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<th>USI NT PTY LTD</th>
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<td>TITLES/TENEMENTS</td>
<td>EL 27542</td>
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<td>REPORT TITLE</td>
<td>FINAL REPORT: EL 27542, RELINQUISHED BLOCKS</td>
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<td>MATTHEW FINN</td>
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<td>TARGET COMMODITY</td>
<td>MANGANESE &amp; REE’s</td>
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<td>DATE OF REPORT</td>
<td>22 Jan 2016</td>
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<td>DATUM</td>
<td>GDA94/ZONE 53</td>
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<tr>
<td>250 000 K MAPSHEET</td>
<td>HERMANNSBURG</td>
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<td>100 000 K MAPSHEET</td>
<td>GLEN HELEN</td>
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Report prepared by
Matthew Finn

On behalf of
USI NT PTY LTD
FINAL REPORT: EL 27542, RELINQUISHED BLOCKS

22 January 2016

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EXECUTIVE SUMMARY

USI NT (USI) hold exploration license EL 27542; referred to as the Arunta project area. In January 2016 EL 27542 was reduced. The relinquished area is located in the northern portion of the tenement.

No field investigations have been undertaken on the relinquished blocks of EL 27542 and therefore no mineralisation was identified.

The outcropping geology of the relinquished blocks consists mainly of Maddarns Yard Metamorphic Complex and Teapot Granite Complex, both not known to contain economic manganese, the relinquished blocks were deemed un-prospective.

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1 OVERVIEW

EL 27542 is located approximately 150km west of Alice Springs in the southern region of the Northern Territory (Figure 1). The original tenement was granted in March 2010 and was reduced by 50% in 2014 and again by 19 blocks (25%) in 2016 (Figure 2). This report pertains to the 19 relinquished blocks.

Over the past 5 years USI have systematically explored EL 27542. USI’s original focus was for manganese, similar to Fenn Gap, but was unsuccessful. The outcropping geology of the relinquished blocks consists mainly of Maddarns Yard Metamorphic Complex and Teapot Granite Complex, both not known to contain manganese, the relinquished blocks were deemed un-prospective.

Figure 1: Location of EL 27542 indicated in red within the Arunta project area. Crossland Uranium's tenements indicated in grey/blue hatching.
Figure 2: Original outline of EL 27542 (red), most recent reduction (black X) and the portion of the tenement USI is proposing to retain (hatching).

Table 1: Tenement details for the Arunta project

<table>
<thead>
<tr>
<th>Licence Number</th>
<th>Grant Date</th>
<th>Current Size blocks/sqkm</th>
<th>Land Status PPL / NT Por</th>
<th>Owner</th>
<th>Comment</th>
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<tr>
<td>EL 27542</td>
<td>24th March 2010</td>
<td>55/164.4</td>
<td>ppl(CLC)</td>
<td>USI NT</td>
<td>Partial Relinquishment in 2014 and 2016</td>
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1.1 Local Geology

The geology of EL 27542 is dominated by the Madderns Yard Metamorphic Complex and the Teapot Granite Complex in the north of the EL (Figure 2). The Teapot Granite Complex has been identified as the source of alluvial REE mineralisation within the region.

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.
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 20% of EL 27542 is covered in Tertiary and Quaternary sediment.

Figure 3: Geology map for EL 27542 derived from the NTGS 250K HERMANNSBERG digital data.
2 EXPLORATION ACTIVITY

2.1 Field work

No field work has been conducted on the relinquished blocks and therefore no mineralisation was identified.
3  **RECOMMENDATIONS**

The following recommendations are suggested in order to evaluate the mineral prospectivity of the surrendered blocks:

- Full background study of historical exploration in the region
- Reconnaissance field investigation of any outcropping areas