

Titleholder	Sinosteel Australia Pty Ltd
Operator	As above
Tenement manager	N/A
Tenements	EL26535, EL26539, EL26556 and EL26557
Project name	Carpentaria Project
Report title	Partial Relinquishment Report for EL26535, EL26539, EL26556 and EL26557, November 2011
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Corporate author	Sinosteel Australia Pty Ltd
Company reference number	N/A
Target commodity	Manganese
Date of report	30 th November, 2011
Datum/Zone	GDA94/MGA Zone 53
250K mapsheets	<p><u>EL26557</u> Mount Young SD5315, Pellew SD5316, Robinson River SE5304, Bauhinia Downs SE5303</p> <p><u>EL26556</u> Robinson River SE5304, Pellew SD5316</p> <p><u>EL26539</u> Robinson River SE5304</p> <p><u>EL26535</u> Robinson River SE5304</p>
100K mapsheets	<p><u>EL26557</u> Bing Bong 6166, Pellew 6266, Borrooloola 6165, Wearyan 6265</p> <p><u>EL26556</u> Pellew 6266, Vanderlin 6366, Wearyan 6265, Robinson 6365</p> <p><u>EL26539</u> Wearyan 6265</p> <p><u>EL26535</u> Robinson 6365, Calvert River 6465</p>
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Executive Summary

Sinosteel were granted exploration licenses EL26535, EL26539 EL26556 and EL26557 in July – August 2008. The tenement areas are located along a coastal region of the southern part of the Gulf of Carpentaria in the Northern Territory. The region has a tropical climate, with a wet season typically lasting from November to April. Access along roads is typically only possible in the dry season, from May to October.

The area is considered prospective primarily for manganese mineralisation, similar in style to the Groote Eylandt Mn deposits and carbonate hosted hydrothermal manganese, like prospects at Robinson River within tenement EL26556. Groote Eylandt Mn mineralisation occurs within Cretaceous shallow marine sediments of the Walker River Formation. It is possible that the Walker River Formation extends under cover into Sinosteel's tenure. Hydrothermal carbonate hosted Mn mineralisation occurs in other parts of the tenements, but there has been no large deposits discovered to date.

The tenure is primarily covered by Quaternary cover and areas within 5-10km of the coast consist of relatively flat expanses of tidal marshes, lagoons and mangroves. Pre quaternary outcrop from 1:250,000 scale mapping is restricted to the southern limits of the tenements. Outcropping geology consists of Cretaceous sandstone, claystone and siltstone and Mesoproterozoic sandstones of the Roper Group and Karns Dolomite, and dolomitic siltstones and sandstones of the Talwallah Group.

Following the grant of the tenements, Sinosteel undertook an open-file data compilation and desktop study that was completed in July, 2009. Outcomes of the study were that exploration for Mn mineralisation was complicated by the Quaternary cover and an airborne electromagnetic (AEM) survey was recommended. Southern portions of the tenement were prioritised as there is less Quaternary cover and no tidal mangrove swamps.

Sinosteel contracted Geotech Airborne Ltd to conduct a helicopter electromagnetic survey using the VTEM system. Survey production was completed on 24th June, 2010. The VTEM survey has been limited to the southern portions of the tenements.

Figure 1 is a map showing the location of the tenement areas retained, an outline of the VTEM survey area, and tenement areas prior to relinquishment. The number of blocks relinquished for each tenement is listed in Table 1.

Table 1:

Tenement	# Blocks Relinquished	Approximate Percentage	Comment
EL26535	69	>50%	
EL26539	24	<50%	Partial waiver requested
EL26556	88	<50%	Partial waiver requested
EL26557	84	=50%	

The tenement areas relinquished are predominately around the northern edge of the tenements: EL26535, EL26556 and EL26557, plus the southern edge of EL26539. These are all areas which were not covered by the VTEM survey. These areas may still be considered prospective for Mn mineralisation but there is no little or no VTEM survey coverage and, particularly to the north, exploration is considered more difficult due to the thick Quaternary cover and proximity to the coastal swamps.

A helicopter reconnaissance of the field area was recently completed to look for outcrop in prospective areas defined by preliminary assessment of the VTEM data and along interpreted stratigraphic horizons. The field trip also involved investigating the known Robinson River Mn occurrences and flying over the area to determine access for a drilling programme currently being planned for the dry season of 2012.

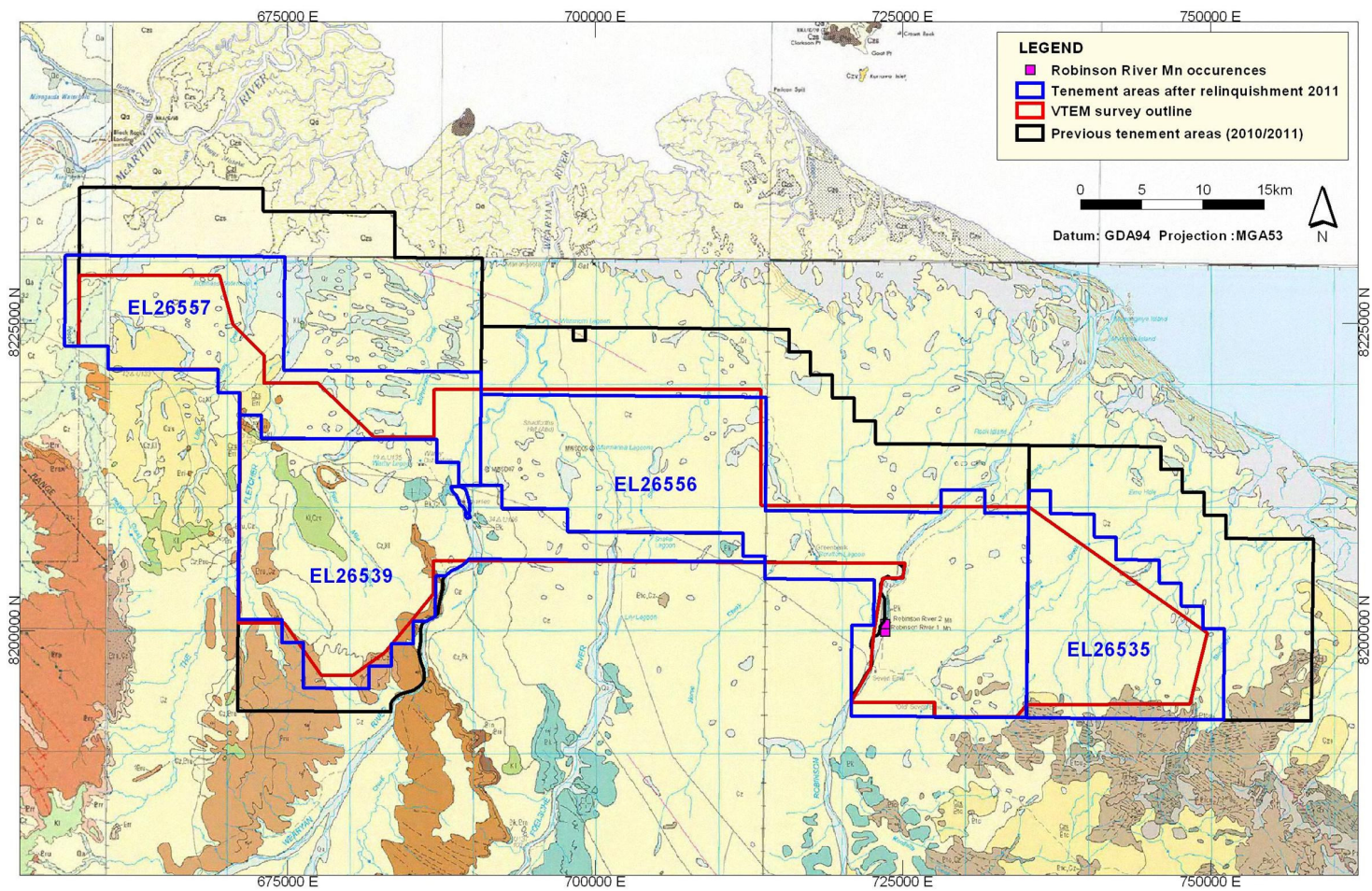


Figure 1: Map showing tenement areas retained, VTEM helicopter EM survey outline and previous tenement areas over a map of the 1:250,000 scale geology.