

REDUCTION REPORT

EXPLORATION LICENCE 29739

For the period 27/05/2013-26/05/2015

CHINA AUSTRALIA LAND RESOURCES PTY LTD

ACN 154 511 298

May. 2015

MEMORANDUM

Date: 30/7/2015

To:

RE: **RECOMMENDATION TO PARTIALLY SURRENDER TENEMENT
EL29739**

From: **CHINA AUSTRALIA LAND RESOURCES PTY LTD**

1. SUMMARY

Tenement(s):	EL29739 ("Tenement")
Tenement Holder(s):	CHINA AUSTRALIA LAND RESOURCES PTY LTD
Joint Venture:	No
Action:	Partial Surrender
Location:	EL29739 is situated on the Auvergne (SD52-15) 1:250,000 geological mapsheet in the Northern Territory. The exploration licence is located within the geomorphic region referred to as the Pinkerton Ranges. The Geology: Pinkerton Ranges area is geologically mapped as a large plunging anticline structure of predominantly dolomitic sandstones and siltstones with some conglomeratic units.
Exploration Completed:	Partial surface geochemistry, aerial photo, historical review
Results:	Significant Gravity anomalies over portions of tenement
Book Value:	
Prospectivity:	Significant prospectivity in the western regions of the tenement and complex fault etc.
Recommendation:	Partial Surrender of the Northern and Southern portions of the tenement

2. BACKGROUND

EL29739 was granted to CHINA AUSTRALIA LAND RESOURCES PTY LTD on the 27th May 2013. In the first two years limited work has been completed in this tenement.

The program was to adequately assess the potential of the licence to contain Zn and other base metals, such as Pb, Cu etc. The project focussed on indoor research, including literature search, reprocessing of data from previous owners and DME, general research and report preparation. A geological survey of around 5.5kms was also completed. This included 5 samples analysed by FPXRF.

The tenement was granted just prior to a significant company restructure which resulted in a comprehensive reappraisal of the regional exploration program. During this transitional phase CALR did not spend much on EL29739. As a result, during the first two year period of tenure CARL has spent \$27500 on this tenement.

3. LOCATION AND CLIMATE

Exploration Licence 29739 is situated on the Auvergne (SD52-15) 1:250,000 geological mapsheet in the Northern Territory. It is located around 350 kilometers southwest of Katherine. Dirt roads and station tracks service the project area.

The climate is hot, monsoonal with most of the year's rainfall occurring during the months of December to April. Vegetation is characterized by open eucalypt woodland and savannah grasses, with stands of red river gum and pandanus palm growing near perennial water or sandy creeks.

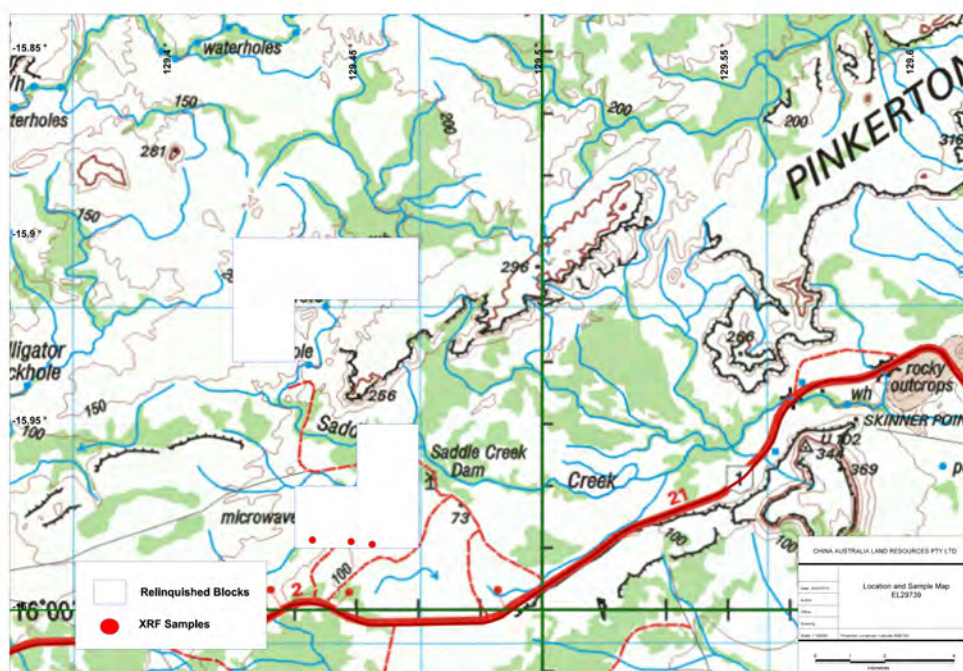


Fig 1 Location and route survey map of EL29739

4. JOINT VENTURE/ENCUMBRANCES

The Tenement is not part of a joint venture, no royalties attached, nor prospecting or Base metal rights.

5. GEOLOGY

The exploration licence is located within the geomorphic region referred to as the Pinkerton Ranges. The Pinkerton Ranges area is geologically mapped as a large plunging anticline structure of predominantly dolomitic sandstones and siltstones with some conglomeratic units.

The oldest rocks that outcrop over the licence are Palaeoproterozoic sediments of the Duerdin Group. The mining area exposed the main formation of Pad, Pap, Poi, Paa (main lithology is sandstone).

6. EXPLORATION AND RESULTS

According to data collected along the north east structural belt there are many mineral occurrences such as uranium, tin, copper, lead, zinc, gold etc. There are two barite mineral occurrences within exploration licence 29739. Barite mineralization body is 150 meters length, 1.5 meters thick. The mineralization body is layered, the surrounding rock is carbonatite. Northern Territory geological survey measured the gravity and aviation magnetic. EL29739 is located at low gravity anomaly area and the centre of high magnetic anomaly area. So the fault area is the potential area for Pb-Zn-Ag deposit.

No.	Coordinate (GDA94,52L)		Results				Remarks
	X	Y	Au(ppb)	Pb(%)	Zn(%)	Cu(%)	
S01-1	548593	8232966	0.00	0.01	0.00	0.00	
S01-2			0.00	0.00	0.00	0.00	
S02	547987	8233050	0.00	0.00	0.00	0.00	
S03-1	546874	8233101	0.10	0.00	0.00	0.00	
S03-2			0.07	0.00	0.13	0.00	

7. ENVIRONMENT

There has been no disturbance from exploration activities by CALR over this tenement thus no rehabilitation required.

8. RECOMMENDATION

As a result of the intensive low-impact exploration activities, data collection and analysis that have been carried out over the past two years on EL29739, CALR is now in a position to more clearly define targets and refine exploration efforts on the tenement. There remains scope for continued rigorous exploratory data analysis. The findings that have emerged to date suggest that CALR should relinquish the north and south areas of the tenement and intensify exploration in the middle portion of the tenement.

Reducing the size of EL29739 by relinquishing the round portion of the tenement would reduce expenditure commitments for both rental and exploration costs. This would free up CALR for exploration activities in more prospective areas of the tenement. This area should be surrendered because it is not considered prospective for base metals Cu-Pb etc. The reasons for this are:

- Via the geological survey most of the area is covered with soil and sands but the middle area appears to show a good aeromagnetic anomaly. It's a potential area for exploration

Future exploration activities on EL29739 should focus on the middle areas that have been identified as being prospective. Initially, exploration should include soil

geochemical survey or stream geochemical survey. Once the surface anomalies are constrained at a higher resolution exploration should then target subsurface geology using RAB, The area covered by these amalgamations coincides with the portions of EL29739 that are the most prospective areas.

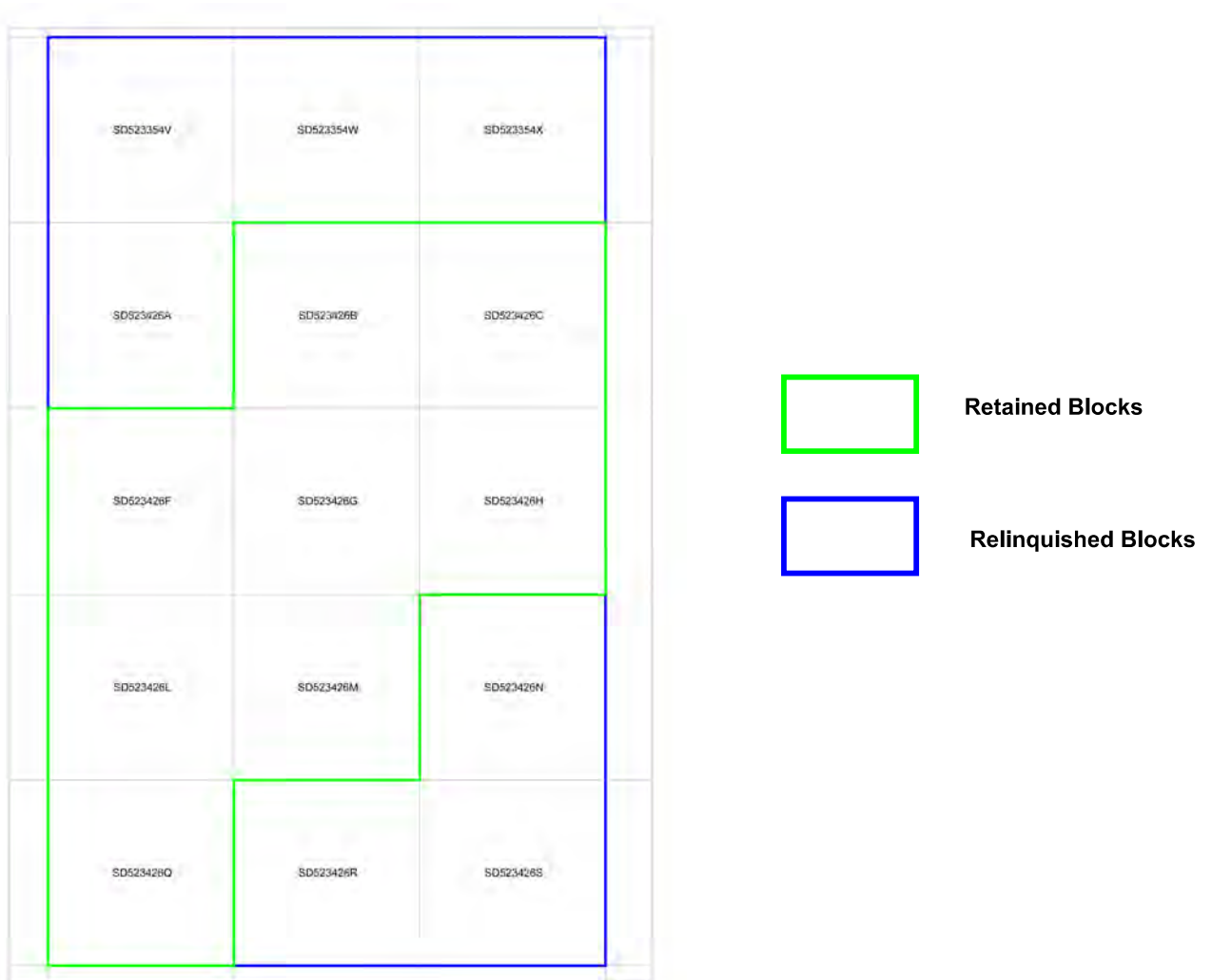


Figure2. Retain and Relinquish area of EL29739

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