BRIDGING REPORT

EXPLORATION LICENCE 23541

Burnside Project – Howley East

17 February 2010 to 15 January 2011

Distribution:-

1. DOR Darwin, NT
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1 EXECUTIVE SUMMARY

Exploration License (EL) 23541 is located 130km SE of Darwin, NT and 15km west of Brocks Creek Mining Centre. It was originally granted on 17 February 2003 to Territory Goldfields NL (50%) and Buffalo Creek Mines NL (50%) which were wholly owned subsidiaries of GBS Gold Australia Pty Ltd. GBS Gold Australia went into voluntary receivership on 15 September 2009. Crocodile Gold Australia purchased all assets held by GBS Gold Australia (liquidated) and EL 23541 was transferred to the former on 6 November 2009.

The tenement comprises a sequence of South Alligator and Finniss Fiver Group sediments that in broad terms lie on the north-eastern flank of the Howley Anticline, a regional upright arcuate fold with the eastern limb generally steeper than the western. Interpretations of airborne magnetics and SPOT imagery suggest that in the centre of the tenement a parasitic NW striking anticlinal axis is the site of a SW dipping reverse fault. Within the tenement the South Alligator Group is represented by sparse outcrops of Mt Bonnie Formation in the south west and Burrell Creek Formation (Finniss River Group) in the north east. The contact between the two strikes about 40 degrees magnetic.

GBS Gold Australia remained under voluntary administration during most of the 2009-10 reporting period. 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 gold, base metals and uranium. After meeting regulatory and statutory requirements Crocodile Gold Australia purchased all assets including EL 23541 held by GBS Gold Australia (liquidated) on 6 November 2009. Following this transaction, gold mining and processing re-commenced and the first gold pour was achieved on 29 December 2009.

There was no further work completed for EL23541 during the reporting period.

EL 23541 is a small but strategic asset due to its close proximity to the Howley project area. During the next reporting period, exploration activities will include a review of geophysical and geochemical data as well as geological mapping and sampling.
2 INTRODUCTION

EL 23541 (Howley East) was applied for to cover vacant ground east of the Cosmo Howley gold mineralised trend. The tenement and other assets in the area were managed by the Burnside Joint Venture comprising Buffalo Creek Mines NL (50%) and Territory Goldfields NL (50%), which was wholly owned subsidiaries of GBS Gold Australia (liquidated). Crocodile Gold Australia purchased all assets held by GBS Gold Australia (liquidated), including EL 23541 and took over the control on 6 November 2009.

Crocodile Gold Australia applied for group technical reporting status on the group of tenements comprising the Burnside project area. This was approved by Department of Resources in December 2010 and the Burnside project area was given the group reporting number GR-185/11. This report has been written to bridge the gap between the previous annual report ending 16 February 2010 and the new group Technical Reporting Anniversary of 15 January 2011.

In this report, exploration activity conducted between 17 February 2010 and 15 January 2011 is documented.

3 LOCATION AND ACCESS

EL 23541 is situated 130km SE of Darwin NT and 5km SW of Brocks Creek siding on the Darwin-Alice Springs railway. The Stuart Highway crosses the south west sector of the block and most areas of the tenement are thus easily accessible. The location may be seen on Figure 1.

The tenement falls on the Pine Creek 1:250,000 sheet and on the Fenton 1:50,000 sheet. It falls within Douglas pastoral lease.

Low subdued outcrops of siltstone and greywacke occur through much of the tenement which has good dry season access. The ephemeral headwaters of Howley Creek pass through the block.

4 TENEMENT DETAILS

EL 23541 was granted on 17 February 2003 and expires on 16 February 2011. It comprises one block that covers approximately 3.22 km². It is granted to Territory Goldfields NL and Buffalo Creek Mines NL in equal shares. These are the wholly owned subsidiaries of GBS Gold Australia, which went into voluntary receivership on 15 September 2009. As a result, all assets were placed under care and maintenance. In April 2009, Crocodile Gold Australia announced to purchase all assets held by GBS Gold Australia (liquidated). After meeting all statutory and regulatory requirements, EL 23541 along with assets in the Northern Territory were transformed to Crocodile Gold Australia.
Figure 1: EL23541 Tenement Location
5 GEOLOGICAL SETTING

5.1 REGIONAL GEOLOGY

EL23541 is situated within the Pine Creek Orogen, a tightly folded sequence of Lower Proterozoic 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 the lower formations of the South Alligator Group (Ahmad et al 1993).

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 batholith into the sequence in the period ~1.84-1.1.78Ga. 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 Middle and Late Proterozoic 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 cement 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.

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.

Gold mineralisation appears to be related to the I-type members of the Cullen Batholith, formed as a result of fractionation and differentiation processes during magma emplacement. That ultimately led to the evolution of hydrothermal fluids responsible for gold mineralisation in the adjacent meta-sediments (Bajwah, 1994).

Figure 2 illustrates the regional geology of the Burnside project.
The tenement encloses a sequence of South Alligator Group sediments that in broad terms lie on the north-eastern flank of the Howley Anticline, a regional upright arcuate fold with the eastern limb generally steeper than the western. Interpretations of airborne magnetics and SPOT imagery suggest that in the centre of the tenement exists a parasitic, NW striking anticlinal axis, which is the site of a SW dipping reverse fault.

Within the tenement, the South Alligator Group is represented by low outcrops of Mt Bonnie Formation in the south west and Burrell Creek Formation in the north east. The contact between the two strikes about 40 degrees magnetic. In addition to the interpreted grossly antiformal structure, further structural complexity is present in the form of strong NNW late stage faults that intersect 40 degree striking magnetic units.

The magnetic units appear to show the effects of crustal shortening with directed pressure from the SW creating imbricated SW dipping thrust slices of Mt Bonnie Formation and Burrell Creek Formation.
6 PREVIOUS EXPLORATION

Acacia Resources Ltd carried out reconnaissance mapping and soil sampling over the tenement (Highway Project) without locating significant anomalism.

United Uranium covered the tenement in the late 1960’s. Exploration activities included stream sediment sampling and diamond drilling for base metals, investigations into the iron potential in the area around Cosmo mine, and a scintillometer survey of a radiometric anomaly in the Howley area.

Geopeko explored for Mt Bonnie and Iron Blow type base metal deposits. In 1982, Northern Gold explored for gold in the Howley area. Work carried out included photo-interpretation, costeasing and auger drilling. No conclusions were made from the work, and not all results were reported.

Oceania Exploration and Mining explored for gold over parts of EL23541 from 1987 to 1989, conducting rock chip and soil sampling. A maximum value of 0.03ppm Au for rock chip sample HC9 and a maximum soil sample value of 0.19ppm Au.

Dominion Gold noted anomalous geochemical results from exploring part of the tenement between 1988 and 1992, but concluded that there was ‘little potential for an economic deposit within the tenement area’.

Solomon Pacific conducted vacuum drilling over the northern parts of the tenement. Acacia Resources took over Solomon Pacific in 1996. Exploration activities included interpretation of aeromagnetic data, hand and auger soil sampling, and rock chip sampling. Best result of 161ppb Au was obtained from the soil sampling. As well as reviewing work done by previous explorers, the work also focussed on getting the historic exploration data into a digital format.

During 2004, Harmony Gold conducted some analysis of SPOT imagery and geophysical images to determine prospective structural trends within the area. The study found the Mt Bonnie Formation and Burrell Creek Formation to be prospective. In addition, subtle NE striking cross fractures are believed to have been relevant in localising gold mineralisation at Cosmo Howley and Chinese South. Some of these fractures cross EL23541.

During the 2006-07 reporting period, GBS Gold Australia completed a technical review and completed a data integration and validation process using DataShed. The technical review also identified the Mt Bonnie Formation and Burrell Creek Formation to be prospective for gold and base metals.

GBS Gold Australia remained under voluntary administration during most of the 2009-10 reporting period. 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 gold, base metals and uranium. After meeting regulatory and statutory requirements Crocodile Gold Australia purchased all assets including EL 23541 held by GBS Gold Australia (liquidated) on 6 November 2009. Following this transaction, gold mining and processing re-commenced and the first gold pour was achieved on 29 December 2009.
7  EXPLORATION ACTIVITY 17 FEBRUARY 2010 TO 15 JANUARY 2011

There was no further exploration conducted on EL23541 during the reporting period.

8  FORWARD PROGRAM YEAR ENDING 15 JANUARY 2012

This tenement now forms part of the Burnside Exploration project for both exploration activities and for group reporting. Exploration activities for this project for the coming year will include:

- Crocodile Gold is currently looking at a large scale regional exploration push during the 2011 and 2012 seasons, including a helicopter-borne VTEM survey, region geochemical sampling and mapping, this will include areas of the Burnside project.
- Desktop review of all exploration activities conducted by Joint Venture partner Thundelarra Exploration, particularly looking at exploration for gold and base metals.
- Detailed review of all historic and recent geophysical data for the project, with the aim of generating green field targets.
- Thorough review of all geochemical data for the project area, to be used in future target generation.
- Review of targets using satellite imagery in conjunction with regional geological mapping and the latest geophysical data.
- Field mapping of targets highlighted from these reviews.
- RAB and RC drilling of highest ranked targets.
- A review of all historic deposits noted in the MoDAT database.

Through these activities Crocodile Gold will target mainly gold and base metal targets in the Burnside Project area to add to existing mineral resources. By identifying additional deposits in this project area the economic viability of this project area can be assured.

The regional geophysical and geochemical survey will not cover the area within EL23541, however due to the tenements proximity to the Howley/Cosmo gold deposits there will be a review of geophysical and geochemical data as well as geological mapping and sampling.

A minimum budget of $10,000 has been proposed for EL23541.

