ANNUAL REPORT

ON

EXPLORATION LICENCE 10320

April 2006 to April 2007

AGRICOLA GOLD LTD
W.R. JETTNER
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1. INTRODUCTION

Exploration Licence 10320 was granted to Agricola Gold Ltd in April, 2002. This was renewed to 8th December, 2008.

The licence consists of two graticular blocks and lies wholly within the 1:50,000 Margaret River Tenement Map, with an approximate area of 6.687 square kilometres.

This report covers exploration activities conducted on the tenement from April 2006 to April 2007.
2. LOCATION AND DESCRIPTION

Exploration Licence no. 10320 is located in a sub-block elongated shape in 2 separate areas of 2 sub-blocks each between 131°16'E and 131°17'E and 13°08'S and 13°14'S approximately 120 km to the south of Darwin, and is accessible from Darwin via the Stuart Highway thence via Tortilla Road to the northern part of the EL and Fisher Road to the southern part of the EL.

The licence forms a narrow corridor running the length of the central portion of the Mt Keppler Station and as such has a varied geomorphological system ranging from submature landforms in the Hughes, Bruce and Scullin area to broad mature landforms such as those found around the Reid Prospect to the south.

In the northern area the drainage lines are reasonably active with each wet season whereas in the southern portion the drainage lines are sand choked and represent very mature landforms with only occasional remnants protruding through the soil cover.
3. REGIONAL GEOLOGY

The tenement area is underlain throughout by the Lower Proterozoic Burrell Creek Formation, and consists of a grey-wacke to mud-stone suite representing a series of cyclic turbidity events throughout the Finnis River Group depositional history.

EL 10320 lies within WMC Ltd.’s Central Zone which was explored in the mid-late 1980’s as part of their regional programme on ground surrounding the Goodall Mine. As part of that exploration effort, a great deal of work was done on the depositional and deformational history of this area which represents the deepest part of the Pine Creek Geosyncline.

The stratigraphic sequence is similar to that found around the Goodall Mine (Hancock and Ward, 1988), and consists of:

Upper Wacke Sequence:
Thickness:  
> 1500 m

Description:  
Comprises medium grained, clast-supported, buff-weathering quartzo-feldspathic, tufaceous wackes, silts and lesser lithic pebble conglomeratic turbidity. The lower portion is a relatively distinctive, buff-weathering wacke.

Red Silty Unit:
Thickness:  
> 600 m

Description:  
A relatively poorly exposed unit dominated by distinctive red-brown weathering phyllitic metasiltstone, graded and bedded phyllite, distinctive laminated phyllite and matrix-supported medium-grained quartzo-feldspathic wacke. Laminated chlorotic phyllite with thin tufaceous interbeds form a distinctive association in the unit. The unit can be internally considered as comprising a lower unit dominated by phyllite and matrix-supported wacke and an upper unit distinguished by laterally persistent wacke units, which include clast-supported lithologies similar to those that dominate the overlying wacke-rich unit. The top boundary is gradational in detail but defined by a thin but continuous wacke unit traceable around the structure in the area mapped in detail.

Bundey Sequence:
Thickness:  
> 1000 m

Description:  
Boldly outcropping, medium grained, tufaceous, quartzo-feldspathic wacke with matrix chlorite and muscovite and interbedded chlorite-sercite-quartz phyllitic metasiltstones. Graded, medium grained, clast-supported wacke dominant, and a distinctive sub-zone of wackes with nodules to 5 - 8 cm of quartz-ex-diagenetic chert occurs near the top. Thick phyllitic metasiltstones, often with local ex-andalusite and ex-cordierite spotting occur.

Lower Transitional Zone:
Thickness:  
≈ 500 m

Description:  
Not mapped in detail, but reconnaissance observations structurally beneath the Bundey Sequence in the axial zone of the Howley Anticline indicate poorly outcropping, mixed successions of medium grained, quartz-feldspar wacke and significant thicknesses of ferruginous, probably ex-graphitic phyllite, reminiscent of the underlying Mt. Bonnie Formation.
The units above show alterations in the abundance of sand and silt, but rarely, if ever, to the exclusion of either lithology. The change in character probably reflects the changes in the character of the provenance area of detritus, as bed organisation and the depositional environment area similar in both the clast-supported and matrix-supported (Red Silty Unit) lithologies.

Elements of all the above units may be found in the EL area, with variants from the quartz pebble conglomerate to the fine, matrix-supported Red Silty Unit in areas of sub-crop to postulated alluvium-covered areas.
4. PROSPECT GEOLOGY

1. Bruce area prospect.

   Consists of a tight south-plunging Anticline associated with a 8-10m wide shear zone that is located to the west of the fold axis. The mineralised shear is westerly dipping with an alteration assemblance of haematite, sericite chlorite and silica.

   Current tests show that the mineralisation is amicable to heap leach recovery.

   Sufficient exploration work has been completed to indicate a resource of over 14,000 T with grades up to 9 or 10 g/t.

2. Scullin Prospect: This prospect is located approximately 1.5 kms to the south of the Bruce Prospect. It is approximately 250m in length and is possible the same shear which hosts the Bruce Prospect, although several faults are noticed between the prospects.

   Drill holes by the previous owner have recovered economic gold grade up to 6.56 g/t.
5. PREVIOUS EXPLORATION

The licence area was previously explored by WMC Ltd., in the 1980's, as part of their regional program for the Goodall Mine. It was during the initial helicopter survey in 1981, where samples of quartz outcrops were collected and assayed, that led to the discovery of the Goodall deposit.

As exploration progressed through the 1980's, a regional soil program of large dimensions was a resultant follow-up. This involved the sampling of -80# ‘B’ horizon soil samples on 20m centres which were then composited to 40m centres, on lines spaced 800m apart. Point highs were investigated and areas were selected for closer-spaced sampling on 200m line spacing.

Within EL 10320, the immediate past lessees located several prospects, with the most advanced being named Bruce, where early drilling located some thousands of tonnes of good grades of gold mineralisation.

The second prospect is known as Scullin and is situated on the same ridge as the Bruce prospect.

A further prospect is situated in a northerly direction from the earlier discovery of Bruce.
6. WORK DONE IN THE 4TH YEAR OF THE CURRENT LICENCE

Operations performed for 2006:

These were delayed for the early part of 2006 due to cyclone causing heavy rain and flooding over the tenement.

Extensive field surveys were programmed near the Scullin Prospect and northwards from the main Bruce Prospect throughout the vicinity of the Hughes Prospect. This has enabled several areas to be sites for a small shallow drilling programme at the earliest opportunity.

Any positive results from these areas would add to the likelihood of a reasonable mining area over EL10320.

Expenditure:

Field Officers - 5 days .................................................. $ 3,600.00
Vehicle and accommodation .............................................. $ 820.00
Geo consult ................................................................. $ 910.00
Sundries ................................................................. $ 450.00

$ 5,780.00

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7. OPERATIONS PLANNED FOR YEAR 2007

The record wet season during the beginning months of 2007 will prevent heavy machinery operating on or near the edge of low country and access until mid year.

It is then planned to shallow drill 5-10 m deep around the most recent discovered prospect to be known as Hughes.

Further surface works will be carried out both on the southern end and the eastern side of the Scullin Prospect which has produced several significant surface samples up to 6 g/t of gold.

Expenditure:

Drilling 30 shallow holes ............................................................. $ 4,000.00
Geo consult ................................................................. $ 1,000.00
Vehicles ................................................................. $ 800.00
Assays ................................................................. $ 1,200.00
Sundries ................................................................. $ 1,000.00

$ 8,000.00

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8. CONCLUSIONS

Following the Department’s denial for a mineral claim for over 7 years, the exploration process has continued. However, in a smaller way with the expectation that further proven mining opportunities may allow a mining claim to be agreed upon in the coming season.

With the renewal of EL10320 which is for 2 blocks, this opportunity could be of benefit to all parties.
THIRD SCHEDULE
(Plan of Area)

E. L. 10320
Prospect Map