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Department of Primary Industry, Fisheries and Mines
1. INTRODUCTION

Exploration Licence EL 10321 was granted to Agricola Gold Ltd., in December 2002 and is due to expire in April 2008. Renewal of the Licence must be lodged at any time before 3 months prior to the expiration date in accordance with Section 29A (1 of the Mining Act).

The tenement (EL 10321) is approximately 114 kms south of Darwin (Fig 1) and consists of 2 graticular blocks located on the Batchelor 1:100,000 Topographic Survey sheet approximately 18 kms due east of Adelaide River township (Fig 2). The Licence comprises an area of approximately 6.687 square kms.

This report covers activities conducted on and for the tenement from January 2007 to December 2007.

Renewal of the Licence is sought by Agricola Limited who have entered into a Joint Venture Agreement with Salisbury Resources Limited (SBY) who have agreed to spend $200,000 on airborne electromagnetic surveys and reverse circulation drilling within the first year of the Joint Venture following the successful listing of SBY on the Australian Stock Exchange.

2. LOCATION AND DESCRIPTION

Exploration Licence No. 10321 is located between 131° 16’ E and 131° 17’ E and 13° 12’ S and 13° 14’ S (Fig 3) and is accessible from Darwin via the Stuart Highway to Adelaide River Township, thence by station track to the Mount Keppler yards on the Mount Ringwood HS station track. Station tracks provide access within the Licence. An alternative access can be gained from the Tortilla Road via Tortilla HS thence south to Mt Keppler yards.

The topography within the Licence comprises a series of low north-south trending hills and intervening alluvial valleys. Ephemeral creeks and drainages drain north-easterly toward Howley Creek and Margaret River and north-westerly towards Burrell Creek and Adelaide River. Within the Licence area the drainage lines are very active each wet season (November to March) which severely restricts ground work during this period.

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 program 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:**
- **Thickness:** > 1500 m
- **Description:** Comprises medium-grained, clast-supported, buff-weathering, tufaceous wackes, silts and lesser lithic pebble conglomerate turbidity. The lower portion is a relatively distinctive, but-weathering wacke.

**Red Silty Unit:**
- **Thickness:** > 600 m
- **Description:** A relatively poor exposed unit dominated by a distinctive red-brown weathering phyllitic metasiltstone, graded and bedded phyllite, distinctive laminated phyllite and matrix-supported medium-grained quartzo-feldspathic wacke. Laminated chlorotic-phyllite, with thin tufaceous interbeds, form a distinctive association with the unit. The unit can be internally considered as compromising 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 traceable around the structure in the area mapped in detail.

**Bundey Sequence:**
- **Thickness:** > 1000 m
- **Description:** Includes boldly outcropping, medium-grained, tufaceous, quartzo-feldspathic wacke with matrix chlorite and muscovite and interbedded chlorite-sericite-quartz phyllitic metasiltstones. Grade, medium grained, clast-supported wacke dominant, and a distinctive sub-zone of wackes with nodules to 5 – 8 cm of quartz-ex-digenetic 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 thickness of ferruginous, probably ex-graphitic phyllite, reminiscent of the underlying Mt Bonnie Formation.

The units above show variations in the abundance of sand and silt, but rarely, 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 the 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 mineralisation and can be regarded as a dry conduit for both mineralising fluids and ground water.

4. PROSPECT GEOLOGY

Three prospects have been located within EL 10321, namely Reid, Fisher and Cook.

Reid, the northern-most prospect, is located to the east of the Shoobridge Fault. An outcrop of gossanous quartz-vein breccia approximately 15 m wide occurs as a discontinuous unit over some 300 m trending north-south as 5 main elongated pods. Anomalous gold values occur within the brecciated zone along with anomalous lead and arsenic values. Previous shallow drilling (36 holes drilled to 3m depth each on lines 10m apart) produced gold grades ranging from 1 – 3 g/t with lead values up to 3%. This prospect has not been tested at depth or along strike.

The central prospect is designated the Fisher prospect. Three rock-chip samples returned values from 1.1 – 2.1 g/t. Morestoe Pty Ltd sampled the northern end if the prospect where samples returned values averaging 1.9 g/t over continuous 0.5m wide quartz veins. At the southern end of the hill the outcropping quartz veins coalesce with values up to 3.2 g/t gold, more work is required on this prospect.

At the southern end of the tenement the Cook prospect revealed scattered gold occurrences trending into the adjoining Exploration Licence. A geological sketch plan, together with a soil sampling plan, is attached to this report. Surface samples collected near the southern boundary
produced results up to 20.1 g/t gold. The prospect requires significant drilling to determine the extent and grade of the mineralisation.

5. PREVIOUS EXPLORATION

The licence area was originally explored by WMC Ltd in the late 1980’s as part of their regional exploration program in conjunction with mining at the nearby Goodall Mine. Previous work involved B horizon soil sampling on 20m intervals on lines separated 800m apart. Closer spread sampling on 200m line spacing was undertaken where anomalous point highs had been encountered.

WMC followed up the discovery of the Reid prospect with a short IP survey, 8 shallow costeans and 6 drill holes. The best value was 12 m at 2.9 g/t gold. Morestoe Pty Ltd completed 36 shallow drill holes each to 3m depth on hole spacing of 2m with line spacing of 10m apart on the southern lens and a total of 50 holes on the northern lens.

Further drilling is required to define a JORC compliant resource.


Lack of exploration funds restricted field activities during the year, Agricola spent considerable time and effort trying to attract a Joint Venture partner and has been successful in negotiating a Joint Venture with Salisbury Resources Limited in November 2007. Salisbury plan to undertake a major Reverse Circulation drilling program in 2008.

Field Work:
Geologist, staff and vehicle, 3 days @ $950/day..................................................$2850
Field supplies and rations ..........................................................$ 550
2 Field staff- examination of surface scoradite outcrop on Cook prospect, pan sampling..$1000
Examination and planning access to Cook Reid & Fisher prospects......................... $ 550
2 field officers, marking and mapping of planned drill holes ......................................$1000
Sundries ......................................................................................$ 350

Executive Officer with proposed Joint Venture Partner:
Field assessment with Geologist (R Horn) and metallurgist (D Costello) ......................$1000
Vehicle & supplies........................................................................$  480

Director - R Jettner
Joint Venture negotiations in Perth with D Costello – 4 days:.................................$1000
Fares and Accommodation.................................................................................. $  790
Legals......................................................................................................$1200
Sundries, advertising, printing & office overheads..............................................$1710
Total..............................................................................................................$12480

7. WORK PLANNED FOR YEAR 6 (2008)

Agricola Gold Limited has signed a Joint Venture Agreement with Salisbury Resources Limited which requires Salisbury to spend a minimum of $200,000 within the first 12 months from the commencement of the Joint Venture (10.12.2007) on EL 10321 and EL 10320. Salisbury guarantees that 50% of the expenditure will be on drilling.

The work programme planned by Salisbury Resources for year 6 proposes to include an airborne electro-magnetic survey to define sulphide mineralisation under cover, mobile metal ion (MMI) soil geochemistry, x-ray fluorescence soil geochemistry and reverse circulation drilling. An estimated cost is as follows:

**Estimated Expenditure for EL 10321**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airborne EM/MMI soil sampling</td>
<td>$55000</td>
</tr>
<tr>
<td>Cook prospect RC drilling (500m)</td>
<td>$50000</td>
</tr>
<tr>
<td>Sample prep &amp; assays</td>
<td>$10000</td>
</tr>
<tr>
<td>Field supplies, accommodation, vehicles</td>
<td>$15000</td>
</tr>
<tr>
<td>Management</td>
<td>$10000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$140000</strong></td>
</tr>
</tbody>
</table>

8. CONCLUSION

Agricola Gold Limited seeks an extension to the term of the Licence and expects a significant expenditure commitment to be made on EL 10321 in the next 12 months which should advance the prospects previously defined toward a JORC compliant resource and a bank feasibility study. The strong Australian gold price will ensure that should a deposit of sufficient size and grade be outlined a small mining operation could be developed.
Agricola Gold Ltd
27 Matthew Street
BEDFORD PARK SA 5042

Dear Sir/Madam

SUBJECT: EXPLORATION LICENCE 10321

I refer to the above Exploration Licence and advise that anniversary no. 5 occurs on 09 December 2007. In order to meet the statutory requirements of the Mining Act you are required to comply with the conditions below:

Annual Report

Within one month after the above date submit an annual report for the past year of the licence and an estimate of the proposed commitment for the forthcoming year. Section 34(1) and (3) refer.

Proposed commitment for the forthcoming year may be omitted if the title is expiring.

No additional reminders will be issued and failure to comply will result in the commencement of action to cancel the licence in accordance with section 171 of the Mining Act.

Should you require any additional information please contact the Titles Management Team on (08) 8999 5231 or (08) 8999 5271.

Yours sincerely

[Signature]

STEPHEN FISHER
Mining Registrar

6 December 2007