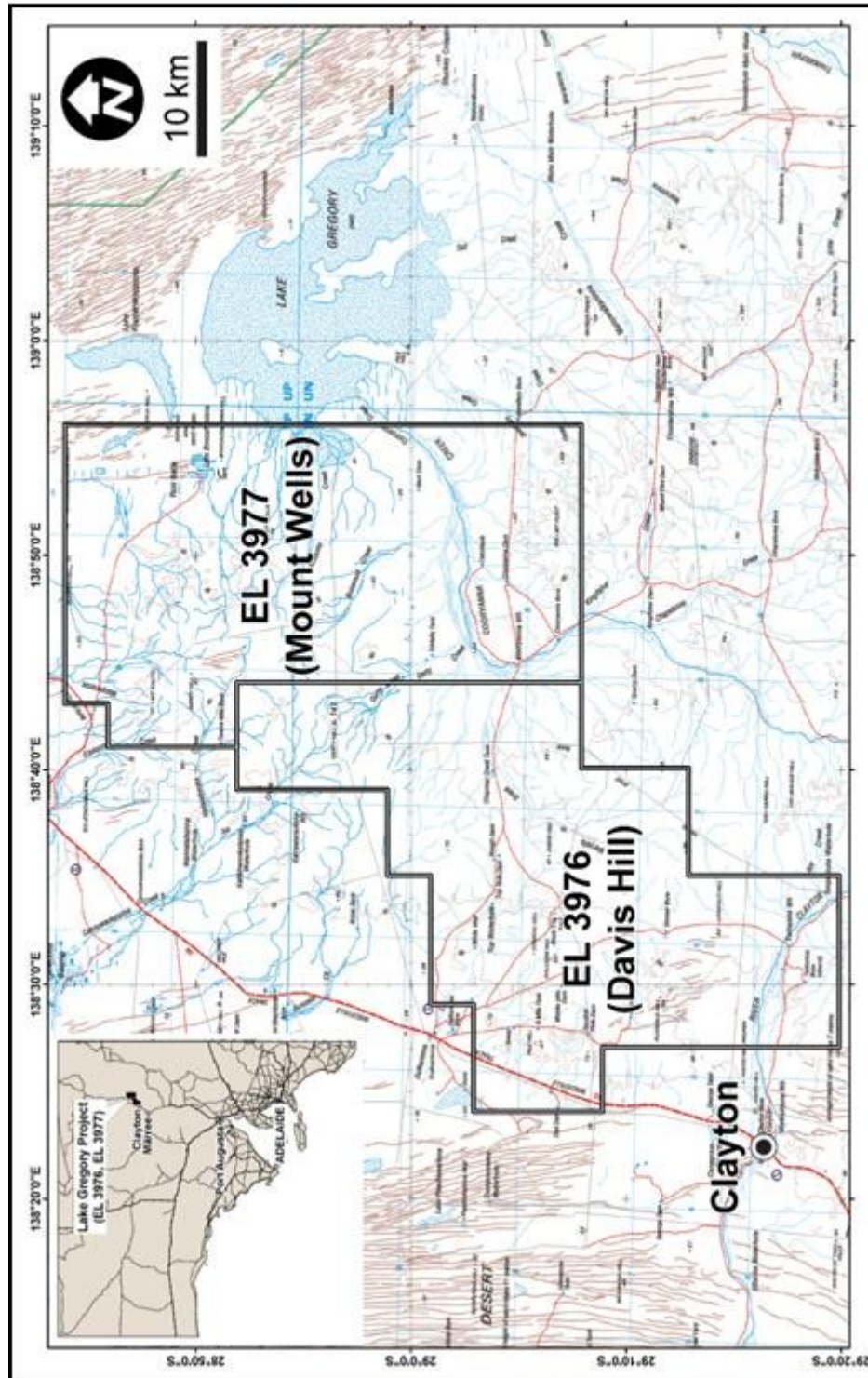


Figure 2: Original tenement location plan for EL3976 and EL3977 which together form the Lake Gregory Project.

2 GEOLOGY

Most rocks and sediments within the area covered by the Lake Gregory project form part of the Mesozoic Eromanga Basin and overlying Cainozoic Lake Eyre Basin. The regional stratigraphy is summarized in Figure 3 from Moussavi-Harami and Alexander (1998).

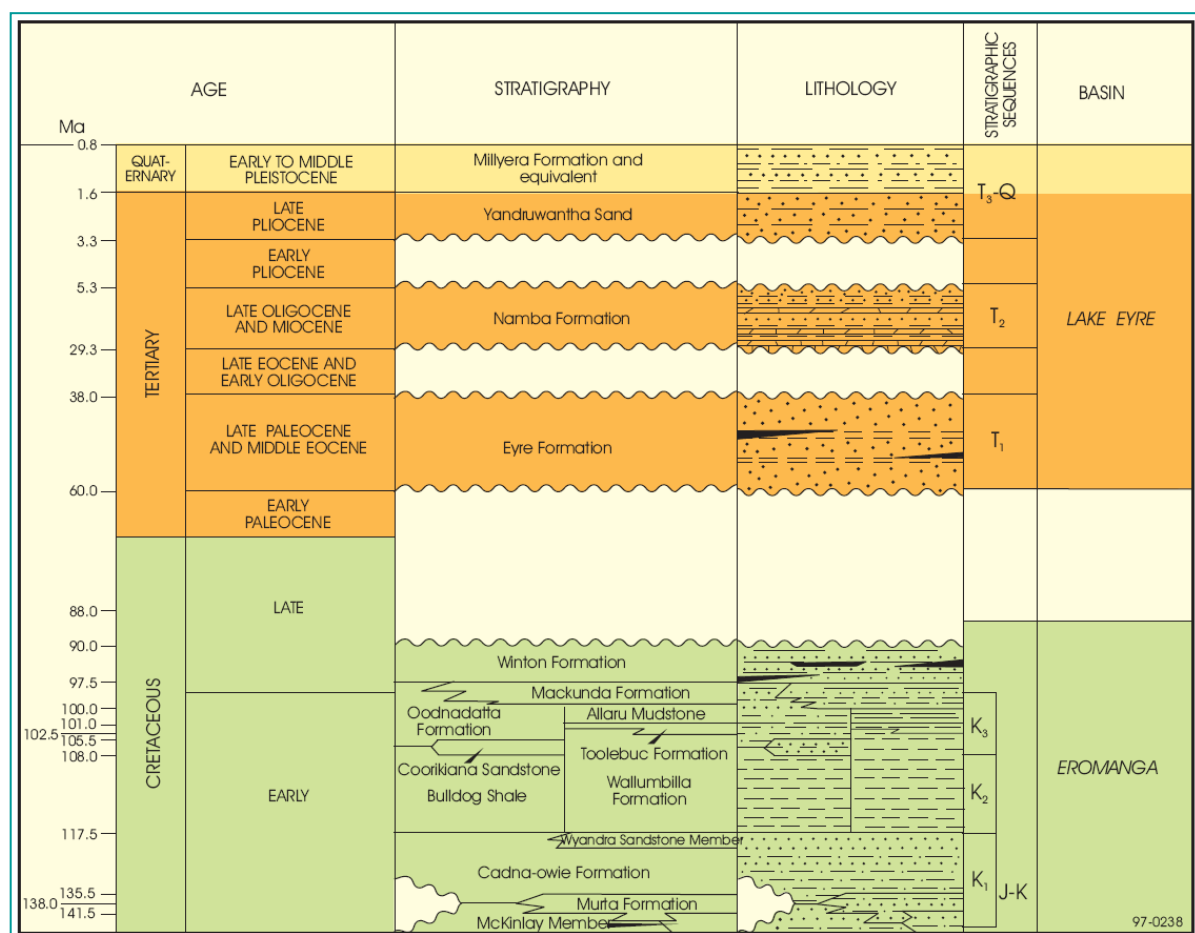


Figure 3: Generalised stratigraphic column of the Lake Eyre Basin and Cretaceous of the Eromanga Basin (Moussavi-Harami & Alexander, 1998)

Most of Dulkaninna comprises gently rolling gibber/lag covered plains, with occasional small breakaways and hills with silcreted tops. Outcrop is very limited, but the landforms suggest shales as the dominant rock type. Moving to the north on Etadunna the topography becomes more variable with an increase in hills capped by silcreted sandstone bands and also by more sheet and dune sand, though the rolling stone covered plains are a dominant landform.

Mapping in the region is complicated by a 1:250,000 scale sheet boundary running through the project area.

The published mapping shows that the oldest exposed rocks are shales, siltstones, sandstones and minor coal horizons of the Cenomanian Winton Formation on the northern

Kopperamanna sheet. The adjacent Marree sheet shows calcareous sandstones, siltstones and shales of the underlying Albian Mackunda Formation (Figure 4).

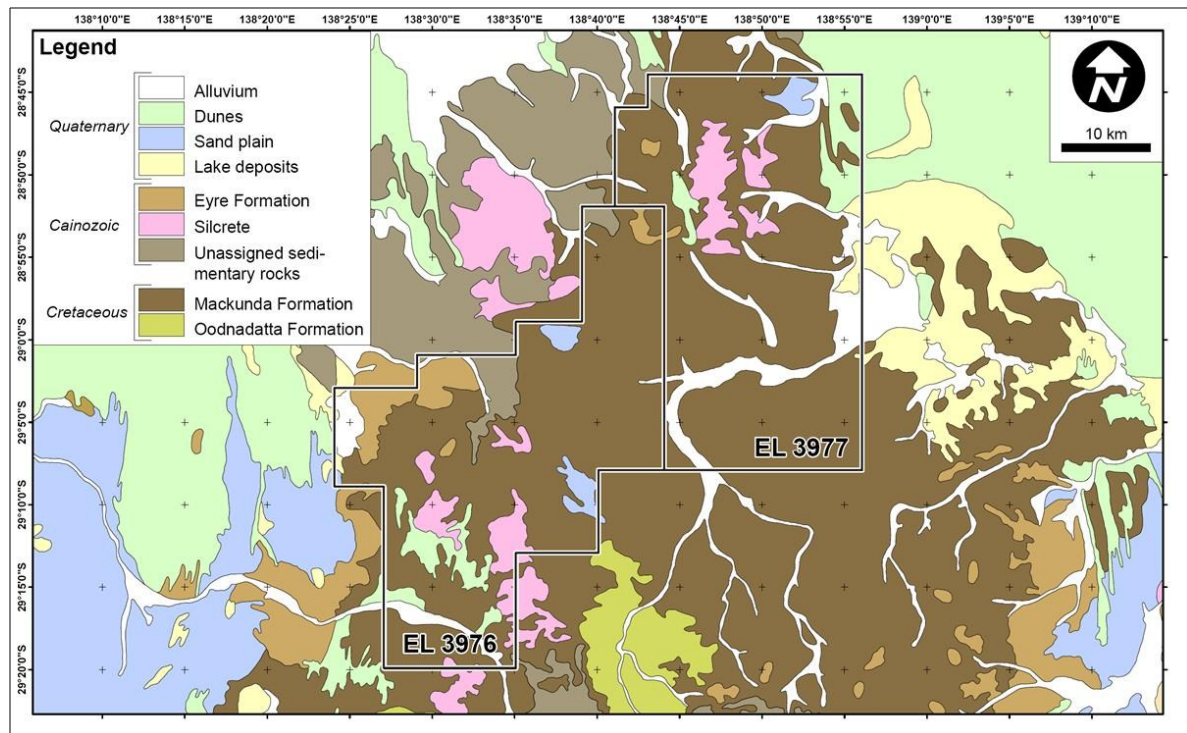


Figure 4: Simplified geology at Regalpoint's Lake Gregory project based on the "Surface Geology of Australia 1:1,000,000 scale, South Australia" GIS dataset by Geoscience Australia (Catalogue Number 65199). In this dataset, the Cretaceous Winton Formation that is described in the text is included with the Mackunda Formation.

3 EXPLORATION ACTIVITIES IN SURRENDERED AREA

3.1 Introduction

Exploration activities in the surrendered area comprised a detailed airborne magnetic and radiometric survey in 2008, a field visit in 2009 including taking grab samples for analysis, a palaeo channel interpretation and Native Title discussions were initiated.

3.2 Airborne magnetic and radiometric survey

In 2008 Regalpoint commissioned an airborne magnetic and radiometric survey for 20,684 line km at 100 m line spacing over the entire area of the Lake Gregory project (EL 3976, EL 3977). The main justifications for this survey were the lack of radiometric and high-resolution magnetic data for the area covered by and the large size of the Lake Gregory project.

The survey was undertaken by FUGRO Airborne Surveys Pty Ltd between 01 and 29 August 2008. Raw data were received on 25 September 2008; final data was received on 19 November 2008 (Lee and Stenning 2008).

Details of the data processing for the magnetics and radio metrics are;

Magnetics: Preliminary processing of the aircraft compensated magnetic data involved correction for system parallax, spike removal and diurnal. The IGRF corrections were computed for each value. The magnetic data were levelled using tie-line crossover values to compute miss-tie errors, which were distributed by least-square procedures until errors had been minimised. The data may have required application of proprietary microlevelling techniques to remove residual errors, which would have been corrected back to the line located data and re-gridded. These procedures ensured that the magnetic data were free from blemishes when subjected to stringent inspection.

Radiometric: Standard radiometric processing followed the stages of quality control, filtering, background removal, stripping, height correction and levelling. Radon removal for this standard procedure was done by the spectral ratio technique. Coefficients were determined from the relevant flight and pad tests. The 256-channel radiometric data were noise-suppressed using the NASVD method.

Results of the radiometric survey show a low tenor response in the surrendered area (Figure 5).

Results of the magnetic survey showed that the majority of the surrendered area has high magnetic intensity and probably corresponds with Achaean or pre-Neoproterozoic basement (Figure 6).

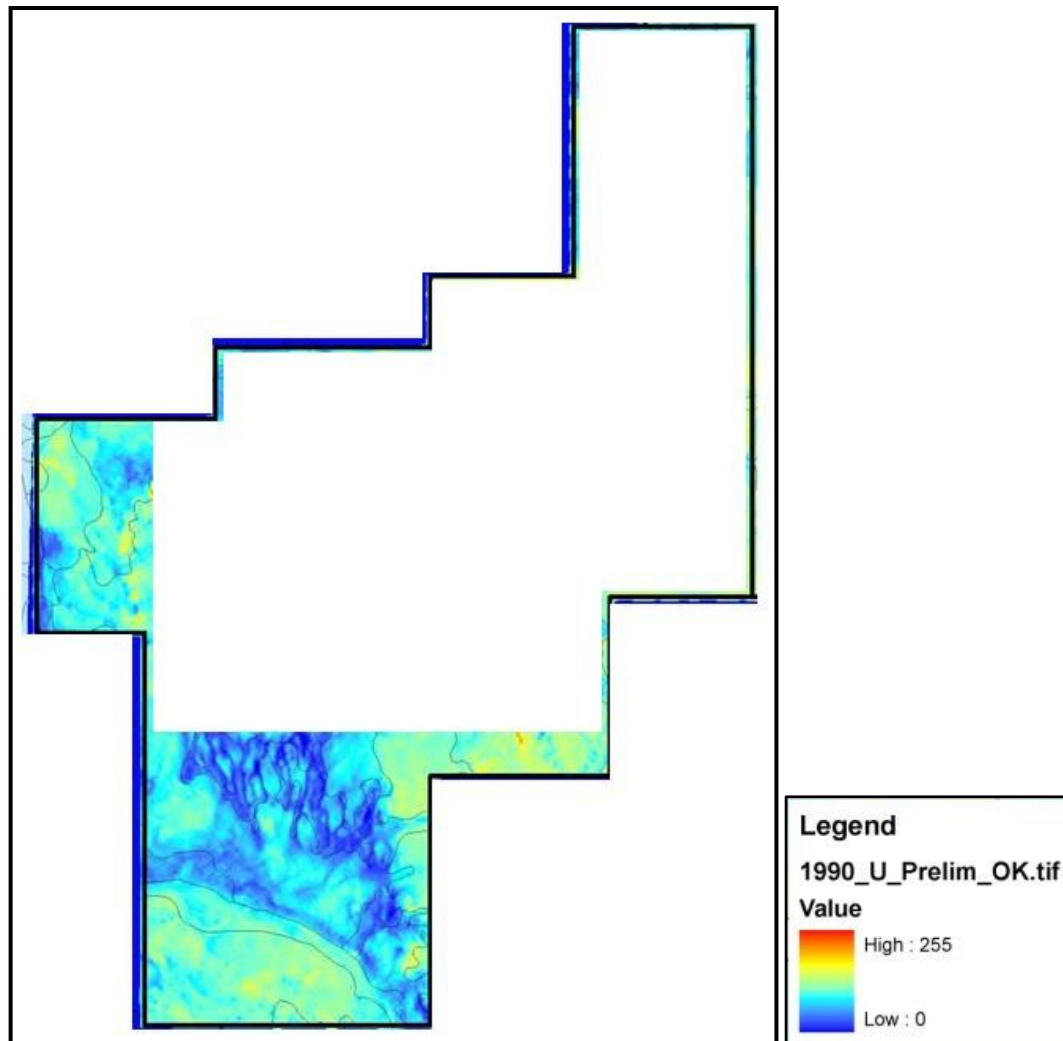


Figure 5: Uranium channel overview from aero-radiometric data in surrendered portion of EL3976 (Lee and Stenning 2008).

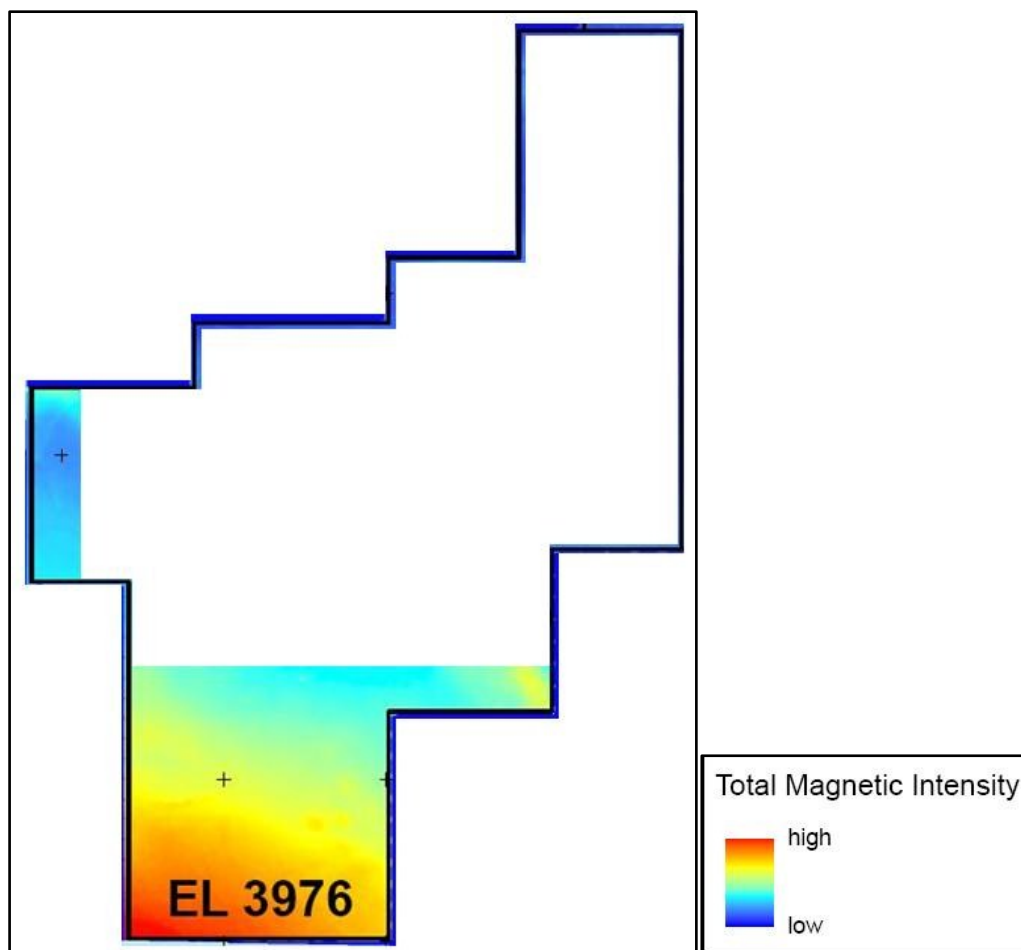


Figure 6: Magnetic intensity from aero-magnetic data in surrendered portion of EL3976 (Lee and Stenning 2008).

3.3 Field visit and sampling

In a field trip in 2009 it was noted that most locations visited comprise concentrations of ferruginous deflation lag, generally interpreted to have evolved from shales, as reflected in the platy character of the fragments. The lags were both limonitic and coated with vitreous goethitic “desert varnish”. These iron oxides are likely to have captured and concentrated any uranium present in the environment whilst the iron oxides were forming. The radiometric anomalies – U2/Th features map the distribution of the ferruginous material very well. Lows on the radiometric images closely match the presence of dunes, sheet sands and creek lines filled with recent alluvium. In some locations the lag is composed of coarser, more rounded material (including goethite cemented “breccias”) interpreted to be derived from more sandy precursors. The main thorium anomaly (LG20) is associated with such sandy material and may reflect a concentration of detrital minerals such as monazite in the sands.

Only one sample was taken in the surrendered area. This sample was submitted to the Genalysis Adelaide preparation laboratory. The samples were dried (where necessary), jaw crushed and pulverized, then the pulps were mixed with a suitable binder, homogenized and pressed into a pellet and then analysed at the Genalysis Perth Laboratory using XRF (Method PP/XRF11) for twelve elements (Table 1). Assay results are presented in Table 2.

Element	Detection Limit	Element	Detection Limit
U	5 ppm	V	20 ppm
Th	5 ppm	K ₂ O	0.01 %
Rb	5 ppm	CaO	0.01 %
Sr	5 ppm	P	0.001 %
Fe	0.01 %	Ba	10 ppm
Mn	50 ppm	S	0.01 %

Table 1: List of assayed elements and their detection limits

Site	Sample	Easting	Northing	Ba ppm	CaO %	Fe %	K ₂ O %	Mn %	P %
LG22	67579	263545	6764616	2993	0.34	37.08	<0.01	0.106	0.076
				Rb ppm	S %	Sr ppm	Th ppm	U ppm	V ppm
				<5	0.24	245	58	8	3056

Table 2: Assay results for grab sample at site LG22.

3.4 Palaeochannel interpretation

Using the Uranium bearing basins of Kazakhstan (Chu-Saryssu and Syrdarya) as a geological analogue, the Mt Painter Inlier provides the uraniferous source rocks. Within these unites exploration focused on sandstone roll-front style uranium deposits in Tertiary clastic sediments of the Eromanga basin; which are deposited in palaeochannels.

An enhancement filtering exercises of the airborne survey (magnetic, radiometric, topography) and ASTER data was undertaken for the palaeochannel interpretation (Buckingham 2009). The complete processing report is included as digital appendix. The analysis of interpretation concluded that the location, geometry and flow direction of palaeochannels within the Lake Gregory tenements using ASTER, magnetic, radiometric and DTM data was quite difficult, and the level of confidence attributable to the final interpretation is low. Problems included inconsistencies between datasets and variations reflecting present drainage rather than palaeodrainage. Having tried to use available data first; an airborne EM survey is recommended for consideration. The result of the interpretation in the surrendered area is shown on Figure 7. This figure shows that the age of the palaeo drainage in the surrendered area is unknown but is older than Neogene.

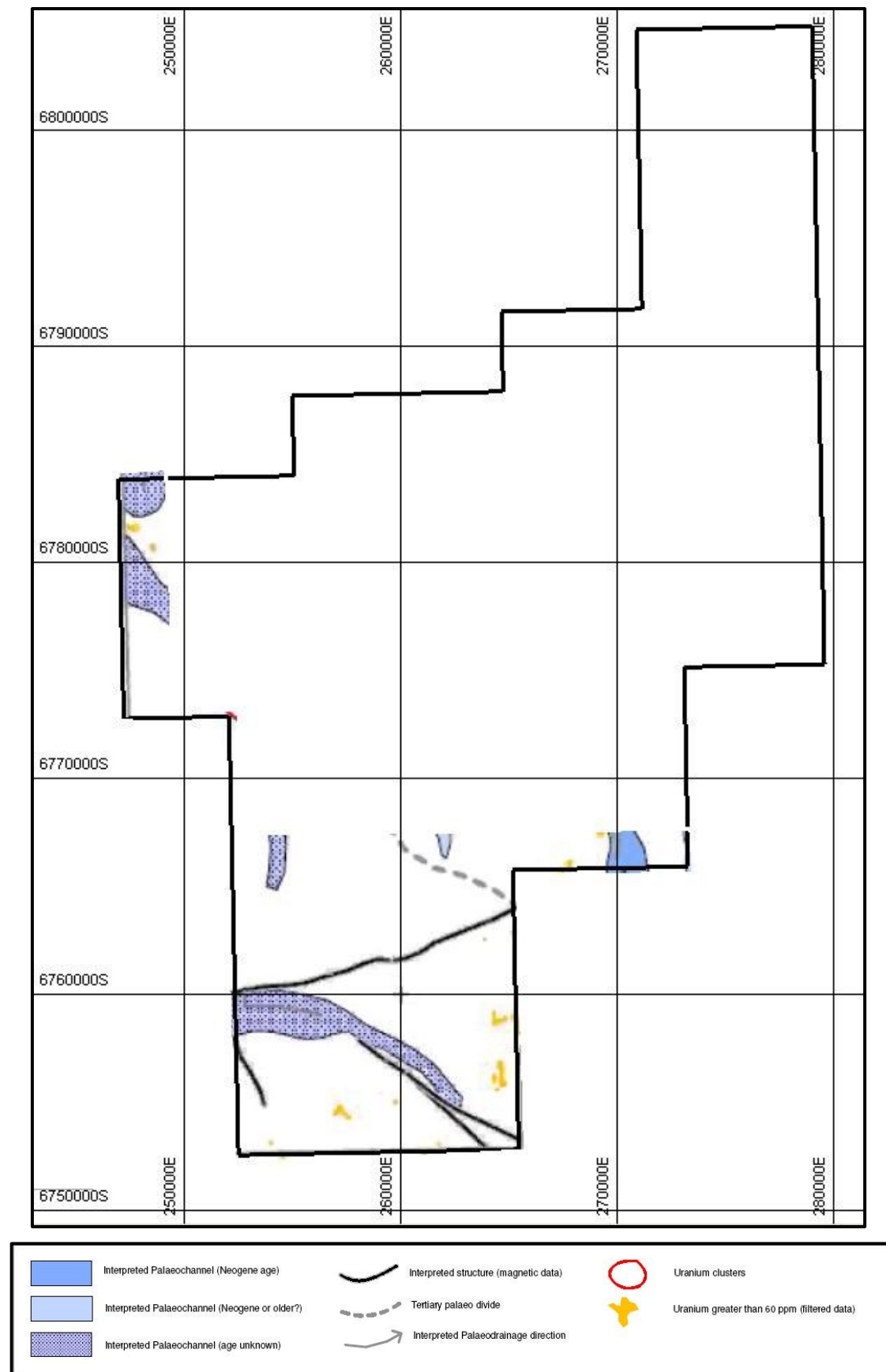


Figure 7: Interpretation of palaeodrainage in surrendered portion of EL3976 (Buckingham 2009).

3.5 Native Title discussions

In 2010 exploration activities were greatly reduced due to corporate factors. The proposed initial public offering (IPO) failed to materialise.

Native title discussions with the Dieri Native Title Group were initiated but not finalised.

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