EXPLORATION LICENCE 24560

GREAT NORTHERN NORTH

ANNUAL REPORT ON EXPLORATION
ACTIVITIES FOR THE FIFTH YEAR OF TENURE 2010/2011

Prepared for Sashfern Pty Ltd
By D. O’Toole
17th February 2011
CONTENTS

1. Introduction
2. Geology, Mineralisation and past Gold Production
3. Exploration carried out in year five of the licence
4. Expenditure
5. Proposals for current year

Figure 1 – Locality Map

Figure 2 – Tenement Map
1. INTRODUCTION

Exploration licence 24560 occupies one one-minute graticular block, situation in the Batchelor 1:100000 sheet area. It is at the northern end of the Great Northern Mine workings. Title was granted to Sashfern Pty Ltd for a period of 6 years commencing 17-01-06. The area lies approximately 35km east of Adelaide River township. It is accessed via Ringwood Road and Fisher Road. These roads may be impassable during the monsoon rains.

2. GEOLOGY, MINERALISATION AND PAST GOLD PRODUCTION

The general geology of the area is shown on the published 1:1000000 scale geological map Batchelor and Hayes Creek Region (BMR 1985), the relevant portion of this map is reproduced in Figure 4.

The entire Licence area is underlain by sedimentary rocks assigned to the Burrell Creek Formation, of the Finniss River Group, in the upper section of the Early Proterozoic Pine Creek Orogen stratigraphic sequence. The sediments comprise a dominantly greywacke/mudstone sequence of turbidite facies. These rocks have been subjected to greenschist facies regional metamorphism, locally with a thermal metamorphic overprint close to granite contacts, and are now represented by slates and metagreywackes showing a variable degree of slaty cleavage depending on original lithology. The meta-sediments are intruded by pre-metamorphic dolerite and lamprophyre dykes.

The structure consists of north to northeast trending, moderately tight symmetrical folds, having gentle northerly plunges. Four major anticlinal trends are recognized in the district and are important in relation to the localisation of gold mineralization, these include the Great Northern, the Great Western, the Goodall and the Star of the North trends.

Historical gold workings at Great Northern, Great Western and Star of the North are reported to have produced 112kg of gold between 1896 and 1920, from small pits and shafts. The gold was found in concordant quartz veins and saddle reefs along the hingelines of the north-plunging anticlines. At Great Northern auriferous saddle reefs, up to 3m thick, occur over a strike length of at least 2000m.

The Goodall open pit of Western Mining, located some five kilometres west of Great Northern produced 4.095kg of gold, from ore with an average head grade of 1.99 g/t Au, between 1988 and 1993. The deposit consisted of a stock work of thin conformable and cross-cutting quartz veins, and had overall dimensions of 750 x 50m. The ore zone was located some 60m to the east of a major anticlinal axis (the Howley anticline).
3. PREVIOUS EXPLORATION ACTIVITIES

In recent times serious gold exploration in this part of the Pine Creek Field commenced in 1980 when Exploration Licences 2361 and 2362 were explored by WR Grace Australia and Western Mining Corporation under the Mt Ringwood Joint Venture. Initial programs of helicopter reconnaissance and rock chip sampling discovered a number of gold anomalies, including the B1 anomaly which eventually became the Goodall Gold Mine. Exploration continued up to the early 1990’s and included regional soil geochemical sampling and geological mapping, together with detailed mineralisation was identified outside the Goodall project area.

Western Mining’s work stimulated intensive gold exploration in the surrounding district by many other companies through to 2000. Most work concentrated on exploring poorly exposed or alluvial areas, which had not been exhaustively tested by Western Mining, utilizing mainly reconnaissance RAB drilling, soil and drainage geochemical sampling and a variety of remote sensing techniques. Some of this work overlapped the area of EL. 24560, no anomalies of significance was discovered. Post 1980 company exploration is summarized in Table 1.

4. WORK CARRIED OUT IN YEAR 5

Year fives exploration was all done with metal detectors. A few small runs of small nuggets were located around old Chinese diggings but no new areas were located.

5. EXPENDITURE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 days field work</td>
<td>$1500</td>
</tr>
<tr>
<td>10 days 4wd vehicle</td>
<td>$1500</td>
</tr>
<tr>
<td>Fuel</td>
<td>$600</td>
</tr>
<tr>
<td>Camp Consumables</td>
<td>$500</td>
</tr>
<tr>
<td>Sundries</td>
<td>$400</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$4500</strong></td>
</tr>
</tbody>
</table>

6. PROPOSED EXPENDITURE FOR CURRENT YEAR

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assays</td>
<td>$500</td>
</tr>
<tr>
<td>Field Work</td>
<td>$2000</td>
</tr>
<tr>
<td>Sundries</td>
<td>$1500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$4000</strong></td>
</tr>
</tbody>
</table>
FIGURE 1
EXPLORATION LICENCE
LOCALITY MAP
EL 24560
NOTE TO MAP USERS: Mining and Exploration Tenure depicted here are plotted from descriptions supplied by the holders and the Northern Territory take no responsibility for any errors or omissions; occur between some Information.