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<td>MANGANESE</td>
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<td><strong>250 000 K MAPSHEET</strong></td>
<td>VICTORIA RIVER DOWNS AND DELAMERE</td>
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On behalf of
UNIVERSAL SPLENDOUR INVESTMENTS PTY LTD
Tenement Exploration Report for the period of October 13 2010 to October 12 2011 for EL 27306

8 November 2011

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EXECUTIVE SUMMARY

Universal Splendour Investments (USI) was originally granted EL 27306 in October 2009. It is located in the Victoria River region of the Northern Territory, southwest of Katherine. This tenement is part of a group of three tenements collectively referred to as the Victoria River Project (currently under application for group reporting status).

In 2010, International Geoscience completed a full background review for the Victoria River Project, including an assessment of previous exploration, manganese mineralisation model, data compilation and a preliminary interpretation of the tenements.

In June 2011 the project area was visited during a 15 day field trip in order to ascertain access, collect rock and soil samples and complete field verification. Poor access was an issue and specific sites could not be reached. The southern region of the tenement was visited, however no samples were taken.

In September 2011 the project was again visited with the support of a helicopter during a 10 day field campaign. The main prospective sites visited lay ~140m to the west of EL 27306 and therefore no samples were collected on this tenement. But the samples collected east of EL 27306 returned significant Mn values and therefore an extension of this mineralisation will be investigated on EL 27306.

The tenement is prospective for manganese mineralisation, particularly within Proterozoic lithologies, which correlate with the McArthur Basin (thought to be the source of manganese for deposits within the Gulf and McArthur regions; e.g. Groote Eylandt). Two known occurrences are located just to the west of the tenement (Battle Creek 1 and 2), hosted in Paleoproterozoic units.

The southern region of EL 27306 is dominated by Cambrian volcanics of the Wiso Basin, covering approximately 60% of the tenement area and may be prospective for copper mineralisation. In the northern region, Proterozoic rocks of the Auvergne and Tijunna Groups are located.
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Figure 2: Surficial Geology map of EL 27306 tenements, with ASTER imagery (dotted line indicates tile edge).................................................................................................3
1 OVERVIEW

EL 27306 is located southwest of Katherine, in the Victoria River region of the Northern Territory (Figure 1).

This group of three tenements (adjacent to one another), are collectively referred to as the Victoria River Project and are considered prospective for manganese mineralisation; particularly within the Proterozoic deposits that host known occurrences in the area. These tenements are currently under application for group reporting.

![Figure 1: Location of EL 27306 (shown in yellow) within the Victoria River project. The tenements are overlaid on an orthorectified image from BingTM, 2010.](image)

1.1 Geology

EL 27306 is located in the Victoria River and Delamere 1:250000 map sheets, and the Victoria River Downs, Gregory Creek and Killarney 1:100000 map sheets. NTGS have extensive stream sample records across the southern region of the tenement.

Antrim Plateau Volcanics cover approximately 60% of EL 27306, particularly dominant in the southern region. The Antrim Plateau Volcanics are Cambrian aged porphyritic tholeiitic basalt with lenses of agglomerate, sandstone and chert.
In the northern region of the tenement, Mesoproterozoic sediments of the Tijunna Group are dominant. These Proterozoic lithologies are thought to be prospective for manganese, as they correlate with McArthur group (thought to be the source of Mn in the Gulf and McArthur region). Within and surrounding the Tijunna Group NTGS records contain several higher Mn stream sediment assays (1000-7800 ppm).

The Battle Creek Formation of the Bullita Group unconformably sits below the Tijunna Group, and hosts the Battle Creek 1 and 2 manganese prospects, located just west of EL 27306. The Battle Creek Formation consists of finer-grained dolostone, shale, siltstone and dolomitic sandstone.

Battle Creek 1 is described to lie on a hill about 3km south of Battle Creek and was identified by one rock chip sample assaying 8.9% Mn in 1973. Battle Creek 2 occurrence lies to the north on Battle Creek 1 and is reported to consist of Mn nodules assaying 55% Mn in 1969 at the Battle Creek crossing. A visit to both Battle Creek 1 and 2 by International Geoscience have confirmed the presence of Mn mineralisation.

The oldest rocks exposed in the tenement are the Weaner Sandstone seen in the southern region of EL 27306. The Weaner Sandstone is described as quartz sandstone, gritty to pebbly at the base.
1.2 Target Commodity

Manganese continues to be the target commodity for this tenement although Copper is also a potential target as well.

As noted in the previous section, NTGS stream sediment sampling records indicate anomalous Mn results; however NTGS note that the source is unknown.
The two manganese prospects (Battle Creek 1 and 2) located to the west of the tenement, were originally discovered, in 1973 and 1969 respectively, within Battle Creek dolostone and sandstone.

Very little work has been completed in the area (as discussed in detail in the ‘Tenement exploration report for the period of November 13 2009 to November 13 2010 for EL 27306’). Based on the recent work by International Geoscience to the west of EL 27306 it is recommended that comprehensive field visit in 2012 be undertaken in order to assess the manganese potential. Future work should concentrate on zones of higher stream sediment assays as well as a more thorough investigation for the Battle Creek 1 and 2 mineral occurrences.
2  EXPLORATION ACTIVITY OF 2011
During June 2011, the Victoria River project was visited during a 15 day field trip. Site visits to EL 27306 were attempted; however the tenement was inaccessible via car due to heavy rains the previous season and limited road access.

During September 2011, the project area was visited with helicopter support, during a 10 day field campaign. The main sites of interest lay ~140m to the west of EL 27306 and therefore no locations were visited or samples collected from EL 27306 during this field season.

Expenditure this season was related to background preparation and planning of the reconnaissance geology field campaigns and tenement reporting and management.

2.1 Relinquishment
Due to the tenement now being held by USI for 2 years, it is understood that USI is encouraged to relinquish 50% of the tenement blocks. International Geoscience has however recommended the whole of the tenement is retained, due to the tenement not being fully assessed for manganese mineralisation; the limited amount of field verification having been completed; the limited background knowledge known of the area; and the very close proximity of EL 27306 to high grade manganese to the west. The relinquishment recommendation is currently under application.
3  EXPLORATION STRATEGY FOR 2012

Due to encouraging results from Battle Creek 1 and Battle Creek 2 prospects (located to the west of EL 27306; discussed in full detail in ‘Tenement Exploration Report for the period December 23 2011 to December 22 2012 for EL 27437’), International Geoscience recommends detailed field visits to assess the manganese potential of EL 27306.

Work should focus particularly on Proterozoic lithologies in the northern and southern central regions, where in the latter, the Battle Creek Formation is outcropping.

Work planned for the Victoria River project area in the next 12 months will include:

- Submission of a MMP for EL 27306.
- ~2-3 week field program to map the extent and grade distribution of the manganiferous units within the Battle Creek Formation.
- 5 day regional mapping with helicopter support to explore for other Mn occurrences in the area, focusing on the Paleoproterozoic lithologies and; investigate NTGS anomalous stream sediment results.
- Dependant on field verification and mapping results, and appropriate approval; possible shallow RC drilling of several fence lines in order to ascertain extent of any Mn occurrences.
- Analysis of results at the end of the year.