2013

Annual Report EL29196

Period: 30/07/2012 to 29/07/2013

Barkly Region, Northern Territory

Fetoz Ltd
40 Blagowah St
Wakerley
QLD 4154

Barkly Project

1:100 000 Mapsheets: 6159 Alroy, 6158 Wonarah
1:250 000 Mapsheets: SE5315 Alroy

Commodity: Phosphate

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Fertoz Ltd
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Contents

List of Figures

List of Tables

Abstract

EL 29196 forms part of the Barkly Project which consists of ten granted exploration licences covering an area of 2,481 km^2 in the Wonarah area of the Northern Territory (Figure 2).
The area is considered to be prospective for phosphate mineralisation.

In May 2013 EL 29196 was one of 7 Barkly tenements sold to FSL Corporation Pty Ltd. The others were EL 29193, EL 29194, EL 29195, EL 29197, EL29198 and EL 30008. These tenements are in the process of being transferred.

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1. LOCATION

The licence EL 29196 is located approximately 290km east of Tennant Creek along the Tablelands Highway. It is located within the 1:250K Mapsheets SE5315 Alroy, and the 1:100K Mapsheets 6159 Alroy and 6158 Wonarah. The tenement is located between 19° 25'S to 19° 31'S and 136° 01'E to 136° 08'E.

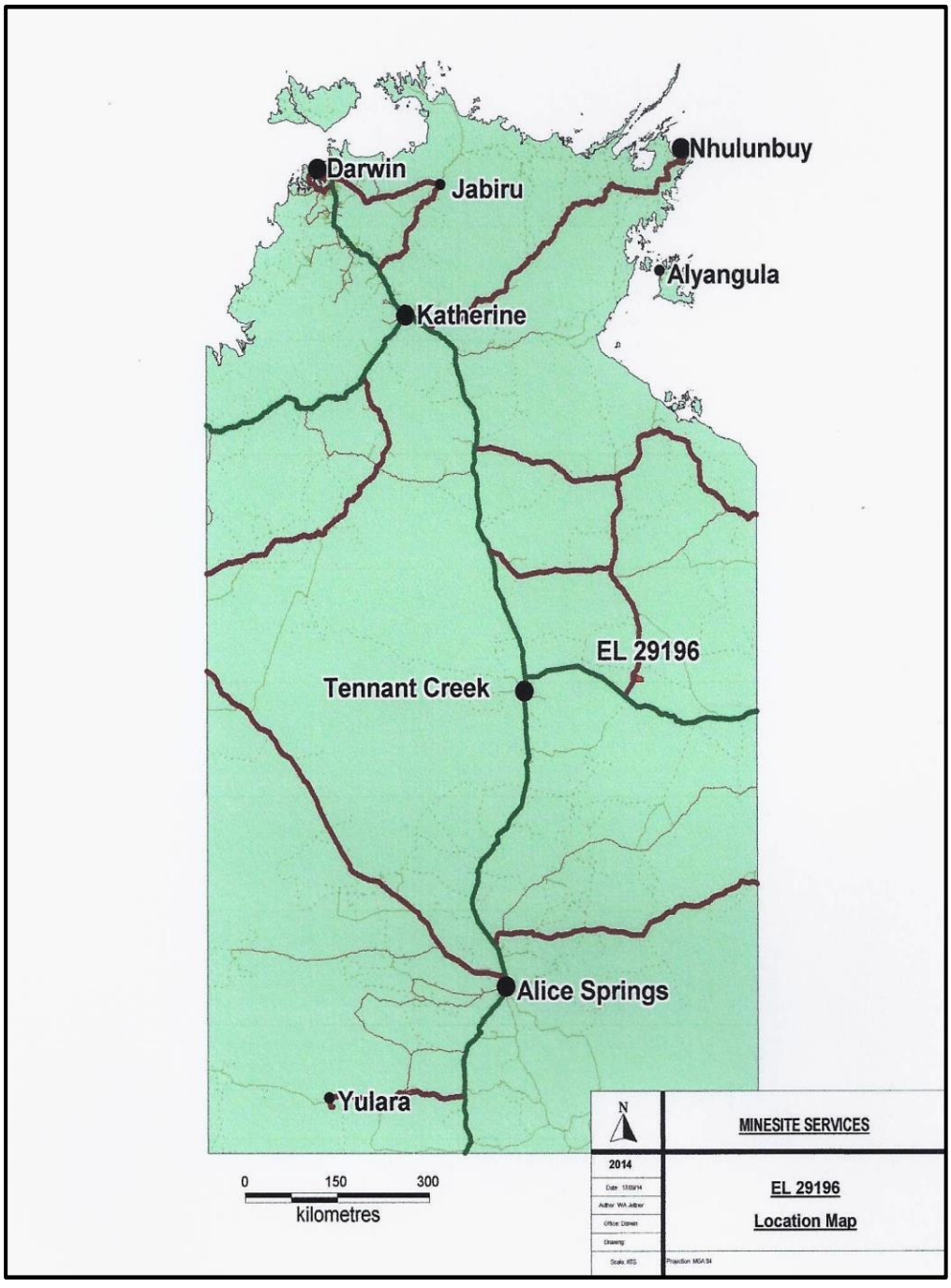

Figure 1. EL29196 Location Map

2. TITLE HISTORY

Mineral Tenure

Exploration Licence 29196 was granted to Fertoz Limited on 30 July 2012 for a period of 6 years, expiring on 29 July 2018.

Fertoz Limited sold the licence to FSL Corporation Pty Ltd in May 2013. At the same time it also sold EL 29193, EL 29194, EL 29195, EL 29197, EL29198, EL 30008. The tenements are in the process of being transferred.

The exploration licence consists of a total of 35 graticular blocks (113.3 km^2).

EL 29193 forms part of the Barkly Project which consists of ten granted exploration licences (also EL 26054, EL 26055, EL 30008, EL 27076, EL 29193, EL 29194, EL 29195, EL 29197, EL 29198) covering an area of 773 graticular blocks (2,481 km^2).

This technical report is the First Annual Report and covers activities in the period 30/07/2012 to 29/07/2013, being the first year of tenure.

Real Property

The licences are located within PPL 985 “Alroy Downs Pastoral Lease” and PPL925 “Brunette Downs Pastoral Lease”.

3. PHYSIOGRAPHY

i. Geomorphology

The landform is generally flat, open grassland with only a few scattered trees and shrubs in the northern part of the licence. There is very little out crop in the area. Occasionally there are patches of loose, wind polished cobbles but mostly the area is desiccated black soil.

ii. Biogeography

This area is characterised by relatively homogeneous plains of cracking clay soils which support Mitchell (Astrebla spp.) grasslands. It is used as pastoral land.

iii. Hydrology

The absence of hills in the area indicates that rainfall runoff during the wet season is via broad sheet wash and shallowly incised creeks. There is no permanent surface water in the exploration area.

4. ACCESS

EL 29196 is located close to Tablelands Highway, a sealed road which connects to the Barkly Highway at the Barkly Homestead, the main road access from the Northern Territory to the east coast of Australia. Rail access is north-south along the Darwin to Adelaide railway, located some 280km to the west near Tennant Creek, or to the east coast via the Mt Isa to Townsville railway which is located approximately 400km to the east at Mt Isa, Queensland.

The licence is located approximately 290km east of Tennant Creek. The closest roadhouse/accommodation/fuel depot is the Barkly Homestead, a substantial roadhouse located some 30km to the south west of EL 29196.

Access throughout the licence is via station fences and access roads.

5. GEOLOGICAL SETTING

The geology of the area consists of flatlying Cambrian limestones and cherts overlying Proterozoic Volcanics on the Wonarah Basement high.

i. Regional Geology

The South Nicholson Group is the oldest exposed unit in the region and constitutes the regional basement for the Georgina Basin. It is correlated with the Roper Group of the MacArthur Basin.
Rawlins, et al subdivided this group into the Wild Cow and overlying Accident subgroups. The Accident subgroup consists of the Mittiebah Sandstone and can be either conformable or disconformable with the Wild Cow Subgroup and has an uncertain but probably lateral relationship with the Constance Sandstone and is possibly conformably overlain by the Mullera Formation, these latter two units are also constituents of the Accident Subgroup.
On the Alexandria-Wonarah basement high the basement is represented by the Helen springs Volcanics, an extrusive volcanic of basaltic affinity. In this location, the absence of the Thorntonia Limestone and overlying Arthur Creek Formation has the basal unit of the Wonarah Formation, (which contains the phosphorite) resting directly on the volcanic basement, (Helen Springs Volcanics).
To the west into the Barkly sub-basin the Wonarah Formation laterally correlates with the Anthony Lagoon Beds. From the basement high to the west the Gum Ridge Formation may correlate with the basal Wonarah Formation. The Wonarah Formation is overlain by the Camooweal Dolostone as it dives below the surface in the Undilla sub-basin.

CAMBRIAN				
Arrinthrunga Formation (Cua) 975 m	Dolostone, limestone; minor quartz sandstone, siltstone, shale	Peritidal, restricted shallow subtidal marine	Conformable on Cmd, Cma	Stromatolites, thrombolites, nodular evaporites, gypsum crystals, fenestrae
Camooweal Dolostone (Cmd) 167+ m, ?300 m	Dolostone; minor marl and quartz sandstone; basal intraclast, ooid and oncoid dolostone and quartz sandstone	Basal high-energy peritidal to shallow subtidal barrier, passing upward into restricted to epeiric back-barrier	Conformable on Cmk, Cmw, Currant Bush Limestone	Spheroidal chert concretions, cross-beds, flat-pebble conglomerate, planar to crinkly or wavy microbial lamination, stromatolites
Ranken Limestone (Cmk) 74+ m	Bioclast, bioclast-ooid and bioclast-intraclast rudstone, bioclast wacke/floatstone; minor calcimudstone	Marine ramp seaward of high-energy shallow subtidal barrier	Conformable on Cmw	Red-brown silicification, abundant fossils
Wonarah Formation (Cmw) 191+ m	Silty dolostone, calci/ dolomudstone and siliciclastic mudstone interbeds, micaceous siltstone; minor intraclast and bioclast wacke- to grainstone; basal carbonaceous marly laminite	Subtidal marine	Disconformable on Cmt; unconformable on Clh, Ps	Planar to wavy siliciclastic laminations, siliceous chert concretions, phosphorite, evaporites, disseminated pyrite, fossils; minor detrital glauconite and biogenic phosclasts
Arthur Creek Formation (Cma) 457 m	Upper: dolostone, limestone; lower: foetid pyritic-carbonaceous black shale, laminated dolostone	Upper: open to restricted subtidal marine; lower: deeper anoxic marine	Disconformable on Cmt; unconformable on Ps	Nodular evaporite, shredded to brecciated texture, fossils, disseminated pyrite
Thorntonia Limestone (Cmt) 121 m	Dolosparstone; minor bioclast and oncoid dolosparstone and intraclast dolowackestone to dolograinstone; basal dolomitic quartz sandstone and conglomerate	Subtidal marine	Unconformable on Ps	Pervasive recrystallisation, carbonate concretions, nodular evaporite, silicified interbeds, disseminated pyrite, hydrocarbons
Helen Springs Volcanics (Clh) 34 m	Basalt, trachyte, microdolerite; minor dolerite; basal pebbly mudstone, sandstone and conglomerate	Extrusive volcanic	Unconformable on Ps	Alteration, amygdales
CALYMMIAN				
Mittiebah Sandstone (Psi) 2200+ m	Quartzose to sublithic sandstone; minor siltstone and conglomerate	Marine	Disconformable on Crow Formation	Medium to thick bedding, quartz granules and pebbles, ripples, mudclasts, crossbeds

Table 1. Lithostratigraphy of the southern Georgina Basin

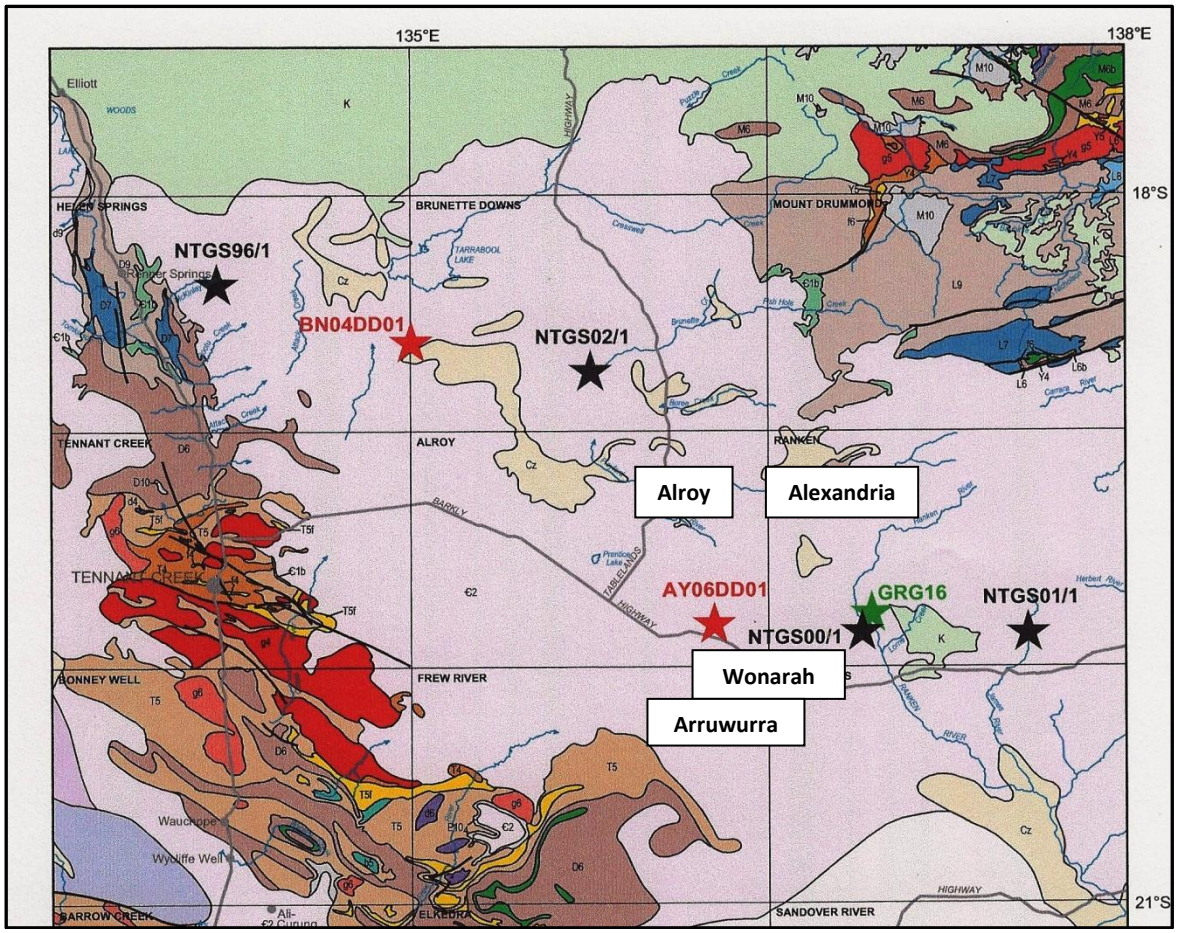

Figure 4. Regional Geology

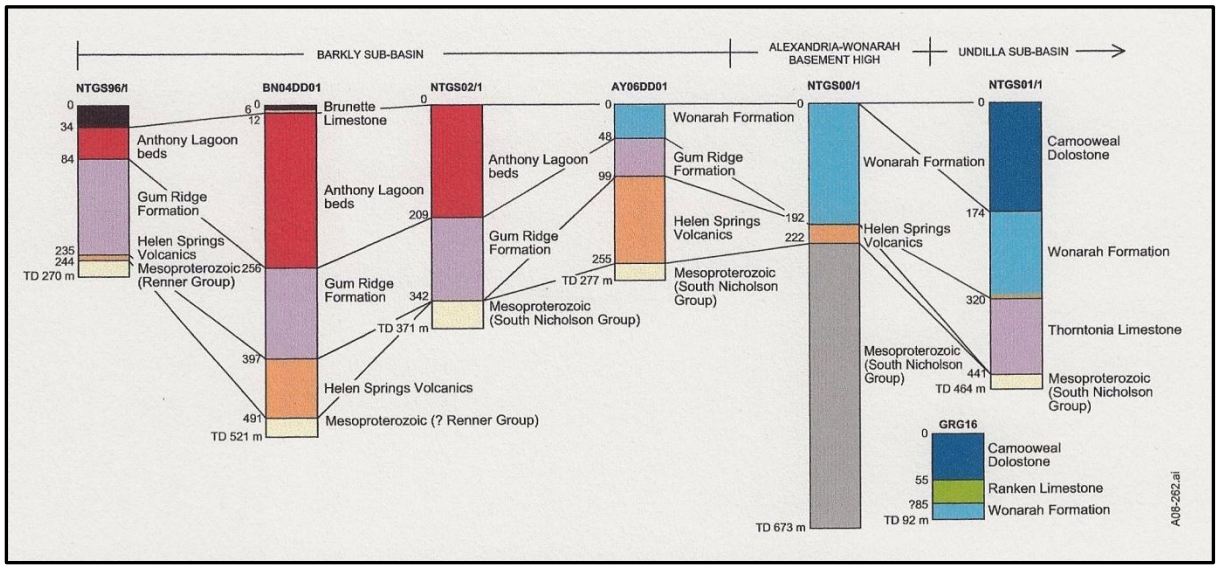

Figure 5. Regional Stratigraphy (Kruse PD and Radke BM)

i. Licence Geology

The geology of EL 29196 consist of the sediments of the South Georgina Basin that are overlain by Cainozoic soils derived from the underlying geology.

To the north of EL 29196 two phosphate deposits, Alroy (14Mt @ 20%P_2O_5) and Alexandria (15Mt @ 10%P_2O_5) in EL 25600, owned by Phosphate Australia, occur and to the south of the licence, Wonarah and Arruwurra (1258Mt @ 12%P_2O_5), SELs 26451, 26452 and ML27244, owned by Minemakers Ltd occurs.

Also to the north a gypsum deposit, 6 mile waterhole, (1Mm^3 of gypsum, MCCs 205-208 and MCCs 983-990), owned by Northern Cement occurs.

It is likely a shallow marine environment prevailed in the Cambrian that was conducive to the formation of both types of deposit. This was mainly due to glacial/interglacial periods where eustatic sea level change would dictate precipitation of phosphate rich substrates. These glacial periods brought about a reduction in sea level change making these intra-continental seas shallower and encouraging the settling of phosphate rich substances out of solution. With this in mind a secondary target will be gypsum deposits of the type located at 6 mile waterhole.

6. EXPLORATION AND MINING HISTORY

Historical exploration in this area has been sparse. In recent years this area, as with large parts of the Northern Territory has had renewed exploration interest for bulk commodities due to the

construction of the Darwin to Adelaide railway. Exploration has focussed on diamonds, gypsum and phosphate.

EL 29196

Licence No	Tenure Period	Open File Company Reports	Company
AP 1874	1968 – 1971	CR1968-0016	Continental Oil Company Australia
		CR1970-0079	Continental Oil Company Australia
		CR1971-0012	Continental Oil Company Australia
		CR1971-0192	Continental Oil Company Australia
AP 1766	1969 - 1970	CR1969-0022	IMC Development
		CR1970-0038	IMC Development
AP 2161	12/12/68 - ?	CR1968-0032	IMC Development
		CR1969-0022	IMC Development
		CR1970-0036	IMC Development
		CR1970-0038	IMC Development
		CR1970-0040	IMC Development
EL 4341	6/12/83-2/12/85	CR1985-0022	AOG Minerals / Australian Diamond
		CR1986-0091	AOG Minerals / Australian Diamond
EL 4348	1985 - 1986	CR1985-0023	Aberfoyle Expln / Australian Diamond
		CR1986-0099	Aberfoyle Expln / Australian Diamond
EL 23726	1/8/03 - ?	CR2006-0429	Conarco Minerals
EL 27082	? – 31/8/10	CR2010-1020	Aragon Resources

Table 2. Historical Exploration Reports

Mining

Table 3. Historical Mines and Prospects

Mine/Prospect Name	Modat Site Id	Mineral Field	Commodity	Orebody Type

There are no Department of Resources recorded historical mines or prospects within the licence area.

7. EXPLORATION RATIONALE

Exploration models target organic-rich carbonate rocks on depositional basin margins and areas of onlap onto basement highs where upwelling and favourable palaeogeography would have bought cold phosphate-rich waters onto the shelf. These shallow eustatically low seas brought about a rise in Ph and a concentration of organics onto a shelf environment; facies that indicate such a progression shall be the key focus of the future search. Francolite formation takes place close to the sediment-water interface during times of low overall sedimentation and is intimately connected with the dynamics of diagenetic redox fronts, (Dunster, Kruse et al 2007).

The southern portion of the Georgina Basin contains several loci prospective for phosphorite deposition. Historical exploration work indicates that there are prospective targets within the Fertoz licences to the north of the Wonarah deposit.

Generally speaking the Barkly exploration licences owned by Fertoz are highly prospective for phosphate development, being located between 3 phosphate deposits in a geological and structural environment that is conducive to phosphorite development.

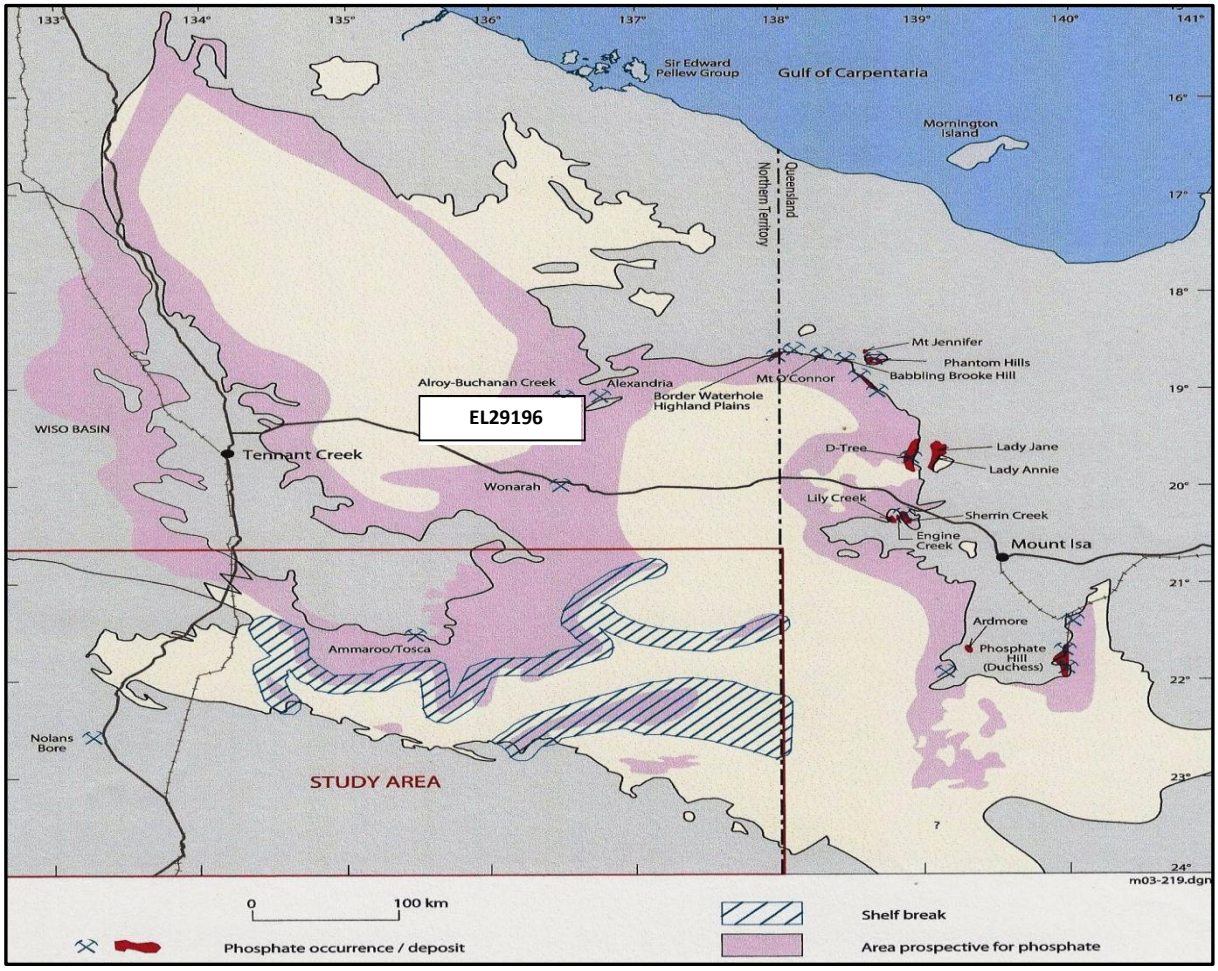

Figure 8. Georgina Basin phosphate prospectivity (Dunster JN ,Kruse PD, *et al*.)

8. EXPLORATION INDEX MAP

No exploration index map has been constructed for EL 29196.

9. GEOLOGICAL ACTIVITIES

Office Studies

Fertoz Ltd commissioned Terra Search in 2012 to conduct an advanced desktop study of its 10 Barkly licences including a review of open file geophysical datasets (i.e. radiometrics, magnetics), review of GIS data (historic phosphate occurrences) with the aim of identifying prospective stratigraphy and structural elements that may be favourable for accumulation of phosphate.

A drill programme has yet to be defined for EL29196 as the initial focus was Barkly projects EL26054 and EL26055. In May 2013 EL 29196 was sold to FSL Corporation Ltd who is planning a drill programme for the 7 Barkly licences they acquired from Fertoz Limited.

Field Studies

No field work was done during the year.

10. REMOTE SENSING

There were no remote sensing surveys done during the year. Included below is an image taken from the DoR Strike dataset, LANDSAT 7.

11. GEOPHYSICAL ACTIVITIES

There were no geophysical activities conducted on EL 29196 during the year.

Radiometrics

There have been no radiometric surveys conducted during the year.
Included below is an image taken from the Department of Resources Strike dataset, Ternary Radiometrics.

Magnetics

There were no Magnetic surveys done during the year. Included below is an image taken from the Department of Resources Strike dataset, Magnetics TMI.

12. SURFACE GEOCHEMISTRY

No rock chip or soil samples were taken in 2013.

13. DRILLING

No drilling was undertaken in 2013.

14. GEOTECHNICAL STUDIES

Geotechnical studies conducted during the year consisted of desktop work including a review of open file geophysical datasets (i.e. radiometrics, magnetics), review of GIS data (historic phosphate occurrences) with the aim of identifying prospective stratigraphy and structural elements that may be favourable for accumulation of phosphate.

15. RESOURCE AND RESERVE ESTIMATION

There were no resource or reserve estimations done during the year.

16. CONCLUSIONS AND RECOMMENDATIONS

Minimal exploration work has been done to date. The only effective way to examine the underlying strata is by drilling using Reverse Circulation methods. The tenement has been sold to FSL Corporation Pty Ltd who intends to undertake a drill programme in 2014.

17. REFERENCES

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