Relinquishment REPORT

EXPLORATION LICENCE 28877

WINGATE

For the period 14/03/12-13/03/16

CHINA AUSTRALIA LAND RESOURCES PTY LTD

ACN 154 511 298

Mar. 2016

MEMORANDUM

Date:	04/03/2016
To:	
RE:	**RECOMMENDATION TO PARTIALLY SURRENDER TENEMENT EL28877**
From:	**CHINA AUSTRALIA LAND RESOURCES PTY LTD**

1. SUMMARY

Tenement(s):	EL28877 ("Tenement")
Tenement Holder(s):	**CHINA AUSTRALIA LAND RESOURCES PTY LTD**
Joint Venture:	No
Action:	Partial Surrender
Location:	Litchfield Project
Geology:	Transported regolith over granite, sporadic Chilling Sandstone
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.
Recommendation:	Partial Surrender southern and northern portion of the tenement

2. BACKGROUND

EL28877 was transferred from Victory Polymetallic Pty Ltd "ACN 126 321 355" to China Australia Land Resources PTY LTD (CALR) in August 2012. So the past year a few work has been done in this tenement, and the exploration data has been reviewed by Victory personnel.

The exploration target is Proterozoic iron-breccias hosted mineralisation within the Soldier Creek Granite (Olympic Dam type). To date exploration on the project has focused on indoor research (about 3 months), including literature search, reprocessing of data from previous owner and DME, general research, report preparation, and a route geological survey of about 10km.

Approximately $24600 has been spent on exploration on the tenement. 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 EL28877.

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 EL28877, CALR is now in a position to more clearly define targets and refine exploration efforts on the tenement. The findings that have emerged to date suggest that CALR should relinquish

the southern portion of the tenement as they are considered the least prospective for U.

3. LOCATION AND CLIMATE

Exploration Licence 28877 is located in the Wingate Mountains area, approximately 210km due south of Darwin (**Fig 1**). The tenement has an estimated area of 146km^2.Vehicle access is via Adelaide, the south along station tracks to fish river. Some disused tracks in the eastern part of the tenement put in when the area was held under pastoral leas by Tipperary Station were regarded to provide access, along with some short sections of new track. Vehicle access to the western part of the tenement is denied by an escarpment along the edge of the wingate plateau. Helicopter must be used for access in this 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.

4. JOINT VENTURE/ENCUMBRANCES

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

5. GEOLOGY

Regional Geology
The exploration license 28877 is in the SW margin of the Pine Creek Geosynclin, adjacent to the SE extremity of the Litchfield Province and it within the Wingate Mountains 1:100,000 sheet, the geology of which was published by the N.T.G.S. in 1989(Edgoose et. Al, 1989).

The boundary between the Litchfield Province and the PINE Creek Geosyncline is marked by the Giants Reef Fault, a major structure which is spatially related to uranium and base metal deposits to the north at Rum Jungle. Immediately to the north of EL28877 the Wingate bend.(Findlay et. al., 1985) . This is an area of some structural complexity with several spays and sympathetic faults, including the Collah and Fish River Faults which extend into EL28877(**Fig. 2**)

The oldest rock exposed in the Wingate Mountains area belong to the Palaeoproterozic Finniss River Group consists of the the Burrell Creek Formation and overlying chilling sandstone, with minor acid volcanic present in both formations.

The Burrell Creek Formation consists of interbedded pelites, greywacke and conglomerate (Edgoose et. al., 1989). Minor carbonaceous laminae are present (Stuart-Smith et al., 1993). Lower greenschist facies metamorphis in the Wingate Mountains area during the Top End Orogeny (1870-1780Ma)had phyllite and fine granied schist from the pelites. Contact metamorphis aroud the

margins of the Soldiers Creek and Allia Creek Granites has resulted in the formation of coarse knotted andalusite schist(Edgoose et.al., 1989).

LOCAL GEOLOGY

Exploration Licence 28877 is in the southeast corner of the Wingate Mountains 1:100,000 sheet, published by the Northern Territory Geological Survey(Edgoose et al,1989). The metasediments are schistose ow gnesisc in texture and are intereted to be contact metamorphosed sandstones and shales of the Burrell Creek Formation. The rafts of metascdiment indicated close proximity to the roof of the intrusion, which is positive gesture in the exploration model. Part of the tenement is covered with granited derived colluviums. Outcrops of granite vary from fresh to strongly altered or weathered. There are a number of prominent ridge within the granite trending 80 to 20 degree which are intensely silicified and quartz veined. Bucky quartz and pegmatic vein also travers the granite along with the uraniferous hematite-quartz veins on which the tenement centre.

6. EXPLORATION AND RESULTS

Exploration activities on the tenement since 2012 have consisted of an external data review, field reconnaissance and route survey. Below is a summary of exploration activities.

Pre-2012

External data review

The previous exploration over the area was initially assessed Falconbridge and its consultants. Prospecting and small scale mining in the Litchfield area commenced in the late 1800s to early 1900s. Small gold, copper and tin prospects were worked during these times. The largest known base metal prospects occur in the Daly River area. This mine has a past production of ~6000 tonnes of ore at 20% Cu, extracted between 1884 and 1918. The workings at the mine consist of 22 shafts and an opencut. Other Pb, Zn, Ag prospects also occur in the area, hosted within the same Proterozoic submarine volcanic rocks along strike.

Larger exploration programs for base metals, diamonds and uranium were undertaken in the late 1970s to 1980s by companies such as Suttons in JV with Mobil Energy, Urangasellschaft, Carpentaria, BHP, Stockdale, Geopeko, PNC, Total and Idemitsu. Mobil (in JV with Suttons), and also Carpentaria (MIM) carried out widespread regional stream sediment sampling programs across the region. These two companies worked the region for many years and identified several key areas in which they focused their detailed follow-up work. These exploration efforts included widespread regional stream sediment programs (with Ni assays) which have been digitally captured. Mobil recognised the significant Ni anomaly over the Sandy Creek Mafic Complex previously identified by Planet.

2012-2013

Gravity and aeromagnetic anomaly photography

CALR acquired Gravity and aeromagnetic anomaly photos of NT Australia. These high quality images of the tenements enabled the Company to better direct exploration by being able to identify geologically significant areas, past workings, and gain knowledge of tracks and general accessibility of our tenements.

Through the collection of gravity anomaly and aeromagnetic anomaly map analysis, found in the northern mining area has obvious anomaly, while the south is mostly covered with quaternary, this area is not conducive for exploration , also is not favourable metallogenic.

In 2012-2013, almost 5km geologic routing survey has been done in tenement by CHINA AUSTRAL LAND RESOURCES PTY LTD.

Field crews have worked in east of the EL28877 extensively, initiating a reconnaissance on preliminary geochemical assaying utilizing a Niton Field Portable X-ray Fluorescence Analyser (FPXRF). However the results of them are non-obvious abnormality, so some intensive survey must been done in the tenement.

7. ENVIRONMENT

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

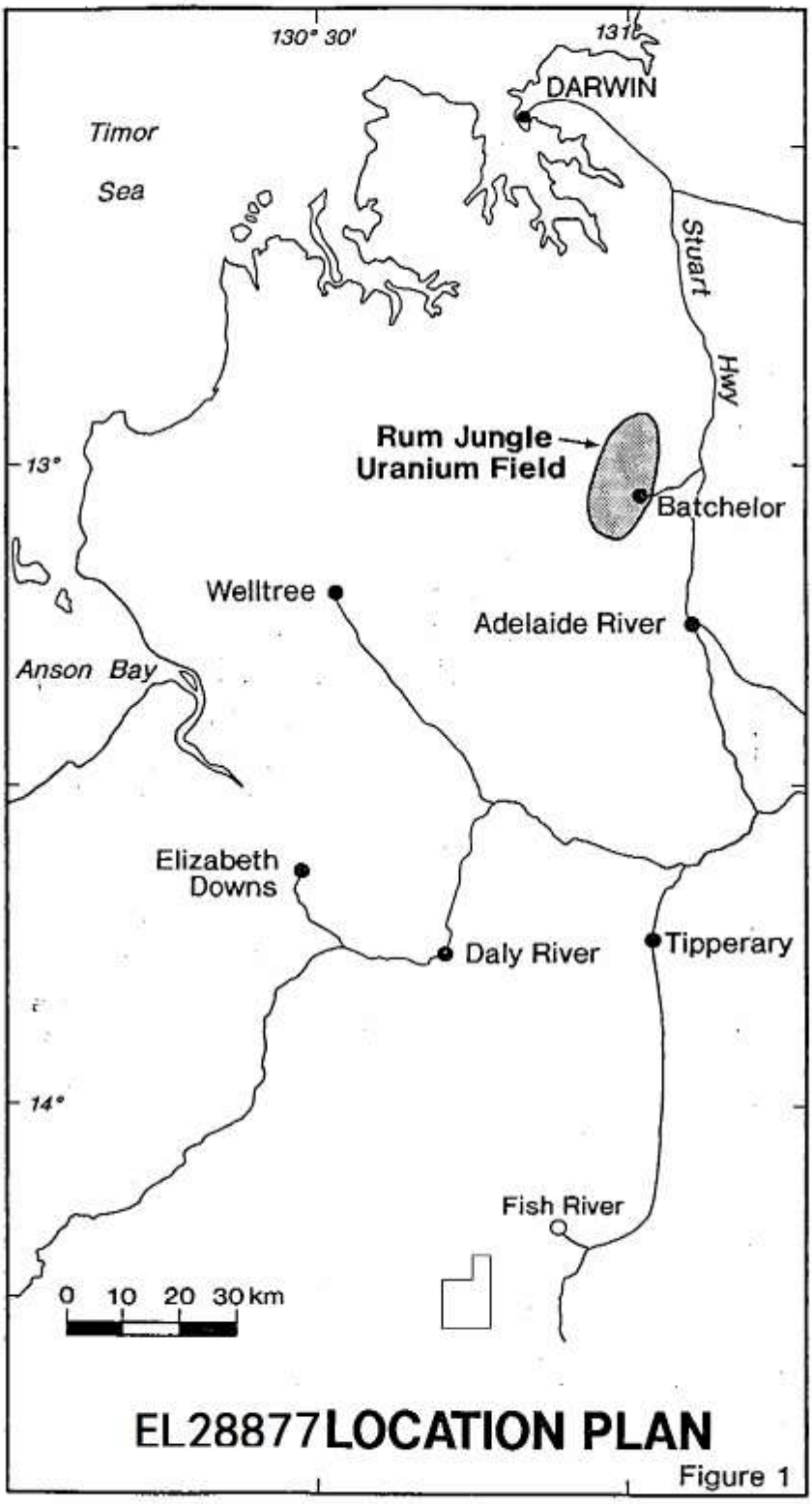
8. RECOMMENDATION

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 EL28877, 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 southern portion of the tenement and intensify exploration in the north portions of the tenement (**Figure 3**).

Reducing the size of EL28877 by relinquishing the northern 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 U. The reasons for this are:

- Via the route survey most of the south area is covered with soil and sands， but the north area had been found Chilling sandstone and granite.
- Most of the Gravity and aeromagnetic anomaly is located in the north of the tenement.

Future exploration activities on EL28877 should focus on the north area 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 EL28877 that are the most prospective areas.



EL28877 LOCATION PLAN

Figure 1

Figure 1: LOCATION of EL28877

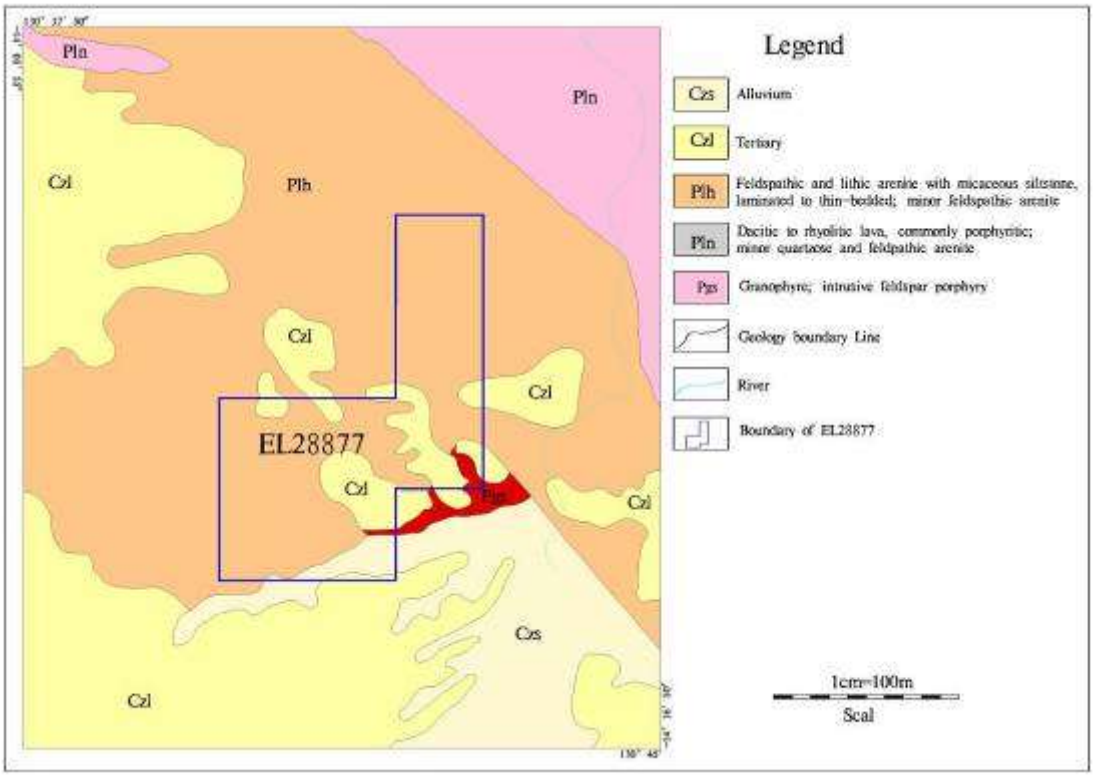


Figure 2: Regional geology of EL28877

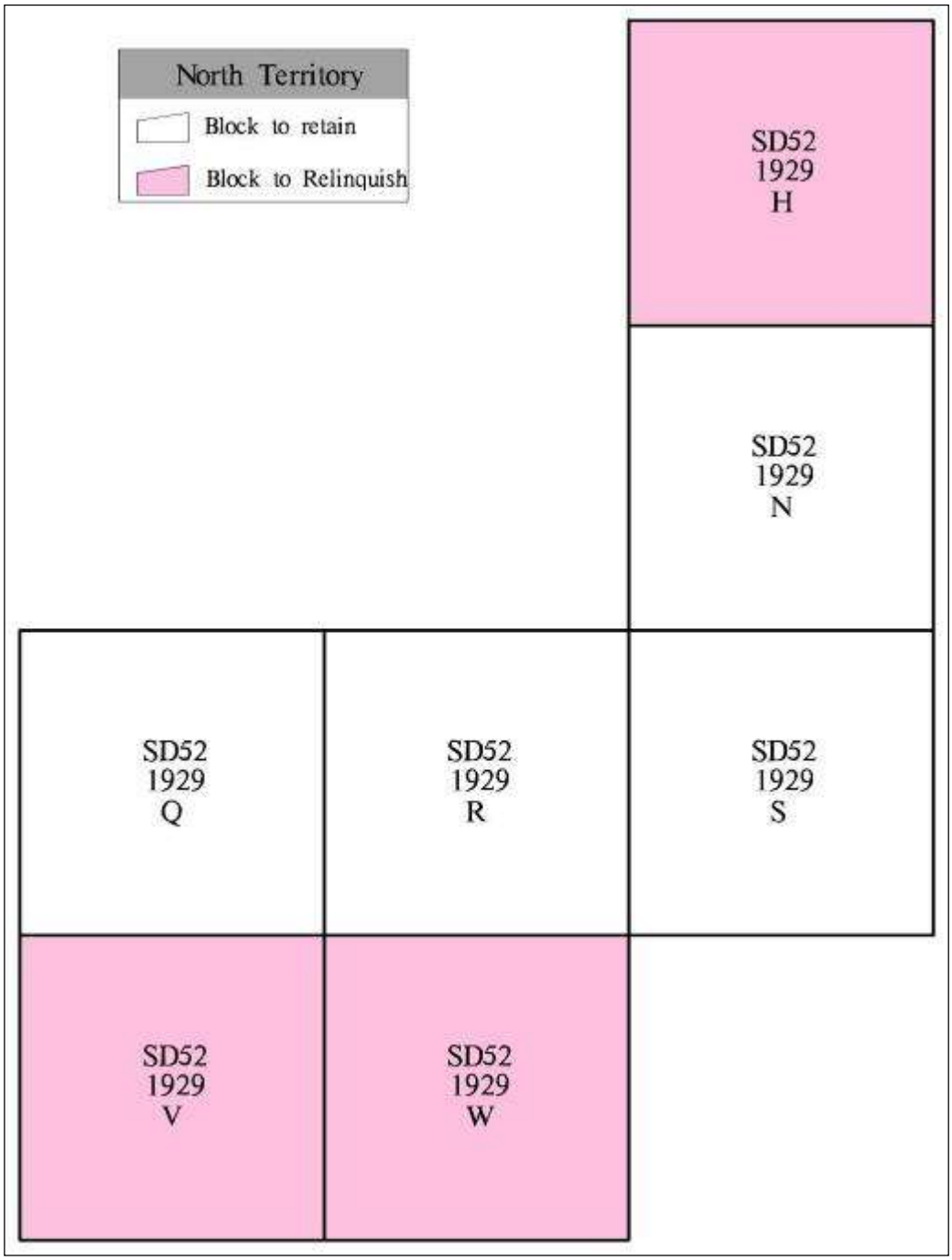


Figure 3. Retain and Relinquish area of EL28877