ANNUAL REPORT

ON

EXPLORATION LICENCE 10321

January 2006 to December 2006

AGRICOLA GOLD LTD
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March 2007
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1. INTRODUCTION

Exploration Licence EL 10321 was granted to Agricola Gold Ltd., in December 2002 and renewed on 15th December, 2006, until December, 2008.

The licence consists of 2 graticular blocks and lies wholly within the 1:50,000 Margaret River Tenement Map with an approximate area of 6.687 square kms.

This report covers activities conducted on and for the tenement from January 2005 to December 2006.

2. LOCATION AND DESCRIPTION

Exploration Licence no. 10321 is located in a sub-block elongated shape between 131' 17 E and 131' 17 E and 13' 13" S and 13' 15" S.

The tenement is approximately 114 kms south of Darwin and is accessible via Stuart Highway, hence by Tortilla Road then by station tracks to the northern boundary of the licence.

In the licence area the drainage lines are seasonably very active with each wet season, so that ground work is not possible during this period. Dry season access is being examined to transport ore samples to the Goodall Mine testing site.

3. REGIONAL GEOLOGY

The tenement area is underlain throughout by the Lower Proterozoic Burrell Creek Formation, and consists of a grey-wacke to mud-stone suite representing a series of cyclic turbidity events throughout the Finnis River Group de-positional history.

EL 10321 lies within WMC Ltd.’s Central Zone which was explored in the mid-late 1980’s as part of their regional programme on ground surrounding the Goodall Mine. As part of that exploration effort, a great deal of work was done on the de-positional and deformational history of this area which represents the deepest part of the Pine Creek Geosyncline.

The stratigraphic sequence is similar to that found around the Goodall Mine (Hancock and Ward, 1988), and consists of:

**Upper Wacke Sequence:**

<table>
<thead>
<tr>
<th>Thickness</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 1500 m</td>
<td>Comprises medium grained, clast-supported, buff-weathering quartzofeldspathic, tuffaceous wackes, silts and lesser lithic pebble conglomeratic turbidity. The lower portion is a relatively distinctive, but-weathering wacke.</td>
</tr>
</tbody>
</table>
**Red Silty Unit:**

**Thickness:** > 600m  
**Description:** A relatively poorly exposed unit dominated by distinctive red-brown weathering phyllitic metasiltstone, graded and bedded phyllite, distinctive laminated phyllite and matrix-supported medium-grained quartzofeldspathic wacke. Laminated chlorotic phyllite with thin tuffaceous interbeds form a distinctive association in the unit. The unit can be internally considered as comprising a lower unit dominated by phyllite and matrix-supported wacke and an upper unit distinguished by laterally persistent wacke units, which include clast-supported lithologies similar to those that dominate the overlying wacke-rich unit. The top boundary is gradational in detail but defined by a thin but continuous wacke unit traceable around the structure in the area mapped in detail.

**Bundey Sequence:**

**Thickness:** > 1000 m  
**Description:** Boldly outcropping, medium grained, tuffaceous, quartzofeldspathic wacke with matrix chlorite and muscovite and interbedded chlorite-sericite-quartz phyllitic metasiltstones. Graded, medium grained, clast-supported wacke dominant, and a distinctive sub-zone of wackes with nodules to 5 - 8 cm of quartz-ex-diagenetic chert occurs near the top. Thick phyllitic metasiltstones, often with local ex-andalusite and ex-cordierite spotting occur.

**Lower Transitional Zone:**

**Thickness:** ≈ 500 m  
**Description:** Not mapped in detail, but reconnaissance observations structurally beneath the Bundey Sequence in the axial zone of the Howley Anticline indicate poorly outcropping, mixed successions of medium grained, quartz-feldspar wacke and significant thicknesses of ferruginous, probably ex-graphitic phyllite, reminiscent of the underlying Mt. Bonnie Formation.

The units above show alterations in the abundance of sand and silt, but rarely, if ever, to the exclusion of either lithology. The change in character probably reflects the changes in the character of the provenance area of detritus, as bed organisation and the depositional environment area similar in both the clast-supported and matrix-supported (Red Silty Unit) lithologies.

Elements of all the above units may be found in the EL area, with variants from the quartz pebble conglomerate to the fine, matrix-supported Red Silty Unit in areas of sub-crop to postulated alluvium-covered areas.

Structurally, the dominant feature is the Mt. Shoobridge Fault in the western portion of the tenement, with several minor folding events present to the west of this fault. The Mt. Shoobridge Fault Zone dissects several anticline/syncline pairs intruded by concordant and discordant quartz veins and/or stock-works. The fault has been shown to contain very minor mineralization and can be regarded as a dry conduit for both mineralizing fluids and groundwater.
4. **PROSPECT GEOLOGY**

Two prospects were located by the previous lessees. The first was extensively drilled resulting in approximately 2 g/t of Au. and 2% lead. The second was the southern end of the tenement, showed scattered gold occurrences edging into the adjoining EL 6966 and now named the Cook Prospect which is being prepared for bulk sampling.

This second prospect requires further sampling and drilling to finalise its true worth as a prospect.

5. **PREVIOUS EXPLORATION**

The licence area was originally explored by WMC in the 1980's as part of their regional programme contract on the Goodall Prospect.

As exploration progressed through the 1980's, a regional soil sampling programme of large dimensions was a resultant follow-up.

This involved the sampling of - 80# B horizon soil samples on 20 m centres which were then composited to 40 m centres, on lines spread 800 m apart. Point highs were investigated and areas were selected for closer-spread sampling on 200 m line spacing.

The major early prospect named No. 1 was drilled by the previous lessees, will moderate results.

6. **WORK DONE IN LICENCE YEAR - Jan to Dec 2006**

The planned bulk sample testing for this year was postponed due to the closure of the processing facility at the Goodall Mine site.

A new geological survey was performed over the southern prospect of the licence now named Cook. Surface dish sampling provided an outline of the prospect where shallow occurring high grade gold values were observed.

Further near surface examination of the adjoining narrow scoradite view provided the most promising shallow occurring high gold content of all tests.

See accompanying map of proposed areas to be shallow drilled.

**EXPENDITURE**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field work, Geo staff and vehicle</td>
<td>$3,800</td>
</tr>
<tr>
<td>Reports</td>
<td>410</td>
</tr>
<tr>
<td>Sundries</td>
<td>$1,100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,310</strong></td>
</tr>
</tbody>
</table>
7. WORK PLANNED FOR YEAR 6 - 2007 (of the current licence)

Following the record wet season of early 2007 across the tenement area, all activity for the first part of the season will be severely curtailed.

The small drilling programme is then proposed to finally define the Cook Prospect on the southern extremity of the tenement. A further programme of surface sampling will be hopefully completed to determine the border of the drilling programme.

To date the best gold occurrences are situated from 2 to 3 metres deep with a much deeper area along the adjoining scoradite very high grade vein. Further surface work is then planned over the centrally located part of the licence on the prospect named Fisher. Depending on there results, a shallow drilling programme is actively programmed over the Fisher Prospect pending seasonal conditions.

ESTIMATED EXPENDITURE

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Field Officers - 6 days</td>
<td>$2,400</td>
</tr>
<tr>
<td>Geo Consult</td>
<td>$600</td>
</tr>
<tr>
<td>Drilling 40 shallow holes</td>
<td>$5,600</td>
</tr>
<tr>
<td>Vehicle and camp support</td>
<td>$1,200</td>
</tr>
<tr>
<td>Assays</td>
<td>$1,000</td>
</tr>
<tr>
<td>Sundries</td>
<td>$200</td>
</tr>
<tr>
<td></td>
<td><strong>$11,000</strong></td>
</tr>
</tbody>
</table>

8. CONCLUSION

The future of Tenement EL 10321 depends upon the jointly owned adjoining tenement results together with the results of the current drilling programme.

It is strongly noted that the retention of the original licence area be retained as the letter of renewal stated.