EXPLORATION LICENCE 23532

MOUNT RINGWOOD

ANNUAL REPORT FOR THE YEAR ENDING

12TH FEBRUARY 2005

Prepared by G R Orridge
May 2005

Dept. Business, Industry
& Resource Development

30 MAY 2005

Received. Times Division
Minerals & Energy Group
EL23532 Ringwood annual report May 05.

CONTENTS.

1. Introduction.
2. General Geology & Mineralisation.
3. Previous Company Exploration.
4. Exploration & Expenditures During Year Two.
5. Proposed Exploration & Expenditures for Year Three.

Figure 1. Location map.
Figure 2. Prospect location map.
Figure 3. Sketch plan of Pelican prospect.
Figure 4. Photogeological interpretation of Pelican area.
Figure 5. Overlay to photogeological interpretation.
EL23532 Ringwood annual report May 05.

1. INTRODUCTION.

Exploration Licence 23532 was granted to Mr Michael Teelow for a six-year term commencing 13th February 2003. In November 2004 transfers were made of one third share of the Title each to Gary Clark and Geoffrey Orridge.

At the time of writing this report, a Heads of Agreement has been negotiated for Terra Gold Mining Ltd, of Perth, to explore the property under an option agreement with the titleholders.

The Licence encloses 25 one-minute graticular blocks and has a total area of 83.6 sqkm. In April 2005 DBIRD Titles Division granted a waiver of reduction in area for year three of the Licence.

The area is situated some 120 km SE of Darwin, on the Mount Ringwood pastoral lease, and falls within the McKinlay River 1:100,000 map sheet area. Vehicle access, during the dry season, can be gained using tracks from the Ringwood Station homestead.

The northwestern and eastern parts of the area are mainly low-lying, open, black soil plains; the central and southwestern parts are moderately elevated, wooded, hill ranges.

2. GENERAL GEOLOGY & MINERALISATION.

The area is underlain entirely by low grade metamorphic rocks derived from clastic sediments (mainly shales, siltstones and greywackes) of turbidite facies, assigned to the Burrell Creek Formation in the upper section of the Early Proterozoic succession of the Pine Creek Orogen. There are also small intrusions of meta-dolerite (Zamu Dolerite) and lamprophyre. This lithofacies is the dominant host for gold mineralization in the Pine Creek field.

The metasediments are tightly folded about axes which swing from near N-S trends in the south, to NW trending axes in the northwest. Plunges are to the north or northwest, mainly at low angles, although steep plunges are seen in the vicinity of the North Ringwood gold workings.

Gold mineralization is found, associated with minor sulphides (pyrite, arsenopyrite, galena), within systems of mainly small quartz veins, having a variety of relationships to the hosting formations, including saddle reefs in anticlinal closures (North Ringwood), fissure veins in N-S shear zones (South Ringwood), bedding-parallel veins, and stockworks (Pelican Prospect).
EL23532 Ringwood annual report May 05.

These gold-quartz veins were mined to shallow depths, in the late nineteenth century, for a recorded production of approximately 2,800 ounces of gold at recovered grades of about one ounce to the ton. Some alluvial gold concentrations have also been worked on a small scale.

3. PREVIOUS COMPANY EXPLORATION.

Gold potential of the Ringwood field was evaluated during the 1980’s and 1990’s by several exploration companies, including White Gold Mines, Carpentaria Gold, Delta Gold, Soloman Pacific, Acacia Resources, Billiton, Northern Gold and Dominion. These activities are described in the EL23532 year one annual report. The most interesting results were obtained at Pelican and Old Workings Prospects.

At Pelican, programs of soil sampling, trenching and drilling (26 holes), disclosed a zone of low grade gold mineralization, up to 60m wide, and extending along a SE – NW trend for at least 400m, possibly unclosed at either end where the zone is covered by superficial deposits. White Gold Mines estimated a resource of + 1,000,000 tonnes averaging 0.80 g/t Au over a length of 200m, to a depth of 60m in the southeastern section of the anomaly (refer Figure 3). Potential for expanding the resource is indicated by the following factors:-

1. the mineralized zone is untested to the NW and SE where it passes beneath superficial cover.

2. assays from drilling and trench sampling gave very poor reproducibility, particularly at high grades, suggesting the possibility of coarse gold and perhaps underestimation of grades.

3. a broad stockwork zone of gold mineralization of these dimensions could be expected to provide a good source for placer gold accumulations. This does not appear to have been tested.

At Old Workings Prospect programs of mapping sampling, costeasing and RC drilling (24 holes) were undertaken. In 1989 White Gold Mines estimated a combined resource, in three zones, of 50,000 tonnes averaging 2.5 g/t Au.
4. EXPLORATION & EXPENDITURES DURING YEAR TWO.

Areas of ground disturbed by previous exploration activities (drill pads, back filled trenches etc.) were prospected using metal detectors with a view to test for the presence of coarse gold: results were negative.

Results of soil sampling at Pelican Prospect, by Carpentaria Gold and White Gold Mines in the 1989-91 period, were hard to interpret since no useful regolith or outcrop mapping had been done. As a preliminary step in rectifying this a photogeological map at 1:10,000 was prepared of the vicinity. The results are presented in Figures 4 & 5, and confirm the view that possible extensions to the NW and SE of the main Pelican zone are in large part concealed by black soils, alluvium and transported soils and may have been missed by the soil sampling.

Substantial effort was put into reviews of past exploration, and preparations of summaries and presentations, for a number of mining companies who entered into negotiations to farm in on the tenement.

Expenditures during year two are estimated to have been as follows:-

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geological services 7 days @ $ 650</td>
<td>4,550</td>
</tr>
<tr>
<td>Prospector 3 days @ $ 250</td>
<td>750</td>
</tr>
<tr>
<td>Vehicle costs</td>
<td>500</td>
</tr>
<tr>
<td>Air photos, copying, field supplies</td>
<td>180</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 5,980</strong></td>
</tr>
</tbody>
</table>

5. PROPOSED EXPLORATION AND EXPENDITURES FOR YEAR THREE.

It is proposed to focus work on investigation of possible strike extensions of the Pelican trend. The program will include initial geological mapping to provide "ground truth" data to supplement the air photo mapping, and assist in planning the follow up program of reconnaissance RAB traverses which will be drilled across the inferred Pelican extensions.

A budget of $10,000 is proposed for this work.
Qs alluvium & black soils
drainage channels

Cz soils & sub-outcrop
bush tracks

Pfb Burrell Creek Formation

PHOTOGEOLOGICAL INTERPRETATION
OF PELICAN AREA

Figure 4