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<td>MANGANESE</td>
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<td>250 000 K MAPSHEET</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 27307

8 November 2011

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EXECUTIVE SUMMARY

Universal Splendour Investments (USI) was originally granted EL 27307 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 it was discovered that EL 27307 could not be reached by car at that time. No other activity has been completed during the year.

In September 2011 the project was again visited with the support of a helicopter during a 10 day field campaign. Due to time constraints however, EL 27307 was not visited. No other field activity has been completed during the year.

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; eg Groote Eylandt).

EL 27307 is dominated by Cambrian volcanics of the Wiso Basin, covering approximately 80% of the tenement area. The volcanics may be prospective for copper mineralisation. In the southwest corner, Proterozoic rocks of the Victoria Basin are located. Two known occurrences are located just to the north of the tenement (Battle Creek 1 and 2), hosted in Paleoproterozoic units.
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1 OVERVIEW
EL 27307 is located southwest of Katherine, in the Victoria River region (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 27307 (shown in yellow) within the Victoria River project. The tenements are overlaid on an orthorectified image from BingTM, 2010.

1.1 Geology
EL 27307 is located in the Victoria River 1:250000 map sheet, and the Pigeon and Victoria River Downs 1:100000 map sheets. NTGS have extensive stream sample records across the tenement.
Covering approximately 80% of EL 27307 and along the eastern edge of the northern licences are the Antrim Plateau Volcanics. The Antrim Plateau Volcanics are Cambrian aged porphyritic tholeiitic basalt with lenses of agglomerate, sandstone and chert and may be prospective for copper mineralisation.
In the southwest of the tenement, Mesoproterozoic sediments of the Tijunna Group (Stubb formation) are cut by numerous alluvial channels, filled with recent unconsolidated material. These Proterozoic lithologies are thought to be prospective for manganese, as they correlate with McArthur group (thought to be the source of manganese 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 oldest rocks exposed in the tenement are those of the Battle Creek Formation which belong to the Mesoproterozoic Bullita Group, seen in the west of EL 27307. The Battle Creek Formation consists of finer-grained dolostone, shale, siltstone and dolomitic sandstone.

To the north, the Battle Creek Formation hosts two manganese occurrences, Battle Creek 1 and 2, located along the eastern boundary of EL 27437 within an alluvial channel (also named Battle Creek). 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. These two occurrences were confirmed by International Geoscience in 2011.
Figure 2: Surficial Geology map of EL 27307 tenements, with ASTER imagery.
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 27307’). International Geoscience has recommended a comprehensive field visit in 2012, 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 27307 were attempted; however the tenement was inaccessible via car due to heavy rains the previous season and the lack of road access. Therefore no locations were visited or samples collected this field season.

During September 2011, the project area was visited with helicopter support, during a 10 day field campaign. Due to time commitments however, EL 27307 could not be visited during this trip. Therefore no locations were visited or samples have been collected from EL 27307 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; follow-up on the mineralisation of Battle Creek 1 and 2 north of the tenement; and to expand on the limited background knowledge known of the area. The relinquishment recommendation is currently under application.
3 EXPLORATION STRATEGIES FOR 2012

Due to encouraging results from Battle Creek 1 and Battle Creek 2 prospects (located to the west of EL 27307; 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 27307.

Work should focus particularly on Proterozoic lithologies in the southwest region. Here the Battle Creek Formation is cut by numerous fluvial channels (and therefore should be visible).

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

- Submit MMP for EL 27307.
- ~2-3 week field program to map the extent and grade distribution of the manganiferous units within the Battle Creek Formation.
- ~5 days of 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.