EL 27927 LANDER YARD

PARTIAL RELINQUISHMENT REPORT

For the period 1 November 2010 to 31 October 2012

CENTRAL AUSTRALIAN RARE EARTHS PTY LTD

Target Commodity: Rare Earth Elements
Napperby 1:250,000 sheet

24 January 2013

Compiled by T. Coppin

For
Central Australian Rare Earths Pty Ltd
1.0 Introduction

The Lander Yard Project, EL27927 originally covered approximately 875km² (277 sub-blocks) of the Aileron Province of the Arunta Region of the Northern Territory. The licence area is approximately 27 km west of the Mount Finnis rare earth prospect and approximately 52 km northwest of the Nolans’ Rare Earth deposit, which is being developed by Arafura Resources Ltd. At the time of the second anniversary the area was reduced to 139 sub-blocks (440.17 km²).

1.1 Location and Access

The project is located to the east of Yuendumu, in the Mt Treachery area, approximately 237 km northwest of Alice Springs. It lies within the Napperby 1:250,000 geological and topographic mapsheet area.

Access to the southern end of the tenement is via the Stuart Highway from Alice Springs to a point 15 km north of Aileron, then west via the unsealed road through Pine Hill Station and along the north side of Reynolds Range to Coniston Station. A network of station tracks and fence lines provides access within the tenement (Figure 1).

![Figure 1. EL27927 location map showing original area](image-url)
1.2 Tenure

EL27927 was granted to Strategic Resource Management Pty Ltd on 1 November 2010, for a term of six years. It was subsequently transferred to Central Australian Rare Earths Pty Limited, a wholly owned subsidiary of Rarus Limited. Rarus is an unlisted public company focused on exploration for rare earth mineralisation.

At the time of the second anniversary a mandatory 50% area reduction was made from the original 277 sub blocks to 139 sub blocks (Figure 2).

2.0 Geology

The Arunta Region covers about 200,000 km² in central Australia and has undergone a prolonged and complex geological history with several major periods of geological activity concentrated in the Palaeo-Mesoproterozoic and Palaeozoic from near 1900Ma. It comprises variably deformed, greenschist to granulite facies, metamorphosed sedimentary and igneous rocks. Several high grade metamorphic events coupled with mountain building orogenies have almost completely altered the rocks. The project area lies within the Aileron Province of the Arunta Region.
3.0 Rare Earth Mineralisation

EL27927 is located in the Arunta region where numerous REE deposits and mineralised areas are known, with few prospects having been fully evaluated. Most prospects occur within the Irindina Province and adjacent areas in the south-eastern part of the Arunta Region.

The potential for significant replacement or pegmatite-hosted REE deposits is high in the Arunta Region where abundant REE-rich pegmatite swarms occur. There is also some potential for REE mineralisation associated with currently unrecognised carbonatites and alkaline igneous complexes and for supergene or lateritic enrichment deposits.

The geologically unique Nolans deposit is located approximately 55 km to the southeast of the Landers Yard Project area while Mount Finniss is located 32 km to the east.

The Landers Yard project is located in similar geological terrain to this and other prospects and within a known region of probable REE enrichment. Metamorphic aureoles of intrusive gneiss complex and pegmatite intrusions present exploration targets.

4.0 Work undertaken on relinquished area

During the first year of tenure of EL27927 work consisted of a reconnaissance field trip to the tenement and a comprehensive review of all previous exploration and technical data.

During the second year Open file magnetic and radiometric data were interpreted for major structures and possible radiogenic anomalies. With a majority of this tenement under alluvial cover, target selection primarily relying on radiometrics will have limited effectiveness.

No field work was undertaken in the relinquished area and no new technical data were acquired.

The sub-blocks that were relinquished were considered to have very limited prospecivity for the type of mineralisation sought.