# PARTIAL RELINQUISHMENT REPORT
**EXPLORATION LICENCE – EL 28169**

**Period Ending 1 May 2013**

<table>
<thead>
<tr>
<th><strong>Titleholder</strong></th>
<th>Kronos Gold LLC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Titles/Tenements</strong></td>
<td>EL 28169</td>
</tr>
<tr>
<td><strong>Report Title</strong></td>
<td>Exploration Licence 28169 Partial Relinquishment Report for Period Ending 1 May 2013</td>
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James Butler, Geologist |
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INTRODUCTION

Kronos Gold LLC ARBN 139 504 411 (“Kronos”) is the sole titleholder and operator of EL 28169 which was granted on 27 April 2011 for a term of six (6) years. A submission for partial relinquishment was submitted to the Department of Mines and Energy (“DME”) on 26 April 2013 and accepted by DME on 1 May 2013.

The partial relinquishment reduced the area of tenure by 223 sub-blocks, as required by the Mineral Titles Act 2010. This report for EL 28169 offers a summary of activities undertaken on the relinquished area in the past 12 months, including any results produced by these activities.

This report relating to the reduced area is produced pursuant to section 94(2)(e) of the Mineral Titles Act and Regulation 86(4) and (5).

TENURE INFORMATION

EL 28169 was granted to Kronos on 27 April 2011 for a period of six years and was comprised of 446 sub-blocks. Since the date of grant, Kronos has aimed to identify the extent of mineralisation from the Amadeus Basin that can be economically extracted.

Kronos forwarded to the Department a proposal to relinquish 223 sub-blocks from EL 28169 and to retain 223 sub-blocks, as shown in Figure 1. Kronos was notified by the Department that EL 28169 was reduced on 1 May 2013.

EL 28169 originally comprised of 446 sub-blocks upon grant to Kronos on 27 April 2011. The 446 sub-blocks were described as follows:

<table>
<thead>
<tr>
<th>Block</th>
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<td>N, Q-S, V-X</td>
<td>1604</td>
<td>A-Z</td>
</tr>
<tr>
<td>1529</td>
<td>A-Z</td>
<td>1670</td>
<td>A-Z</td>
</tr>
<tr>
<td>1530</td>
<td>A-R, V, W</td>
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<td>A-Z</td>
<td>1673</td>
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<tr>
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<td>1677</td>
<td>A, B, F, G, L, M, Q, R, V, W</td>
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</table>

Table 1 shows the blocks and sub-blocks of the permit area.
Kronos has relinquished the least prospective area of EL 28169 consisting of 223 sub-blocks as shown in Table 2 below.

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<tr>
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<td>1676</td>
<td>A-Z</td>
</tr>
</tbody>
</table>

The Amadeus Basin is an intracratonic basin located mostly in the southern section of the Northern Territory and extends slightly over the border of Western Australia. As is similar with intracratonic basins, the Amadeus Basin contains a complex Late Proterozoic to mid-Palaeozoic depositional succession.

PERMIT AND RELINQUISHMENT AREA GEOLOGY

EL 28169 is located approximately 60 kilometres south of Eldunda and sits on the border between Northern Territory and South Australia, as shown in Figure 2. The tenure is geologically located west of the Pedirka Basin and is situated over the Amadeus and Eromanga Basins, within the Musgrave province, the area relinquished is located over the Amadeus Basin, as shown in Figure 5.

Kronos has relinquished 223 sub-blocks, from the outer parts of the tenure. The area relinquished has been determined to be furthest from any potential economic zone in the permit area.

EXPLORATION OBJECTIVES AND RATIONALE

The product target of the exploration program is gold. Kronos currently holds 1 granted Exploration Licence for mineral exploration in the Northern Territory. The objective of Kronos’ exploration program is to identify the extent of mineralisation from the Amadeus Basin that can be economically extracted and sold at a profit. Office-based studies have revealed that it is unlikely the quality and quantity of any mineral deposits in the outer area covered by the tenure would be economically viable and Kronos has therefore relinquished 223 sub-blocks from EL 28169.

EXPLORATION ACTIVITIES CARRIED OUT ON THE RELINQUISHED AREA

Kronos has undertaken an intensive literature search to find all available information on the Amadeus Basin and its unit of interest. Kronos’ exploration rationale included a literature search where access to all available literature from previous private and governmental basin studies and mineral and petroleum explorations in attempt to further understand what was currently known about potential mineral deposits in existing reports.
The information Kronos has obtained to date indicates the potential mineral deposits within the tenure. However further research has indicated that the extent of the resource and the feasibility in pursuing the exploration of same would not be as viable in the relinquished area.

While Kronos’ fundamental objectives and rationale have not changed, the exploration results from the second year have expanded the scope and potential for this region. The discovery of surface minerals found within the tenure, are encouraging indicators to justify fieldwork activities. Kronos has retained the most prospective 223 sub-blocks, as these remaining sub-blocks are closer to the potential economic zone.

REPORTS LODGED DURING THE REPORTING PERIOD

Kronos lodged an expenditure report for EL 28169 on 24 May 2013 as required under the Mineral Titles Act 2010. This report has been accepted as satisfactory by the Department.

Kronos has lodged an annual report for EL 28169 on 25 June 2013 as required under the Mineral Titles Act 2010. At the time of this report, Kronos awaits confirmation of its acceptance by the Department.

Kronos believes that there were no other reports that were required to be lodged during this period.

CONCLUSIONS

Kronos has made progress towards identifying target areas within the edge of the intrusions within the tenure and determining the potential of mineral deposits within those zones.

Office-based studies in relation to this tenure have indicated that the quantity and quality of mineral deposits likely are not economically viable and do not extend to the outer parts of EL 28169. Kronos has therefore relinquished 223 sub-blocks from the tenure area, and has retained the most prospective 223 sub-blocks.


