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<th><strong>TITLE HOLDER</strong></th>
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On behalf of
UNIVERSAL SPLENDOUR INVESTMENTS PTY LTD
Annual and Final Technical Report (Carpentaria South Project)

28 August 2015

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EXECUTIVE SUMMARY

Between 2012 and 2013 Universal Splendour Investments (USI) was granted a total of 9 tenements. These 9 tenements were granted group reporting status (GR258) and referred to as the Carpentaria South project. Several of the tenements were completely relinquished in 2013 and 2014 as well as three partial relinquishments. The final relinquishment of remaining tenements/blocks was submitted in September 2015. This report covers all work on the Carpentaria South tenements from the granted date to the date of final relinquishment.

Over the period USI held the tenements not much work was undertaken on the project area. Brief field visits allowed for mapping, photographs and a few rock samples. In total only one new manganese occurrence was discovered but it appears to be secondary in nature.

Although the region may be prospective for manganese, the majority of the manganese is secondary (supergene) in nature and not expected to be financially viable in such a remote part of Australia.

The project area lies within the Redbank Copper Mine region and therefore the Carpentaria south project may contain copper potential.
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1 INTRODUCTION

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Table 1: Tenement details for the Carpentaria South Project

<table>
<thead>
<tr>
<th>Licence Number</th>
<th>Grant Date</th>
<th>Grant Size blocks/sqkm</th>
<th>Owner</th>
<th>Comment</th>
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<tr>
<td>EL 29257</td>
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<tr>
<td>EL 29293</td>
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<td>EL 29654</td>
<td>29/04/2013</td>
<td>16/52.53</td>
<td>USI</td>
<td>Partial relinquishment in 2015 Complete relinquishment in 2015</td>
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</tbody>
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1.1 Access

The main access into the project area is via Carpentaria Highway. From this highway there are several tracks into the project area.
1.2 Regional Geology

The manganese prospects within the Carpentaria project area are located in the southeast of the McArthur Basin, Northern Territory. The Palaeoproterozoic to Mesoproterozoic McArthur Basin is an intracratonic platform basin with an aerial extent of 200,000 km². This basin unconformably overlies metamorphosed and deformed sequences of the Pine Creek Orogen to the west, Murphy Inlier to the south and Arnhem Inlier to the east (Figure 2). The Murphy Inlier was a palaeogeographical high separating the McArthur Basin from the South Nicholson Basin and Lawn Hill Platform (Plumb, 1987). In the Batten and Walker Fault Zones, some 12 km of shallow water sediments were deposited compared to about 4 km on the Arnhem, Bauhinia, Caledon and Wearyan shelves (Plumb et al 1990).

Stratigraphic correlations across the McArthur Basin given in Figure 3 are largely based on Rawlings (1999). The basal units are represented by “transitional domains” (1830-1820 Ma) of igneous activity and sedimentation that followed deformation of the Pine Creek Orogen and equivalent strata. The overlying Katherine River Group and equivalents (1815-1710 Ma) consist of fluvial to shallow marine arenite and conglomerate alternating with lutite and basic volcanics. Minor felsic volcanics, shallow intrusives, carbonate and shale are also present in
the sequence. These sediments were deposited throughout the McArthur Basin during an extensional event (Plumb, 1994).

The McArthur Group and equivalents (1670-1600 Ma) include stromatolitic-evaporitic carbonate alternating with shale, siltstone and minor sandstone. Deposition of this group was largely confined to the Walker, Urapunga and Batten Fault Zones. The overlying Nathan Group - and equivalents (1600-1570? Ma) - consist of a mainly stromatolitic and evaporitic carbonate (eg. Karms Dolomite) and sandstone sequence deposited in a broad shallow-water to marginal marine sag basin.

Following major uplift, erosion and basin-wide regolith formation, the cyclic arenite and lutite sequence of the Roper Group and equivalents (1490-1420 Ma) were deposited on a basin-wide scale. Sedimentary oolitic ironstone is present at several intervals within the Roper sequence and is best developed within the Sherwin Formation.

Figure 2: Regional geology and location of Fe and Mn deposits in McArthur Basin.
Figure 3: Schematic Proterozoic stratigraphy of McArthur Basin (modified from Rawlings 1999).
2 PREVIOUS EXPLORATION

2.1 EL 29257
No field work was undertaken due to difficult access and a declining manganese market. The tenement was completely relinquished in 2013.

2.2 EL 29262
The tenement was visited in 2012 but no samples were collected and therefore no mineralisation was identified. The tenement was completely relinquished in 2014.

2.3 EL 29265
The tenement was visited in 2013 but no samples were collected and therefore no mineralisation was identified. The tenement was completely relinquished in 2014.

2.4 EL 29268
The tenement was visited in 2013 but no samples were collected and therefore no mineralisation was identified. The tenement was completely relinquished in 2014.

2.5 EL 29269
The tenement was visited in 2013 but no samples were collected and therefore no mineralisation was identified. The tenement has been completely relinquished 2014.

2.6 EL 29275
During the 2012 field season EL 29275 was visited to map the outcropping geology and locate extensions of manganese mineralisation. International Geoscience collected; field observations, photos and 3 rock samples (Figure 4). All of the work was focused on the Lucky Horse Prospect.
2.6.1 Mapping

Manganese mineralisation was discovered along the track running east-west through the tenement and named the *Lucky Horse* Prospect. In total two days were spent mapping the mineralisation and 3 rock samples collected (Figure 6). See attached file for assay results and rock descriptions. The interpreted extent of mineralisation was identified based on the field mapping, remote sensing and historical geophysical data. The area of the interpreted Mn extents within the tenement is 2.45km² but the mineralisation extends off the tenement to the north.

The mineralization contains a significant siltstone component. In several areas the manganese appears to be replacing the siltstone and subsequently weathering into a botryoidal texture (Figure 6). Stromatolites replaced by manganese were also observed.

A large section in the centre of the outcropping mineralisation consists of manganese stone laterite cap rock along the perimeter of a dry water hole.
Figure 5: NTGS 250K geology of the Lucky Horse Prospect and surroundings.
Figure 6: Field observation locations and interpreted extent of manganese mineralisation based of mapping, remote sensing and AEM for the Lucky Horse Prospect. Manganese replaced stromatolites (bottom left), manganese laterite (bottom centre) and botryoidal manganese (bottom right). Area of Interpreted Mn extent is 2.45km². See attached file for assay results and rock descriptions.
2.6.2 Geophysical Data

Airborne electromagnetic (AEM) methods have traditionally been applied to the exploration for massive sulphides. In this application they have been very effective particularly in the resistive terrains such as the Canadian Shield. In Australia they have been relatively successful in detecting larger massive sulphide deposits at depth but in most areas in southern Australia high conductivity in the near surface caused by high salt in the regolith can mask deeper sources and make interpretation of shallow exploration targets almost impossible. BHP used AEM in mapping the Groote Eylandt manganese deposits although in that case the manganese is in clay which may be the better conductor.

In the McArthur Basin rainfall is high; groundwater is fresh and the terrain relatively resistive allowing good definition of near surface targets such as manganese oxide mineralisation and copper.

Airborne electromagnetic data from historical QUESTEM survey was accessed from NTGS archives. Images were created from various time channels of the QUESTEM data particularly in the early time after cessation of the primary field. A number of conductivity anomalies in the early time data were obvious in images created from early time channels.

A large conductivity anomaly at Lucky Horse may be mapping a large broad area of manganese. The anomaly extends to at least channel 6 and therefore may have a relatively significant depth extent. Layered inversion of the data may be able to provide an estimate of the potential thickness.

To the east of Lucky Horse are 3 possible copper pipes similar to the pipes mined at Redbank (Figure 7). The Redbank mineralisation consists of breccia pipes within the Gold Creek Volcanics. The anomalies extend through all of the channels and therefore may have a significant depth extent. Although the area is under cover and the regional geology suggests that no Gold Creek Volcanics are outcropping, the region and by extension the control(s) on mineralisation are not well understood and therefore these anomalies should be followed-up.
Figure 7: Historical QUESTEM AND GEOTEM data over a large portion of USI's tenement and Red Bank Mine. Main image is of Z channel 4 with EM anomalies identified. Inset is of Z channel 7 with possible copper pipes indicated.
2.6.3 Copper Potential

The first discovery of copper at Redbank was in 1916. A small scale operation produced 1,200 tons of copper ore at a grade >30% Cu between 1916 and 1957. Currently the mine contains an indicated resource of 2.765Mt at 1.6%Cu and 3.479Mt at 1.5% Cu. The mineralisation consists of two styles of mineralisation: several breccia-pipes and veins (Ahmad and Wygralak, 1989).

The breccia-pipes consist of steeply dipping cylindrical structures up to 75m in diameter and a vertical extent of 350m. The majority of the pipes occur in the Gold Creek Volcanics but mineralisation has also been identified in the Wollogorang Formation and the Settlement Creek Volcanics. The main copper minerals in the pipes are chalcopyrite with malachite, azurite, chalcocite and chrysocolla.

The vein style mineralisation occurs with or without quartz and a similar suite of ore minerals to the breccia pipes. The areas of veining may represent the hydrothermal conduits connecting the breccia pipes.

In total three EM anomalies have been identified in the centre of EL 29275 and one area of Gold Creek Volcanics to the north east of EL 29275 (Figure 8). These areas are of high importance and are recommended for further work.
Figure 8: Location of USI’s tenements near Red Bank Mine. Note the location of the Gold Creek Volcanics and prospective EM anomalies.

2.7 EL 29293

No field work was undertaken due to difficult access and a declining manganese market. The tenement was completely relinquished in 2013.
2.8 EL 29626
No field work was undertaken on the tenement.

2.9 EL 29654
No field work was undertaken on the tenement.
3 SUMMARY AND RECOMMENDATIONS

Not much work has been done on the Carpentaria South project area except the discovery of one new manganese occurrence (Lucky Horse). Below is a list of the main recommendations for further work:

- Follow-up mapping at Lucky Horse will allow for greater understanding and identification of additional outcropping mineralisation.
- Field visit to the portion of Gold Creek Volcanics on USI’s tenement.
- Inversion of historical AEM data over Lucky Horse to identify potential thickness.
- Depth to basement modelling of the magnetic data over the copper anomalies in order to identify the possible depth to mineralisation.
- Ground IP survey over Lucky Horse.
- Desktop study for the Carpentaria project area with the focus on copper exploration. Generation of targets and field visit.
4 REFERENCES


