ANNUAL EXPLORATION REPORT
YAM CREEK/NORTH POINT GROUP
(MLNs 214, 341, 343, 349, 823-832, 858-863, 940, 1112,
MCNs 46-47, 49-50, 624-625, 898-899, 4428, 4430, 4432, 4434)
Year Ending 31 December 2009

McKinlay River 1:10, 0000
Pine Creek 1:10, 0000
PINE CREEK 1:250, 000

Distribution:
- DOR, Darwin
- Crocodile Gold Australia, Humpty Doo
- Crocodile Gold Australia, Brocks Creek

Report No: PC/BJV/09-57

Zia U. Bajwah
January 2010
SUMMARY

The Yam Creek Group of tenements is one of the significant projects within Crocodile Gold Australia’s portfolio. It is located approximately 150km SSE of Darwin. It comprises North Point, Princess Louise, Iron Blow and historical Yam Creek alluvial gold mining areas. The historic Yam Creek alluvial gold field was discovered in 1872.

Gold mineralisation at North point and Princess Louise deposits occurs as quartz vein systems, hosted by structurally prepared sites within cyclic greywacke-mudstones of the Palaeoproterozoic Mount Bonnie Formation. Episodic gold production has been reported from underground as well processing of alluvial/elluvials cover material. The area has been the subject of modern gold exploration since the late 1970’s. Exploration, post 1988 was managed by Northern Gold NL and its subsidiaries and Acacia Resources (AngloGold) subject to option agreement.

During the reporting period a review of base metal mineralisation within Crocodile Gold Australia’s portfolio was undertaken which established the significance of Iron Blow gold and base metal deposit with further potential. In the same period, Nation Instrument 43-101 compliant resource estimate was prepared (3,174,876 tonnes grading 2.08 g/t gold, 100.9 g/t silver, 0.76% lead, 3.28% zinc and 0.19% copper). It contained gold resource of 210,000 ounces of gold. During the reporting year, a high resolution geophysical survey was also flown over the project area. The survey was conducted in collaboration with Thundelarra Exploration Pty Ltd/Element 92 Pty Ltd. The survey was flown over 250 metre line spacing.

In the next reporting year, a program of drilling and sampling is proposed to expand the resource inventory base or search new areas of mineralisation within the Yam Creek Group of tenements. This will be supported by interpretation of high resolution geophysical survey obtained this year to select new targets.

Keywords: Pine Creek Orogen, gold exploration, base metals, Yam Creek, South Alligator Group, Mount Bonnie Formation, Princess Louise, North Point, Iron Blow. Drilling, Assaying, Geophysical Survey.
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1.0 INTRODUCTION

The Yam Creek Group of tenements is located approximately 150 km SSE of Darwin. It mainly covers historical Yam Creek alluvial and hard rock gold mining field which was discovered in 1872. It also includes four tenements which cover Iron Blow base metals and gold deposit. The tenement group has been explored intensively since the late 1970s and contains significant gold and base metals resources at North Point, Princess Louise and Iron Blow. This report covers work completed during the 2009 reporting year.

2.0 TENEMENT DETAILS

The Yam Creek group consists of 22 mineral leases and 12 mineral claims, covering an area totalling 578.2 hectares. The tenement details are listed in Table 1 which covers North Point, Princess Louise and Iron Blow projects (Figure 1).

The Yam Creek tenements were held by Territory Goldfields N.L (50%) and Buffalo Creek Mines P/L (50%), and managed by Burnside Operations P/L which was wholly owned subsidiary of GBS Gold Australia P/L (liquidated).

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According to an agreement signed in September 2005, Harmony Gold Operations P/L (Buffalo Creek Mines P/L) sold its 50% interest in the tenements to Northern Gold NL. In turn, Northern Gold NL was taken over by GBS Gold Australia P/L in 2005.

GBS Gold Australia went into voluntary administration on 15 September 2008 and all assets including Yam Creek Group of tenements were placed under care and maintenance. On November 2009, Crocodile Gold Australia purchased all assets held by GBS Gold Australia (liquidated).

A search of the Heritage Register indicated that no Aboriginal significant sacred sites fall within the tenement group.

### 3.0 LOCATION AND ACCESS

The Yam Creek Group of tenements is located between latitudes 13°28’ south and 13°31’30” south and longitudes 131°31’30” east and 131°33’30” east (Figure 1). This group of tenement is situated on the McKinlay River and Pine Creek 1:100,000 topographic sheets.
The group is situated within Pastoral Lease No. 903, Douglas, held by Tovehead Pty. Ltd. Access to the tenements from the Stuart Highway is north-eastwards along the Fountain Head road for 23km, then NE along the Grove Hill Road.

The area of economic interest comprises elongate ridges of moderate relief that mark the outcrop of resistant sediments that host gold mineralisation. Within the ridge, area access is locally compromised by steep sided slopes and eroded gullies. On the adjacent flats and pediment, access is relatively good in the dry season.

4.0 GEOLOGICAL SETTING

4.1 Regional Geology

The Yam Creek Group of tenements are situated within the Pine Creek Orogen, a tightly folded sequence of Palaeoproterozoic rocks, up to 14km in thickness, laid down on a rifted granitic Archaean basement during the interval ~2.2-1.87Ga. Geology of the area has been described by Stuart-Smith et al. (1987) and Ahmad et al. (1993). The sequence is dominated by pelitic and psammite (continental shelf shallow marine) sediments with locally significant inter-layered tuff units. Pre-orogenic mafic sills of the Zamu Dolerite event (~1.87Ga) intruded the lower formations of the South Alligator Group.

During the Top End Orogeny (Nimbuwah Event ~1.87-1.85Ga) the sequence was tightly folded, faulted and pervasively altered with metamorphic grade averaging greenschist facies with phyllite in sheared zones.

The Cullen intrusive event introduced a suite of fractionated calc-alkaline granitic batholiths into the sequence in the period ~1.84-1.78Ga. These high temperature I-type intrusives induced strong contact metamorphic aureoles ranging up to (garnet) amphibolite facies, and created regionally extensive biotite and andalusite hornfels facies. Less deformed Meso- to Neoproterozoic clastic rocks and volcanics have an unconformable relationship to the older sequences. Flat lying Palaeozoic and Mesozoic strata along with Cainozoic sediments and proto-laterite cementation overlie parts of the Pine Creek Orogen lithologies. Recent scree deposits occupy the lower hill slopes while fluviatile sands, gravels and black soil deposits mask the river/creek flats areas.

There is a tendency for gold mineralisation to be focused in anticlinal settings within strata of the South Alligator Group and lower parts of the Finniss River Group. This sequence evolved from initial low energy shallow basinal sedimentation to higher energy deeper water flysch facies. Some of the gold mineralisation appears to be related to the I-type members of Cullen Batholith, formed during the evolution of hydrothermal fluids as a result of fractionation and differentiation processes (Bajwah, 1994).
4.2 Local Geology

The Yam Creek Group of tenements hosts North Point, Princess Louise gold deposits and Iron Blow base metals-gold deposits (Figure 1). The North Point and Princess Louise deposits are located within Palaeoproterozoic Mount Bonnie Formation and Gerowie Tuff, and occupy structurally prepared sites on splays from the regionally important Hayes Creek Fault that trends NE through the area. Local geology of the area is shown in Figure 2.

The dominant mineralised structural feature within the tenement area comprises the west limb of the Yam Creek anticline that dips west at 50-60 degrees. The east limb is steep to overturned and the axis plunges north at 10-30 degrees. The rocks comprise silt-greywacke-mudstone sediments of the South Alligator Group (Lower Mount Bonnie Formation). These are overlain by Finniss River Group, comprising greywacke (flysch) sediments of the Burrell Creek Formation. The underlying Gerowie Tuff and local sills of Zamu Dolerite are exposed in the south of the area in the core of the fold.

In the vicinity of the Darwin-Alice Springs railway line, the northern portion of the Yam Creek anticline appears to have been down-thrown by a set of NE and ENE trending fault structures. Towards south, the east limb and axis of the Yam Creek anticline is truncated by the Hayes Creek Fault and associated splays. This has dislocated the Yam Creek anticline from the main part of the Golden Dyke Dome that lies to the south.

4.3 Gold Mineralisation

At North Point and Princess Louise, auriferous quartz-sulphide veining is associated with greywacke-dominated packages within the west limb and axial zones of the Yam Creek fold, particularly where bedding slip, reverse faults and splays cut the limb at shallow angles. Lithological contrasts between silt-mudstone packages and massive greywackes has been a further focusing factor for auriferous quartz veining.

Within the finer grained lithologies the vein has sub vertical, perhaps axial planar foliation dips. Within the more massive brittle greywacke horizons the veins take the form of ladder veins or cross fracture sets sub normal to the bedding and dip shallowly eastwards. The upper greywacke-dominated package hosts most of the gold resource. Refraction of vein dips has been observed passing from one litho-type to the other. The thickness of the finer grained packages appears to be greater at Princess Louise where compared with the North Point sequence, controls to Mineralisation and possible Extensions.
Figure 2: Geological setting of the Yam Creek project area
The following is an extract from a resource report by Elliott (1994) who made a detailed study of the mineralised setting for Dominion Mining Ltd.

The Yam Creek resource is an epigenetic deposit, situated within a greywacke-mudstone association of the Mt. Bonnie Formation (South Alligator Group) on the western limb of the Yam Creek Anticline. The anticline plunges ≈ 10° to the north, with the west limb dipping at ≈60° W (range 50°-75° W). Axial plane cleavage (S₁) is well developed in the mudstone units and is sub-vertical, but is refracted at the mudstone-greywacke contact due to competency contrasts, producing a cleavage dip of 10°-50° to the east.

A number of north-east trending faults displace bedding trends in the Yam Creek area. The faults are thought to be sub-vertical and appear to post-date mineralisation.

The majority of mineralisation is associated with quartz filled tension gash veins within the greywacke, controlled by the refracted cleavage pattern. The veins are best developed near the hanging wall (western) contact of greywacke and mudstone, occurring as an echelon vein sets, vein thickness varying from stringers to over one metre. Carbonaceous shears within the greywacke and at the mudstone contacts often contain minor but high grade gold mineralisation, associated with quartz stringers and small boudins. This type of mineralisation is thought to originate from tension gash veins rolled into the shears. Low grade gold mineralisation (0.1-0.5 g/t) is pervasive throughout the greywacke host.

The mineralised greywacke unit is open along strike to the north and down dip (west). To the south mineralisation has decreased significantly, however drill hole density is low and is situated in an area of structural complexity. It is likely mineralisation continues further south along strike. Similar styles of mineralisation could be targeted further east in a second greywacke unit.

Primary mineralisation occurs within quartz veined greywackes and lesser mudstones. Quartz vein gangue mineralogy consists of common pyrite, less common arsenopyrite and rarer chlorite, carbonate and pyrrhotite. Free gold has been recognised in the oxide zone, associated with ferruginous (ex-sulphide?) quartz veins.

Gold bearing alluvial material occurs over most of the resource area. The alluvial cover has a maximum thickness of 4m, with gold occurring in basal conglomerates as fine gold, nuggets and in quartz specimens. Auriferous eluvial material is also widespread.
Primary ore material has been classified as oxide or sulphide, transitional ore has not been recognised. The average depth of the base of oxidation is approximately 33m. The recognition of late stage faulting as a 'spatial control' to mineralisation is important, especially at a flitching stage and during optimisation.

The two principal deposits have been outlined by several campaigns of RC drilling and were computer resource-modelled in 2003.

For **North Point** the indicated and inferred resource at 0.7g/t cut off totalled 278,000t @ 2.27g/t Au.

For **Princess Louise** the indicated and inferred resource at 0.7g/t cut off totalled 170,000t @ 2.25g/t Au.

In 2005, Bill Makar was commissioned to review the mining economics of the deposits with a more up to date range of gold prices and factoring in the availability of the Union Reefs treatment plant.

### 4.4 Iron Blow Base metals-gold deposit

The Iron Blow (MLN 214) prospect occurs on the eastern side of the tenement group. It comprises a strata-bound massive sulphide deposit of zinc-lead-silver-copper gold mineralisation. The deposit occurs in basal sediments (carbonaceous siltstone, shale, greywacke, chert, conglomerate and carbonate of the Mt Bonnie Formation. It is geologically similar to the Mt Bonnie deposit to the south.

The Iron Blow gossan was discovered in 1873 and developed as an underground mine in 1886 when 100t was mined. Between 1898 and 1906 Northern Territory Goldfields of Australia produced 13,700t from underground and surface mining. It was extensively explored between 1957 and 1971 by the BMR, mining companies and NTGS.

A Geopeko-BHP JV explored the deposit from 1975, drilling 15 core holes, 8 of which met with massive sulphide. They determined that Iron Blow comprised two stacked lenses. The Upper Lode contained 92,000t, averaging 400g/t Ag, 8.1% Zn, 3.0% Pb, 0.4% Cu and 4.3g/t gold. The Lower Lode was larger and of lower grade comprising 887,500t averaging 87.3g/t Ag, 6.7% Zn, 0.7% Pb, 0.4% Cu, and 1.9g/t gold.

The oxide zone was relatively enriched in gold and silver and the deposit was open pitted to 40m by Henry and Walker in 1984. The ore was treated at the Mt Bonnie plant along with the Mt Bonnie deposit’s oxide component. Records show that Iron
Blow produced 10,000t of oxide @ 9.0g/t gold and 250g/t Ag and 25,000t of sulphide @ 7.0g/t Au, and 360g/t Ag in this period.

Both Mt Bonnie and Iron Blow coincide with significant airborne magnetic anomalies. No other comparable anomalies occur in the area so this appears to downgrade the potential for repetitions of these stratiform, perhaps syngenetic exhalative deposits.

5.0 PREVIOUS EXPLORATION

5.1 Historic Activity

The Yam Creek region was historically one of the better known bedrock and alluvial gold mining areas in the Northern Territory. The first significant reef gold discovery, the Priscilla Reef, was made in 1872. This was followed by a period of intense mining activity, which continued until the early twentieth century. The district was famous for its gold nuggets, the largest being 700 ounces (22.5 kilograms). The alluvial deposits in the North Point area were worked by Chinese miners late last century.

By 1901 a three compartment shaft had been sunk at Yam Creek with two cross cuts driven west at 42m and 62m as a prospecting exercise. The lodes met with in the 62m cross cut were reported to average 5.0 g Au/t over a width of 20m.

In 1937 it was reported (Cottle) total production from the field was 29,000t for the recovery of 10,501oz. Most of this was thought to have been from stopes off the Yam Creek cross cuts.

The Princess Louise mine further south along the Priscilla Line was reported in 1891 as having produced 2,422t @ an average recovered grade of 51.0g Au/t. The gold was recovered from east dipping (50 degrees) quartz-sulphide veins within a west dipping greywacke unit, 4m thick. The shoots were reported to plunge northerly at 30 degrees.

In more recent times exploration work was carried out by Geopeko, Territory Resources N.L., Dundas Gold Corporation N.L., Dominion Gold Operations Pty. Ltd., Northern Gold N.L. and Anglogold Australasia Limited.

5.2 Modern Exploration

Mines Department 1974. Drilled two diamond core holes at Princess Louise. These were not logged due to Cyclone Tracy and are at the Darwin core library.

Geopeko 1977 to 1979. Activities conducted included gridding, stream sediment sampling, geological mapping, at 1:1,000 scale, an IP survey, and diamond drilling, five
holes for 511.64m, and mapping of accessible underground workings. The prospect was named ‘Quest 95.’ Goulevitch reported that gold occurred in thin quartz leaders in two greywacke-mudstone units each about 20m thick, separated by about 30m of barren material. The upper horizon was better mineralised and almost continuous over 3km.

**Territory Resources N.L 1985-1988.** Work included an aeromagnetic survey, a Geo-Flite multispectral scanning survey, geological mapping, alluvial pit sampling and trial mining, 4 costeans for 320m in the alluvial areas and bedrock targets, and 9 percussion holes for 165m.(TERP-1 to 9)

An aeromagnetic survey in 1985 over EL 4415 included MCN 898 and MCN 899 [North Point].

In 1986, an extensive pit sampling and alluvial mapping program was completed over North Point, covering MCN 898. Gold was recovered from most samples and encouraging results were obtained.

Four costeans were sampled and mapped in detail on MCN 898 to follow up previous indications of bedrock gold mineralisation.

Bulk samples were taken to 1m depth on MCN 898 and MCN 899. The upper 0.5m of laterite and eluvial/colluvial material was mined from the eastern section of MCN 898. Mining also took place on MCN 899, where approximately 70cm of colluvial and alluvial material was removed from two pits.

The potential for bedrock gold mineralisation along the northern extension of the Priscilla Reef at North Point was suggested by aeromagnetic interpretation.

Exploration showed that the bedrock mineralisation occurs predominantly in ladder quartz veins and stockworks within a greywacke unit of the Mount Bonnie Formation, which forms the northern extension of the “Priscilla Line”. Further south, in the Sandy Creek region, gold mineralisation was identified within quartz veins hosted by Zamu Dolerite. (outside the tenement group)

The bedrock potential of MCN 625, MCN 624 and MCN 898 were further examined by mapping and 9 RC holes. The percussion holes were drilled in the southern portion of MCN 898.

Exploration over MCN 625, MCN 624 and MCN 899, was completed by a consultant, on behalf of Territory Resources N.L. The objective of the program was to investigate the alluvial diggings by the Chinese last century and to assess the underlying bedrock gold potential of the North Point area.
The work undertaken included gridding, geological mapping, excavator pitting, mapping and sampling of excavator pits, panning of samples from the pits and assaying the concentrates.

**Dundas Gold Corporation N.L. 1987.** They commissioned Elliot Exploration Co. Pty. Ltd. to carry out a detailed evaluation of MLNs 823-832 and MLNs 858-863.

This work involved the excavation of 38 costeans for 1916m at 60m intervals, geological mapping, sampling, resource calculations and 326 RAB percussion drill holes for a total of 8,942m.

The trenching reported wide zones of +0.4g Au/t anomalis in surficial cemented soils. The drilling was oriented to the east despite the well-documented easterly dip on mineralisation. Despite this, significant gold values (+1.0g Au/t) were met with on most traverses over 3km of strike.

**Dominion Gold Operations Pty. Ltd. 1987.** This company completed geological mapping, reconnaissance rock chip sampling and a data review over MCN 46, MCN 47, MCN 49 and MCN 50. These mineral claims contain many of the old workings within the area, which followed the quartz veins on the westernmost anticlinal axis. Dominion’s sampling of these quartz veins returned a best assay of 2.84 g/t. The vein sampling completed within MCN 46 and MCN 47 gave poor values.

Further work completed by Dominion Gold Operations Pty. Ltd., between 1988 and 1994, included costean excavation, vacuum drilling 318 holes for 1145m, RAB drilling, 10 holes for 261m, RC drilling, 124 holes for 5,589m, resource calculations and metallurgical testwork.

Dominion sank a test open pit to the west of the Yam Creek shaft in the vicinity of the old Temperance workings. They mined a 100m section of the west lode, only one resource drill section lay within the pit.

In addition, a 15m test pit was sunk by Dominion on the North Point deposit between 8860mN and 9075mN, following vertical blast hole drilling. On section the plus 1.0g/t Au zones are erratic, generally narrow discontinuous and poddy within a broad low grade envelope.

**Eupene Exploration Enterprises, 1988.** Worked on behalf of the Tanami Joint Venture in the vicinity of the Temperance workings and conducted gridding, 15 costeans for 666m, 50 RAB percussion holes for 2.398m, 15 RC holes for 466m, 3 diamond holes for 114.5m, soil sampling and resource estimation (150,000t 2 0g Au/t) Zapopan NL and Henry and Walker dug a trial pit on the resource at Temperance.
**Zapopan 1991**, dewatered the Yam Creek shaft but found it blocked with debris for the bottom 4m. The upper level was also blocked and they abandoned the exercise after spending $80,000.

**Northern Gold N.L 1996.** completed a work program using geophysical digital data, MMI geochemical soil sampling and RC drilling

The MMI soil sampling program consisted of the collection of 1,100 samples taken on a 10m spacing on 100 metre lines.

Results returned were highly anomalous with peak values of 784 ppb Au and 448 ppb Au. The northern area showed wide highly anomalous zones. The central part on the Yam Creek line, although densely covered in old workings, showed relatively poor results.

Infill RC test drilling consisted of the completion of 26 holes for a total of 1,995m.

Drilling located the high grade mineralisation previously defined by Dominion in 1994, and Dundas exploration in 1987. Results from drill testing the eastern greywacke were the most encouraging, with best intersections returned in YC151, reporting 6m @ 14.25 g/t Au from 24m, and in YC150 with 4m @ 2.98 g/t Au from 10m.

The second phase of drilling identified southern strike and dip continuations of this high grade mineralisation. Best results include 2m @ 5.62 g/t Au from 58m in YC153, 5m @ 1.14 g/t Au from 40m in YC155, and 3m at 4.24 g/t Au from 22m in YC161.

**Northern Gold N.L 1997.** Completed a work program involving magnetic interpretation, resource estimates, vertical vacuum and RAB drilling along strike from the RC drilling, and digital terrain modelling.

The data was used in conjunction with aerial mapping, site visits, previous interpretations and reviews to determine the best methods of exploration.

The company purchased multiclient airborne magnetics and Landsat from World Geoscience. The results of the geophysics were used primarily as imaged processed data for regional interpretation of exploration concepts. A contour map of the region was also compiled.

The Yam Creek resource on MLN’s 828–832 was block modelled using inverse distance squared methodology, with a greywacke unit of the Mount Bonnie Formation as geological control.

The model produced used large search ranges in order to include sufficient data to estimate block grades, and lacks sufficient support to be classified as either measured or indicated as defined by the JORC code.
The resource at Yam Creek was estimated above a 0.90 g/t Au cut off:

- 959,770 t @ 2.02 g/t Au (Uncut)
- 959,770 t @ 1.31 g/t Au (Cut 10g/t)

**Anglogold Australasia Limited, 1999.** They entered into an option agreement (Princess Louise Project, from April 1999) with Northern Gold N.L. over MLNs 823 - 832, 858 - 863 and 940, and MCNs 46 - 47, 49 - 50, 624 - 625, 898 - 899, 4428, 4430, 4432 and 4434.

They conducted aerial photography, gridding, soil sampling (76 samples), geological mapping, vacuum drilling (520 holes), rock chip sampling, detailed airborne magnetics and radiometrics, RC drilling 88 holes for 7,137m plus 334m of precollars, and diamond drilling, 11 holes. Grade control drilling was carried out at North Point and Princess Louise totalling 213 holes.

**AngloGold Australasia Limited 2000.** Preliminary resource estimates, and RC drilling programs were completed by Anglogold Australasia Limited during the 2000 exploration season.

A total of 104 RC holes were drilled by Drillcorp - Western Deephole Ltd. and Drillex, for 6,307, targeting the North Point and Princess Louise anomalies, in addition to strike extensions along the Priscilla Line. The samples were submitted to Amdel Ltd., Darwin, for gold analysis using FA1 technique. The work outlined significant mineralisation in the upper greywacke unit at both the North Point and Princess Louise prospects.

A program of vacuum sampling at the Left Of Centre Prospect, intended to test the bedrock below an alluvial anomaly. The program was abandoned after several attempted test holes could not penetrate a clay layer at the base of the alluvium. No samples were taken.

An evaluation of the resources defined at Princess Louise and North Point areas was also completed during the exploration season. The following estimates were calculated using a 1 g/t Au cutoff, and a minimum mining width of 3m.

- North Point 368,000t @ 1.88 g/t for 22,243 Oz
- Princess Louise 423,000t @ 1.52 g/t for 20,672 Oz

Expenditure under the option by AngloGold was $435,548.

**Northern Gold NL 2001.** The company completed a thorough data review during the 2001 year of tenure to further evaluate the mineralisation potential within the tenements. Expenditure was $2,060.00.
**Burnside JV 2002.** The Burnside Joint Venture carried out the following exploration activity during the year ended 31st December 2002.

Surveying and database validation; site preparation and RC drilling-
Princess Louise 618m in 15 holes; North Point 1,654m in 42 holes.

First pass resource modelling Princess Louise and North Point.
Princess Louise, main zone, 43,243t @ 2.00g Au/t to 30m depth.10.0g/t Au top cut.
North Point : 86,331t @ 2.09g Au/t to 36m depth.

Both of these resource models were subjected to preliminary computer generated pit shell designs and mine cost optimisation.

**Burnside JV 2003.** The Burnside Joint Venture commissioned a geo-statistical consultant to review the resource models for North Point and Princess Louise.

For North Point the indicated and inferred resource at 0.7g/t cut off totalled 278,000t @ 2.27g/t Au.

For Princess Louise the indicated and inferred resource at 0.7g/t cut off totalled 170,000t @ 2.25g/t Au.

Expenditure for the year totalled $19,923.

**Burnside JV 2004.** During the year the JV conducted an internal review of the North Point and Princess Louise deposits. Further RC drilling was recommended to close off the mineralisation beneath and along strike from the 2003 design pits.

During 2005, Yam Creek project was reviewed with a view to firm up gold resources under GBS Australia P/L control and possible ore feed to commissioning of the Union Reef mill near Pine Creek. Bill Makar conducted an internal review on the North Point and Princess Louise deposits demonstrating a useful comparison between grade control and exploration drill densities.

Among his conclusions at North Point exploration drilling indicates a relatively continuous and robust gold-mineralised unit that is generally broader in the oxide zone and develops into narrow limbs down dip. On the other hand the grade control work shows a much more broken up and poddy nature to the deposit. Gold grade is higher using the grade control data and tonnes are somewhat decreased. At Princess Louise he concluded the mineralised tonnes are upgraded significantly with the grade control density spacing and that gold grade was marginally higher compared to the exploration density drilling. In fact both North Point and Princess Louise were upgraded in the (0-20m) oxide zone by grade control drill density work. This review prompted to undertake
a drilling campaign to define further ore resources in the Yam Creek project and results are described below.

During 2007, a concerted campaign of drilling was undertaken to test the North Point gold deposit. It involved 98 RC and AC holes for 2685 metres. A total of 769 samples retrieved during drilling and were analysed for Au, Cu, Pb and Zn. Au was analysed by fire assay where base metals were assayed by ICP by North Australian Laboratories, Pine Creek. Samples were selected from 1 to 3 metres composite. Based on current and previous drilling, a preliminary resource estimate for North Point is given below.

North Point 2007 Resource Estimation

<table>
<thead>
<tr>
<th>Lode</th>
<th>Tonnes</th>
<th>Au (g/t)</th>
<th>Oz</th>
<th>Lode</th>
<th>Tonnes</th>
<th>Au (g/t)</th>
<th>Oz</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>226,463</td>
<td>1.46</td>
<td>10,641</td>
<td>17</td>
<td>211,359</td>
<td>1.11</td>
<td>7,542</td>
</tr>
<tr>
<td>57</td>
<td>134,386</td>
<td>1.34</td>
<td>5,768</td>
<td>57</td>
<td>143,049</td>
<td>0.94</td>
<td>4,328</td>
</tr>
<tr>
<td>9</td>
<td>154,484</td>
<td>1.22</td>
<td>6,035</td>
<td>9</td>
<td>292,015</td>
<td>1.03</td>
<td>9,711</td>
</tr>
<tr>
<td>Total</td>
<td>515,332</td>
<td>1.36</td>
<td>22,444</td>
<td>Total</td>
<td>646,423</td>
<td>1.04</td>
<td>21,581</td>
</tr>
</tbody>
</table>

The ore blocks shown in the Figure 3 uses the previous pit optimisation for the old model. The economic mineralisation will not exceed the previous maximum pit depth.

During 2007-08, an extensive drilling campaign was carried out to prove up gold resources located within in the Yam Creek Group of tenements. These are North Point and Princess Louise and their resource estimate indicated that they could be mined. An up-dated resource model was prepared and according to this model, estimated resources are given below:

North Point

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>TONNES</th>
<th>Au (g/t)</th>
<th>OUNCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated</td>
<td>386,500</td>
<td>1.68</td>
<td>20,900</td>
</tr>
<tr>
<td>Inferred</td>
<td>452,500</td>
<td>1.44</td>
<td>20,900</td>
</tr>
</tbody>
</table>

Princess Louise

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>TONNES</th>
<th>Au (g/t)</th>
<th>OUNCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated</td>
<td>297,900</td>
<td>1.39</td>
<td>13,300</td>
</tr>
<tr>
<td>Inferred</td>
<td>380,700</td>
<td>1.07</td>
<td>13,000</td>
</tr>
</tbody>
</table>
According to this recent estimate a combined global resource of 151,760 tonnes of ore @ 1.40 g/t is present (cut off grade 0.7 g/t).

In 2008, a drilling campaign was undertaken at the Iron Blow deposit to test further area for mineralisation. This led to drilling of 6 diamond holes for a total of 1516.4 meters. A total of 854 composite drill hole samples were analysed by North Australian Laboratories for Au, Ag, As, Cu, Pb, Zn in addition to SG values (Bajwah, 2008).

Drill holes IBDH004, IBDH005 and IBDH006 are of particular interest due to the presence of strong mineralisation. So far, IBDH006 appears to be the most productive drill hole which contains a thick sequence of massive base metal mineralisation with added gold values of significance. It contains 53.3 meters of 2.73 g/t Au, 8.4% Zn, 0.25% Cu and 3.1% Pb. This drill holes also intersects four additional thin lenses with appreciable values of base metals and gold.

Drill hole IBDH004 contains 22.4 metres of 1.7% Zn, 0.9 g/t Au, 2.7 g/t Ag; it includes 6.9% Zn covering 3.7 metres. In this drill hole higher grade intersections of gold (up to 3.47 g/t) are confined to upper level of ore body, which are present in the form of thinner lenses. Drill hole IBDH005 shows the continuation of the main lenses which has been intersected in drill hole IBDH004 and it contains similar grades found in drill hole IBDH004. Overall drilling and assaying results are encouraging which will lead to increase in resource base at Iron Blow deposit.

7.0  EXPLORATION PROGRAM YEAR ENDING 31 DECEMBER 2009

During most of the year under review, GBS Gold Australia remained under voluntary receivership and all mining and exploration assets remained under care and maintenance.

However, due to strategic significance of Iron Blow gold and base metals deposit located within the Yam Creek Group of tenements, some parties were interested to acquire the base metal metals exploration rights within tenement package held by GBs Gold Australia. Therefore, an in-depth review of the tenement package for base metal mineralisation was undertaken (Simon, 2009).

This review recognised the strategic significance of Iron Blow deposit with excellent potential for additional resource base with further exploration. It was also suggested that
high resolution geophysical survey will further help to select targets for exploration. Iron Blow deposit was ranked third amongst base metal deposits in the Pine Creek Orogen. During 2008, a drilling campaign was undertaken to establish further extension of mineralisation which met with success. During 2009, information from this drilling program was used to up-date the resource base (Muller and Gilman, 2009).

The resource base was prepared from 6 diamond drill holes totalling 1,808.3 metres with mineralisation ranging from 60 metres to 230 metres below surface. The resource estimate is based at a cut-off grade of 1.0 g/t gold and was estimated using inverse distance squared interpolation of blocks within each lode. The average specific gravity used was 3.4 tonnes per cubic metres. Lode wireframes were delineated from sectional outlines to represent all mineralisation. Wireframes lodes extended over 200 metre strike length and a maximum down-dip extent of 230 meter. An initial National Instrument 43-101 compliant resource is estimated (inferred resource) at Iron Blow mine is 3,174,876 tonnes grading 2.08 g/t gold, 100.9 g/t silver, 0.76% lead, 3.28% zinc and 0.19% copper. The contained content of gold is 210,000 ounces of gold (Muller and Gilman, 2009). The deposit is still open along strike and at depth.

During the reporting year, a high resolution geophysical survey was also flown over the project area. The survey was conducted in collaboration with Thundelarra Exploration Pty Ltd/Element 92 Pty Ltd. The survey was flown over 250 metre line spacing. Appendix 1 provides GDF formatted data.

Processing of data has revealed significant subsurface geological structure which provides new insights in understanding geological setting and related gold and base metal mineralisation (Figure 3). Base metal deposits such as Iron Blow and Mt Bonnie are represented by small circular well marked anomalies (Figure 3) where as gold deposits such as North point and Princess Louise are located within extensively deformed Mt Bonnie and Gerowie Tuff formations. In the next reporting year, geophysical data will be further processed and interpreted in order to select targets for further exploration.

This exploration activity costed a sum of $49458.00 and details are given in Table 2.
Figure 3: TMI Image of the Project Area
Table 2: Expenditure details for the Yam Creek Tenements ending 31 December 2009

<table>
<thead>
<tr>
<th>Tenement No.</th>
<th>Expenditure ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCN 46</td>
<td>666.00</td>
</tr>
<tr>
<td>MCN 47</td>
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<tr>
<td>MCN 49</td>
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</tr>
<tr>
<td>MCN 50</td>
<td>500.00</td>
</tr>
<tr>
<td>MCN 624</td>
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</tr>
<tr>
<td>MCN 625</td>
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</tr>
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<td>MLN 1112</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>49458.00</strong></td>
</tr>
</tbody>
</table>
7.0 FORWARD PROGRAM 2010

The Yam Creek Group of tenements is one of the important projects within Crocodile Gold Australia portfolio, which will play a significant role for the development of the company. After taking control of assets on 9 November 2009, Crocodile Gold Australia has embarked on an ambitious program of mining, processing and exploration and first gold was poured on 29 December 2009 under new management.

In the next reporting year, a program of drilling and sampling is proposed to expand the resource inventory base or search new areas of mineralisation within the Yam Creek Group of tenements. This will be supported by interpretation of high resolution geophysical survey obtained this year to select new targets. A minim expenditure of $36,000.00 is set-a-side for the Yam Creek Project for 2010.

8.0 REFERENCES


SOCIC, N., (1998). MLN 214, MLN 341, MLN 343, MLN 349, MLN 823-832, MLN 858-863 and MLN 940, MCN 46-47, MCN 49-50, MCN 624-625, MCN 898-899, MCN 4428, MCN 4430, MCN 4432, MCN 4434 and MCN 4723, Yam Creek and Iron Blow Mining Tenements held by Territory...


