ANNUAL AND FINAL REPORT

EXPLORATION LICENCE 23517 (WATTS CREEK)

PINE CREEK NT

FOR THE PERIOD ENDING 3rd APRIL 2014

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   Burn N, EL4759 Watts Creek, Annual Report Dominion Mining, CR89/079.


1. INTRODUCTION.

Exploration Licence EL 23517 was approved for a six year term on 4th April 2003 in the names of M D Teelow, G A Clark and G R Orridge. It was one of a group of five Tenements (EL’s) designated the “TOC Project Area”.

EL23517 was located some 160Km southeast of Darwin and 35 Km northeast of Pine Creek township, in the Union Reefs 1: 50,000 sheet area, and included ten one minute graticular blocks having an area of approximately 33.4 square kilometres (Figures 1 & 2). Access is obtained by station tracks from the Frances Creek iron ore mine or from the Mt Wells battery (Figure 1).

During the first two years exploration was undertaken solely by the Titleholders, but later operation and reporting were taken over by Terra Gold Mining P/L, GBS Gold Australia P/L and Element 92 P/L under various option and Split Commodity agreements with the Titleholders.

These agreements had all expired by January 2013 and the Titleholders resumed exploration and reporting responsibilities.

During 2013/2014 the Titleholders (TOP) unsuccessfully sought new partnerships to take up an option on the Tenement and continue with exploration, particularly the hardrock gold potential indicated by previous drilling at Main Ridge Prospect.

The tenement was surrendered on 3rd April 2014.
2. GENERAL GEOLOGY AND MINERALISATION OF THE PROJECT AREA.

The general Project Area is underlain mainly by low grade metamorphic rocks of Proterozoic age derived from clastic sediments (shales, siltstones and greywackes) of turbidite facies in the upper section of the Pine Creek Orogen (Figure 2).

However at the Watts Creek Goldfield (including EL23517) an older sequence is present of the Mt. Partridge and South Alligator Groups, which includes felsic tuffs, carbonaceous shales, cherts and sandstones, intruded by sills of Zamu Dolerite (Figure 2). The metasediments are tightly folded about axes which trend between N-S and NNE and mainly plunge at low angles to the north and north-northwest (Figure 3).

Gold mineralization, associated with minor sulphides (pyrite and arsenopyrite) is found within systems of quartz veining forming saddle reefs, fissure veins and stockworks, usually located in anticlinal axial zones. These were the principal target of the exploration project.

3. REVIEW OF PAST MINING AND PREVIOUS EXPLORATION IN THE WATTS CREEK TENEMENT AREA

The Licence area covers part of the historic Watts Creek goldfield which was worked on a small scale in the 1890’s: a production of only eighteen ounces of gold is recorded from this era. Sporadic alluvial and hardrock prospecting continued up 1987 but with insignificant production.

Systematic exploration for hardrock gold resources commenced in 1987 and continued through to 1996. It was discovered that the source of the alluvial deposits was auriferous quartz stockworks, occurring intermittently along the upper boundary of the Wildman Siltstone at the contact with the Koolpin Formation. A brittle-fracturing feldspathic sandstone at this horizon is a favoured host for gold deposition. (refer Figures 3 and 4).

In 1986 Dominion Mining commenced exploration of EL4759: this tenement overlapped most of the area of EL23517. Compass Resources NL took over the title in 1988, and continued exploration in a block of Mineral Claims which covered the most prospective parts of the field.

Dominion concentrated their work at the so-called Southern Stockwork Zone which had been the centre of earlier alluvial and hardrock prospecting and lies just outside the eastern boundary of EL23517 (see Figure 4). They completed a program of geological mapping, trenching and RC drilling following a 600m long zone of auriferous quartz stockworks. However the mineralization, taken as a whole, proved to be sub-economic. The stockworks were in Wildman Siltstone close to the contact with overlying Koolpin Formation, in the axial zone of a tight overturned anticline (Burn N, 1989).

A more limited program of costeasing and RC drilling was undertaken along strike for some 3000m NNW from the Southern Stockworks. This section was designated the Camp Area or Watts Creek North, and falls within EL23517. Only sporadic sub-economic mineralization was discovered.

Compass Resources focussed their attention on Main Ridge Prospect, to the north of the Camp Area, and completed 32 RC holes along a strike length of about 800m following an auriferous quartz
The mineralisation consists of quartz stockworks and ladder veins, with accessory pyrite and arsenopyrite, concentrated within the sandstone host bed, which has a true thickness of between seven and twelve metres and dips at about sixty degrees to the east.

Some encouraging intersections of greater than 1.0 g/t Au were encountered in the deeper drillholes: for example 16m @ 1.37 g/t in CMR12; 30m @ 1.15g/t in CMR31 and 18m@ 1.14 g/t in CMR32 (Figure 5).

4. EXPLORATION CARRIED OUT UNDER EL 23517.

Exploration activities at Watts Creek under the TOC tenement, up to 03 April 2014 and comprised:-


2). Soil sampling, in a largely soil-covered relatively low-lying area underlain by Burrell Creek Formation in the southwest of the Tenement, with analyses for gold by fire assay and base metals by AAS (Bajwa Z, 2008/2).

Bajwa notes in his 2009 Annual Report that this geochemical work seemed to be inadequate.

3). The area under EL23517 was part of a broader survey of much of the entire TOP/TOP project area using interpretation of air photography, and Landsat/Quickbird/Spot imagery, with the aim of improving the understanding of regional geology (Bajwa Z. 2012).

4). Watts Creek was included in a low level aerial radiometric/magnetic survey which covered selected areas of the TOC/TOP tenements. This survey was flown for Element 92 by Thomson Aviation Pty Ltd. on east-west lines at 70m line spacing and 30m mean terrain clearance (Adamson S, 2010/3).

5). During their final year of the TOC option, ending 13 January 2013, Element 92 undertook geological reconnaissance, examination of historic workings and limited rock chip sampling, together with analysis of existing geological, geochemical and geophysical datasets, including results of Compass’s drilling at Main Ridge Prospect (Orridge G, 2013).
7. ACTIVITIES DURING THE FINAL YEAR OF TENURE.

During the final year of tenure (ending 3rd April 2014) the Titleholders carried out a review of alluvial and hardrock gold potential relating to the auriferous quartz stockworks hosted by Wildman Siltstone as exemplified by Compass’s drilling at Main Ridge Prospect.

A preliminary evaluation of the drilling at Main Ridge Prospect suggested a possible resource of approximately one million tonnes at a grade of about 0.8 g/t Au.

Interpretation of aerial photography and satellite imagery of ground to the northeast of Main Ridge indicates that there are several kilometres of Wildman Siltstone, folded about tight north northwest-plunging isoclinal anticlines, which could be expected to have gold mineralization similar to Main Ridge. No record of recent exploration of these areas has been found.

Negotiations were held with a number of parties who had indicated interest in exploring for gold in the area of EL23517. However none of these followed up with serious proposals and accordingly the Tenement was surrendered on 3rd April 2014.
Figure 1: Location of the Project Area
Figure 2: Geological Setting of the Project Area
FIGURE 4
EL23517 Prospect Location Map

Distribution of alluvial gold.

Outcrop of upper contact of Wildman Siltstone (ore horizon).

Approximate position Dominion/Compass grid.

Chinese Workings Prospect
Northern Quartz Prospect

MAIN RIDGE PROSPECT
WATT Ck. N. PROSPECT

SOUTHERN STOCKWORK ZONE

0 1 2 3 km.
EL 23517 - MAIN RIDGE PROSPECT
SCHEMATIC LONGITUDINAL PROJECTION OF RC DRILLING.

FIGURE 5