EXPLORATION LICENCE  25119
‘DOUGLAS CREEK’
NEAR MOUNT MASSON NORTHERN TERRITORY

ANNUAL REPORT FOR THE FIRST YEAR OF TENURE
ENDING 3rd OCTOBER 2007

G R ORRIDGE
NOVEMBER 2007

Dept. of Primary Industry
Fisheries and Mines

02 NOV 2007
Received: Titles Division
Minerals & Energy Group
TABLE OF CONTENTS

1. INTRODUCTION.
2. GEOLOGY AND MINERALISATION.
3. WORK COMPLETED DURING THE FIRST YEAR OF TENURE.
4. EXPENDITURES DURING YEAR ONE.
5. PROPOSALS FOR EXPLORATION AND EXPENDITURES DURING YEAR TWO.

FIGURE 1. LOCALITY MAP.
FIGURE 2. PROSPECT LOCATION MAP.
FIGURE 3. TENEMENT MAP.
1. **INTRODUCTION.**

Exploration Licence 25119 encompasses 27 sub-blocks covering an area of 90 sqkm, located in the NW corner of the Mt Masson 1:50,000 topographic map sheet (5271-2), and is located approximately 140km SE of Darwin (Figure 1). It was granted to G R Orridge for a six year term commencing 04/10/2006. Adjoining titles (refer Figure 3) are to the north EL25339 (Whitvista Pty Ltd), to the west EL24403 (Teelow/Orridge/Pinniger), to the south EL24715 (Terra Gold Mining Ltd), to the east EL24040 (Territory Resources Limited) and to the southwest EL23824 (Territory Resources Limited).

Discussions are in hand under which EL25119 may be incorporated into an existing option agreement between Terra Gold Mining and Teelow/Orridge/Clark, and the management and operations taken over by GBS Gold Australia Pty Ltd: it is anticipated that this will occur during the second year of the Title.

The area covered by the Licence forms part of the Ban Ban Springs Pastoral Lease, and consists of forested low hill ranges with a well developed drainage system formed by Douglas Creek and its tributaries which drain NNE into the Mary River system. Good access is obtained by a formed gravel road connecting the Mt Wells Battery (25km to the southeast) with old tin mines and the derelict Mt Harris tin treatment plant on the Mary River some 8km to the east. Permanent water is available at the Mary River. The abandoned Jessops Tin open pit lies some 300m south of the southern boundary of the EL (see Figure 2).

The most prominent topographical feature in the vicinity is the Mt Douglas range which lies just outside the NW corner of the EL area.

2. **GENERAL GEOLOGY AND MINERALISATION OF THE AREA.**

The EL lies centrally within the Early Proterozoic Pine Creek Orogen. The general geology is shown on the McKinlay River 1:100,000 Geological Series map published by the BMR in 1985. The local succession includes strata ranging from the Mundogie Sandstone of the Mt Partridge Group at the base, through to the Mt Bonnie Formation of the South Alligator Group at the top. This succession is summarised as follows:-

<table>
<thead>
<tr>
<th>SOUTH ALLIGATOR GROUP</th>
<th>Mt Bonnie Formation Mainly slate and metasiltstone with beds of massive greywacke and thin ferruginous chert.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gerowie Tuff Chert, tuffaceous chert and metasiltstone.</td>
</tr>
<tr>
<td></td>
<td>Koolpin Formation Graphitic and pyritic shale, banded ferruginous cherts, with massive ironstones and ironstone breccias at outcrop. Common sills of amphibolite (Zamu Dolerite).</td>
</tr>
</tbody>
</table>
MOUNT Wildman Siltstone Quartz sandstones and quartzites above, and metasiltstones with graphitic, pyritic phyllites below.
PARTRIDGE GROUP Mundogie Sandstone Quartzite, quartz sandstone, pebble conglomerate and siltstone.

These metasediments are intruded by a lobe of the Cullen Granite about 1500m to the southeast of the EL area. They are complexly folded into a series of five NNW plunging anticlines and synclines, with numerous strike faults on the fold limbs, forming the apex of a major regional anticlinorium.

Just outside the northwest corner a complex zone of thrust faulting brings the Early Proterozoics into contact with an outlier of Middle Proterozoic Kombolgie Formation which forms the NE-trending Mt Douglas range.

The Mount Masson area is known principally for tin mineralization which occurs mainly in fracture zones traversing the Mundogie Sandstone around the periphery of the Cullen Granite: the old mines at Mt Masson, Mt George and Mt Harris were of this type.

The Jessops tin mine was associated with superficial iron caps apparently formed over bedded pyrite in graphitic siltstones of the Wildman Siltstone. Between 1957 and 1965 there was a recorded production of about 100 t of tin concentrates from 10,000 t of open pit ore. Drilling beneath the pit by CRA (1982) and Robert Johnston (1987) intersected values in tin, gold, silver and base metals. For example:

JSD8 17m @ 0.25 g/t Au, 14.8 g/t Ag, 0.09% Sn from 44m. Including 1.0m @ 5.0 g/t Au, 1.22% As, 0.15% Bi and 0.11% Sn.

On nearly the same cross section:
JP1 3.41m @ 0.68 g/t Au, 404 g/t Ag, and 0.29% Bi from 58.4 m.

3. WORK COMPLETED DURING THE FIRST YEAR OF TENURE.

3.1 Photogeological Mapping.

A photogeological interpretation map of the EL area north of the Mt Wells road has been prepared using a mosaic of Commonwealth 1:25,000 scale colour photography flown in 1974. This work is incomplete and will be detailed in the next annual report.

3.2 Research of Past Exploration Work.

A review has been completed of some 89 open file Company Reports dealing with exploration in and around the Mt Masson area between 1979 and 1999.
Table 1 summarises the work done, and results obtained, on nine Exploration Licences which had overlaps with, or bordered on, EL25119, and where significant new work was undertaken. Figure 2 shows the locations of anomalies or prospects which were identified during this period. As far as has been ascertained it appears that little or no work of substance has been done within the current EL area since 1998. Prior to 1986 the current Licence area fell within the Mount Wells Policy Reserve, and no EL’s were granted. However extensive exploration work for uranium was conducted between 1977 and 1988 in bordering areas to the north and west which covered the Middle Proterozoic outlier at Mt Douglas: this was considered prospective for unconformity-type uranium mineralization analogous to the Alligator Rivers and South Alligator models. Companies engaged in this work were Occidental Minerals, Aquitaine Australia, INCO Australia and Central Electricity Generating Board Exploration Australia (CEGB).

The uranium explorers employed fixed wing and helicopter borne radiometric and magnetic surveys initially, sometimes supplemented by stream sediment sampling. No radiometric anomalies were detected which were considered to indicate near surface uranium mineralization. Selected radiometric features were followed up with ground radiometric traversing, track etch surveys and by drilling at three locations. It was concluded that the low order ‘anomalies’ investigated were related to felsic tuffs, lithology contrasts and superficial effects such as the fringes of black soil alluvial areas. It was commented that airborne radiometric surveys may not have been fully effective in this environment due to common superficial cover (scree, laterite, alluvium) over the prospective basement/Kombolgie Formation contacts.

The revocation of the Mount Wells Policy Reserve in the mid 1980’s was followed by a surge of first-pass exploration for gold and base metals, mainly by major mining companies including Kenneecott, BP Australia Gold, Dominion, Norgold and Geopeko. The primary exploration technique was usually drainage geochemical surveys (mostly bulk cyanide leach for Au), with follow up of anomalies by rock chip sampling, rarely trenching and soil sampling. Only one prospect was drilled, namely Hill 5 prospect of BP Australia Gold. Desultory field exploration continued into the late 1990’s, mainly by Northern Gold using broad spaced soil sampling over selected target areas.

No mineralization of economic significance was discovered. The best result was at Hill 5 Prospect where a zone of gold mineralization, possibly 200m long and 1-6m wide, recorded a drill intersection of 6m @ 0.61 g/t Au from 2m depth.

Figure 2 summarises the location of various prospects and anomalies discovered over this period. It is evident that the distribution of anomalous gold is closely related to the outcrop of the Koolpin Formation. In several cases the drainage gold anomalies were interpreted as due to high background values in the Koolpin on the basis of rock chip sampling of outcrops, and the anomalies discounted as insignificant without further follow up. This applies to the Norgold/Geopeko Area 6 Anomaly, and the BP Australia Gold Central and Hill 156 Prospects, among others. Dominion’s 15.3ppb bleg anomaly was apparently not followed up because the source of the sampled drainage was outside the EL: the source may be in the area of Kenneecott’s NE
anomaly. Northern Gold’s soil anomaly, on the eastern edge of EL25119, was recommended for further detailed follow up but apparently this was not done.

3.3 Field Checks of Selected Anomalies.

Brief field inspections were carried out of the BP Australia Gold Hill 156 prospect, and the Area 6 Norgold/Geopeko anomaly with a view to planning further follow up programs.

4. EXPENDITURES DURING YEAR ONE.

Expenditures for Year One are estimated to have been as follows:-

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geological Services (G Orridge) 19.5 days @ $750/day</td>
<td>14,675.00</td>
</tr>
<tr>
<td>4WD vehicle and fuel 2 days</td>
<td>240.00</td>
</tr>
<tr>
<td>Sundry office supplies</td>
<td>60.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$14,975.00</strong></td>
</tr>
</tbody>
</table>

5. PROPOSED EXPLORATION AND EXPENDITURES YEAR TWO.

The proposed program is as follows:-

1. Complete 1:25,000 scale photogeological interpretation map and prepare 1:10,000 scale photogeological maps of the Area 6, Bleg 15.3 and Hill 156 anomalies.

2. Carry out field geological mapping of the above areas at an appropriate scale.

3. Undertake rock chip sampling of outcrop and float of mineralised materials.

Expenditures for this work will be approximately $20,000.
<table>
<thead>
<tr>
<th>EL No</th>
<th>COMPANY</th>
<th>LOCATION</th>
<th>PERIOD</th>
<th>WORK CARRIED OUT AND RESULTS OBTAINED</th>
<th>OPEN FILE REPORTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>291</td>
<td>Occidental Minerals</td>
<td>Adjoins EL25119 to NW</td>
<td>1977 - 79</td>
<td>Photogeology, aeromagnetics and radiometrics, stream sediment samples analysed for U, Cu, Pb, Mn, Ni, Co, Cu, As, Mb. No anomalies worthy of follow up were recognised.</td>
<td>CR1979-0044, CR1979-0180</td>
</tr>
<tr>
<td>121</td>
<td>Aquitaine Australia, INCO Australia</td>
<td>As EL1291</td>
<td>1982</td>
<td>Helicopter-born gamma ray spectrometer survey: ground follow up of zones of interest. Anomalism was found to be related to felsic tuffs, lithological contrasts, drainage features etc. None could be directly attributed to uranium mineralisation.</td>
<td>CR1982-0203, CR1982-0201</td>
</tr>
<tr>
<td>500</td>
<td>CEGB Australia</td>
<td>North of EL25119</td>
<td>1986 - 88</td>
<td>Fixed wing and helicopter radiometric and magnetic surveys. No unusually large uranium anomalies indicating near surface uranium mineralisation were disclosed. Two anomalies just north of EL 25119 (U6 &amp; U7) were drilled without intersecting significant radioactivity.</td>
<td>CR1987-0059, CR1988-0086</td>
</tr>
<tr>
<td>944</td>
<td>Kennecott Explorations, BP Australia Gold.</td>
<td>Douglas Ck area within EL25119</td>
<td>1986 - 90</td>
<td>Geological mapping, stream silt and pan concentrate sampling. Detailed BLEG gold sampling of drainages and ridge and spur rock chip sampling. Follow up of anomalies by IP, trenching and five drillholes at Hill 5 Prospect. Best result 6m @ 0.61 g/t Au from 2m. BLEG gold anomalies at Hill 156N, Hill 156S and Central Anomaly were followed up by rock chip sampling and were concluded to relate to high background gold in the Koolpin Formation.</td>
<td>CR1988--0292, CR1990-0696</td>
</tr>
<tr>
<td>139</td>
<td>Dominion Mining</td>
<td>One block overlap with EL25119 NE of Jessops Mine.</td>
<td>1987 - 90</td>
<td>Geological mapping at 1:10,000 scale, reconnaissance stream sediment sampling with BCL analyses for gold, minor rock chip sampling assayed for gold only. One BCL anomaly of 15.3 ppb Au not followed up since source was to the west outside EL area.</td>
<td>CR1989-0243</td>
</tr>
<tr>
<td>512</td>
<td>Norgold &amp; Geopeko</td>
<td>Douglas Ck, substantial overlap with EL25110.</td>
<td>1987 - 90</td>
<td>Detailed stream sediment sampling, follow up soil and rock chip sampling and ground magnetics. Anomaly designated as Area 6 reported BLEG samples to 22 ppb Au, soil samples to 106 ppm Au, and rock chip samples to 0.30 ppm Au., associated with ferruginous outcrops of Koolpin Formation.</td>
<td>CR1990-0648</td>
</tr>
<tr>
<td>ID</td>
<td>Company</td>
<td>Exploration Details</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----</td>
<td>-----------------</td>
<td>-------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8170</td>
<td>Northern Gold</td>
<td>Overlaps EL25119 on west and north sides 1993 - 98 Soil sampling of an area over Mt Bonnie Formation in the SW corner of EL25119, on a grid pattern of 40m x 200m, with analyses for Au, As, Cu, Zn, Pb, did not produce significantly anomalous results. Maximum values were 5 ppb Au, 52 ppm Cu, 76 ppm Zn, 78 ppm As and 107 ppm Pb.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9026</td>
<td>Northern Gold</td>
<td>One block overlap in 1996 - 98 the NE of EL25119 Soil sampling carried out in the overlapping block, on 100 X 400m grid, with composite samples analysed for Au, As, Ag, Cu, Pb, Zn, Sn, defined a broad area of weak anomalism over an area of 150m X 600m. Maximum values were 5.3 ppb Au, 184 ppm Ag, 39 ppm As, 114 ppm Cu. Proposals for follow up infill sampling and geological mapping do not appear to have been executed.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>