Annual Report

Tenement ID:	**Exploration License 25026**
Reporting Period:	**15 August, 2012 – 14 August, 2013**
Name of Operator:	**Michael Morawa**
Due Date:	**15 September 2013**
Submitted by:	**Michael Morawa, MSc, MAIG**

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SUMMARY OF ACTIVITIES

The Burrundie Iron Ore and Base Metal Project covers an area of approximately 30km^2 and is located 180km south of Darwin within the Pine Creek Orogen. The area has excellent infrastructure including sealed and unsealed roads and rail.

Several meter wide, hematite rich gossans have been traced over a distance of 800m with peak grades of 60.8% Fe and 0.3% Zn from laboratory XRF analysis on rockchips. The gossans are inferred to be located on a tightly folded, west dipping dolerite/sediment boundary which can be traced south on magnetic data for over four kilometres. This indicates the possibility of major strike extensions of the known mineralization to the south along the contact.

Within the same tenement, open file records indicate the presence of a further gossan line to the west (BMR, 1954) and grades of up to 24.6% Cu have been reported from a banded gossanous sample in the tenement area (Mookhey, 1971). None of these locations have been found to date further enhancing the future prospectivity of the area.

The author believes that the potential exists to rapidly define a small economic iron ore resource (~1 mt) in particular in light of the grades of the material, the infrastructure in place and the close proximity to a multi-user port facility in Darwin. A moderate resource (> 1 mt) cannot be ruled out based on the potential strike extensions of the known mineralization and analogies to the Frances Creek series of Helene 2 – 5 deposits can be drawn (1.7 mt @ 60.9% Fe).

The base metal potential within the tenement is perceived as moderate to good based on the current evidence. Little exploration has been carried out in the search for these metals in recent times and the application of modern geophysical exploration techniques should be used as a prerequisite to explore the area further.

In essence, the discovery of multiple wide gossan horizons provides a major opportunity to rapidly establish an iron ore resource in a superb location as well as providing the potential for a major base metal discovery at depth or along strike.

Massive hematite gossan - 60% Fe

EXPLORATION INDEX MAP

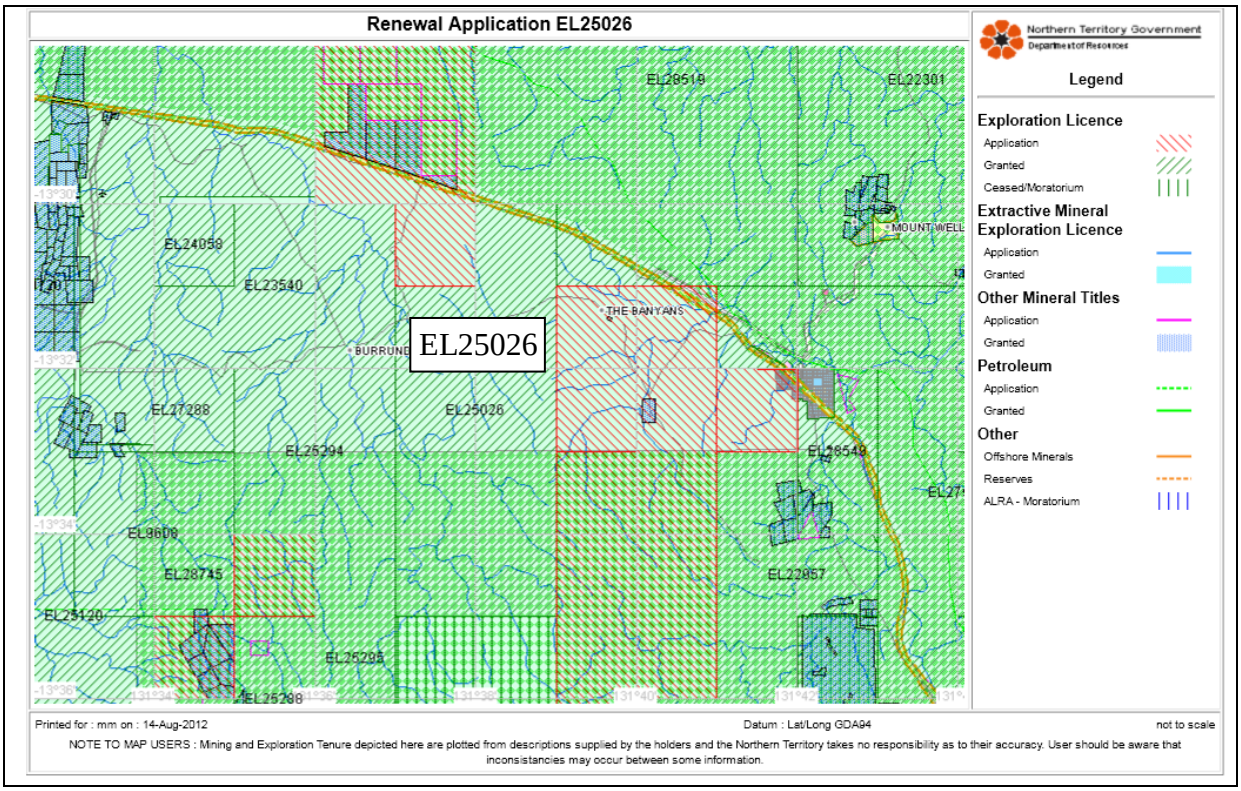


Figure 1: Location of EL25026

TENEMENT SCHEDULE

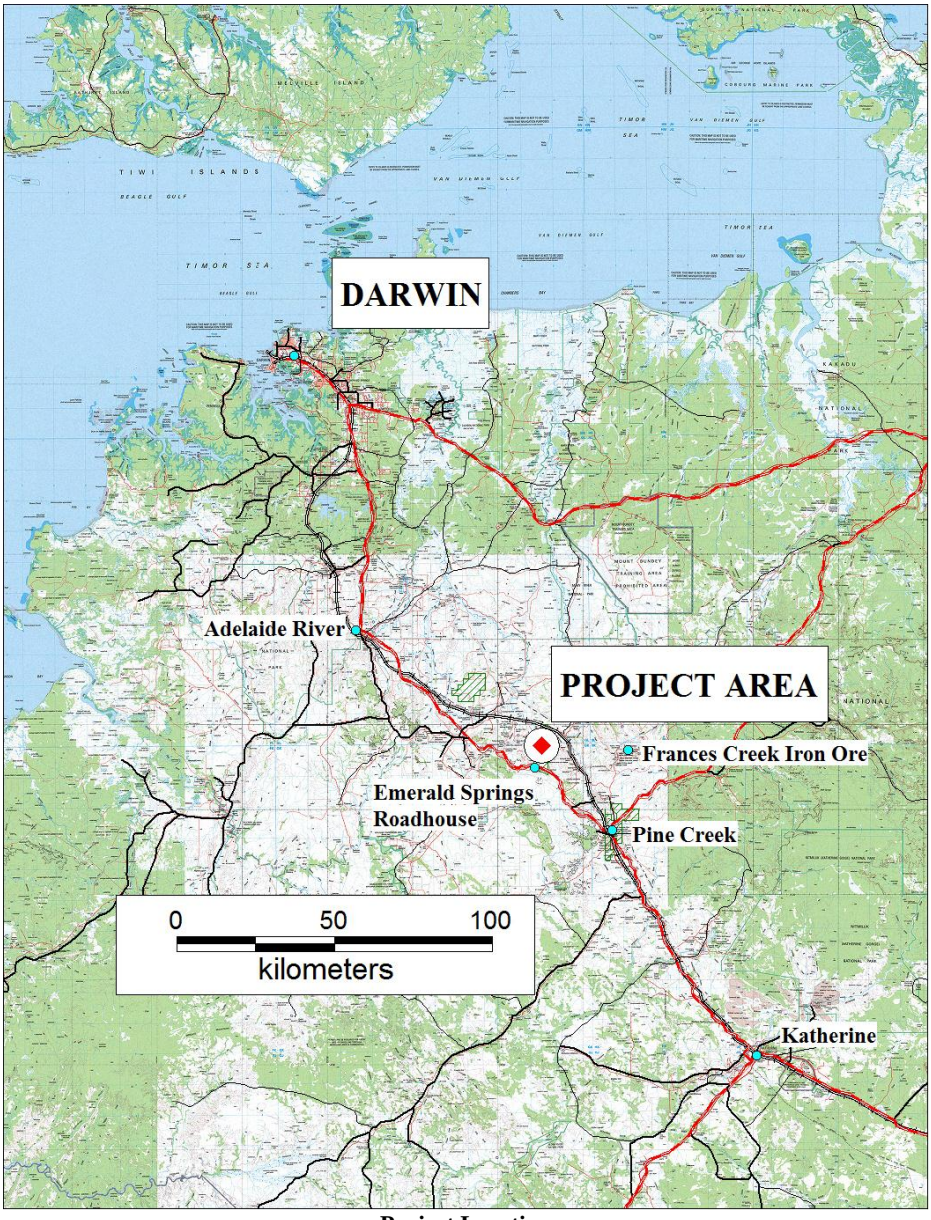
Table 1

Tenement Schedule – EL25026

Ten Name	Ten No.	Ten Type	Blocks	Area km^2	Rent (A$)	Min. Expenditure (A$)	Grant Date	Application Date	Term (Years)	Company/ Individual
EL25026	25026	EL	9	30		$40,000	15/08/06	08/11/05	6	M Morawa

Location, Access & Climate

The tenement is accessible via the Stuart Highway and the unsealed Grove Hill tourist road which passes through the northern reaches of the tenement. The Australasia Railway Line passes through and parallels the tourist road within EL25026, as does the Amadeus – Darwin gas pipeline. Access into the central portion of the tenement is difficult due to the incised nature of the terrain and several steep gullies. Several 4wd tracks lead into northeastern region of the tenement from where vehicle access becomes difficult. Helicopter, four wheeler or foot access becomes the best method of gaining entry into the area.



Project Location

Accommodation and fuel supplies are available at the well-established Emerald Springs roadhouse to the south with short term labour hire and more substantial supplies available at Pine Creek, Adelaide River, Katherine or Darwin. Northern Australian Laboratories are located in Pine Creek and provide a high standard analytical service for gold and some base metals as well as operating a sample preparation and despatch service.

The Climate is tropical with a wet season from October to March averaging 1370mm of rainfall a year. The dry season lasts from April to September, with clear, sunny skies and temperatures in the mid-twenties.

Geomorphology & Regolith – Landforms

The underlying geology greatly influences the topography of the area which comprises NNW – SSW trending razorback ridges separated by broad valleys over the majority of the tenement. The northern reaches of the tenement are dominantly covered by black soil plain and swampy areas due to even weathering of a wide spread granite intrusion.

Regolith is dominated by shallow depositional scree in valley floors away from creek beds and erosional regimes on hill slopes. Black soil plane dominates broader valleys and areas near major creeks.

The vegetation is moderately dense eucalypt woodland to a height of eight meters with tall native grasses covering the valley floors and lower ridges. Streams are seasonally intermittent although water is retained in some areas throughout the year. Creek banks can be steeply incised.

Regional Geology & Structure

The project is hosted exclusively in the Pine Creek Orogen, one of the prime mineral exploration targets in the Northern Territory. The orogen contains geosynclinal lithologies ranging from a fluviatile, shallow marine, evaporitic carbonate sequences to trough facies greywacke, together with interbedded volcanics. Late to post-tectonic igneous activity includes the intrusion of granitic plutons and basic rocks and the extrusion of felsic volcanics which may be important from a metallogenic perspective.

Mapped lithologies within the tenement are dominated by Koolpin Formation, possibly minor units of the Gerowie Tuff and intrusive sills of the Zamu Dolerite. The Koolpin Formation consists of sulphidic and carbonaceous argillite, ferruginous chert, ironstone, silicified dolomites and phyllitic mudstones which were deposited in a low energy environment. The Gerowie Tuff consists of tuff, tuffaceous chert and tuffaceous siltstone, with subordinate amounts of laminated cherts and carbonaceous siltstones. Numerous semi-conformable sills of pre-orogenic Zamu Dolerite intrude the Koolpin Formation and the Gerowie Tuff.

The above lithologies have undergone isoclinal folding in a roughly east west oriented event and intruded by granite in the north of the licence. The major Pine Creek shearzone is inferred to traverse the tenement sub parallel to the general strike of the geology.

Historic Exploration

The area was no doubt explored during the early gold rush years but no records or evidence of major gold diggings has been seen. During 1954 - 1955 the BMR followed up airborne radiometric anomalies in the search for uranium. This work led to the discovery and mapping of two gossan lines.

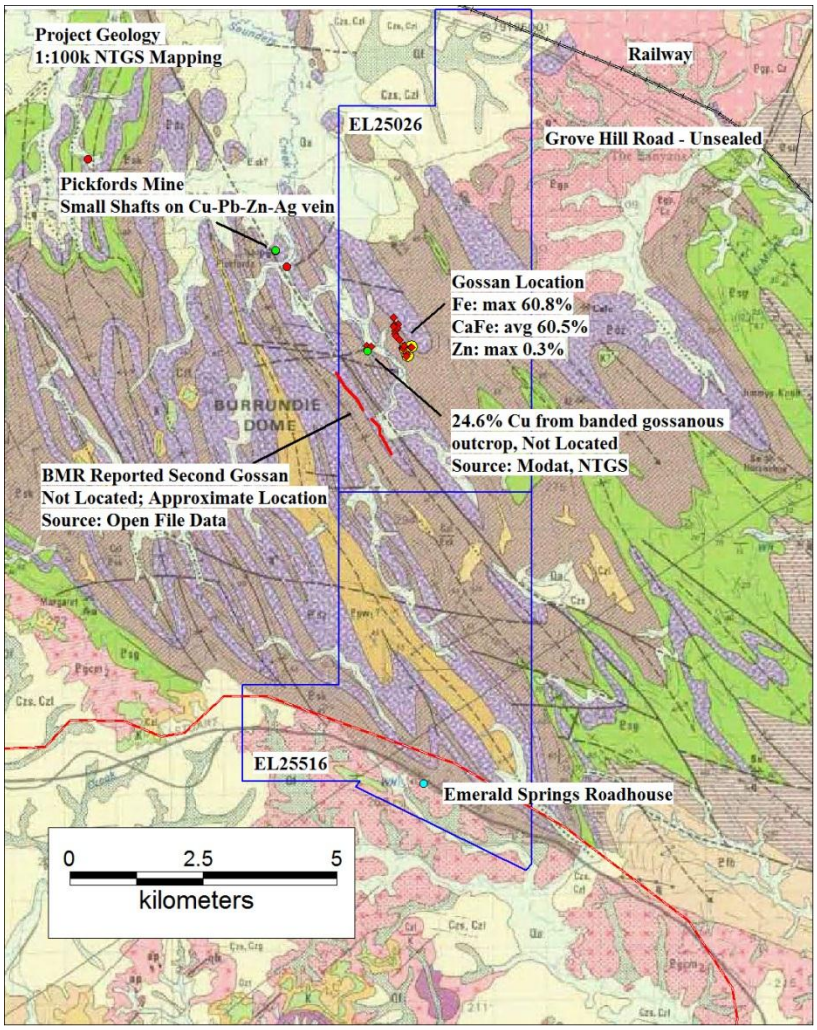
Virtually no data has been found for the period covering the following period including the 1980 – 1990's gold boom when Acacia held the majority of the ground in the region. No historic geochemistry or drilling has been found that covers the tenement.

Great Western Exploration (GTE) formed a joint venture with the tenement holder in late 2009 in the search for uranium and flew a detailed airborne magnetic and radiometric survey. The gossan lines were never found and the joint venture ceased in 2010.

In mid-2011 the author launched his own investigation to find the reported gossans using helicopter assisted access and located the easternmost of the two lines. Rockchips collected during this visit returned assays of over 60% iron. Further visits resulted in tracing several closely spaced, meter wide massive hematite horizons intermittently over a distance of 800m. This work reconfirmed the potential for economic iron ore mineralization as well as indicating base metal potential with a peak value of 0.3% zinc being reported.

PROJECT GEOLOGY

The tenement is dominated by a highly deformed and intercalated siltstone/dolerite sequence. Lithologies dip moderately to steeply west south west, are isoclinally folded and inferred to plunge southsoutheast. The Prices Creek granite is located in the north of the licence.



Project 1:100k Geology, Infrastructure, Gossan and Base Metal Occurrences

A gossan line has been located in the western half of EL25026. The gossan strikes in a NNW direction parallel to the general strike of lithologies and is located on the contact of a major dolerite unit and a siltstone sequence (BMR mapping, 1954). The gossan outcrops intermittently in several locations along the western base of a prominent hill over 800m of strike.

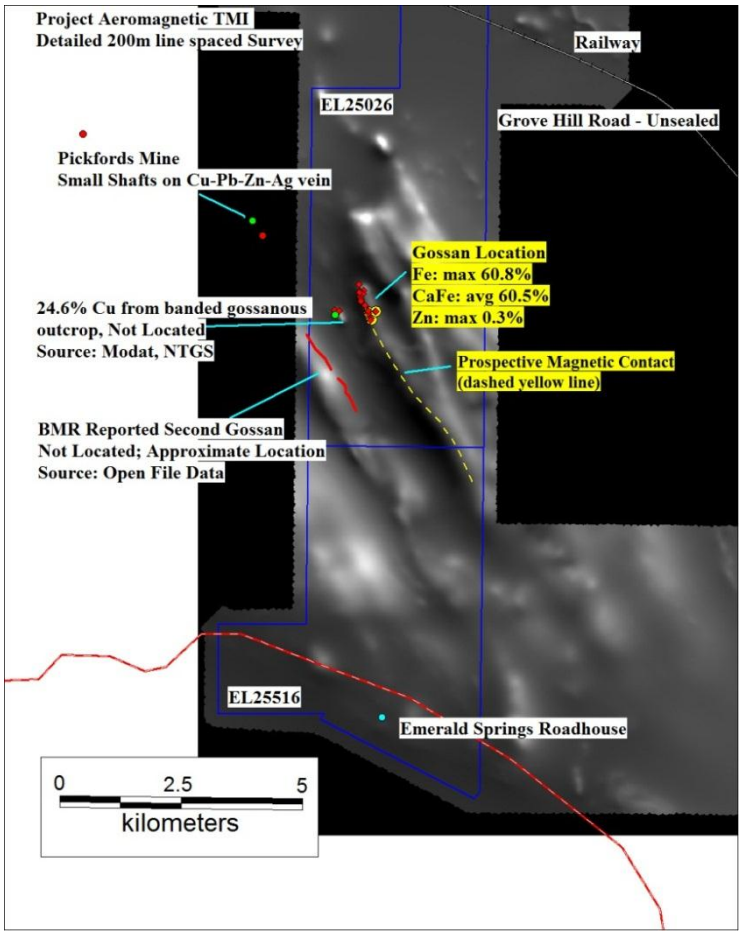
At its widest point two massive hematite horizons parallel each other approximately 25m apart over a distance of at least 150m suggesting a potential structural repetition of the sequence. Each horizon has an average width of 10m in this area with the highest exposed height being approximately 20m on a cliff face. Other gossanous outcrops along strike and inferred to be the same horizons are ovoid to elongate in nature and in the tens of meters in dimension.
Gossan outcrops are generally massive in nature and have completely altered to hematite. The texture indicates a sulphide rich, sub - aqueous origin (alternatively intrusive related to sill intrusion e.g. Norilsk). Very fine grained sulphide pseudomorphs, flow-banding, rip-up clasts and clast replacement is visible in many instances. In several areas matrix supported silica clasts or pebbles can be observed in the gossans.

Geophysics

Several regional geophysical datasets cover the tenement area. These include gravity, aeromagnetic and radiometric data as well as satellite derived imagery such as Landsat and SPOT.

Great Western Exploration flew a 200 meter line spaced aeromagnetic and radiometric survey over the tenement in 2010. The magnetic data indicate that the gossans lie along the western contact of a magnetic unit which extends for a further four kilometres south indicating major potential for the continuation of mineralization under cover and at depth in this region. Analogies to the Frances Creek Helene 2 – 5 deposits may be drawn where iron ore has been exploited in four pits over a 2km strike length (Helene 2, 3 & 5: 1.7 mt @ 60.1% Fe (TFE:ASX, 2006), Helene 2 - 5 historically mined, unknown production).

Geophysical data have previously been submitted.



Aeromagnetics (TMI), Infrastructure, Gossan and Base Metal Occurrences

Discussion of Results

With the exception of one result the sampled gossanous material returned assays between 52.3 and 60.8% Fe. Calculations for calcined iron return an average of 60.5%. Although some deleterious elements are elevated they are not prohibitive for potential export iron ore material and are similar in nature to some of the material mined and exported from the Frances Creek deposits. Further work is required to fully understand the metallurgy of the horizons.

The author believes that the potential exists for the rapid definition of a small approximately 1 mt iron ore resource within the oxidized zone of the gossan. This view is supported by the good widths and repetition of mineralized horizons as well as good average calcined iron result which indicates that blending of any iron ore material will lead to a satisfactory export grade material.

A peak value of 0.3% Zn was returned in one sample suggesting that base metals may be associated with the gossans. Further mapping, drilling and sampling is required to fully assess the base metal potential however it is believed that base metal potential exists at depth and along strike on the same horizon as well as in several other locations within the tenement where gossans and high grade base metal results have previously been reported. Further work is required in this area.

Average values for rockchip samples are summarized in the following table.

Al2O3	CaO	Cr2O3	Cu	Fe	K2O	MgO	MnO	Na2O	P	Pb	S	SiO2	TiO2	Zn	LOI	CaFe
%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
3.09	0.05	0.04	0.01	56.90	0.35	0.06	0.07	0.02	0.14	0.01	0.14	7.87	0.55	0.08	5.99	60.54

Elemental averages for 16 gossanous samples

The following page lists all results in table format.

Results

Rockchips were submitted to SGS Laboratories, Perth for XRF and ICPMS analysis to test the iron ore and base metal potential of the mineralization. Samples were subjected to a 15 element (plus LOI) XRF and 19 multi-element analysis, using a 4 – Acid Aqua Regia Digest with an ICPMS finish (methods XRF78S & ICP40Q). Pulps and coarse rejects have been retained for any future analysis. Laboratory results are outlined below.

Elements	Al_2O_3	CaO	Cr_2O_3	Cu	Fe	K_2O	MgO	MnO	Na_2O	P	Pb	S	SiO_2	TiO_2	Zn	LOI	CaFe
Sample #	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
DA25984	3.93	0.02	0.08	<0.01	**58.6**	0.15	0.04	0.02	0.06	0.232	<0.01	0.158	4.81	0.2	0.02	6.34	**62.57**
DA25988	4.95	0.03	0.06	0.01	**53.3**	0.73	0.08	0.01	<0.01	0.086	<0.01	0.24	9.98	0.74	<0.01	6.51	**57.01**
DA25990	3.28	0.07	0.03	<0.01	**53.6**	0.25	0.09	<0.01	0.04	0.037	<0.01	0.148	10.4	0.44	<0.01	8.48	**58.57**
DA25991	3.69	0.07	0.06	<0.01	**58**	0.55	0.07	0.02	0.01	0.091	<0.01	0.152	6.94	0.58	<0.01	4.75	**60.89**
DA25992	2.31	0.05	0.03	<0.01	**60.8**	0.07	0.04	0.02	0.02	0.128	<0.01	0.136	5.41	0.17	<0.01	4.49	**63.66**
DA25993	2.73	0.02	0.04	<0.01	**59.8**	0.41	0.05	0.01	<0.01	0.149	<0.01	0.218	5.27	0.59	<0.01	4.81	**62.82**
DA25994	4.96	0.08	0.05	<0.01	**55**	0.79	0.08	0.02	0.03	0.179	<0.01	0.173	8.85	0.87	<0.01	5.19	**58.01**
DA25995	2.64	0.04	0.04	<0.01	**57.2**	0.35	0.04	0.03	<0.01	0.062	<0.01	0.135	10.9	1.27	<0.01	2.46	**58.64**
DA25996	2.01	0.06	<0.01	<0.01	**58.7**	0.04	0.08	0.28	0.01	0.124	0.01	0.061	5.58	0.05	0.06	7.52	**63.47**
DA25997	2.04	0.02	<0.01	<0.01	**57**	0.03	0.03	0.05	0.01	0.121	<0.01	0.059	5.13	0.1	0.04	10.7	**63.83**
DA25998	5.06	0.04	0.02	0.01	**52.3**	0.6	0.08	0.02	0.01	0.084	<0.01	0.163	11.9	1.04	0.01	6.08	**55.69**
S507697	1.98	0.06	0.02	<0.01	**58.5**	0.16	0.07	0.24	<0.01	0.103	<0.01	0.091	5.14	0.17	**0.32**	7.77	**63.43**
S507698	3.8	0.07	0.05	<0.01	**55.6**	0.73	0.07	0.06	0.03	0.142	<0.01	0.111	10.4	1.21	<0.01	3.5	**57.62**
S507699	2.01	0.06	0.04	<0.01	**58.4**	0.1	0.05	0.03	0.01	0.432	<0.01	0.142	6.73	0.73	<0.01	5.34	**61.69**
S507815	3.16	0.02	0.02	<0.01	41.7	0.74	0.08	<0.01	0.03	0.107	<0.01	0.065	27.3	0.59	<0.01	8.08	**45.37**
S507817	2.03	0.04	0.04	<0.01	**59.4**	0.26	0.02	0.03	0.02	0.22	<0.01	0.145	7.01	0.78	0.02	3.88	**61.80**
S507820	3.07	0.04	0.03	<0.01	**52.3**	0.64	0.11	0.02	0.03	0.097	<0.01	0.103	13.8	0.45	<0.01	6.57	**55.98**

Table 1: XRF Rockchip Results (Calcined Iron; CaFe = (Fe/(100-LOI)*100) calculated by author)

Elements	Ag	Cu	Pb	Zn	Ni	As	Ba	Bi	Ce	Co	Mo	Sb	Se	Te	Sn	W	Zr
Sample #	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM
DA25984	<0.5	74	<5	169	29	198	25	<5	35	8	<5	5	<10	<10	<2	<10	17
DA25988	<0.5	**147**	<5	41	<5	44	122	<5	25	2	<5	5	<10	<10	3	<10	45
DA25990	<0.5	53	14	39	<5	130	39	<5	35	3	5	5	<10	<10	4	<10	77
DA2599	<0.	67	<5	51	5	303	59	<5	30	4	5	8	<10	<10	<2	<10	42

Elements	Ag	Cu	Pb	Zn	Ni	As	Ba	Bi	Ce	Co	Mo	Sb	Se	Te	Sn	W	Zr
Sample #	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM
1	5																
DA25992	<0.5	58	10	61	<5	90	33	<5	40	4	6	6	<10	<10	<2	<10	30
DA25993	<0.5	41	<5	45	<5	396	26	<5	30	2	<5	4	<10	<10	<2	<10	37
DA25994	<0.5	47	<5	55	5	349	76	<5	40	5	<5	5	<10	<10	5	<10	68
DA25995	<0.5	48	<5	42	<5	22	35	<5	25	2	<5	4	<10	<10	25	<10	68
DA25996	<0.5	**115**	68	575	111	91	54	<5	35	34	5	4	<10	<10	<2	<10	9
DA25997	<0.5	52	43	350	34	62	7	<5	35	12	<5	6	<10	<10	<2	<10	19
DA25998	<0.5	**132**	<5	142	6	133	52	<5	40	4	<5	5	<10	<10	4	<10	83
S507697	<0.5	70	<5	**2870**	43	811	50	<5	30	13	<5	5	<10	<10	<2	15	14
S507698	<0.5	51	<5	95	10	129	89	<5	30	6	<5	7	<10	<10	15	<10	79
S507699	<0.5	48	<5	86	<5	1980	36	<5	30	3	16	21	<10	<10	4	<10	46
S507815	<0.5	31	<5	34	<5	120	41	<5	75	4	7	<2	<10	<10	7	20	57
S507817	<0.5	58	<5	182	<5	339	41	<5	35	2	<5	3	<10	<10	10	<10	48
S507820	<0.5	40	9	24	<5	132	94	7	30	1	20	3	<10	<10	6	<10	63

Table 2: ICP Base Metal & Indicator Element Results

CONCLUSIONS & RECOMMENDATIONS

A massive iron stone gossan has been identified over approximately 800 m of strike in the tenement area. Iron ore values are comparable with and the Helene line of workings being mined by Territory Resources at Frances Creek. A 1000 – 2000m RC drilling program was planned to establish an iron resource over the prospect. Due to the current downturn in the industry and global economic situation the financial backers for the project pulled out.

Further mapping and drilling of the gossan is recommended.