EL28782 FIRST ANNUAL REPORT

For period from 21/12/2011 to 20/12/2012
GEORGINA BASIN PROJECT NT

Ranken SE5316 1:250,000
Lignum 6358 1:100,000

Commodity: Diamonds, Gold, Iron, Phosphate

Titleholder: Tropical Resources Pty. Ltd

Report No. 2013-002
Tropical Resources Pty. Ltd
By Mingjin HOU
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1. SUMMARY

EL 28782 is about 4km just north side of the Barkly Highway. Tropical Resources Pty Ltd applied for EL28782 primarily to explore for Gold, Diamond and secondly to evaluate the potential for other types of economic mineralization such as Iron and Phosphate. Work during Year 1 of tenure consisted of a review of NTGS data and Open File Company reports (geological and geophysical), and a short fieldtrip.

Work during Year 2 will include field reconnaissance, data evaluation and progressing to geological and geophysical survey.

2. LOCATION AND ACCESS

EL 28782 is about 1100Km of SSE141° of Darwin, and about 300km of NEE95° of Tennant Creek, just 4km of north side of the Barkly Highway (Figure 1). The southern boundary of the License runs just 4km nearly parallel with the Barkly Highway. Access is along the Barkly Highway via Stuart Highway from Darwin. There are several rough road can be reach to the Lease. Topography is plains with some hills but the relative elevation is less 50m, several rivers cross the land. Access is advisable in the dry season only. The Ranken village is located on the southeast corner; it can be a stop site during the field work.

The tenement has numerous creeks which can flood in heavy rains during the wet season.
Figure 1 Location of EL28782 in Topography
3. TENEMENT STATUS AND OWNERSHIP

EL 28782 was granted on 21th December 2011 and expires on 20th December 2017 for a term of six years. It comprises 86 graticular blocks (269.44 sq km). There are no other mining leases or mineral claims shown within the Licence boundaries.

Underlying cadastre is mainly Perpetual Pastoral Lease. Landholder is below: NT Portion 4, Pastoral Lease 916; Ranken) (Figure 2).

The expenditure covenant set for the first year was $23,000.

Figure 2 Landholders and Lease Numbers displayed inside EL 28782
4. GEOLOGY

EL28782 is situated within the Georgina Basin, a wildly folded sequence of Cambrian rocks. The 1:250,000 Geological map covers the tenement area (Ranken, 2005) (Figure 3).

Figure 3 Geological Map of EL 28782 from 1:250000 geologic map of Ranken
All of the economic diamond deposits and other significantly diamondiferous occurrences in Australia occur on the North Australian Craton ("NAC"). The NAC underlies the Kimberley region of northern WA, the northern two thirds of the NT and the north western part of Queensland. It is also host to many significant base metal, gold and uranium deposits. The NAC was formed at about 1850Ma during the Barramundi Orogeny by the amalgamation of Archaean and early Proterozoic rocks which now form the basement rocks to the younger sequence. Proterozoic (1820-1600Ma) platform cover sediments, Palaeozoic volcanics and sediments, and Mesozoic sediments cover these basement rocks.

The Georgina Basin is one such platform cover which developed above the NAC between1800-1500Ma. Its sedimentary package consists of unmetamorphosed and less intensely deformed rocks of carbonate, siliciclastic and interbedded volcanics deposited in a shallow intracratonic basin.

The Georgina Basin is overlain by the remnants of the Cambrian Barkly Group Ranken Formation Limestone: Bioclast, bioclast rudestone. Grey Biological Dolomite, rudestone, Sandstone. There is a widespread distribution of Cenozoic sandy soil, laterite and alluvium cover.

5. PREVIOUS EXPLORATION

Exploration has been carried out in the area since 1985 but just one company worked on this area (show in Table 1). Exploration primarily involved rock chip, soil and stream sampling for gold and some base metal analysis.

Table 1 List of the previous exploration Licenses

<table>
<thead>
<tr>
<th>EL Number</th>
<th>Expiry Date</th>
<th>Company Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL4586</td>
<td>2/09/1990</td>
<td>CR1985-0270</td>
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6. EXPLORATION DURING YEAR 1

In 2012, Tropical Resources exploration consisted of historic data compilation including tenure, datasets, open file reports and geo-referencing of relevant maps. This enabled an informed review of the tenements prospectively in regards to Diamond and Gold, Iron and Phosphate. Field reconnaissance was also completed.

7. PREPARING EXPLORATION FOR YEAR 2

Working program for Year 7 included:
   a) Some geological surveying
   b) Proposal Geophysical survey after Geological survey
   c) Proposal IP Section survey

Expenditure is expected to be at least $32,000.

8. EXPENDITURE

Expenditure consisted of:

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<tbody>
<tr>
<td>Ground Geological survey</td>
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<tr>
<td>Office studies</td>
<td>18,000.00</td>
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<tr>
<td>Overheads</td>
<td>2,000.00</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>23,000.00</strong></td>
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</tbody>
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9. CONCLUSION AND RECOMMENDATION

The exploration target is Diamond and Gold, Base metal and Iron, Phosphate. However, analysis of historical exploration data and superficial traversing of EL28781, there are no large scale host rock of Diamond occurrence. Next year, TRC geologist plan to do a Geophysical survey with a particular focus on the basement rocks, phosphate, base metals and Iron.
10. REFERENCES
