Annual Report
EL 26977
Period: 23/07/2010 to 22/07/2011
Barrow Creek Region, Northern Territory

Fertoz Pty Ltd
40 Balgowlah St.
Wakerley
QLD 4154

Barrow Creek Project
1:100 000 Mapsheets: 5754 Home of Bullion, 5853 Utopia, 5854 Larapulla, 5753 Woodgreen
1:250 000 Mapsheets: SF6306 Barrow Creek, SF5310 Alcoota
Commodity: Phosphate

JM Draper B.Sc (Geol.)
Minesite Services Australia
October 2011
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1. **EXECUTIVE SUMMARY**

In the latter part of October 2010 EL 26977 was purchased by Fertoz Pty Ltd from the previous titleholders FSL World Holdings Pty Ltd. The EL consists of 284 graticular blocks, (920km²) located in the Barrow Creek Region of the Northern Territory. The licence covers Cambrian age siliciclastic and calcareous rocks which form the south eastern boundary of the Georgina Basin where it onlaps the Aileron Province.

The area of interest occurs within and adjacent to the boundary of the Georgina Basin and the new titleholders consider the licence area to be favourable for the discovery of phosphate deposits of a similar nature to that found to the east of this locality. The Arthur Creek Formation is the target rock unit in this locality as it represents the calcareous unit deposited in the Cambrian. This Formation has a lower anaerobic limestone and an upper aerobic limestone which represents near shore conditions. This aerobic limestone unit is fossiliferous with phosphatic occurrences throughout the region. Phosphate has been found at the base of the aerobic unit and this is our target on this licence.

2. **CONTACT DETAILS:**

**Tenant Holder:**
Fertoz Pty Ltd  
40 Blagowlah St.  
Wakerley  
QLD 4154  
Contact: Mr Les Szonyi  
Email: Iszonyi@bigpond.com

**Tenant Manager:**
Complete Tenement Management  
PO Box 2515  
Darwin NT 0801  
Contact: Mrs Wendy Jettner  
Tel: 08 8981 1880  
Email: contact@completetenement.com.au

**Geological Consultant:**
Minesite Services Australia  
13 Mander Rd  
Holtze NT 0831  
Contact: Mr Andrew Jettner  
Tel: 08 8931 1461  
Email: andrewjettner@yahoo.com.au
3. **INTRODUCTION**

EL 26977 was granted on the 23rd of July 2009 for a period of 6 years and this annual report covers work done in the first licence year (2009-2010). During this period there was effectively no field work done on the licence. The licence consists of 284 graticular blocks and is located near Barrow Creek NT.

This exploration licence, along with ELs 26915, 26974, 26975 and 27036 form a total area of 2,890km² for the Barrow Creek Project Area. The licences are arranged in a north-westerly trending line covering the postulated western margin of the Georgina Basin.

![EL 26977 Location Map](image)

**Figure 1. EL 26977 Location Map**
4. TENURE

a. Mining
Exploration Licence 26977 was granted to FSL World Holdings on 23rd of July 2009 for a period of 6 years, expiring on 22nd July 2015. It is thus beginning its third year of tenure. Fertoz Pty Ltd purchased the licence in late October 2010. The exploration licence consists of 284 graticular blocks (920km²) and is located within the Barrow Creek 1:250 000 mapsheet.

b. Real Property
The licence is located within PPL 1103 “Stirling Station” which is owned by Stirling Station Pty Ltd (Stirling Station via Alice Springs NT 0872), “Neutral Junction Station” which is owned by Mr CO & Mrs E Frith (“Glenarden” Roma QLD 4455 and “Mt Skinner Station” which is owned by Mount Skinner Pastoral Co Pty Ltd, (Mt Skinner Station PO Box 8548 Alice Springs NT 0870).

c. Other Stakeholders
Other stakeholders in the licence area consist of the Alywarra and the Angarapa peoples who own large Aboriginal Freehold blocks to the east and southeast of the licence.

Figure 2. Real Property Tenure
5. **LOCATION AND ACCESS**

EL 26977 is located some 190km to the north of Alice Springs on Stirling, Neutral Junction Stations and Mt Skinner Stations. Access to the EL from Alice Springs is 190km north via the Stuart Highway to Barrow Creek. The licence covers an irregular shape and consists of some 284 graticular blocks having an area of 920km². The licence measures approximately 90km in length and is aligned northwest-southeast and is located to the east of Barrow Creek and southwards to Mollie Bluff near Utopia.

As can be seen from the figure below the North Australian Railway passes through the northern part of the licence. Access around the licence area is relatively slow with few fence lines and station tracks.

![Map of EL 26977 Access](image)

*Figure 3. EL 26977 Access*
6. **REGIONAL GEOLOGY**

EL 26977 is located primarily within the Georgina Basin adjacent to an outcropping section of the Aileron Province. It was applied for to cover a section of Georgina Basin margin to allow for exploration for phosphorite occurring in the middle to lower Cambrian Limestones of the Georgina Basin. The Aileron Province is a poly-deformed and metamorphosed basement terrain along the southern margin of the North Australian Craton. It contains metamorphosed clastic sediments, meta volcanic rocks, calc-silicate rocks, dolerite, mafic rocks and granites.

![Regional Geological Setting](image-url)

Figure 4. Regional Geological Setting
7. **Licence Geology**

Exploration Licence 26977 covers the Cambrian outcropping lithologies along the western edge of the Dulcie Syncline in the southwestern margin of the Georgina Basin. In the central portion of the licence area there is a northwest to southeast outcropping section of the underlying Aileron Province which consists of granite. Lithologies of interest in the licence area are the middle Cambrian calcareous ones such as the Arthur Creek Formation which occur on the eastern side of the Dulcie Syncline some 75km to the east at Ammaroo, where Rum Jungle Resources have recently located what is a substantial deposit of phosphorite.

This licence is in the same approximate stratigraphic location on the western side of the Dulcie Syncline. The Arthur Creek Formation is located stratigraphically below the Arrinthurunga Formation and is of primary interest as indicated earlier. This formation is of middle Cambrian age and demonstrates a facies that would be indicative of mid ramp to outer ramp paleoenvironment. This indicates a eustatic rise as facies are progressing down shelf. Investigation of this area showed that the rocks of interest did not outcrop on the surface. Soil sampling was done in appropriate areas with no positive results. It is the location of our target lithology that is the first objective on EL 26977.

![Figure 5: EL 26977 Licence Geology](image-url)
8. **Previous Exploration**

Previous exploration in the licence area has located a large number of pegmatites, leading to the name the Barrow Creek Mineral Field. There are 7 located pegmatites within EL 26975 and many more in the area outside the licence. There are also several base metal and nickel sulphide deposits in the regional area marking this as a potential host for base metal deposits. The area has been prospective for base metals and igneous associated tin, tantalite, and wolfram deposits for a long time as evidenced by the list of exploration titles below. The gold values obtained at the nearby Home of Bullion mine have lead to a systematic search for gold in this area as for base metals due to the mafic dykes found further to the north and east.

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Table 1. Historical Exploration Reports
Figure 6. Historical Exploration Licences

a. Field Work

**Year 2**

Field work completed in Year 2 was a number of traverses through the licence area based around access afforded by the NT railway line and access tracks. These were generally in good order due to the work done to repair line damage during the wet season and the installation of the broadband optical fibre line which was laid along the rail corridor. The work in the wet season caused major damage to the line access points but this was repaired after the wet season by the rail operators and improved by the contractors installing the optical fibre line to Darwin. Access was also afforded along the boundary fence between Stirling and Mt Skinner Stations. Surprisingly the boundary fence lines between stations have generally been the ones that have had the least maintenance. Traversing the areas to the east of the north-south soil lines was done on foot as the vegetation was impenetrable to vehicles. Rock sampling of secondary calcrete outcrops for uranium was also undertaken as part of our traverses through the licence. No radioactive rock specimens were found.

![Sample locations](image-url)
As can be seen from the results below there was little phosphate encountered in the soil samples taken from this area.

Figure 8. Phosphate Values
b. Desktop Surveys

Year 2

Office work in the second year of tenure consisted of desktop surveys with a field work focus. Primarily they consisted of examining maps both geological and infrastructure based to determine the target and the best possible route to get there. Exploration models previously used were modified to suit the geology and infrastructure needs of this particular EL.

c. Exploration Targeting

Exploration models target organic-rich carbonate rocks on depositional basin margins where upwelling and favourable palaeogeography would have bought cold phosphate-rich waters onto the shelf. Francolite formation takes place close to the sediment-water interface during times of low overall sedimentation and is intimately connected with the dynamics of diagenetic redox fronts, (Dunster, Kruse et al 2007).

Exploration will be directed towards locating the Arthur Creek Formation on the western side of the Dulcie Syncline. Where it outcrops on the eastern side of this feature Rum Jungle Resources have recently expanded the original discovery location of phosphorite to the northwest along the syncline margin towards Fertoz’ EL 26915. EL 26977 is directly across the Dulcie Syncline from these areas in the right stratigraphic location.

d. Prospect Generation

Phosphorite prospect generation would be dependant on the location of the basin margins (probably using aeromagnetics as at EL 26915) in the project area with the next step being examination of radiometrics for the location of subtle signatures that may indicate the presence of uranium associated with the phosphate due to substitution for Ca in the phosphorite crystal lattice. Follow up work on prospects generated by this model would be direct examination by drilling, working away from the basin margins into deeper areas of sediments. This is the rationale behind the current application for a drilling MMP lodged with the Department.

The proposed work program for the third year of tenure (2010-2011) will consist of the following:

Desktop surveys: Mapping of data already collected and further planning of drill programs etc.

Reconnaissance Visit – 4 men, 2 vehicles, 4 days

Annual exploration program: further rockchip surveying, geochemical surveying, mapping activities - 4 men, 2 vehicles, 10 days

RC Drilling Program 1000m of RC drilling – 2 men, 1 vehicle, 20 days

Plant Hire – 1 man, 1 vehicle, 7 days

Rehabilitation – 4 men, 2 vehicles, 6 days

Exploration Reporting – 1 man, 4 days

Preparation of the second annual report – 1 man, 3 days

Field activities in this area will be conducted in conjunction with operations on the adjacent Exploration licences of the Barrow Creek Project, (ELs 26915, 26974, 26975 and 27036).
11. **EXPENDITURE COVENANTS**


The expenditure report for Year 2(2010 – 2011) is included as Appendix 1 to this annual report.

b. **Proposed Expenditure for Year 3 (2011 – 2012)**

The proposed expenditure for Year 3 is as follows:

- Reconnaissance visit $15,600
- Annual exploration program $42,000
- Drilling Program $100,000
- Plant Hire $25,000
- Rehabilitation $14,000
- Exploration reporting $3,500
- Annual report preparation $4,500

**Total Proposed Expenditure** $200,000
12. REFERENCES

Open File Company Reports


Australian Geophysics No 1, (1965), Report No 3 Results and recommendations in the Home of Bullion area Barrow Creek NT Australian Geophysics No 1 unpublished company report, CR1965 – 0006.


**Published Reports**


**Company Reports**