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<th><strong>TITLE HOLDER</strong></th>
<th>USI NT Pty Ltd</th>
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<td><strong>TITLES/TENEMENTS</strong></td>
<td>EL 27371</td>
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<td><strong>REPORT TITLE</strong></td>
<td>TENEMENT SUMMARY REPORT FOR THE PERIOD 17th DECEMBER 2010 TO 16th DECEMBER 2011 FOR EL 27371</td>
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<td><strong>TARGET COMMODITY</strong></td>
<td>MANGANESE</td>
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<td><strong>DATE OF REPORT</strong></td>
<td>17 January 2012</td>
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<td><strong>DATUM</strong></td>
<td>GCS GDA94</td>
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<td><strong>250 000 K MAPSHEET</strong></td>
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Report prepared by
INTERNATIONAL GEOSCIENCE LTD

On behalf of
UNIVERSAL SPLENDOUR INVESTMENTS LTD
TENEMENT SUMMARY REPORT FOR THE PERIOD OF 17TH DECEMBER 2010 TO 16TH DECEMBER 2011 FOR EL 27371

17 January 2012

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EXECUTIVE SUMMARY

Universal Splendour Investments (USI) hold exploration license EL 27371; one of two EL’s in the region collectively referred to as the Arunta project area. These two EL’s have recently been granted group reporting status; therefore this will be the last individual Annual Report for this tenement. This block of tenements is located in the southern portion of the Northern Territory, approximately 150km west of Alice Springs.

Limited fieldwork has been completed on this project area but no field work has been undertaken on EL 27371 during the 2011 field season, due to expenditure commitments to other more prospective tenements. The eastern portion of the project area was visited during a 2 week field trip to the area. A few rock samples were collected but only one returned anomalously high mineralisation. The mineralisation revealed a new magnesium occurrence (23.4%Mg, Snow White).

Desktop studies suggest that there is still potential for lead-zinc and manganese mineralisation within the tenement, and a detailed sampling campaign has been planned for 2012.

Trace amounts of Mn are recorded throughout the region. A study of the geology indicates that conditions have existed for deposition of Mn in a shallow water environment where the anoxic conditions are disturbed during periods of marine transgression and regression. Both Mn oxide and carbonate mineralisation may be possible. A source of marine Mn is thought to be the Palaeoproterozoic to Mesoproterozoic Madderns Yard Metamorphic Complex of the Arunta Block crystalline basement.

Support for this interpretation is provided by several Mn occurrences clustered within this Formation along strike to the east (eg: Fenn Gap. The Fenn Gap occurrence, averaging 39% Mn, is sub-vertical and consists of pyrolusite-stained brecciated dolostone. The mineralisation is limited to the surface and appears fault-controlled (Ferenczi, 2001).
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1 OVERVIEW

Universal Splendour Investments (USI) hold exploration license EL 27371; one of 2 ELs collectively referred to as the Arunta project area (Figure 1). This block of tenements is located west of Alice Springs.

Within the 2011 reporting period, limited work has been completed on the project area and unfortunately no work was directly undertaken on EL 27371. Exploration resources on 27371 were reallocated to more prospective tenements which yielded very encouraging results. One field visit was undertaken to ascertain access to the Arunta tenements and collect rock samples, however EL 27371 was not able to be visited due to time constrains.

Although limited fieldwork has been conducted for this project area, a detailed desktop study has been completed for the area during 2011. This information has been included within the regional and local geology sections of this report.

![Figure 1: Location of USI's tenements collectively referred to as the Arunta project area. Base image is an Ortho-rectified image from Bing Maps.](image)

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<thead>
<tr>
<th>Tenement No.</th>
<th>Ownership</th>
<th>Application Date</th>
<th>Grant Date</th>
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<td>USI NT PTY LTD</td>
<td>28/05/2009</td>
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1.1 Access
Access into EL 27371 appears good for any 4WD vehicle with a road traversing the southwest corner of the tenement. Access via Alice Springs is very good with the majority of the road paved.

1.2 Regional Geology
The majority of the geological information was sourced from Warren and Shaw (1995) unless otherwise indicated.

The regional geology surrounding the Amadeus project area consists of three main tectonostratigraphic subdivisions; a Palaeoproterozoic to Mesoproterozoic Arunta Block in the north (Figure 2); a Neoproterozoic to mid-Palaeozoic Amadeus Basin in the central and south and a veneer of intra-cratonic Permian and Tertiary to Quaternary sediments.

The Arunta Block is divided into three Provinces (Northern, Central and Southern), only the Central and Southern lie within the Amadeus project area. The Central and Southern Provinces are separated by the WNW trending Redbank Thrust Zone (RTZ). The RTZ is a high-strain zone of anastomosing shears that separate granulite-facies rocks of the Central Province from amphibolite-facies rocks of the Southern Province.

The Amadeus Basin represents a relic of sediments that covered central Australia from the Neoproterozoic to the end of the Devonian. It consists of a basal unit of Heavitree Quartzite with an overlying Bitter Springs Formation. Unconformably overlying these basal units are the Areyonga, Pioneer and Pertata kata Formations. These units are then unconformably overlain by the Arumbera Sandstone. Several units of clastic and carbonate rocks have been deposited from the Cambrian through to the Devonian.

The Heavitree Quartzite was deposited on the eroded surface of the Arunta Block. It forms a prominent ridge marking the northern edge of the basin.

The Bitter Springs Formation consists of carbonates, evaporates and fine-grained clastic sediments. This formation has been developed due to a deepening of the basin and a rapid decline in the supply of terrigenous sediment under anoxic conditions and progressing to highstand sediments.

The overlying Areyonga Formation consists largely of diamicite and was deposited on the eroded surface of the Bitter Springs Formation. Clasts in this unit were derived from the Arunta basement, Heavitree Quartzite and Bitter Springs Formation.

The Pioneer Sandstone is a shallow-marine to tidal unit confined to the central part of the Amadeus Basin. It rests unconformably on the Areyonga and Bitter Springs Formations.

The Pertata kata Formation was originally thought to consist of two clastic units separated by a dolomitic layer but now only the lower clastic unit is mapped as Pertata kata Formation. The dolomitic layer now belongs to the Julie Formation and the upper clastic unit to the Arumbera Sandstone.

The Arumbera Sandstone represents a prograding delta and marine deposit within elongated troughs. It consists of two coarsening-upwards sequences of siltstone and sandstone. Conflicting information places this unit within the base of the Cambrian Pertaoorrrta Group.
Figure 2: 1:2.5 million interpreted geology map from the NTGS digital data. The legend has been modified from the original digital data to correlate with the explanatory notes.
Structurally the region is divided into three tectonic events; the formation and cratonisation of the Arunta Block, the development of the Amadeus Basin and the deposition of cover material and deformation of the Arunta Block and Amadeus Basin.

The formation of the Arunta Block ended with the emplacement of the Teapot Granite Complex and the emplacement of the Stuart Dykes. This period of deformation involved several events, the most important of which were the Chewings Orogeny (1600 Ma) and the Anmatjira Uplift Phase (1500-1400 Ma).

The Chewings Orogeny imposed a regional, predominantly east-west, pervasive foliation in the Southern Province. This event was responsible for forming the Chewings High-Strain Zones, which are characterised by highly schistose and mylonitic amphibolite-facies rocks.

The Anmatjira Uplift Phase formed the high-strain zones of the RTZ and shows north-over-south sense of shear and represents a Mesoproterozoic thrusting episode.

The development of the Amadeus Basin began with subsidence at about 1080 Ma. Subsequent development was influenced by episodes of compression and block tilting. The basin closed with the start of the Alice Springs Orogeny.

The Alice Springs Orogeny was a major compressional event involving folding, thrusting and overall uplift. It affected both the Arunta Block and the Amadeus Basin.

From the end of the Devonian onwards, central Australia has remained stable, with gentle warping and small-scale fault movements. Late Permian sediments were trapped in a depression, probably fault-controlled, at the northern edge of the RTZ. In the Mesozoic and Tertiary, tectonic movements, which generally reactivated earlier faults, caused uplift and gentle tilting.

### 1.3 EL 27371 and 27542 Geology

The geology of EL’s 27542 and 27371 is dominated by the Madderns Yard Metamorphic Complex and the Teapot Granite Complex in the north of the ELs (Figure 3). The dominant deformation within these units consists of WNW trending faults as well as a small portion of outcropping Chewings High-Strain Zone. The majority of the contact between these northern units and the younger, Neoproterozoic to Devonian, units is obscured by Quaternary and Tertiary cover.

The general strike of the southern units, which are dominated by clastic sediments and carbonates of the Amadeus Basin, are ESE and dipping to the SSW. This package of sediments is within a large syncline, with the axial trace to the south, and therefore the general younging direction is from north to south on the northern limb.

Topographically the most prominent unit within the area is the Heavitree Quartzite which forms resistive ridges approximately following the regional trend to the WNW.

Approximately 50% of the EL 27542 and 80% of EL 27371 is covered in Tertiary and Quaternary sediment, the majority of which is sand.
Figure 3: Geology map for EL’s 27371 and 27542 derived from the NTGS 250K HERMANNSBERG digital data.
2  EXPLORATION ACTIVITY OF 2011

2.1  New Magnesium Occurrence

Approximately 150km west of Alice Springs, within EL 27542, one Magnesium occurrence was discovered (Snow White). The mineralisation consists of magnesite (MgCO₃) and appears to lie within the Heavitree Quartzite based on the NTGS 250K scale map. It is more likely that the mineralisation lies within the Bitter Springs Formation as this Formation contains common magnesite associated rocks (dolomites, evaporates, gypsum and halite clasts). Two samples were collected from the occurrence but only one was assayed at this stage. No follow-up work has been undertaken yet.

![Location of the new Magnesium occurrences in the Amadeus project area (Snow white). All rock samples collected on the tenement indicated in yellow.](image)

Magnesium is a relatively common mineral and only high-grade deposits of magnesite are considered economical. The two main types of economical magnesite are the Veitsh and Kraubath types.

The Kraubath type deposits are comprised of veins and stockwork of magnesite in ultramafic country rock.

The Veitsch type deposits form the world’s largest reserves. They are characterised as; large stratabound lenses within marine platform sediments. They are typically sugary to coarse grained and nearly monomineralic (Pohl, 1990). The Snow white occurrence is likely of this type as no ultramafic rocks have been mapped in this area. Although this occurrence is not of very high grade it is anomalous and is recommended to be followed-up at a later date.
3 EXPLORATION STRATEGY FOR 2012

3.1 Arunta
The Arunta project area is located west of Alice Springs and consists of two tenements (EL 27371 and 542).

The stages of exploration proposed for this project area for 2012 are as follows:

3.1.1 Field Season
- Field visit to the Snow White magnesium mineral occurrences identified in 2011.
  - Collect rock samples and map the occurrence
- Visit EL 27371 to confirm the location of the Stokes Yard zinc occurrence and identify any other mineralisation within the tenement.

3.1.2 Post Field Season
Interpretation of each stage of the field program compiled in a summary report for the entire field program.

3.2 Timing
Field work in the Northern Territory is always heavily dependent on the weather. Normally the summer months in the Central region are dry (average annual rainfall 225mm) but this year an ex-tropical cyclone has passed through the area and caused some flooding. It is hoped that the area will be sufficiently dry by Sept to allow the field work to proceed. Ideally the first phase of sampling will be completed by Sept so that any follow-up work can be undertaken this year.
4 REFERENCES
