EXPLORATION LICENCES 22966, 22967, 22968 & 22970
NEAR MOLINE NORTHERN TERRITORY

ANNUAL REPORT FOR PERIOD ENDING 30th APRIL 2005

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1. INTRODUCTION.

Exploration Licences 22966, 22967, 22968 and 22970 were granted to Australian Vanadium Ltd on 1st May 2003 for a term of six years. They are situated on the periphery of the Moline goldfield some 200km southeast of Darwin and 50km northeast of Pine Creek township. They enclose (respectively) three, one, one and seventeen one minute square sub-blocks, and have a combined area of approximately 77 sqkm. Mineral Claims and Leases, covering the Evelyn Mine, are excised from EL22970. Figures 1 & 2 illustrate the location of the tenements.

In May 2005 transfers of the titles were in process to M D Teelow, who is also holder of adjacent Exploration Licences 23605, 24127 & 24262, and MLN1059, thus consolidating a package of tenements enclosing most of the Moline mineral field. The Teelow tenements at Moline are currently being explored by Terra Gold Mining Limited of Perth under an option agreement with the titleholder.

Future exploration at Moline will be undertaken by Terra Gold as a coordinated campaign over the whole block of tenements, and application will be made for combined annual reporting.

As far as has been determined Australian Vanadium did not undertake any significant exploration, or provide an annual report for their first year of tenure.

2. GEOLOGY AND MINERALISATION OF THE TENEMENT AREAS.

Figure 3 reproduces a portion of the published Ranford Hill 1:100,000 geological map and illustrates the general geology of the tenement areas.

In the northwest EL22970 is underlain by Early Proterozoic metasediments, in contact with a lobe of the Cullen Granite batholith to the west. The strata are assigned to the Koolpin Formation, Gerowie Tuff and Mount Bonnie Formation of the South Alligator Group, and Burrell Creek Formation of the overlying Finnis River Group. However the lithofacies in the areas surrounding the old Evelyn mine, comprising dominantly pyritic black shales and limestones, has led some workers to suggest that they are in fact stratigraphic equivalents of the relatively older Coomalie Dolomite and Whites Formations of the Mt Partridge Group of the Rum Jungle mineral field.

In the southeast EL’s 22966, 22967 and 22968 are underlain mainly by Burrell Creek Formation, with minor inliers of Mt Bonnie Formation, and an intrusion of Mt Gardiner Granite.

Previously worked mineral deposits include the Evelyn Mine, the Dingo open pit, and the Mt Gardiner mine. Evelyn produced 83,000 tonnes of ore averaging 5.8% Pb, 6.1% Zn & 260g/t Ag between 1966 and 1970. Dingo pit was designed to produce 18,200
tonnes @ 2.70 g/t Au in 1991, as a satellite pit to the main Moline Gold Mines operation; actual production figures have not been found. Small tonnages also came from the adjoining Azaria pit. Small historical production of Cu/Pb/Ag ores are reported from Mt Diamond.

Extensive exploration of the Moline field, between 1981 and 2001, was conducted by several companies including Greenbushes, Amoco, Cyprus, Woodcutters, Newcrest, Compass and Northern Gold. A number of anomalies and prospects were reported within the present areas of interest, including Mango, Stockyard, Banana, Pheasant and a small intense magnetic high at the granite contact west of Evelyn.

Figure 4 shows the locations of the main mines and prospects.

3. PROPOSED EXPLORATION AND EXPENDITURES FOR YEAR THREE.

The first phase of work during year three will be a comprehensive research of the large and comprehensive database, relating to exploration and mining within the tenement areas, already held by Mr Teelow. Areas of interest identified from this research will be subjected to preliminary field inspections and outcrop sampling.

Selected priority prospects will, during phase two, be further tested by detailed follow up utilizing various combinations of soil sampling, geological mapping, ground magnetic survey, trenching and preliminary RC drilling as appropriate.

A minimum total expenditure of $17,000 is proposed for the four EL’s, apportioned as follows:-

<table>
<thead>
<tr>
<th>EL</th>
<th>Amount</th>
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<tbody>
<tr>
<td>EL22966</td>
<td>$4,000</td>
</tr>
<tr>
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</tr>
<tr>
<td>EL22968</td>
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<tr>
<td>EL22970</td>
<td>$7,000</td>
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TENEMENT MAP

Figure 2
Pso Mount Bonnie Formation  Ptb Burrell Creek Formation

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GEOLOGICAL MAP 1: 100, 000 SCALE

FIGURE 3