WOODLEIGH NOMINEES PTY. LIMITED.

ABN 92 050 120 057

REPORT ON  EL27380

for the period

09/03/2013 to 08/03/2014

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Contents:

Summary, page 2.

History, 2.

Climate, 2.

Geology, 2-8

Exploration, 9.

Further work required, 11.

Expenditure, 11.
1. **Summary:**

EL27380 was applied for with the primary intention of exploring for alluvial gold and tin as past experience has shown that there is a significant cover of alluvium over much of this area. The location of workable alluvial resources can often lead to the discovery of hard rock resources.

It has been found in the past that removal of economic alluvial material provides a clearer vision for future exploration in addition to an earlier cash flow for the operation.

2. **History:**

The Casey Family and later Woodleigh Nominees Pty. Ltd. has been involved with the Francis Creek area for approximately 50 years both in their own right or as a joint venture partner with CSR Limited. An estimated $0.75M was spent collectively on exploration of the area. After CSR Ltd. withdrew from the mining industry the Caseys and/or Woodleigh purchased their interests in the area and proceeded with further exploration. Development work completed on the adjoining group of MLNs comprising the Francis Creek Gold mine has been valued in excess of $1M in 1991 by Renison personnel. All of this work was completed and funded by the Caseys and/or Woodleigh.

In or about March 2010 EL 27380 was granted for a period of six years due to expire on 8/03/2016 with a covenanted expenditure of $11,000.

In or about April 2012 an agreement was struck between Woodleigh Nominees and Territory Resources which allowed Territory Resources to explore for Iron minerals within the area of EL27380 and other tenements held by Woodleigh and/or members of the Casey Family.

3. **Climate**

The Francis Creek area is in general terms typical Top End country comprising open Eucalypt woodland and open savannah grasslands. The Top End enjoys an annual rainfall around 1500mm, most of which falls in the Wet Season, from November to April.

4. **Geology**

In the Dominion EL7487 report dated April 1993, S.J.Pooley described the geology of this area as follows;
3.0 GEOLOGY

3.1 Regional Geology
3.1.1 Regional History

The Pine Creek Inlier is a roughly triangular area of about 66,000km² south and east of Darwin, which contain Early Proterozoic metasedimentary rocks resting on a gneissic and granitic Archaean basement. The metasediments represent fluvial, shallow water, intertidal basinal and flyschoid sequence up to 14km thick within an intracratonic basinal setting (Needham et al, 1980).

During the Top End Orogeny (1870–1780Ma) rocks within the Pine Creek Inlier were metamorphosed to mainly greenschist facies, however, amphibolite facies metamorphic mineral assemblages dominate in the Alligator Rivers region. Known Archaean rocks are restricted to granite-gneiss of the Rum Jungle, Waterhouse and Nanambu complexes which form mantled gneiss domes near the exposed eastern and western margins of the inlier. (Page, et al, 1980).

The sedimentary rocks are mainly shale, siltstone, sandstone, conglomerate, carbonate rocks and iron formations. Felsic to mafic volcanism and associated tuffaceous sediments are also present. The sedimentary sequence is intruded by transitional igneous rocks including pre–tectonic dolerite sills and syn to post tectonic granitoid plutons and dolerite lopoliths and dykes. Largely undeformed platform covers of Middle Proterozoic to Mesozoic strata rest on these with marked unconformity. (Figure 3).

Since the Cretaceous the area has generally remained above sea level. The dominant forces which moulded today's landscape were chemical weathering to produce laterite and "cut and fill" modification of the land surface by repeated erosional and aggradational cycles.

3.1.2 Structure

During the Top End Orogeny, the Early Proterozoic sediments, volcanics and dolerite were intensely deformed and regionally metamorphosed, resulting in tight to isoclinal folding and extensive faulting. Two phases of folding have been recognised. The older F₁ folds are tight to isoclinal folds with northwest to northeast trending axial planes. A penetrative slatey cleavage is present in pelitic rocks and a less prominent spaced fracture cleavage in sandstone. The younger F₂ folds are widely spaced, open types with east to west trending axial planes. Both folding events pre date granitoid intrusions. (Figure 4).
REGIONAL STRUCTURE - PINE CREEK INLIER

FIGURE 4
3.1.2 Structure (Cont’d)

Regional folding is locally modified by the major SE trending Noonamah – Katherine lineament zone, which consists of a 20 to 25km wide zone of shearing and folding with coincident gravity and magnetic anomalies. In the Pine Creek area the lineament is represented by the Pine Creek shear zone, which contains numerous aligned tight folds and shears and which hosts a concentration of gold occurrences. (Needham and Stuart-Smith, 1984a).

3.1.3 Metamorphism

All the Early Proterozoic rocks have been both regionally metamorphosed to greenschist facies and contact metamorphosed by the syn orogenic to post orogenetic granitoids. The regional metamorphic grade ranges from predominantly lower greenschist to amphibolite facies in the NE of Pine Creek Inlier. Table 1 shows the characteristic metamorphic mineral assemblages for various rock types. Regional metamorphism is contemporaneous with regional deformation of the sedimentary pile during the Top End Orogeny. Throughout most of the area, regional metamorphism of pelitic rocks produced fine grained sericite and quartz. Sandstones usually exhibited fractured and/or strained quartz grains and minor sericite, chlorite and muscovite. (Figure 5).

Contact metamorphism largely overprints regional metamorphism indicating syn–post deformation. The contact metamorphic aureole is primarily albite– epidote hornfels with a narrower inner continuous zone of hornblende hornfels. K-feldspar–cordierite hornfels is present immediately adjacent to the granitoids. The contact metamorphic aureole varies in width from a minimum distance of 500m to up to 15km – 20km. In general, granitoids with steeply dipping margins will produce a narrower contact aureole whilst relatively shallow, flat lying granitoids will produce a more extensive contact aureole, although the extent of a contact aureole can be significantly wider or narrower under different temperature – pressure regimes.
3.2 Local Geology

The stratigraphy of the Frances Creek area comprises Early Proterozoic metasediments including Mundogie Formation and Wildman Siltstone. Mapping by the BMR indicates significant outcrop of underlying Masson Formation mapped in structural highs and lows and always in valleys. Nowhere in the mapped area did distinct lithologies of Masson Formation outcrop. In broad terms, the Frances Creek stratigraphy consist of uppermost carbonaceous metasiltstones intruded by dolerite sills which corresponds to the Wildman Siltstone. Underlying this sequence are carbonaceous metasiltstones which contain quartzite beds of various thickness. Lowermost are carbonaceous sand/siltstones containing coarse ferruginous conglomeratic quartzite units. These underlying units correspond to the Mundogie Formation. The occurrence of the first quartzite horizon in the upper part of the sequence marks the transition from Wildman Siltstone to Mundogie Formation.

This Early Proterozoic metasedimentary sequence is bounded on the southern and eastern side of EL7487 by Early Proterozoic granite intrusives which include the Allamber Springs Granite and the Minglo Granites. (Figure 6).

Regional 1:25,000 scale mapping has defined sheared/faulted and folded metadolerites and schist of the Wildman Siltstone trending NW/SE. Quartz veining is common within localised faults and shears. Mundogie Formation metasediments outcrop along the eastern boundary of the licence area. These comprise NW/SE trending strike ridges of predominantly quartzites interbedded with lesser shale units. Contact of these metasediments and granite occurs within the south eastern graticular block. The contact is faulted and sheared and often contain gossanous haematite/limonite quartz veining within a hornfelsed metasiltstone.
5. **Exploration:**

As stated earlier, EL27380 is still considered to hold good potential for a workable alluvial deposit in addition to the possibility of a hard-rock gold resource being located.

However there has been little productive work accomplished in the last year of EL27380 due to an access issue. The access via Pine Creek and the Francis Creek Iron Ore mine which has been in use since 1964 to the authors earliest recollection, has been denied by the current mine management. This has effectively curtailed any meaningful activity in the area.

Formal complaints have been made to Territory Resources management in Perth and officers of the Department in Darwin. To date there has been no resolution of the situation. It is considered by the author that this action constitutes an breach of the Act under which the Territory Resources mining leases were granted.

The alternative routes suggested by Territory Resources mine management are by their own admission, “impassable” or at best passable to a light four-wheel drive vehicle. By no stretch of the imagination would any rational person even contemplate planning to transport 2x1000 cubic metre bulk samples via the suggested “alternate routes”

6. **Further work required:**

The main focus should be the programme recommended for the previous year’s work to determine the alluvial potential of the area and to take a bulk sample/s from the area of the Francis Creek crossing. Bulk sampling is required to prove the viability of this area. To this end two samples of up to 1000 cubic metres each should be taken from the Francis Creek crossing area and/or the area of “Target 3” to the east of the Francis Creek gold mine.

If possible the "Target 3" area should be drilled to a greater depth than 30 metres, that is below water level.

7. **Expenditure:**

See expenditure report previously submitted with the expenditure increased to $19,000