EXPLORATION LICENSE 10322

GREAT NORTHERN

ANNUAL REPORT ON EXPLORATION ACTIVITIES FOR THE FOURTH YEAR OF TENTURE 2005/2006

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Figure 1 Locality Map
Figure 2 Tenement Map
INTRODUCTION.

Exploration Licence 10322 occupies two one-minute graticular blocks, an area of 6.7 square kilometers, situated in the Batchelor 1:100,000 sheet area. Excluded from the northern part are Mineral Claims which cover old workings of the Great Northern mine. Figures 1 & 2 show the location and boundaries of the tenement. Title was granted to Gary Anthony Clark and Brian John Briggs for a three year term commencing 18th November 2002.

The area lies approximately 35 kilometres east of Adelaide River township, and is accessed by various station tracks via Mt Ringwood Station homestead in the north or the old Goodall mine site in the southwest; these tracks may be impassable during monsoonal weather. The topography of the area is subdued, except around the old mining area in the north, consisting of a mixture of isolated low hills and rises interspersed with alluviated areas leading down to McCallum Creek to the east. Vegetation is open savannah woodlands, with a grassy understory, typical of this part of the Top End.

2. GEOLOGY, MINERALISATION AND PAST GOLD PRODUCTION.

The general geology of the area is shown on the published 1:100,000 scale geological map Batchelor and Hayes Creek Region (BMR 1985); the relevant portion of this map is reproduced in Figure 3.

The entire Licence area is underlain by sedimentary rocks assigned to the Burrell Creek Formation, of the Finnis River Group, in the upper section of the Early Proterozoic Pine Creek Orogen stratigraphic sequence. The sediments comprise a dominantly greywacke/mudstone sequence of turbidite facies. These rocks have been subjected to greenschist facies regional metamorphism, locally with a thermal metamorphic overprint close to granite contacts, and are now represented by slates and metagreywackes showing a variable degree of slaty cleavage depending on original lithology. The meta-sediments are intruded by pre-metamorphic dolerite and lamprophyre dykes.

The structure consists of north to northeast trending, moderately tight symmetrical folds, having gentle northerly plunges. Four major anticlinal trends are recognized in the district and are important in relation to the localisation of gold mineralization; these include the Great Northern, the Great Western, the Goodall and the Star of the North trends.

Historical gold workings at Great Northern, Great Western and Star of the North are reported to have produced 112 kg of gold between 1896 and 1920, from small pits and shafts. The gold was found in concordant quartz veins and saddle reefs along the hingelines of the north-plunging anticlines. At Great Northern auriferous saddle reefs, up to 3m thick, occur over a strike length of at least 2000m.

The Goodall open pit of Western Mining, located some five kilometers west of Great Northern, produced 4,095 kg of gold, from ore with an average head grade of 1.99 g/t Au, between 1988 and 1993. The deposit consisted of a stockwork of thin conformable and cross-cutting quartz veins, and had overall dimensions of 750 x 50m. The ore zone was located some 60m to the east of a major anticlinal axis (the Howley anticline).
3. PREVIOUS EXPLORATION ACTIVITIES

In recent times serious gold exploration in this part of the Pine Creek Field commenced in 1980 when Exploration Licences 2361 and 2362 were explored by WR Grace Australia and Western Mining Corporation under the Mt Ringwood Joint Venture. Initial programs of helicopter reconnaissance and rock chip sampling discovered the Goodall Gold Mine. Exploration continued up to early 1990's and included regional soil geochemical sampling and geological mapping, together with detailed mineralization was identified outside the Goodall project area.

Western Mining's work stimulated intensive gold exploration in the surrounding district by many other companies through to 2000. Most work concentrated on exploring poorly exposed or alluvial areas, which had not been exhaustively tested by Western Mining, utilizing mainly reconnaissance RAB drilling, soil and drainage geochemical sampling and a variety of remote sensing techniques. Some of this work overlapped the area of EL 10322, but no anomalies of significance were discovered. Post 1980 company exploration is summarized in Table 1.

During the first four years of the current Exploration Licence four good prospects have been discovered to the south of the main Great Northern workings. These areas are known as Backoe Hill, Carl's Hill, Southern Prospect and Golden Nob. All were discovered by metal detector and followed up with soil sampling and rock chip sampling.

4. EXPLORATION CARRIED OUT DURING YEAR FOUR OF LICENCE

A small QU. Reef at the Northern End of Backhoe Hill, approx 4-6 inches in thickness was further sampled after previous good Assay results, the best being 263 ppm gold. Four samples taken randomly along the reef were sent for Assay with the best result being 118 ppm gold and the worst result 9.54 ppm gold. Twenty other rock chip samples were taken from all over the EL area with the best results being 24.4 ppm gold. Thirteen of the Assays were below 1 ppm gold.

Two backhoe trenches were dug on the flat searching for Alluvial Gravels. One trench produced no gravels and was backfilled, the second trench produced gravel which was sampled and backfilled, no results on gravel sample at time of reporting.
5. YEAR FOUR EXPENDITURE

Transportation and Hire of Backhoe $2,500
Toyota Land Cruiser (21 days) $1,680
Labour (21 days) $4,200
Camping Provision $ 400
Assays $ 650
Fuel for Backhoe and 4WD $ 400

Total Expenditure $9,830

6. PROPOSAL FOR EXPLORATION DURING YEAR FIVE

Year five will be spent mainly on the Southern End of the EL trying to establish three prospect areas. Mainly Golden Nob, Carls Hill and Southern Prospect. At the Northern end of the EL I will be applying for permission to peg a mineral claim at Backhoe Hill.
### Table 1 – Summary of Post-1980 Exploration

<table>
<thead>
<tr>
<th>TENEMENT</th>
<th>TITLEHOLDER</th>
<th>LOCATION</th>
<th>EXPLORATION ACTIVITIES</th>
<th>RESULTS OBTAINED</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL4217 1983/89</td>
<td>Douglas, Zapopan Nobelex</td>
<td>North of Goodall</td>
<td>Landsat and air photo studies, field reconnaissance and rock-chip sampling; 100 RAB drillholes, 67 reaching bedrock</td>
<td>Two holes struck anomalous gold on inferred projection of Goodall anticlinal axis.</td>
</tr>
<tr>
<td>EL5011 1988/89</td>
<td>White Mining, Zapopan</td>
<td>Margaret River flats E of Great Western.</td>
<td>Reconnaissance soil sampling of outcrop areas, and one traverse of RAB drilling of alluvial area</td>
<td>No anomalies detected</td>
</tr>
<tr>
<td>EL’s 4218 &amp; 4220B 1983/89</td>
<td>White Mining, Zapopan &amp; Nobelex</td>
<td>South of Great Western</td>
<td>Reconnaissance geology and rock chip sampling, and stream sediment sampling.</td>
<td>No encouraging results</td>
</tr>
<tr>
<td>EL5318 A 1987/91</td>
<td>Western Mining</td>
<td>John’s Hill area</td>
<td>At C3 anomaly three diamond drill holes tested north-dipping quartz veins in a 50m wide meta-dolerite N-S dyke.</td>
<td>Veins too narrow and wide-spaced (20m) for economic mineralisation; grades up to 3.38g/t Au, widths to 0.8m.</td>
</tr>
<tr>
<td>EL5313 1988/91</td>
<td>Oceania, Golden Plateau Pegasus</td>
<td>S &amp;SE of Goodall</td>
<td>At C4 anomaly five 60m RC holes tested saddle reefs and stockworks mainly on east anticlinal limb.</td>
<td>Several narrow gold intercepts best 5.2g/t Au over 2.0m</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Aeromagnetics, geological mapping, rock chip and drainage geochem sampling, with follow up detailed geology, sampling, trenching and RC drilling of prospects</td>
<td>Follow up of magnetic and rock chip anomalies at Three Rest Hill, Copper Pits and Hallelujah prospects did not indicate economic mineralisation.</td>
</tr>
<tr>
<td>EL8139</td>
<td>Territory Goldfields</td>
<td>W &amp; SW of Great Northern.</td>
<td>Aeromagnetic interpretation, LAG geochemical sampling, and 2 RAB drillholes for 97m.</td>
<td>No results for follow up</td>
</tr>
<tr>
<td>EL9167</td>
<td>Northern Gold Camelot</td>
<td>Between Star of the North and Great W'</td>
<td>Regional soil sampling on 400m by 100m grid, on 19 lines over mainly alluvial areas, for total of 431 samples.</td>
<td>No follow up reported</td>
</tr>
<tr>
<td>EL8504</td>
<td>Northern Gold Dominion</td>
<td>West of Great North'n.</td>
<td>Area is 80% black soil plain; RAB drilled on 1600m X 200m grid for 117m in 18 holes with analyses for Au, Ag and base metals.</td>
<td>No significant anomalies</td>
</tr>
<tr>
<td>EL7090</td>
<td>NT Gold P/L</td>
<td>Great Northern</td>
<td>Survey with metal detectors in the vicinity of the historical workings</td>
<td>Several small quartz veins with coarse to nuggety gold were found and pegged under Mineral Claims.</td>
</tr>
<tr>
<td>EL9306</td>
<td>Markaranka, Agricola Gold</td>
<td>W and SW of Great Northern</td>
<td>Limited rock chip sampling</td>
<td>Anomalies too small to warrant further work.</td>
</tr>
<tr>
<td>EL9667</td>
<td>Markaranka</td>
<td>S of Great North'n</td>
<td>No field exploration done</td>
<td></td>
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<tr>
<td>EL9122</td>
<td>Northern Gold Dominion</td>
<td>Margaret River flats E of McCallum Creek.</td>
<td>Regional soil sampling on 100m X 400m grid, comprising 12 traverse and 241 samples analysed for Au, Ag, As and base metals. Several phases of infill and follow up soil sampling were done.</td>
<td>All anomalies were very low order, not warranting further Work.</td>
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