GEORGETOWN PROJECT

EPM 15995 Tabletop Creek

ANNUAL TECHNICAL REPORT

For the period 21 February 2012 to 20 February 2013

TENEMENT HOLDER: ERO Georgetown Gold Operations Pty Ltd

Author: A Smith

Date: March 2013
Report No: **ERO_1006**

Distribution: Qld Department of Mines and Energy (1 Electronic file))
ERO (1 Electronic file)

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

1. SUMMARY

The Georgetown Project is located in the Georgetown area of Queensland (Figure 1). This is the annual report for EPM 15995 and as such describes the work carried out by ERO Georgetown Gold Operations Pty Ltd (ERO) on the tenement during the period 21 February 2012 to 20 February 2013.

Work carried out on the tenement for the period 21 February 2012 to 20 February 2013 consisted of:-

- Continued Data Compilation
- Review of exploration data available
- Preliminary field mapping (42 sub-blocks)
- Preliminary Geological reconnaissance (42 sub-blocks)
- Preliminary drainage sampling/panning

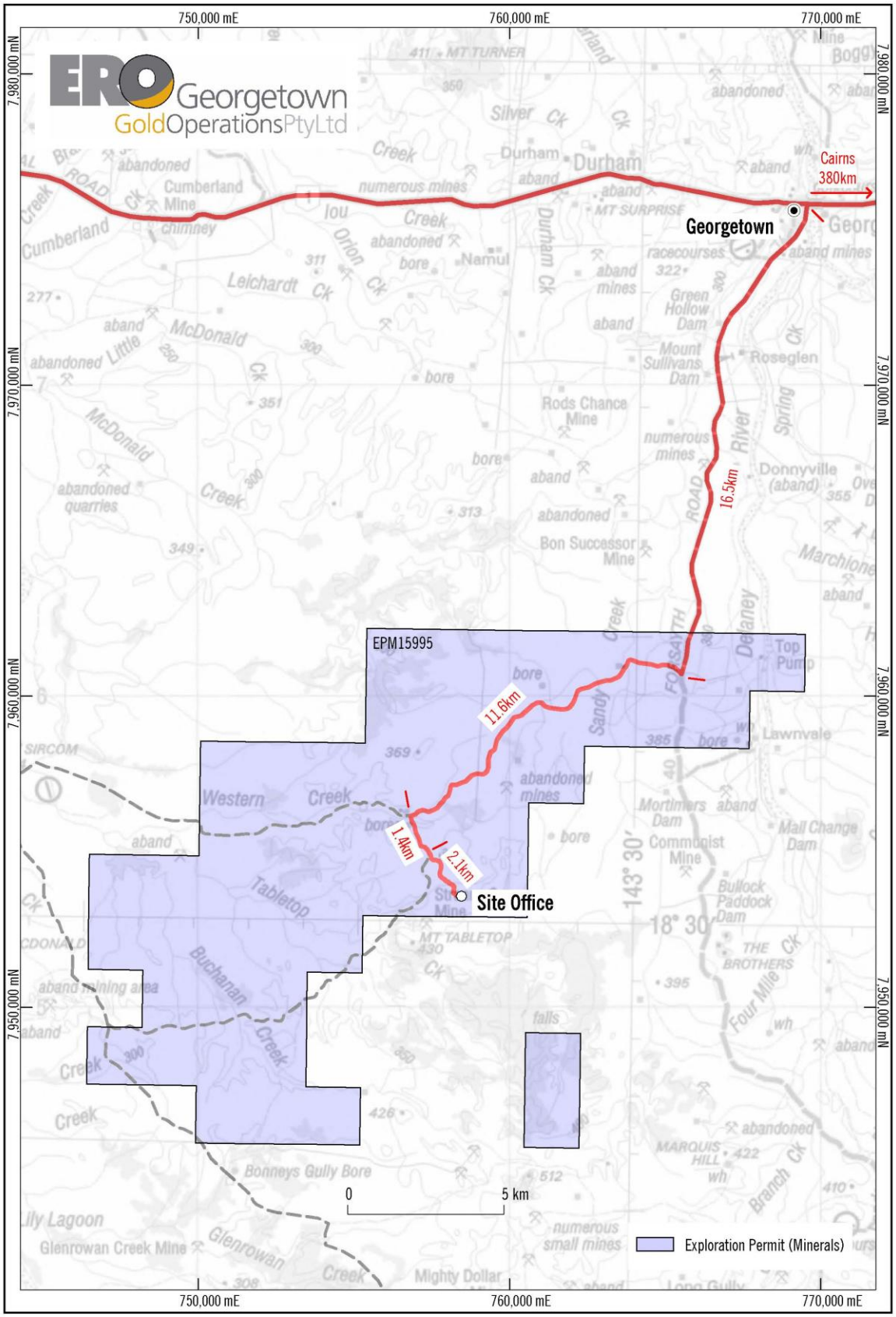

Figure 1 **Exploration Index Map**

2. INTRODUCTION

EPM 15995 is currently held by ERO Georgetown Gold Operations Pty Ltd. This report outlines the work carried out by ERO during the 2012 to 2013 year of tenure.

3. LOCATION AND ACCESS

EPM 15995 is located approximately 34 km via road south southwest of Georgetown. (refer figure 1) The EPM is located in the Georgetown mining district within the Etheridge Shire. It lies on the North Head 7560, Forest Home 7561, Forsayth 7660 and Georgetown 7661 1:100 000 map sheets and the Georgetown, SE54-12, 1:250 000 map sheet.

4. TENURE

Tenement Number	Tenement Name	Date Granted	Expiry Date	Area (sub-blocks)	Registered Holder
EPM 15995	Tabletop Creek	21/02/08	20/02/13 Renewal Lodged	53	ERO Georgetown Gold Operations Pty Ltd

Table 1 Tenement details 1

5. LAND TITLE

Land title for the project area is shown in Figure 2. EPM 15995 overlies the Mount Sullivan, Rose Glen, Delaney, Namul, Flat Creek, Mount Sircom and Townley pastoral leases. EPM 15995 is covered by Native Title Claim QC99/13, Ewamian People.

6. GEOLOGICAL BACKGROUND

The tenement lies within the Etheridge Group of the Palaeoproterozoic Georgetown Inlier in north-west Queensland. The geology of EPM 15995 is dominated by an Early Proterozoic basement of highly deformed metasediments (Lane Creek Formation of Robertson River Subgroup) and Cobbold Metadolerite, with lesser Mesoproterozoic granitoids with some intrusions and extrusions of Carboniferous acid igneous rocks.

Rich deposits of alluvial and reef gold were discovered in the region in 1869. The area became known as the Etheridge Gold Field and was proclaimed in 1874. The scale of alluvial gold operations in the Etheridge Gold Field have been highly variable. One of the main alluvial gold operations in the late 1980s was along Western Creek by Dundas Gold Corporation NL. Most of this operation occurred within EPM15995. Exploration began in 1987 where 3.8 million cubic metres grading 0.37g/cubic m were estimated. The company was very active during 1989 with four treatment plants in operation with a combined processing capacity of 400 cubic metres per hour but in 1990 the company ceased mining as a consequence of the Tricontinental Bank failure.

Small mesothermal vein quartz-gold-base-metal sulphide deposits are the most common gold deposits in the Etheridge Gold Field from which some 20 t of Au-Ag bullion have been extracted, (Bain et al. 1998). Several hundred were mined or prospected between 1870 and 1950. These deposits are mostly hosted by Proterozoic granitic and metamorphic rocks and are similar to the much larger Charters Towers deposits such as Day Dawn and Brilliant, and in some respects to the Motherlode deposits of California. The largest deposit in the region-Kidston (> 138 t of Au and Ag since 1985) is substantially different. It is hosted by sheeted quartz veins and cavities in brecciated Silurian granite and Proterozoic metamorphics above nested high-level Carboniferous intrusives associated with a nearby cauldron subsidence structure.

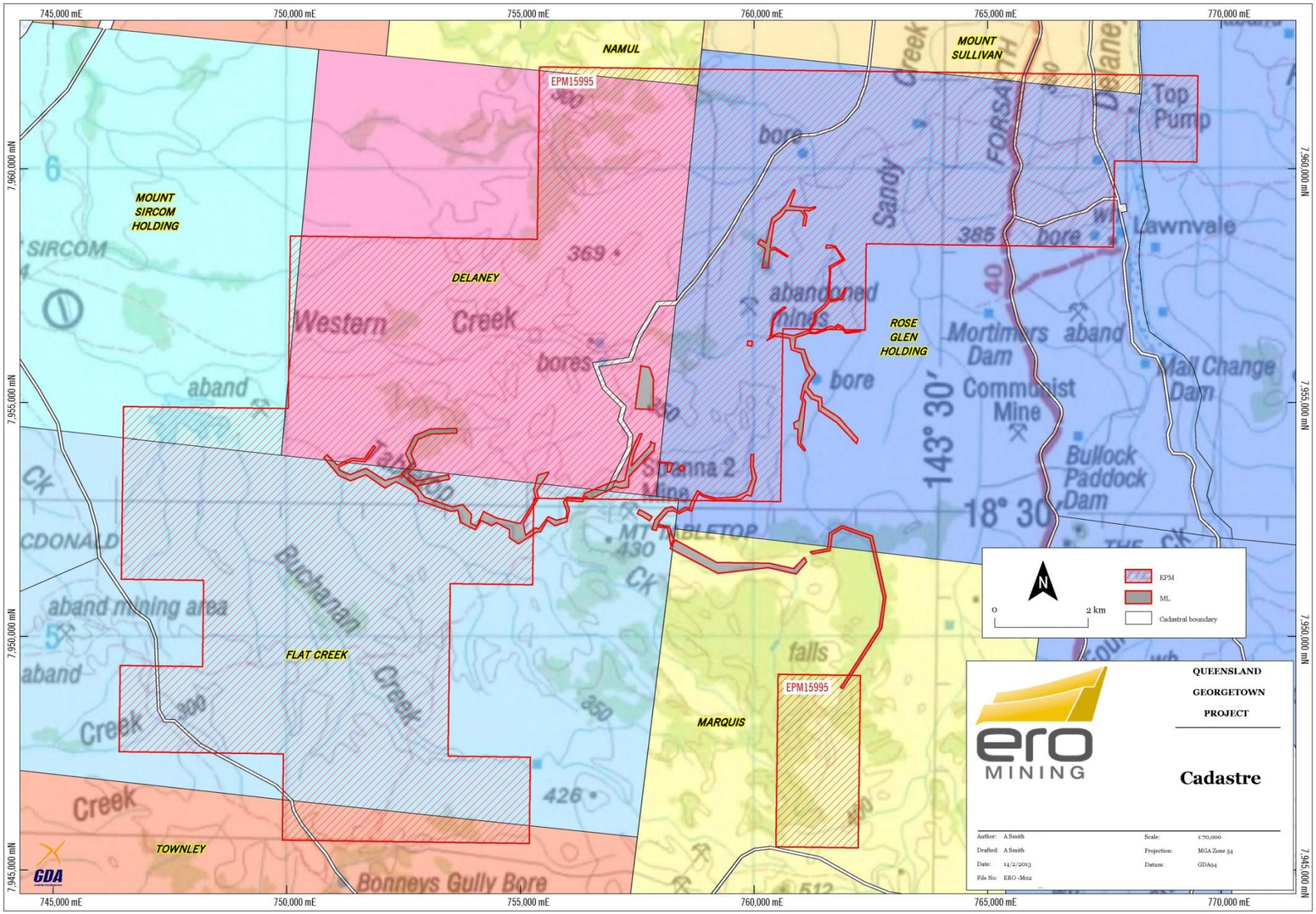

Figure 2 Land title over EPM 15995

7. EXPLORATION HISTORY

Exploration by Bridge Minerals on A to P 813M (2) was reported on by Wright and Hatcher (1972). Activites included geological mapping, inspection of known areas of mineralization, the collection of 301 random rock chip samples, and 959 stream sediment samples. Rock chip samples and stream sediment samples were analysed for Cu, Pb, Zn, Mn, and Mo. Geochemical values were considered to be low and further work could not be justified.

In 1974 the Dampier Mining Company took up ATP 1393 to explore for Carboniferous non-marine sediments underlying Carboniferous acid volcanic, the basal sediments being considered prospective for uranium. Their exploration program included mapping, radiometric traversing and sampling of the sediments for uranium, vanadium and molybdenum

Urangesellscaft Australia Pty Ltd (Parker 1980) regarded the Gilbert Basin as prospective for uranium. Exploration activities included geologic mapping, radon track-etch surveying, ground radiometric surveying, surface geochemistry (rock chip and soil), and a stratigraphic diamond drill hole. An IP-resistivity survey presented targets for a 15 hole percussion drilling program. The drillholes were gamma logged. Best drillhole intersections were 3 m at 600 ppm U_3O_8 associated with a dyke and 2 m at 100 ppm U_3O_8 within pebbly sandstone. No further work was recommended.

Mackie (1986) described uranium exploration by PNC Exploration (Australia) Pty Ltd. Initial work comprised radiometric prospecting and rock chip sampling. This work identified nine anomalies within sedimentary rocks underlying Carboniferous volcanic. Some anomalies occur on a linear trend possibly associated with a fault system. Follow up work included detailed ground radiometrics over these anomalies. An airborne radiometric survey failed to identify further significant anomalies.

In 1987 PNC conducted radon surveys over the macdonald Creek and Northern Cumberland grids. In addition 3 diamond holes were drilled to a total depth of 390m. Two of the holes over the Northern Cumberland grid encountered minor U mineralisation.

CRA conducted exploration on ATP 4485M Voorhoeve (1987). This tenement includes the upper part of the Western Creek catchment. The principal activity was a stream sediment survey for gold, base metals and trace metals. Several catchments with gold values > 1 ppb were identified.

Battle Mountain (Australia) Inc explored for both alluvial and hard-rock gold in the late 1980s, over ATPs5065M and 5066 M (Cussen & Cosstick, 1989), incorporating the western half of ERO's EPM 15995, and extending to the west and north-west, and the southern half of the Tabletop Permo-Carboniferous outlier. Hard-rock exploration targeted quartz-haematite hosted mesothermal gold, and epithermal and porphyry style models associated with Carboniferous intrusives. Regional stream sediment and rock chip sampling programs were undertaken, which produced encouraging results. Potentially economic mineralization was recognized at the McDonald Creek and Little McDonald Creek prospects.

Elliott (1990) reported on Alluvial gold exploration undertaken by Battle Mountain. Photogeological mapping was followed by the collection of some 67 bulk sampling from test pits (alluvial terraces) and costeans (modern drainage channels). Grades ranged between 0.01 gold bullion per loose cubic metre (gb/lcm) to 0.93 gb/lcm. Average grade was 0.07 gb/lcm and no economic resource was defined.

Metana Minerals NL explored ATP5072, centred over Mt. Tabletop (Alston 1989). The exploration target was epithermal gold associated with the Palaeozoic volcanic. Prospecting, mapping, and rock chip sampling activities were conducted. It was concluded that gold was associated with narrow mesothermal quartz veins of little economic potential.

Evans (1994) described gold exploration work on EPM9439 by Union Mining NL. Prospect scale mapping included the Tunnel and True Blue historic workings. Stream sediment sampling and rock chip sampling were undertaken. It was concluded that gold mineralization associated with quartz veining in the Lane Creek Formation held no economic potential. Rock chip samples of rhyolite intrusives yielded disappointing results.

Smith (1991 & 1992) described exploration work on EPM 7516 & 8326. The work focused on identifying Paleao-Placer elluvial and alluvial deposits with a minor hard rock sampling program. Bulk testing was carried out on identified anomalous areas and resulted in the pegging of higher tenure. The rock chip sampling program failed to identify any areas of significant economic value. No further work was considered warranted on identifying primary deposits.

8. EXPLORATION SUMMARY

Douglas Resources Pty Ltd acquired EPM 15995 in May 2003 and until ERO Georgetown gold Operations Pty LTD (ERO) purchased Douglas Resources in 2009, no exploration work had been conducted on the tenement.

During ERO's 21 February 2009 to 20 February 2010 year exploration work conducted on the tenement consisted of a rock chip sampling program. The result of which were reported in the annual report for the period ending 20 February 2010.

During ERO's 21 February 2010 to 20 February 2011 year no field work was carried out. The small RC program planned for the 2010 dry season designed to drill test the True Blue and The Tunnels was unable to be carried out due to the inability to find a suitable drilling conductor. However, a heritage surveys was conducted in preparation for this work and property tracks were upgraded. Application for higher tenure (ML 30227) was also made over an area known as the "Airstrip" based on research into the Elliot (1990) report.

During ERO's 21 February 2011 to 20 February 2012 year environmental factors impacted on the proposed small RC program. Cyclone Yasi caused significant damage to the property tracks and water infrastructure of the project. Due to the inability to obtain machinery to assist the landowner in rectifying the areas to enable access the RC program was cancelled.

Exploration for the period consisted of further Data compilation, Field mapping of the "Airstrip Resource" (refer to Figure 3) area and geological ground truthing the geological data available for the area surrounding the "Airstrip" alluvial deposit.

While it is anticipated more work may be required in the area of the "Airstrip Resource" Mapping at this stage indicates that the area of interest has been included within the new ML 30227 area.

Geological ground truthing found that the airstrip area closely resembles the data provided in the 1:250,000 Geology of the Georgetown Region (1985) indicating no new mapping of this particular area was required.

The Company ERO change ownership in mid December 2011. No on-ground exploration was undertaken by the new owner as the remainder of the 2011-2012 year was the wet season. On acquisition of EPM 15995 by Mr Tom Smith in December 2011, revision of exploration carried out by the previous owners was undertaken and further research into the potential of the area was carried out during early 2012. Areas of interest were identified for on ground exploration during the 2012 dry season.

A program for the field mapping and sampling program was planned to commence in May 2012 with follow-up tests of identified anomalous areas and pegging of higher tenure on areas where tests indicate a resource that may be of economic value and viable for ERO's current mining operations.

It was identified that further research was required into the history of the area to better target the field work as while previous exploration reports on the area in most instances indicated low potential for the area, significant elluvial and alluvial mining in the early days and more recently during the 1980's and early 1990's indicated there may be areas of economic value to small companies. To further support this theory, exploration by Smith - 1992 (EPM 7516 & 8326) resulted in applications for higher tenure in areas previously considered of no interest with mining continuing on them to date. Further Research was also undertaken into historical elluvial and alluvial mining in the area to identify areas that had been previously mined to eliminate areas of no interest. Area previously mined by Howe, Redicliff, Smith, Dundas Gold and Heim mining were eliminated as potential target areas although these areas were viewed to assist in identifying deposit types.

Preparations to carryout field exploration were completed in the third quarter of 2012, however delays in getting Native Title consent until December 2012 as a result of the previous owners RTN application on the EPM restricted on ground exploration to a shorter period then planned.

Field exploration to complete preliminary field mapping, geological reconnaissance and drainage sampling/panning was commenced in December. The initial stage consisted of location access tracks to the areas targeted (refer to Figure 3) Once access using property tracks to areas was mapped field exploration commenced and was carried out on 42 sub-blocks. Figure 4 shows the main areas tested after preliminary inspection of 42 of the 53 sub-blocks currently held. Exploration consisted of traversing each area on foot and preliminary stream samples being collected in the main drainage channel for each area. Reconnaissance of each area was undertaken with preliminary mapping of access tracks and drainage for each area.

Areas identified on 22 of the sub blocks explored have proved to be either previously mined with no significant remain resource, or have no indicated resource or to be to low grade and uneconomical for ERO's operations.

A proposal to relinquish the 22 sub-blocks was submitted for approval in early February 2013.

Anomalous areas were identified as potential resources in the remaining 20 sub blocks tested, (refer to Figure 4 -Areas 2, 3, & 4) The anomalous areas identified indicated grades that would be considered viable for the projects operations. Further follow-up mapping and testing in the areas is required to fully delineate the potential resources and map it for marking out purposes.

The delays experienced in getting on the ground in the 2012-2013 period and agreement with the landholder not to use the property roads/tracks during the wet season months of January to March (normal wet season) has prevented the required further follow-up testing and pegging of these areas in the 2012-2013 period to enable lodgement of applications for higher tenure.

9. EXPLORATION PROPOSAL

Complete the mapping and testing on the anomalous area identified to date and mark out the areas in preparation for higher tenure application. This will be followed by preliminary field work to identify primary hard rock targets in these sub-blocks.

It is anticipated that field work will recommence on the anomalous areas in April unless there is late rain in the area. The proposed activities are to carry out further tests and fully map these anomalous areas in preparation for marking out and lodging applications for higher forms of tenure.

It is anticipated this testing, mapping and marking out work will be completed and the applications lodged by September 2013.

A preliminary mapping and rock chip sampling program is also planned and will commence on any primary hard rock targets identified within these sub-blocks in September. It is proposed that the first pass rock chip sampling will be completed by December 2013 with a review of the results and forward planning for any further exploration targets completed by February 2014.

The exploration on the balance of sub-blocks not yet mapped or tested will also commence during the 2013 -2014 period.

.

Map 1 EPM 15995 Access Tracks to Exploration Sites Dec 2012

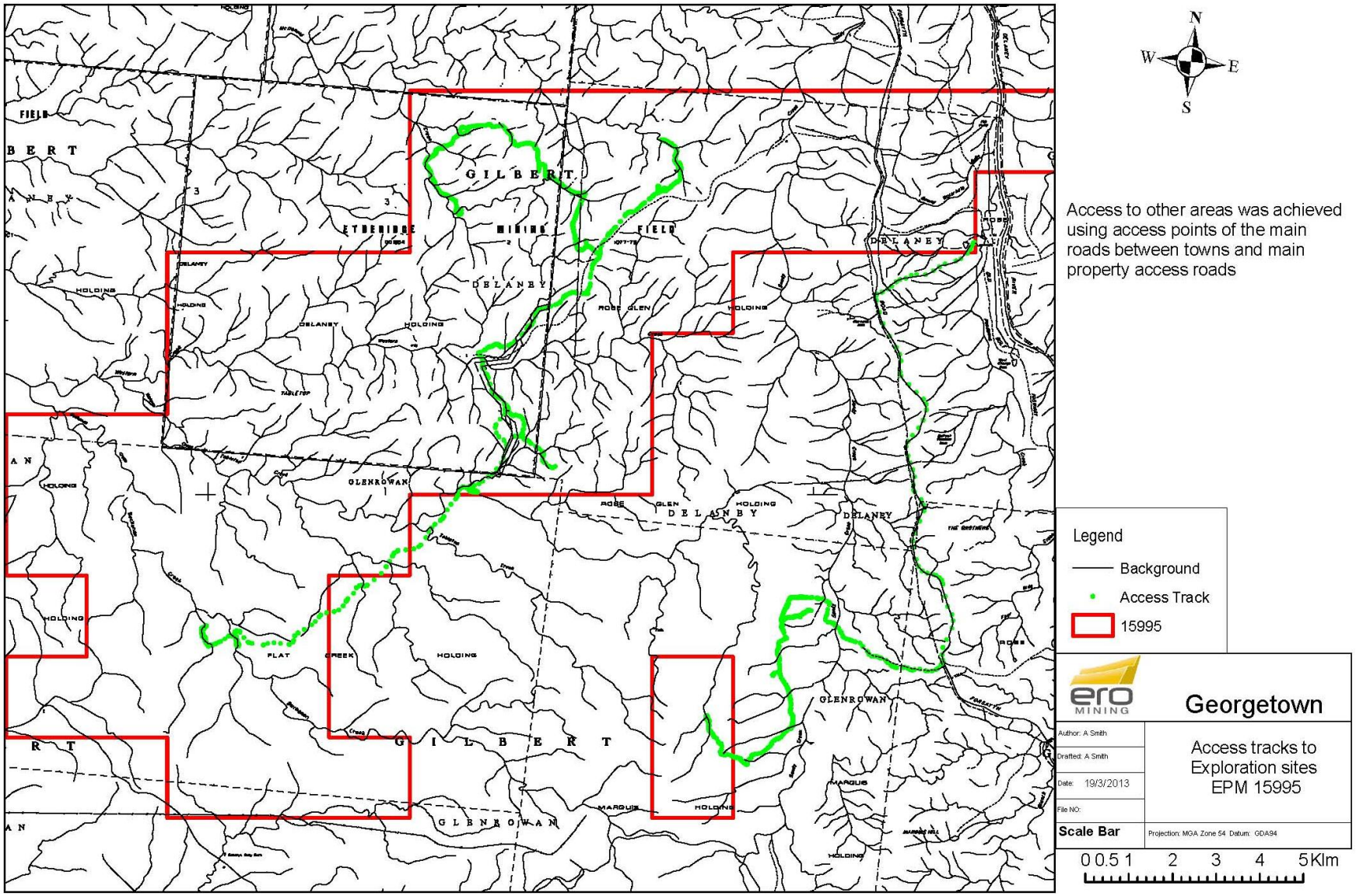

Figure 3 Access tracks to Test Sites EPM 15995

Map 2 EPM 15995 Preliminary Testing & Mapping Areas Dec 2012

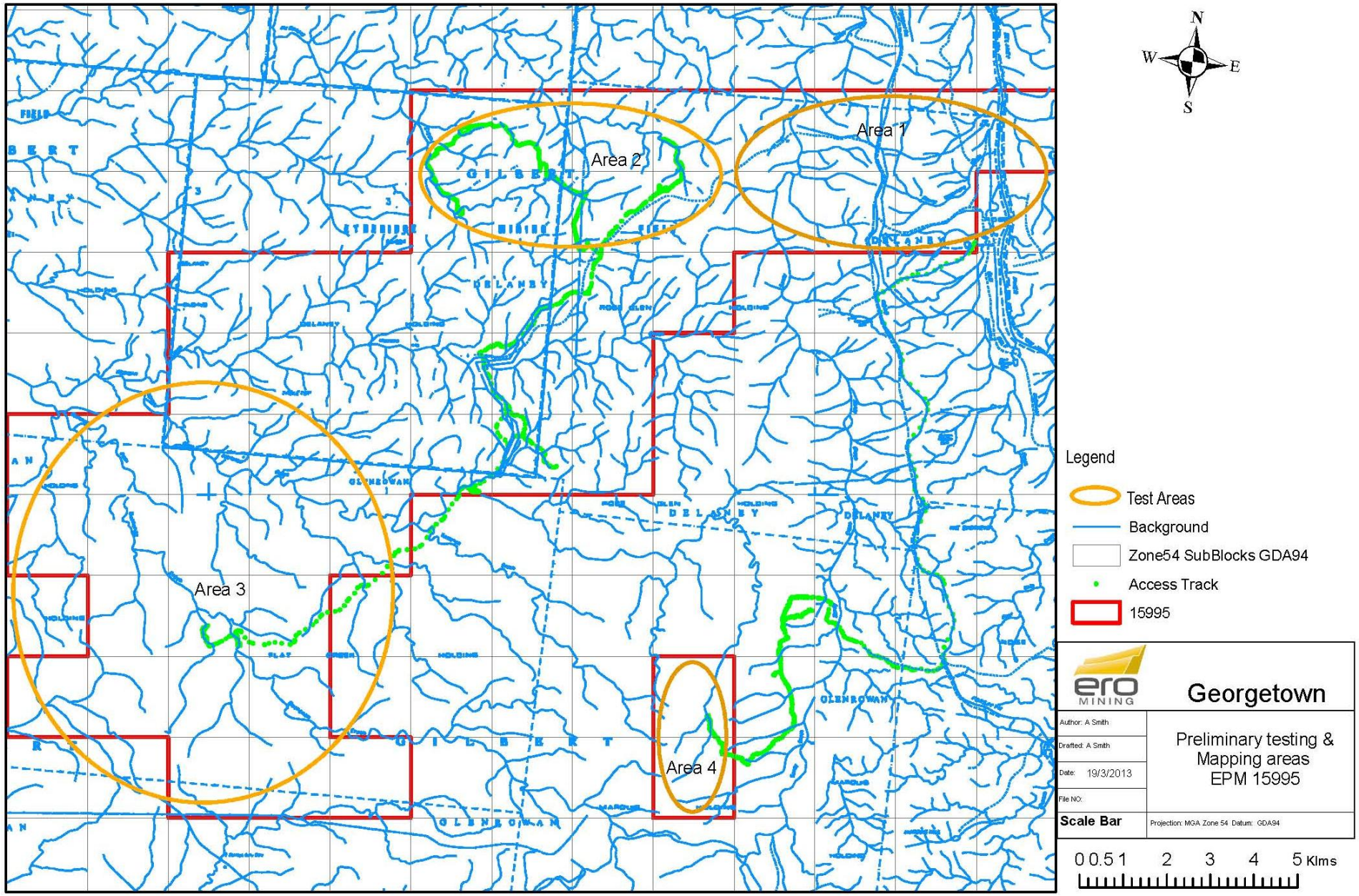

Figure 4 Preliminary Testing & Mapping Areas EPM 15995

10. REFERENCES

Bain, JHC, Withnall, IW, Black, LP, Etminan, H, Golding, SD and Sun, SS (1998) Towards an understanding of the age and origin of mesothermal gold mineralisation in the Etheridge Goldfield, Georgetown region, north Queensland. *Australian Journal of Earth Sciences, 45 : 247-263*

Cussen, M and Cosstick, CA (1989). Battle Mountain ATP5065M Cumberland Range and 5066M combined third six monthly report for the period ended 17 May 1989. *Queensland Mines Department Open File Company Report CR20574*

Elliott (1990) A to P 5065 M Final Report to 15/11/89 Cumberland Ranges Project, Georgetown, North Queensland. Elliott Exploration Co. Pty. Ltd for Ravenswood Resources Limited. *Queensland Mines Department Open File Company Report, CR21536*

Wright and Hatcher (1972) Queensland Mines Department *Queensland Mines Department Open File Company Report CR4296(A) Part 1*

Anonymous (1974) ATP 1393M Georgetown Queensland annual report for 1974 and final report. BHP. *Queensland Mines Department Open File Company Report, CR5296*.

Parker, S. (1980) Annual report 1980 A to P 1631M, Tabletop, Georgetown, Queensland. Project A7/415 U.G.A./C.E.G.B. Joint Venture. Urangesellschaft Australia Pty Ltd. Mines Department *Queensland Mines Department Open File Company Report, CR8680.*

Mackie, A. (1986) Cumberland area Townsville Project ATP 4050M report on the six months ended 16 July 1986. PNC Exploration (Australia) Pty Ltd. *Queensland Mines Department Open File Company Report, CR15978*.

Mackie, A. (1987) Cumberland area Townsville Project ATP 4050M combined final and six monthly report on the period ended 16 January 1987. PNC Exploration (Australia) Pty Ltd. *Queensland Mines Department Open File Company Report, CR16058*

Voorhoeve, W.J.H. (1987) Western Creek ATP 4485M report on the first six months of tenure 21 November 1986 to 20 May 1987. CRA Exploration Pty Ltd. *Queensland Mines Department Open File Company Report, CR16629*.

Alston, T. (1989) Georgetown ATP 5072M final relinquishment report. Metana Minerals. *Queensland Mines Department Open File Company Report, CR20287*.

Evans, P (1994) Union Mining NL EPM 9439 Mount Tabletop final report**.** *Queensland Mines Department Open File Company Report, CR 26141.*

Smith.A (1992) EPM 7516 Partial Relinquishment Report**.** *Queensland Mines Department Open File Company Report, CR 23484.*

Smith A (1992) EPM 8326 First Term and Final Report. Property SR & AJ Smith.