ANNUAL EXPLORATION REPORT ON EL 24715

"Mount Masson Project"

YEAR ENDING 28 FEBRUARY 2010

Pine Creek 1:250,000 SD5208
McKinlay River 1:100,000 5271

Distribution:-

1. **DOR Darwin, NT**
2. **Crocodile Gold Australia, Darwin**
3. **Crocodile Gold Australia, Brocks Creek**

CGA Report No: PC/BJV/10-06

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April 2010

SUMMARY

Exploration Licence (EL) 24715 is a part of package which was under care and maintenance during most of the reporting period. Crocodile Gold Australia acquired the tenement on 6 November 2009 after purchasing exploration and mining assets held by GBs Gold Australia (liquidated), who went into voluntary administration on 15 September 2009.

The project area comprises rocks of the Mundogie Sandstone, a medium to coarse, poorly sorted, feldspathic quartz meta-arenite, the Wildman Sandstone, which is laminated, red-brown and cream colour banded silty carbonaceous phyllite (meta-siltstone). It is also interbedded with sandy ferruginous meta-siltstone, thinly bedded feldspathic quartz meta-arenite, quartzite, litho-feldpspathic meta-greywacke. The western part of the tenement covers tightly folded Gerowie Tuff (siliceous siltstone and phyllite interbedded with pale cherty argillite, black cherty crystal and lapilli tuff) and the Koolpin Formation. It is ferruginised meta-siltstone and phyllite with chert bands, lenses and nodules; graphitic phyllite and slate. This sequence has been intruded by the Minglo Granite.

During most of the year under review, EL 24715 remained under care and maintenance. The main exploration activity was confined to tenement review, ranking and evaluation in order to prepare assets for sale. In June 2009, Crocodile Gold Australia announced to purchase all assets held by GBS Gold Australia (liquidated) in the Northern Territory. After meeting all regulatory and statuary requirements, EL 24715 along with other assets were transferred to Crocodile Gold Australia on 6 November 2009. Since then Crocodile Gold Australia has embarked on an ambitious program of exploration, mining and processing.

EL 24715 is integral part of the strategic package which will play an important role in sustained mining and processing activity. Review of the project area has shown a significant potential for iron, gold and base metals. In the next reporting, a program of soil/rock chip sampling will be undertaken. Selected areas will be mapped and this will lead to drilling.

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1.0 INTRODUCTION

EL 24715 is a strategic tenement which Crocodile Gold Australia acquired in November 2009 by taking over all assets held by GBS gold Australia (liquidated). The tenement has established potential for iron, gold and base metals. This report covers exploration activities during the year ended on 28 February 2010.

2.0 TENEMENT DETAILS

EL 24715 comprises 17 blocks totaling 56.8 km^2 and was granted to Terra Gold Mining Pty Ltd, a wholly owned subsidiary of GBS Gold Australia Pty Ltd (liquidated), on 1 March 2006 for an initial period of six years. The tenement expiry date is the 29 February 2012. GBS Gold Australia went into voluntary administration on 15 September 2009 and as a result of that all assets including EL 24715 were placed under care and maintenance. Crocodile Gold Australia purchased all liquidated assets located in the Northern Territory in June 2009, and after meeting regulatory and statuary requirements, these assets including EL 24715 were transferred to Crocodile Gold Australia on 6 November 2009.

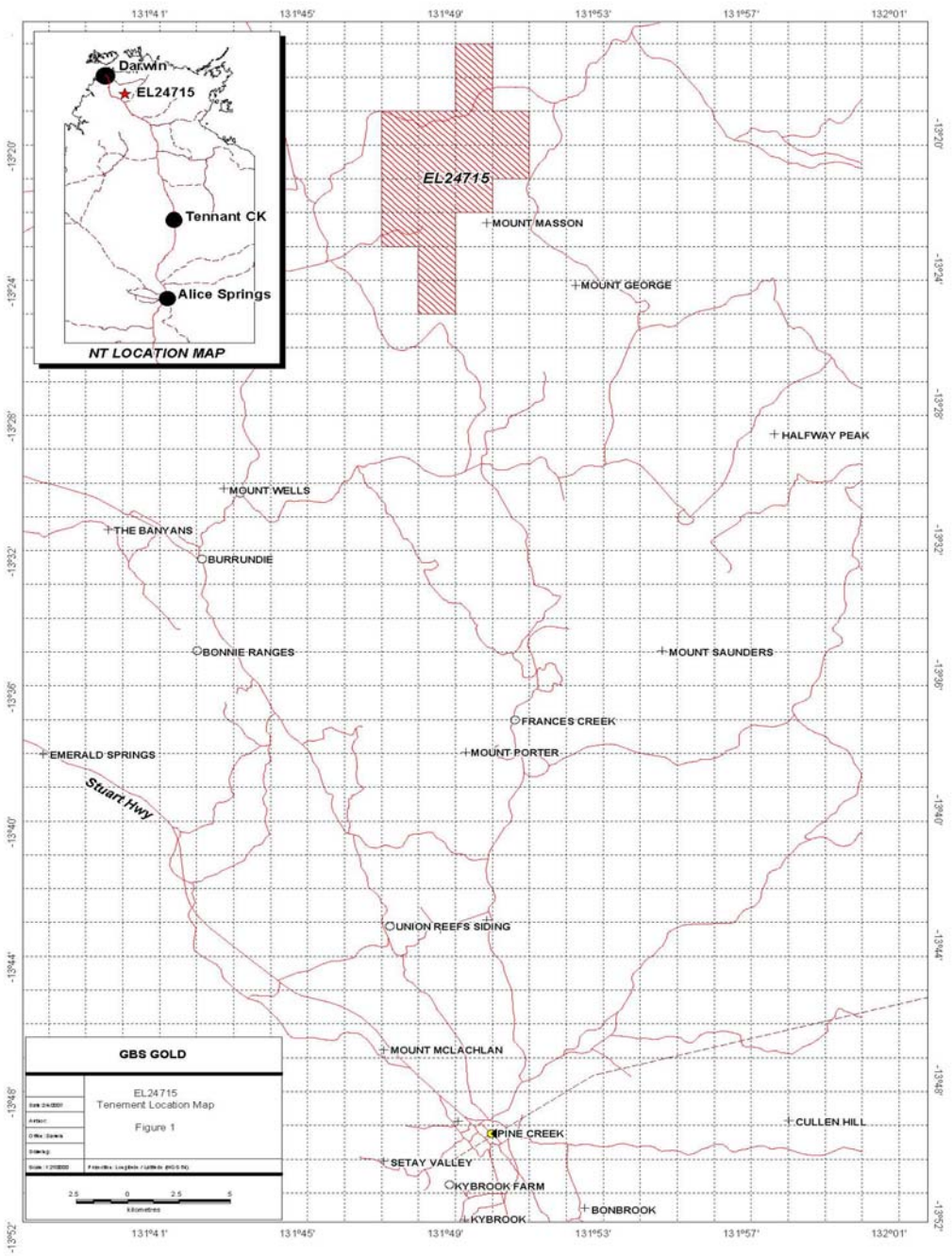
Underlying cadastre belongs to PPL 1111. In the previous report, significant potential of the tenement was established. In 2006, by virtue of an agreement, Territory Resources Limited acquired rights to explore iron ore within the tenement.

3.0 LOCATION AND ACCESS

EL 24715 is located approximately 140km SE of Darwin and 50km north of the township of Pine Creek on the McKinlay River 1:100,000 map sheet and lies between latitudes 13 degrees 16'S and 13 degrees 24'S and longitudes 131 degrees 46'E and 131 degrees 50'E.

Access is via the Stuart Highway, then tracks to the east of the highway via the Mount Wells Road. The tenement is centered around the Mt Masson Mine and just encompasses

Figure 1: Tenement Location Map



Jessops Mine. There are numerous abandoned diggings mentioned on the 100,000 topography map.

It is situated within Pastoral Lease No. 1111, Douglas, held by Ban Ban Springs Station Pty Ltd.

4.0 GEOLOGICAL SETTING

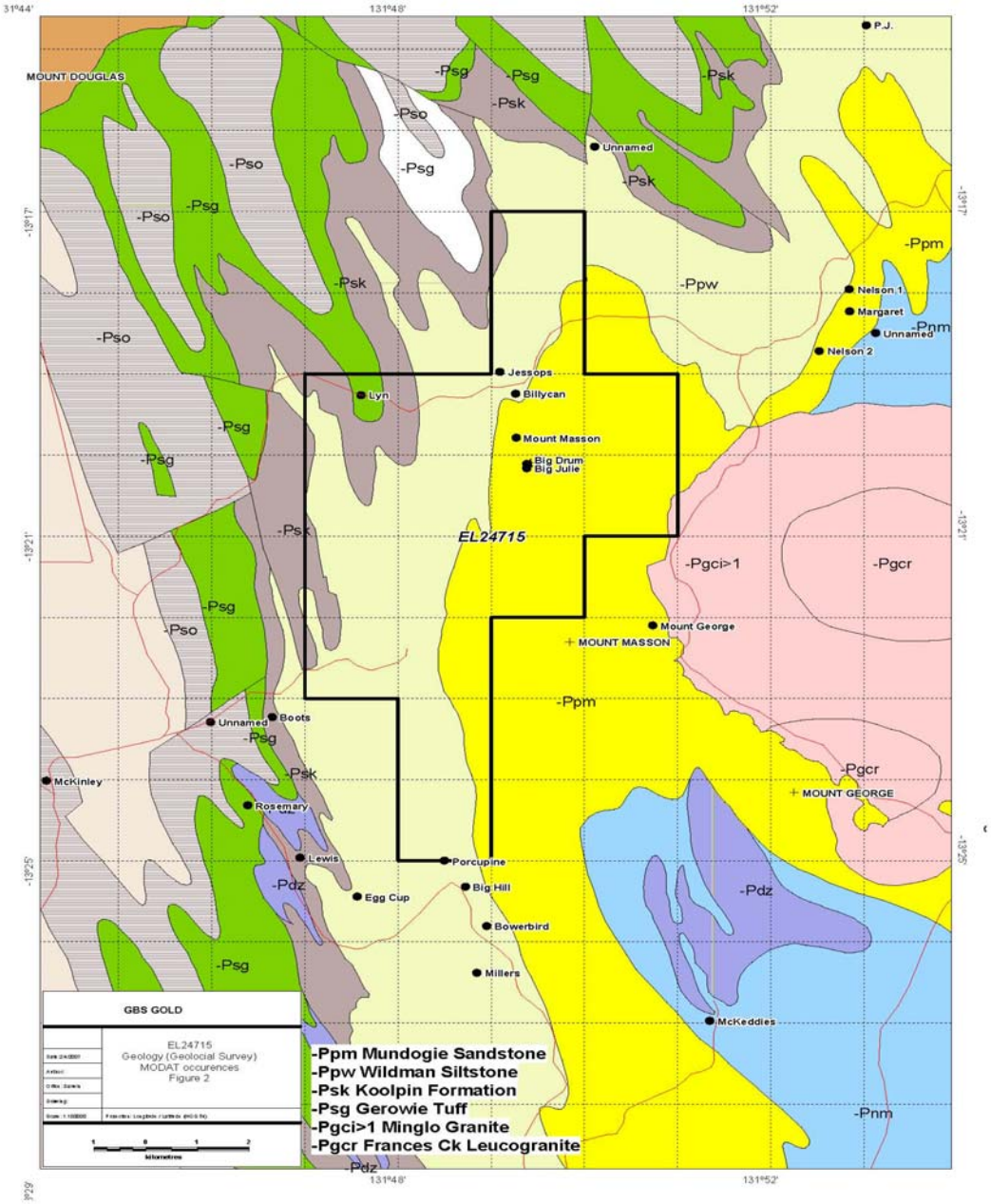
Region geology of the area has been described by several workers notably Ahmad et al (1993) and Stuart-Smith et al (1987). EL24715 is situated within the Pine Creek Orogen, a tightly folded sequence of Palaeoproterozoic rocks, 10km to 14km in thickness, laid down on a rifted granitic Archaean basement during the interval ~2.2-1.87Ga. The sequence is dominated by pelitic and psammitic (continental shelf shallow marine) sediments with locally significant inter-layered cherty tuff units. Pre-orogenic mafic sills of the Zamu Dolerite event (~1.87Ga) intruded 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 zone. The Cullen intrusive event introduced a suite of fractionated calc-alkaline granitic batholiths into the sequence in the period ~1.74-1.80Ga. 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 sometimes with proto-laterite cement occupy the lower hill slopes while fluviatile sands, gravels and black soil deposits mask the river/creek flats areas.

EL24715 is located on the western extent of the Minglo Granite (Figure 2)) of the Cullen Batholith with inliers of Frances Creek Granite (Grey to pale pink, fine to medium equigranular leucogranite). The eastern portion of the tenement is within the Mundogie

Figure 2: Geology of the Project area



Sandstone (Figure 2) which is thickly bedded, medium to coarse, poorly sorted, feldspathic quartz meta-arenite. It is characterised by graded bedding, lenticular cross-bedding and bedding scours are preserved in places. Minor interbeds of laminated sandy meta-siltstone and carbonaceous slate along with lenses of polymictic pebble conglomerate at base are also present. The western half of the tenement is covered by the Wildman Sandstone (Mount Partridge Group) which is laminated, red-brown and cream colour-banded silty carbonaceous phyllite (meta-siltstone). It is also interbedded with sandy ferruginous meta-siltstone, thinly bedded feldspathic quartz meta-arenite, quartzite, litho-feldpspathic meta-greywacke. The western part of the tenement covers tightly folded Gerowie Tuff (Pale green, brown or grey siliceous siltstone and phyllite interbedded with pale cherty argillite, black cherty crystal tuff, spotted feldspathic crystal tuff and lithic tuff; minor felsic ignimbrite, chloritic volcaniclastic shale, lithic tuff and lapilli tuff; (porphyritic dacite) and Koolpin Formation (Haematitic meta-siltstone and phyllite with chert bands, lenses and nodules; graphitic phyllite and slate; silicified dololutite with rare stromatolites, chert breccia; minor banded iron formation and quartz metagreywacke) of the South Alligator Group.

The Mundogie Sandstone has been considered prospective for Vein Au, Polymetallic Cu, Pb, Zn, Ag veins by the Northern Geological Survey. The Wildman Silstone in considered prospective for Iron ore, Vein Au, Polymetallic Cu, Pb, Zn, Ag veins. The Koolpin Formation is considered prospective for unconformity-related U and Au-Pt-Pd, Vein Au, Skarn W, Mo, Au, Pb-Zn-Ag. The Gerowie Tuff is considered prospective for Vein Au, Polymetallic Cu, Pb, Zn, Ag veins.

The central portion of the tenement includes the Mt Masson Mine (Sn, Au, Ag, As and base metals) and in the north the Jessops Mine (anomalous Sn, Au, Ag, As and base metals). There are numerous abandoned diggings across the tenement. Iron and manganese have been extracted to the south of the tenement at Millers Iron Manganese Prospect.

5.0 PREVIOUS EXPLORATION ACTIVITY

The region (Mount Harris Tin Mining area) has been mined for tin, manganese and iron for the last 80 years in the Golden Dyke Formation. The region was first worked for Alluvial gold in 1899 (J Hays 1958) at McKeddies Mine approximately 6 kilometres south east of EL24715. Mulroney (1989).

The area was covered by several APs during the late 1960s and early 1970s. AP2255 outlines the Millers Iron Manganese Prospect (Fe, Mn, P) 2.5 kilometres south of EL24715 southern boundary. AP1727, AP2226, & AP1984 also cover the region. Geology and mineral potential of the Mount Masson area has been summarised in Hays (1960), Newton (1977), Ahmad (1993) and Ahmad et al. (1993) from Hosking (1995).

Previous exploration by CRA Exploration and Aquitaine Australia has included detailed geological mapping, magnetic and induced polarization surveys, rock chipping, costeaning at Mount Masson (widespread Au Anomalism).

1987: EL4944, CR1987-0149, Annual report on Mount Wells 1986-1987, Kennecott Exploration Pty Ltd.

Commodities: Au, As, Ag, Cu, Pb, Zn, Hg, Sb, U, Ba, Bi, Fe, Pt, Pd,

Sampling completed: 217 rock chip samples, 55 stream sediment samples, 25 pan concentrate samples over whole tenement.

Opening Abstract as highlighted in the IRMS database: The assays and geological work identified several target areas within the licence area.

1988: EL4944. CR1988-0292, Annual report on EL 4944 MT Well NT., Kennecott Exploration Pty Ltd.

Commodities: Au, As, Ag, Cu, Pb, Zn, Hg, Sb, U, Ba, Bi, Fe, Pt, Pd, W Work completed: Geophysics, IP surveys, Fluvial sediments, Rock chip sampling, Geological surveys, Diamond drilling, Gold exploration, Multi-element analysis, Percussion drilling.

Opening Abstract as highlighted in the IRMS database: Several high priority areas of anomalous gold identified the best values obtained in Hill#5 prospect. Further work required. EL4944 CR1988-0445, Report on partial relinquishment Mt Wells, BP Minerals Partial Relinquishment (area included in EL24715).

Opening Abstract as highlighted in the IRMS database: Widespread arsenic anomalies and sporadic base metal anomalies associated with middle Koolpin Formation, particularly the ironstone horizon were delineated.

Relevant Information: Cu, Pb Zn Ag assays within EL24715. Sb, Hg assay map. Bi, Ba, U assay map & Pt, Pd assay map.

1989: EL4944, CR1989-0696, Final and annual report 23 July 1988 to 22 July 1989, Kennecott Exploration Pty Ltd.

Work completed: 5 diamond RC percussion totalling 273.81m

Opening Abstract as highlighted in the IRMS database: No gold mineralisation of economic significance had been located and so the tenement was allowed to lapse.

EL6186, CR1989-0711, Annual report year ending 23 October 1989, BP Australia Gold

BLEG sampling in EL6186 returned no value >2ppb the absence of enhanced values is consistent with the lack of structure.

1990: EL5534, CR1990-0001, Annual report relinquished areas Mount Masson 27 August 1987 to 26 August 1989, Union Reefs Gold

Opening Abstract as highlighted in the IRMS database: Interpretation of the structural features defined and assay results indicate that the area with the best potential is a zone aligned northwest over the existing workings at Mount Masson-Jessops. The absence of significant assay results resulted in the two northern most blocks and the south western corner being relinquished.

EL6143, CR1990-0018, EL 6143 annual report on exploration, 24 October 1988 to 23 October 1989, Trescabe, Peko Wallsend Operations, Norgold

Commodities: Gold, Copper, Lead, Zinc, Arsenic, Bismuth, Silver, Manganese, Iron Opening Abstract as highlighted in the IRMS database: Four areas were discovered to be sufficiently anomalous in gold to warrant follow up-though the data was insufficient to determine host lithology or structural setting. The potential for base metal occurrences is poor.

EL6402 ,CR1990-0262, Jessops West - appraisal and exploration recommendation report 1989-1990, Auridiam

Opening Abstract as highlighted in the IRMS database: The licence is conceptually favourable for the hosting of Pine Creek mineralisation. No exploration was undertaken. The report outlines the rational behind exploration, the model used and why it is favourable.

EL6171 , CR1990-0293, Final report Mt Masson south, Newmont Australia

Opening Abstract as highlighted in the IRMS database: Stream sediment sampling only located low level anomalies. It was decided that the area has been adequately tested.

EL6186, CR1990-0518, Final report incorporating annual report EL 6185 Watts and EL 6186 Masson, Riomin Australia Gold

Opening Abstract as highlighted in the IRMS database: The report summarises the work undertaken during the life of the permit. No significant results were obtained from the regional geochemical surveys and it appears unlikely that the licences will host economic mineralisation.

1991: EL6164, EL6303, CR1991-0026, Final report Mount George and McKinlay, Carpentaria Gold

Opening Abstract as highlighted in the IRMS database: Initial reconnaissance in 1989 comprised 84 stream sediment samples from EL6164, outlined 4 low order anomalies and 62 stream sediment samples for EL6303 outlining 7 low order anomalies. Follow

up sampling and rock chip sampling failed to improve these anomalies. It was decided that the prospect of an economic deposit within the licence is unlikely.

During 1990 BLEG Stream Sediment and follow up rock chip sampling to the east and south east of the old Mount Masson Mine (3.6g/t Au and 0.29% Sn from Quartz Veins within Hornfels near granite.

EL5534, CR1991-0031, Final report Mount Masson 27 August 1987 to 27 August 1990, Union Reefs Gold

Opening Abstract as highlighted in the IRMS database: This report summarises the work undertaken during the life of the licence. No work was undertaken during the last year of the licence. The work undertaken during the first two years of the licence indicated an area of potential interest aligned with current Mount Masson-Jessop workings.

EL6143 , CR1991-0128, Second and final report 24 October 1989 to 23 October 1990, Trescabe

Opening Abstract as highlighted in the IRMS database: Follow up of 1989 BLEG anomalies failed to outline any major anomalies. The best gold results were obtained from near the Rosemary Tin Mine with sediments of the Gerowie Tuff. Rock chip assays failed to return any significant assays and no magnetic anomalies were outlined by the ground magnetic survey.

1992: EL6143, CR1992-0401, Third annual report EL 6143, Trescabe

Opening Abstract as highlighted in the IRMS database: A quartz-hematite vein system averaging 21g-t Au over 250m strike length has been discovered and named Touhey's South. A bulk sampling programme is planned to start in November 1992.

1993: EL6143, CR1993-0112, Final report EL 6143 Part A (area not held under tenure), Trescabe

Commodities: Au, Cu, Pb, Zn, As, Ag, Mn

Opening Abstract as highlighted in the IRMS database: Report summarises work for the area not retained under continuing tenure. No economic mineralisation located (maximum assay 2.81ppb Au).

EL6143, CR1993-0113, Final report EL 6143 part B (area held under tenure) MCN 4316, Trecabe

Opening Abstract as highlighted in the IRMS database: Outlines the results of the heap leaching of the bulk sample from Touhey's South.

1995: EL7674, CR1995-0096, First relinquishment report at end of year 2, March 1994, EL 7674, Territory Goldfields

Opening Abstract as highlighted in the IRMS database: From the report no sampling was undertaken within the relinquished area.

1996: EL9347, CR1997-0087, Exploration Licence No. 9347 Mount Masson, NT, first and final annual report for the year ended 3rd December, 1996, Carpentaria Gold.

Commodities: Sn, Au, Ag, As and base metals

Opening Abstract as highlighted in the IRMS database: Then tenement lies in the southeast region of the Pine Creek Geosyncline on the McKinlay River (5271) 1:100 000 Geological Sheet area. The licence is mostly Mundogie Sandstone and Wildman Siltstone (Mount Partridge Group) and Koolpin Formation and Gerowie Tuff (South Alligator Group). These have been intruded by Zamu Dolerite, and the Frances Creek Leucogranite crops out in the southeast corner. An open file review was partially completed. This showed that in 1981-82 CRA undertook some diamond drilling in the Jessops Mine area with anomalous Sn, Au, Ag, As and base metals. Best gold values ranged from 0.25-5.1g-t. In 1983 Aquitaine covered part of the area with a TEM magnetics survey as a mapping tool. Field reconnaissance was undertaken, which showed the area to be covered with deep alluvial was and led to questioning the validity of earlier stream sediment sampling. Open file studies and field reconnaissance downgraded the area. MIM Exploration is withdrawing from the Pine Creek region and as a result no further work will be undertaken. The lease is to be surrendered after one year of exploration.

1997: EL7155, CR1997-0149, EL 7155 final report to 4th December 1996, Territory Goldfields, Northern Gold

This is a summary report. All data reported in the respective annuals. Briefly the previous work described includes:

CR1992-0258 describes Review of available data from previous explorers suggests that the area has not been adequately tested for gold and-or base metals. During the reconnaissance undertaken by the licensees some 18 rock chip samples were collected returning a max assay of 0.1ppm Au from a sample of ferruginous breccia (Koolpin Formation) in the north of the licence. This sample (327152) was near to an anomalous sample by BP of 15.3ppb Au. Anomalous values were also received for Cu, Pb and Zn with maximum assays of 320ppm, 440ppm and 1450ppm respectively.

CR1996-0909 describes 189 soil samples were collected along 10 lines. Results were generally disappointing failing to highlight any areas of substantial gold or base metal anomalism. A maximum assay of 14ppb Au was obtained.

CR1993-0187 describes Low levels of gold and base metal anomalism located within relinquished area. Gold values were generally below the limit of detection with a maximum assay of 0.1ppm Au. A single sample returned anomalous copper and lead values (320ppm Cu and 440ppm Pb). Zinc returned several anomalous values maximum 1450ppm. Anomalism was not considered indicative of economic mineralisation.

2003 - 2004: EL9823, CR2004-0748, Annual and Final report for EL 9823 "Mt Masson", Arafura Resources There was no work completed.

2005 – 2007: During the period, a technical review of the tenement was undertaken which identified multi-commodity potential of the area. These included gold, iron ore, uranium base metals ad tin/tungsten.

2007-2008: The project area was explored for iron and gold mineralisation. For this purpose, a program of HyMap surveying was carried out by HyVista Corporation. In addition, a drilling program was undertaken in selected areas. A total of 39 RC holes were drilled for 1835 metres. 222 RC chip samples were assayed by XRF method. During this campaign, a number of drill holes intersected significant areas of iron mineralisation.

2008-2009: A detailed mapping program and review of previous data was undertaken by reporting period ending on 28 February 2009. This program involved detailed mapping of ironstone outcrops around previous mines such as Jessops mine and newly discovered prospect (K-9). A series of fold structures were examined in details to find stratigraphic location of iron mineralisation. Review of the data further revealed that project area also has potential for gold and base metal mineralisation.

6.0 EXPLORATION ACTIVITY YEAR ENDING 28 FEBRUARY 2010

During most of the reporting period, GBS Gold Australia remained under voluntary administration. Under the instructions of several administrators, the main activity has been to prepare assets for sale. For this purpose, a technical review, tenement ranking and valuation was undertaken. In addition, reconnaissance visits were also undertaken. This exercise established the mineral potential of the tenement for iron ore gold and base metals. After meeting regulatory and statutory requirements Crocodile Gold Australia acquired all assets including EL 24715 held by GBS Gold Australia (liquidated) on 6 November 2009. Following this transaction, Crocodile Gold Australia embarked on an ambitious exploration and mining program in the area. Gold mining and processing re-commenced and first gold pour was achieved on 29 December 2009.

Other activities which were conducted are given below:

- Data validation
- Reconnaissance visit
- Report preparation
- Tenement administration

Exploration expenditure for the reporting year is $12980.00 and details are given in Appendix 1.

7.0 PROPOSED EXPLORATION PROGRAM FOR YEAR ENDED 28 FEBRUARY 2011

After taking over the control of EL 24715 and other assets, Crocodile Gold Australia has embarked an ambitious program of exploration, mining and processing in the Pine Creek region. EL 24715 is integral part of the strategic package which will play an important role in sustained mining and processing activity. Review of the project area has shown a significant potential for iron ore, gold and base metals.

In the next reporting, a program of soil/rock chip sampling will be undertaken. Selected areas will be mapped and this will lead to drilling. A minimum budget of $30000.00 is proposed for 2010-11 exploration program.

8.0 REFERENCES

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