SINOSTEEL AUSTRALIA PTY LTD

ACN 009 277 230

EL’s 26535, 26539, 26556 and 26557

CARPENTARIA PROJECT

GROUP TECHNICAL REPORT

for the period ending 31st August 2013

Prepared by: Nigel Cantwell
(Resource Potentials Pty Ltd for Sinosteel Australia)
Level 41, 108 St Georges Terrace, Perth WA, 6000
Phone (08) 93385520, Fax (08) 93219950
e-mail: nigelc@respot.com.au

Submitted to: NTGS, Geoscience Information

Tenement Holder: Sinosteel Australia Pty Ltd

Exploration Operator: Sinosteel Australia Pty Ltd

Tenements: EL’s 26535, 26539, 26556 and 26557

Commodities sought: Mn and Cu

Map Sheets: 1:250K Robinson River, Pellew and Mount Young

1:100K Calvert River, Robinson, Wearyan, Pellew, Vanderlin, BingBong and Borroloola

Datum: GDA94, projected to MGA53

Date of report: 31st October 2013

Digital report name: GR154_2013_CARPENTARIA_PROJECT_02_REPORT.PDF
This document and its content are the copyright of Sinosteel Australia Pty Ltd. The document has been written by Sinosteel Australia Pty Ltd for submission to the Northern Territory Department of Mines and Energy as part of the tenement reporting requirements as per the Mineral Titles Act (NT). Any information included in the report that originates from historical reports or other sources is listed in the “References” section at the end of the document. All relevant authorisations and consents have been obtained. Sinosteel Australia Pty Ltd authorise the department to copy and distribute the report and associated data.
EXECUTIVE SUMMARY

Tenements EL 26535, 26539, 26556 and 26557 form the “Carpentaria project”, and are held in the name of Sinosteel Australia Pty Ltd., who are also the operator of the tenements. The Titles division of the Northern Territory Geological Survey (NTGS) approved Group Technical Reporting for these tenements on 13th April 2010.

There are no existing or historical mines within the tenement, and there has been little to no previous exploration work due to the Cainozoic cover in most of the project area. The tenements were pegged to explore for manganese and copper mineralisation hosted in the Proterozoic rocks that sit under the Cainozoic cover and for possible stratiform, pisolithic manganese deposits at the base of Cretaceous shallow marine deposits.

The Carpentaria project area covers portions of the Robinson River, Pellew and Mount Young 1:250,000 map sheets. The 1:100,000 map sheets include Calvert River, Robinson, Wearyan, Pellew, Vanderlin, BingBong and Borroloola. The tenements extend southwards from the coastline of the Gulf of Carpentaria. Within 5km to 10km of the coast the topography consists of relatively flat expanses of tidal marshes, lagoons and mangroves. The remainder is primarily covered by recent Quaternary cover. Pre-Quaternary outcrop from 1:250,000 mapping is restricted to the southern limits of the tenements only. Outcropping geology consists of Cretaceous sandstone, claystone and siltstone, Sandstones of the Mesoproterozoic Roper Group and Karns Dolomite, and dolomitic siltstones and sandstones of the Palaeoproterozoic Talwallah Group.

During the previous reporting period, Sinosteel Australia had completed a helicopter reconnaissance of preliminary exploration targets. From this field work, samples were collected and sent for geochemical analysis. A drilling program was planned and the necessary Mine Management Plan (MMP) documents were submitted. Authorisation of the MMP was given late in the previous reporting period. The drilling program was started late in the previous reporting period.

During this reporting period, Sinosteel Australia completed the initial RC drilling program at the Project, following the Authorisation given late in the previous reporting period. 40 drill holes were completed for a total of 2,555 downhole metres. Selected RC drill samples were sent for geochemical analysis. A report on the drill program by CSA Global and subsequent rehabilitation works, and results of geochemical assays are appended to this report.

The results from the drill program were not positive. However, Sinosteel Australia has decided not to relinquish any tenement area for the next reporting period. The company believes that not enough exploration work has been completed to date to confirm a lack of economic mineralisation in the area. Sinosteel Australia plan to review the existing exploration targeting work that has been completed, generate new targets for drill testing and plan new drill programs to test targets.
# TABLE OF CONTENTS

EXECUTIVE SUMMARY ....................................................................................................................... 2  
TABLE OF CONTENTS ......................................................................................................................... 3  
1 INTRODUCTION ......................................................................................................................................... 4  
2 GEOLOGICAL SETTING AND PREVIOUS EXPLORATION .......................................................... 6  
3 EXPLORATION COMPLETED DURING THE REPORTING PERIOD .................................................. 7  
4 DISCUSSION OF RESULTS AND FUTURE WORK ............................................................................ 9  
5 SAFETY AND ENVIRONMENT ...................................................................................................... 10  
6 REFERENCES ......................................................................................................................................... 11  
KEYWORDS ........................................................................................................................................ 11  

# LIST OF APPENDICIES

Appendix 1: Drill program report by CSA Global  
Appendix 2: Drill data in digital format  
Appendix 3: Drill sample assay report by Amdel Laboratories  
Appendix 4: Rehabilitation report by CSA Global  
Appendix 5: Photographs of drill access track rehabilitation
1 INTRODUCTION

Sinosteel Australia was granted EL’s 26535, 26539, 26556 and EL26557 in July and August 2008. The tenement areas are located along a coastal region of the southern part of the Gulf of Carpentaria in the Northern Territory (Figure 1). The region has a tropical climate, with a wet season lasting from November to April. Access along roads is typically only possible in the dry season, from May to October. The area is considered prospective primarily for manganese mineralisation, similar in style to the Groote Eylandt Mn deposits and carbonate hosted hydrothermal manganese, like prospects at Robinson River within tenement EL26556. Groote Eylandt Mn mineralisation occurs within Cretaceous shallow marine sediments of the Walker River Formation. It is possible that the Walker River Formation extends under cover in the southern part of Sinosteel’s tenure. Hydrothermal carbonate hosted Mn mineralisation occurs in other parts of the tenements, but there has been no large deposits discovered to date.

The tenure is primarily covered by Quaternary cover and areas within 5-10km of the coast consist of relatively flat expanses of tidal marshes, lagoons and mangroves. Pre quaternary outcrop from 1:250,000 scale mapping is restricted to the southern limits of the tenements. Outcropping geology consists of Cretaceous sandstone, claystone and siltstone; and Mesoproterozoic sandstones of the Roper Group and Karns Dolomite, and dolomitic siltstones and sandstones of the Talwallah Group.

Following grant of the tenements, Sinosteel undertook an open-file data compilation and desktop study that was completed in July 2009. Outcomes of the study were that exploration for Mn mineralisation was complicated by the Quaternary cover and an airborne electromagnetic (AEM) survey was recommended. Southern portions of the tenement were prioritised, as there is less Quaternary cover and no tidal mangrove swamps. Sinosteel contracted Geotech Airborne to conduct a helicopter electromagnetic survey using the VTEM system. Survey production was completed during June, 2010. The northern tenement area that was not covered by the VTEM survey has since been dropped. Final data from the VTEM survey were received in mid September 2010. Targetting and interpretation of the VTEM data was completed over the 2010/2011 reporting period. This work is considered ongoing. A helicopter reconnaissance was completed in the previous reporting period to investigate identified target areas. Following this, a Mine Management Plan (MMP) was generated. Authorisation (#0692-01) for exploration operations at the project was received in August 2013. Late in the previous reporting period, Sinosteel Australia contracted McKay Drilling to start an RC drilling program under the supervision and management of consulting geologist group CSA Global Pty Ltd. The drill program was completed over the period 24/08/2012 to 12/09/2012.

This report presents the drilling results and subsequent rehabilitation work.
Figure 1: Map showing current tenement outlines and VTEM survey outline over a topographic raster image.
2 GEOLOGICAL SETTING AND PREVIOUS EXPLORATION

The Carpentaria project area covers portions of the Robinson River, Pellew and Mount Young 1:250,000 map sheets. The 1:100,000 map sheets covered, or party covered by the project area, include Calvert River, Robinson, Wearyan, Pellew, Vanderlin, BingBong and Borroloola. The tenements extend southwards from the coastline of the Gulf of Carpentaria. Within 5km to 10km of the coast, the topography consists of relatively flat expanses of tidal marshes, lagoons and mangrove swamps. The remainder is primarily covered by recent Quaternary cover. Pre-Quaternary outcrop from 1:250,000 mapping is restricted to the southern limits of the tenements only. Outcropping geology consists of Cretaceous sandstone, claystone and siltstone, Sandstones of the Mesoproterozoic Roper Group and Karns Dolomite, and dolomitic siltstones and sandstones of the Palaeoproterozoic Talwallah Group.

There are no existing or historical mines within the Carpentaria project area, and there has been little to no previous exploration work due to the Cainozoic cover in most of the project area. There are two known manganese occurrences named Robinson River 1 and Robinson River 2 which are located along the banks of the Robinson River within tenement EL 26556.

Following a desktop study Sinosteel commissioned a VTEM helicopter EM survey over high priority target areas. The survey was completed during 2010. Interpretation and targetting of the VTEM and other available information is considered ongoing. A helicopter reconnaissance of identified targets was completed in November 2011. Following this an RC drill program was planned. The drill program started late in the previous reporting period.
3 EXPLORATION COMPLETED DURING THE REPORTING PERIOD

Sinosteel Australia completed the Company’s first RC drill program at the project. A report on the drill program by consulting geologists CSA Global is provided as Appendix 1. Drilling data is provided in digital format as Appendix 2.

The drill program started late in the previous reporting period, on 24th August 2012, and extended into the current reporting period, finishing on 12th September 2012. Preparations for the drill program included clearing of drill pads and access track, which commenced a few days before the start of the drill program. Drill pads were cleared by Suffren Contracting Pty Ltd using a loader.

Consulting geology group CSA Global were contracted to organise and supervise the drill program. CSA Global provided two geologists to supervise the drill program. The consulting geologists (2) and the drillers (3) camped within the boundaries of Seven Emu Station for the first few days of the program. The station manager charged a significant fee just to camp on the station. As soon as the drill rig moved off the station and to the other targets, the field personnel were accommodated in Borroloola.

40 drill holes were completed for a total of 2,555 downhole metres. The drilling was carried out by McKay Drilling, who provided a Schramm T685W RC rig with booster, auxiliary and support vehicles. Ground conditions encountered were very poor, with unconsolidated or poorly consolidated sands, pebble gravels, zones of clay and moderate to high water inflows.

Drill samples were collected through a rig mounted cyclone into buckets in 1 meter interval, and were laid down on the ground in rows. A 1-3kg sample was collected from intervals deemed mineralised using a spear. 62 samples in total were collected and sent for assays by Amdel Mineral laboratories for a suite of elements (Ag, As, Bi, Ca, Cr, Cu, Fe, Mg, Mn, Ni, P, Pb, Ti, V and Zn) using multi acid digest and ICPOES. The sample analyses results are provided as Appendix 3 and in digital format accompanying this report. A small sieved sample of every metre drilled is preserved in chip trays. After completion of the drill program, the chip trays were stored in the CSA Global office in Darwin. The RC drill samples in chip trays are currently held at the offices of the geological and geophysical consulting group Resource Potentials Pty Ltd.

Drill site and access track rehabilitation work commenced directly after the completion of the drill program. The initial rehabilitation work was organised and supervised by CSA Global. A report on the rehabilitation work is provided as Appendix 4. The local earthworks contractors did not have availability to complete all of the required rehabilitation before the onset of the 2012-2013 wet season. Left outstanding was the repair of sandy sections of drill access track directly north of the Seven Emu Station homestead. The rehabilitation of this track was completed by Cairns Industries on October 1st, 2013. The before and after photographs taken by Cairns Industries are provided as Appendix 5.
Manganese mineralisation was found in the Robinson River north and central drilling areas. However, geological consultants CSA Global indicate that the style of mineralisation (superficial on weathered carbonate), the thickness and the grade all suggest that these occurrences may be of limited economic importance.

The geophysical targets: weak to moderate magnetic and electromagnetic (EM) anomalies, are still considered unexplained after drilling. With regards to the VTEM EM anomalies, often increased water flows were encountered in drilling. This may potentially explain a weak EM conductor. With regards to the single magnetic anomaly, this was a moderate amplitude feature considered to have potential to represent a cylinder shaped kimberlitic pipe. The magnetic anomaly was not explained by drilling at depth; however, the geologists note the presence of a weakly magnetic lateritic material at surface surrounding the drill collar.

Sinosteel Australia believes that a large portion of the current tenement area remains untested and still has potential to contain an economic zone of mineralisation. Therefore, the company has recently submitted a request for a Waiver of Reductions for each of the tenements within the Project. The company plans to review the exploration work completed to date and redo this work where necessary. A site visit will be made by senior technical people within the Sinosteel organisation to evaluate the project and understand the exploration issues for the project. It is anticipated that revised exploration targetting work will lead to the identification of new target areas for drilling. Sinosteel will aim to complete another RC drill program in the dry season pending positive results from revised exploration analysis and targetting.
5 SAFETY AND ENVIRONMENT

No safety issues were raised during this reporting period.

There were also no significant environmental issues raised during this reporting period.

However, due to the unavailability of earthworks contractors late in the dry season of 2013, the rehabilitation of a small section of drill access track directly north of Seven Emu Station was delayed until after the 2012-2013 wet season. This is a sandy section of access track that had become wheel rutted following the drill rig accessing the drill sites. The Seven Emu Station manager was contacted by phone at the end of the 2012-2013 wet season to determine the effect of the wet season on the track; whereby, it was reported that there was no significant effect, better or worse, due to the wet season. Sinosteel Australia then commissioned local earthworks company Cairns Industries Pty Ltd to complete the rehabilitation of the track. This was completed over the period September 30th to October 1st 2013, as required by the Department.
6 REFERENCES


KEYWORDS

Carpentaria project, Manganese, Group Report, VTEM, helicopter EM survey, helicopter reconnaissance, field samples, RC drilling, geochemical analysis