EL28790 SECOND ANNUAL REPORT

For period from 02/04/2013 to 01/04/2014
GEORGINA BASIN PROJECT NT

Brunette Downs   SE5311   1:250,000

Titleholder: Tropical Resources Pty. Ltd

Report No. 2014-019
Tropical Resources Pty. Ltd
By Mingjin HOU
28th May 2014
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1. SUMMARY

EL 28790 is about 850Km of SSE138° of Darwin, and about 250km of NEE56° of Tennant Creek. Tropical Resources Pty Ltd applied for EL28790 primarily to explore for Diamond, Gold and secondly to evaluate the potential for other types of economic mineralisation such as Iron and Phosphate. Work during year 1 of tenure consisted of review of NTGS data and Open File Company reports (geological and geophysical) and a short time field trip.

During year two, a joint venture with a Chinese Company was sought to complete a geophysical survey, however progress is slow.

Work during Year 3 will include field reconnaissance, data evaluation and progressing to geological and geophysical survey.

2. LOCATION AND ACCESS

EL 28790 is about 850Km of SSE138° of Darwin, and about 250km of NEE56° of Tennant Creek, about 160km of north side of the Barkly Highway (Figure 1) and about 30km east side of Tableland Highway (No.11) and Calvert Road (No.16). Access is along the Tableland Highway via Barkly Highway and 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 tenement has numerous creeks which can flood in heavy rains during the wet season.
Figure 1 Location of EL28790 in Topography (red area was reduced)
3. TENEMENT STATUS AND OWNERSHIP

EL 28790 was granted on 2nd April 2012 and expires on 1st December 2018 for a term of six years. It comprises 250 graticular blocks (815.72 sq km). There are no other mining leases or mineral claims shown within the License boundaries.

After the data reviewed and short field trip, TRC has decided to reduce the northern part, from 250 blocks to 125 blocks (407.86 sq km), because of a lack of outcrop and difficulty to do field work, via relinquished 125 blocks (Figure 2).
Underlying cadastre is mainly Pastoral Lease. Landholders show below: 1-NT Portion 1163, Perpetual Pastoral Lease 1014, Creswell; 2-NT Portion 1483, Perpetual Pastoral Lease 925, Nicholson; 3-NT Portion 963, Perpetual Pastoral Lease 963, Creswell; (Figure 3).

The expenditure covenant set for the second year was $74,000.

Figure 3 Landholders and Lease Numbers displayed inside EL 28790 (red area was reduced)

4. GEOLOGY

EL28790 is situated within the Georgina Basin, a wildly folded sequence of Cambrian rocks. The 1:250,000 Geological map cover the tenement area (Brunette Downs, 1966) (Figure 4).
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 Karkly Group Ranken Formation Limestone: Bioclast, bioclast rudestone; Grey Biological Dolomite, rudestone, Sandstone; and Cambrian Helen Springs Volcanic Rocks. There is a widespread distribution of Cenozoic Limestone, dolomite; and sandy soil, laterite and alluvium cover.

5. PREVIOUS EXPLORATION

Exploration has been carried out in the area since 1978 with several companies working on this area (Some of them show in Table 1). Exploration primarily involved rock chip, soil and stream sampling for Diamond, 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>EL1427</td>
<td></td>
<td>CR1978-0138</td>
</tr>
</tbody>
</table>
6. EXPLORATION DURING YEAR 1

During 2012 to 2013, 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. Also field reconnaissance was completed.

7. EXPLORATION DURING YEAR 2

In 2013, 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. Also field reconnaissance was completed. A short trip in the field with a potential cooperation partner.

8. PREPARING EXPLORATION FOR YEAR 3

Working program for Year 3 included:
   a) Some geological surveying
   b) Proposal Geophysical survey after Geological survey
   c) Proposal IP Section survey

Expenditure is expected to be at least $50,000.

9. EXPENDITURE

Expenditure consisted of:

<table>
<thead>
<tr>
<th>Table 2 Expenditure on EL28790</th>
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<tbody>
<tr>
<td>Ground Geological survey</td>
</tr>
<tr>
<td>Office studies</td>
</tr>
<tr>
<td>Overheads</td>
</tr>
<tr>
<td>TOTAL</td>
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10. CONCLUSION AND RECOMMENDATION

The exploration target is Diamond and Gold, Base metal, Iron and Phosphate. Next year, TRC geologist plan to do a geophysical survey with a particular focus on the basement rocks for phosphate and base metal or Iron.

11. REFERENCES


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