BRIDGING REPORT

MCN 4267

*Burnside Project – Davies Prospect*

12 May 2010 to 15 February 2011

Distribution:-

1. DOR Darwin, NT
2. Crocodile Gold Australia, Humpty Doo

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1 EXECUTIVE SUMMARY

MCN 4267 is an important tenement within Crocodile Gold Australia’s portfolio and is situated about 150 km southeast of Darwin, and 500 m north of the Golden Dyke Open Pit. Crocodile Gold Australia acquired the tenement and other assets after purchasing assets held by previous owner, GBS Gold Australia who went into voluntary administration on 15 September 2008.

The tenement lies on the arcuate western limb of the Golden Dyke Dome. The Dome comprises Koolpin Formation. It is typically of dark anoxic mudstones, chert and grey-wackes, with minor calc-silicate facies rocks and magnetic iron formation facies. Concordant sills of Zamu Dolerite of various thicknesses are interlayered with the Koolpin Formation. Wildman Siltstone is exposed by erosion in the core of the Dome. Gold mineralisation in the Golden Dyke Dome is focused on an arcuate parasitic anticline (“Good Shepherd Anticline”) on the western limb of the Dome. This extends from Langley’s in the south to Afghans Gully-Black Rock in the north, a distance of 3 km. The Davies No. 1 prospect has a 60 m strike length, averages 2 m in width and is estimated at 49,000 t @ 2.58 g Au/t.

There was no exploration conducted on MCN4267 during the reporting period.

During the next reporting period, work on MCN4267 will include a review of historic drilling and sampling data from the Davies No 1 prospect including geophysical and geochemical data. Some field mapping may also be conducted.
2 INTRODUCTION

MCN 4267 is located in the Golden Dyke Dome which is host to gold and base metals mineralisation in the Pine Creek Orogen. Crocodile Gold Australia acquired the project after purchasing liquidated assets of GBS Gold Australia on 6 November 2009.

In this report, exploration activity conducted between 12 May 2010 and 15 February 2011 is documented.

3 LOCATION AND ACCESS

The tenement (MCN 4267) is located 15km SE of the Brocks Creek mine office, on the Burrundie (14/6-IV) 1:50,000 sheet. It is also 6.5km ENE of the Hayes Creek Inn on the Stuart Highway. The mineral claim lies between latitudes 13°33’30” south and 13°34’30” south, and longitudes 131°30’30” east and 131°31’ east. It is situated within Pastoral Lease No. 903, Douglas, held by Tovehead Pty Ltd. Access is via the Stuart Highway turning north onto the Grove Hill/Mt Bonnie Road. The road passes just east of the tenement.

Figure 1 shows the location of MCN4267.

4 TENEMENT DETAILS


In April 2002, the tenement came under the control of the Burnside JV, and Northern Gold’s 85% interest was shared with JV company Buffalo Creek Goldfields Pty Ltd, a subsidiary of Harmony Gold. In September 2005, Northern Gold entered into an agreement with a Harmony subsidiary company to acquire the 50% Harmony interest in the Burnside JV. GBS Gold acquired 100% of Northern Gold in January 2006, and finalised the 50% acquisition of Harmony’s share in March 2006. GBS Gold then held 85% of the tenement through subsidiaries Territory Goldfields NL and Buffalo Creek Mines Pty Ltd.

On 15 September 2008, GBS Gold Australia went into voluntary administration and as a result of that all exploration and mining assets were placed under care and maintenance. In June 2009, Crocodile Gold Australia announced to purchase these assets, and after meeting regulatory and statutory requirements, these assets were transferred to Crocodile gold Australia on 6 November 2009.

The tenement is due to expire on 11 May 2015.
Figure 1: MCN4267 Tenement Location
5 GEOLOGICAL SETTING

5.1 REGIONAL GEOLOGY

MCN4267 is situated within the Pine Creek Geosyncline, 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 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 ~1.84-1.80Ga. 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 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 cementation overlie parts of the Pine Creek Geosyncline 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.

Regionally 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. Dated at ~1740Ga (Sener 2004) the gold events post dated the Pine Creek Orogeny and Cullen intrusive events and has favoured suitable litho-structural sites in the biotite-hornfels contact facies.
Figure 2: Golden Dyke Dome Regional Geology
5.2 **Local Geology**

The tenement lies on the arcuate western limb of the Golden Dyke Dome. The Dome comprises Koolpin Formation, the basal member of the South Alligator Group. It is typically of dark anoxic mudstones, chert and grey-wackes, with minor calc-silicate facies rocks and magnetic iron formation facies. Concordant sills of Zamu Dolerite of various thicknesses are interlayered with the Koolpin Formation. Wildman Siltstone is exposed by erosion in the core of the Dome.

These rocks have been tightly compressed into a series of north-south trending folds with west limbs generally shallower dipping than the east. North-east striking faults including splays off the Hayes Creek Fault have truncated parts of the Golden Dyke Dome and have played a part in localising gold mineralisation. North-west and north-east trending cross-fractures may also play a part in localising gold mineralisation.

Gold mineralisation in the Golden Dyke Dome is focused on an arcuate parasitic anticline (“Good Shepherd Anticline”) on the western limb of the Dome. This extends from Langley’s in the south to Afghans Gully-Black Rock in the north, a distance of 3km. Outcrop is quite good in the elevated areas, but a veneer of colluvium and rock detritus masks the geology on the low lying sectors.

The topography of the area comprises a series of low hills and ridges with sub-crop present on the crests and flanks. Seasonal creeks forming the headwaters of the Margaret River have incised the area. Gold mineralisation is within a bedding-concordant west dipping structure that comprises a quartz veined carbonaceous shale striking 340 degrees. The better grade mineralisation is one to two metres in thickness, and dips 70 degrees westerly. The strike extent of the best mineralisation appears to be in the vicinity of 60m.
The Golden Dyke area, containing some of the earliest worked gold deposits in the Northern Territory, was first prospected in 1872, after the initial discovery of alluvial gold. Early production was largely derived from outcropping reefs and alluvial deposits.

Various companies have extensively explored the Golden Dyke Dome area, since the early 1900's. These include, Golden Dyke Mining N.L., Anglo-Queensland Mining Pty. Ltd., Geopeko, Anaconda Australia, C.R.A.E., Oceania Exploration and Mining N.L., Zapopan N.L., Henry and Walker Ltd., Harlock Pty. Ltd., Eupene Exploration Enterprises, Kintaro Resources Ltd., Mount Bonnie Gold Unit Trust, Dominion Gold Operations Pty. Ltd. and Northern Gold N.L.

In 1980, Geopeko conducted a thorough exploration program over the Davies Prospect. This work consisted of costeaning, rock chip sampling, mapping and diamond drilling. Channel sampling of costeans identified a narrow, high grade zone of bedrock mineralisation in a silicaceous gossan. Assay results returned up to 13.1 g/t Au within a strike length of 60m. The mineralisation was reported as hosted by a thin bed of carbonaceous shale in Koolpin Formation. Five diamond drill holes (S12, S17, S18, S19, S20), totalling 746.69m, were also completed at Davies No. 1 Prospect. This confirmed promising grades of mineralisation over a strike length of approximately 60m, with a width of 1 to 2m.

In the mid-1990’s, Northern Gold tested the reliability of previous drilling, and strike continuity of mineralisation by a programme of RC drilling and costeaning. The program was also aimed at testing the potential for mineralisation in sedimentary rocks overlying a footwall dolerite sill, below the main zone of mineralisation. Seven RC drill holes (DV1 - DV7) were completed for 472 metres, along four lines. The results from the RC drilling program confirmed the mineralisation is 1 to 2m wide and dips steeply to the west (Hardy, 1994). The underlying dolerite-sediment target exhibited well developed quartz and pyrite, arsenopyrite, chlorite and minor tremolite alteration; however the assay results indicated that there was no associated gold mineralisation. Further drilling of 25 RC drill holes (DV8 – DV32) were completed for 1,639m, on ten sections. The program was aimed at defining the dip and strike continuity of the mineralisation, and to close off the mineralisation to the south. Best intercepts were 1m @ 6.63 g/t Au from 23m in DV31, and 3m @ 3.97 g/t Au from 12m in DV13 (Mottram, 1999). The holes drilled to the south of the 1994 program returned poor results.

Block modelling and ore resource calculations by Northern Gold in 1996 at Davies No.1 prospect used a model for 70m vertical depth and a top cut of 10 g/t with a 0.7 g/t lower cut off, resulting in a resource of 49,490 tonnes @ 2.58 g/t Au (4100oz Au).

In 1998/99 NGNL commissioned a review, including MCN4267, to appraise the Golden Dyke Project Area for additional gold mineralisation and possible farm-in style joint venture agreements. NGNL entered into a JV agreement with Buffalo Creek Mines NL in April 2001. During the time of the Burnside JV, the property has been the subject of technical and ranking reviews while extensive exploratory drilling and underground development was conducted at Zapopan, and resource modelling was carried out at Cosmo Howley.
During the 2005 – 06 exploration year, GBS Gold acquired 100% of the Burnside Project with a successful takeover of Northern Gold NL (50%) and acquisition of Harmony’s subsidiary company. Work included integrating and validating the historic drillhole database converting drillholes on the Davies No.1 and Golden Dyke grids into AMG coordinates. These have been converted to MGA coordinates using GDAIT. The Geopeko mapped geology was also scanned into MapInfo.

During 2008 GBS Gold Australia went into voluntary administration and from 2008 to 2009, the tenement remained under care and maintenance. A technical review, tenement ranking and valuation was undertaken in order to prepare assets for sale. In June 2009, Crocodile Gold Australia announced to purchase all assets held by GBS Gold Australia (liquidated). After meeting all statutory and regulatory requirements, these assets including MCN4267 were transferred to new owner. Crocodile Gold Australia immediately commenced exploration, mining and processing activities in the region.

From November 2009 to May 2010 Crocodile Gold conducted a desktop review and reconnaissance mapping of the project.
7 EXPLORATION ACTIVITY 12 MAY 2010 TO 15 FEBRUARY 2011

There was no further exploration conducted on MCN4267 during the reporting period.

8 FORWARD PROGRAM YEAR ENDING 15 FEBRUARY 2012

This tenement now forms part of the Burnside Exploration project for both exploration activities, mining and for group reporting. Exploration activities for the Burnside 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.

During the next reporting period, work on MCN4267 will include a review of historic drilling and sampling data from the Davies No 1 prospect including geophysical and geochemical data. Some field mapping may also be conducted.

A minimum budget of $7,000 has been proposed for MCN4267.


