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On behalf of
UNIVERSAL SPLENDOUR INVESTMENTS PTY LTD
GROUP EXPLORATION REPORT FOR THE PERIOD
23rd DECEMBER 2012 to 22nd DECEMBER 2013.

GR 230
VICTORIA RIVER PROJECT

5th February 2014

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EXECUTIVE SUMMARY

The Victoria River project area consists of four tenements (ELs 27306, 27307, 27437 and 29453) totalling 1,002km² (Figure 1). Over the past several years the tenements have been significantly reduced as exploration has focused on the most prospective areas. Within the 2013 exploration season no field work has been completed on the tenements. This is due to the lengthy delay (21 months) in receiving the AAPA Authority Certificate.

The Victoria River Project consists of 3 main manganese prospects (Battle Creek 1, 2 and 3). The manganese prospects consist of high grade nodular manganese oxide (pyrolusite, 50% Mn) within limestone of the Battle Creek Formation. The average thickness of the manganese limestone is unknown at this stage but field observations indicate the unit is at least 2-4m.

Weathering of the manganese limestone has resulted in residual manganese nodules within the soil profile stratigraphically below the mineralisation. A possible manganese placer deposit may be present.

Recommendations for the 2014 field program include;

- A reconnaissance drill program.
- Further mapping of the inferred extensions of mineralisation.
- Physical property tests to determine whether the higher grade manganese has a possible geophysical signature.
- Desk-top study of regolith in the area to identify possible palaeo-drainage in the area and follow up geophysics and/or drilling if significant targets are identified.
- Clearing and roadwork on the most direct route to the Battle Creek prospects.
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1 INTRODUCTION
The Victoria River project area consists of four tenements (ELs 27306, 27307, 27437 and 29453) totalling 1,002km$^2$ (Figure 1). Over the past several years the tenements have been significantly reduced as exploration has focused on the most prospective areas (Figure 2). Within the 2013 exploration season no field work was completed on the tenements. This is due to the lengthy delay (21 months) in receiving the AAPA Authority Certificate. In October of 2013 the Authority Certificate was granted but this was too late to organise and execute the field operations before the wet season began.

The 2013 field program has been modified slightly (see Summary and Recommendations) and is planned to be executed during the dry season in 2014.

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<th>Licence Number</th>
<th>Title Holder</th>
<th>Grant Date</th>
<th>Current Area</th>
<th>Expiry Date</th>
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<td>Universal Splender Investments Pty Ltd</td>
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<td>57 (187.91 sq kms)</td>
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<td>22/12/2015</td>
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<td>Universal Splender Investments Pty Ltd</td>
<td>20/11/2012</td>
<td>82 (261.03 sq kms)</td>
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1.1 Access
Vehicle access to the tenements is very good with access from Katherine via the Victoria, Buntine, and Buchanan Highways (Figure 1). The total driving distance from Katherine to the main outcropping manganese is approximately 380km.

Due to the very active cattle industry in the Victoria River region, access throughout the tenements is very good after mustering season. The 3 main prospects can be reached via 2 main routes (Figure 3), although the most direct route is poorly maintained and may not be suitable in its current condition for drilling and support vehicles.
Figure 1: Location of USI’s Victoria River Project area southwest of Katherine.
Figure 2: Location of relinquished areas over the past several years.
Figure 3: Location of 2 main routes to USI’s main manganese prospects. Both routes are via the Buchanan Hwy.
1.2 Previous Work / Background

1.2.1 Battle Creek Prospects

Manganese was discovered in 1973 on what is now USI granted tenements. Two areas of nodular manganese were discovered near Battle Creek and hence the two manganese occurrences were named Battle Creek 1 and Battle Creek 2.

After confirming the location of these two manganese occurrences by International Geoscience in 2011 a follow-up program was devised to:

- Identify the best access to the mineralisation;
- Map the extent of the manganese;
- Locate possible extensions of manganese;
- Complete a soil geochemical program to identify possible covered mineralisation; and
- Identify the potential beneficiation results in order to evaluate the potential economic viability of the prospects.

1.2.2 Mapping

The 2012 mapping program was focused on Battle Creek 2 with a secondary focus of mapping Battle Creek 1 and identifying additional manganese outcrops. Several additional manganese outcrops were identified as well as an additional prospect (Battle Creek 3). Additional areas of possible mineralisation have been identified based on remote sensing analysis (Figure 4).

All of the manganese mineralisation is of the same style (nodular manganese in limestone) and is stratigraphically confined to one horizon (Battle Creek Formation). Figure 6 depicts a stratigraphic and spatial representation of the manganese mineralisation.

The Antrim Plateau Volcanics are the youngest unit in the prospect area and are largely confined to the east. No evidence of mineralisation was observed within this unit and it is not a likely target for further follow-up work.

Underlying the volcanics is the siltstone of the Tijunna Group. This group is not laterally ubiquitous and was thickest to the northeast of Battle Creek 2. Interbedded within the siltstone were thin manganiferous beds. The manganiferous beds were calcareous and varied from solid pyrolusite to manganese rich limestone. The thickest manganese bed was 2 cm with the majority ~1cm thick and spaced several 10's cm’s to m’s apart. Although the grade of manganese is high (56%Mn) there is too much non-manganiferous material to warrant any follow-up work on this site. The source for this manganese is uncertain but it possibly originated from the erosion of the thicker manganiferous beds of the Battle Creek Formation, host of the Battle Creek prospects.

1.2.3 Mineralisation

The manganese at Battle Creek 1 and 2 are identical and consist of high grade manganese (50-55%Mn) within a pink limestone. The limestone also contains approximately 1-5% Mn but the mineralisation is disseminated and expected to be
unrecoverable during beneficiation. Physically the manganese appears to parallel bedding is areas but is dominantly irregular and on occasion has been remobilised along fractures and faults.

The limestone displays ripple marks and stromatolite fossils indicative of a shallow-marine environment (Figure 5).

Based on visual inspection the average amount of manganese nodules/rafts within the limestone is approximately 20%. If the grade of the individual Mn nodules/rafts is 50-55% Mn then the bulk grade is between 10-15%Mn. This value is only approximate and several bulk samples are required to determine the variation throughout the prospect. Note that a hand sample will not provide a representative estimate of the average grade due to the ‘nugget’ effect of the manganese.

In areas where the mineralised Battle Creek Formation has been eroded manganese nodules were observed scattered within the soil profile. The same nodules were also observed within the creek beds. It may be possible to explore for manganese within the recent transported material in areas where a high concentration of manganese nodules would be deposited.

Figure 4: Location of the mapped extent of Battle Creek 1&2, and the newly identified Battle Creek 3 and possible extensions of mineralisation.
Figure 5: Manganese mineralisation at Battle Creek 1 and 2. Manganese consists of high grade Mn 'nodules' or rafts in pink limestone. Mineralisation preferentially deposited along bedding. Remobilisation of Mn along fractures and faults. Portions of the outcropping mineralisation contain stromatolites and chert nodules.
1.2.3.1 Battle Creek 1

During the 2011 field season the outcropping manganese mineralisation previously identified in 1973 was unable to be located at Battle Creek 1. A series of traverses in 2012 identified the main outcropping manganese. The mineralisation is identical to Battle Creek 2 but with a variation in orientation.

Structurally the mineralisation at Battle Creek 1 is striking 032° and dipping 45° to the SE. The outcrop extends for ~1.5km with a thickness of ~3m for the main ridge.

Although this prospect is relatively large, the 45° dip of the bed(s) lowers the prospectivity of this area due to an expected high waste/ore ratio.

Extensive drilling will need to be undertaken on this prospect to fully ascertain the economic potential of Battle Creek 1. Also, additional mapping of the region may prove to discover other extensions of the manganese beds with a lower dip angle and therefore reducing the waste/ore ratio.

Although the average manganese grade for each prospect is unknown at this time a preliminary estimate of 15% Mn has been used.
1.2.3.2 Battle Creek 2

Battle Creek 2 is the largest prospect in the area and therefore a greater amount of attention was given to mapping its extents (Figure 8).

Excellent exposure of the mineralisation within the creek beds to the northeast allowed for detailed mapping. Although a complete profile, and therefore an indication of thickness, was not observed various sections were greater than 2m thick. The mineralised unit is largely flat lying with minor broad open folding and displayed an undulating surface within the creek floor.

The observed quantity of Mn within the carbonate varied from virtually non-existent to 40%. In areas stratigraphically below the mineralised unit free manganese nodules were often observed within the soil profile.
Several shallow drill holes are recommended to better define the thickness and grade distribution within this prospect.

**Figure 8:** Extent of manganese mineralisation at Battle Creek 2. The extent was based on field mapping, soil program and remote sensing data.

### 1.2.3.3 Battle Creek 3

The Battle Creek 3 manganese prospect was identified by field mapping in 2012 to follow-up prospective targets generated in 2011. The mineralisation is similar to Battle Creek 1 and 2 with minor differences.

1. The manganese at Battle Creek 3 is hosted in the same Battle Creek Formation but the manganese is in the form of patchy medium grained pyrolusite (Figure 9). The mineralised masses consist of high grade manganese (60%Mn).
2. Within the limestone are equally spaced geods of coarse grained quartz.

Unconformably overlying the mineralised unit is the Antrim Plateau Volcanics and this unit was observed in close proximity to the mineralisation. It is suspected that the originally unmetamorphosed manganese rich carbonate at Battle Creek 1 and 2 was also deposited at Battle Creek 3, but subsequent volcanic activity, resulting in weak contact metamorphism, has remobilised and recrystallised the manganese into medium grained pyrolusite. Subsequently the silica within the unit has also remobilised and recrystallised into coarse grained geods.

It is likely that the volcanics were also deposited over the mineralisation at Battle Creek 1 and 2 but the physical separation was greater between the heat source and the
mineralisation and therefore no recrystallization occurred. The Tijunna Group was the likely buffer between the volcanics and the carbonates at Battle Creek 1 and 2.

The amount of observed manganese at Battle Creek 3 was considerably less than the other prospects but the outcrop was laterally extensive. Only the southern, and a portion of the western edge, of the mineralisation outcropped and the unit extends under cover/volcanics to the north. The true extent of the unit is unknown but appears to have significant potential.
Figure 9: Extent of manganese mineralisation at Battle Creek 3. The extent was based on field mapping, soil program and remote sensing data.
2 AAPA AUTHORITY CERTIFICATE (C13200)

On January 25th 2012 USI’s application for an Authority Certificate was received by the AAPA. Unfortunately due to lengthy delays the certificate was not issued to USI until the 11th of October 2013 (Certificate number C13200).

Although the No Work Areas exclude a significant portion of USI’s main prospect (Battle Creek 2), the remaining portion should be adequate to test the mineralisation model and deduce if the region is prospective for economical manganese.
3 SUMMARY AND RECOMMENDATIONS

During the 2013 field season no work was undertaken in USI’s Victoria River project area. This was due to lengthy delays in receiving their AAPA Authority Certificate. In October 2013 the certificate was received but not in time to plan and execute the field operations before the wet season commenced. Below is the planned filed operations for the 2014 exploration season:

- **A minimum of 22 drill holes at Battle Creek 2 and 24 holes at Battle Creek 1 to test the extent of mineralisation, grade distribution and thickness of the mineralised carbonate.**
- **Mapping of the inferred extensions of mineralisation.**
- **Physical property tests to determine whether the higher grade manganese has a possible geophysical signature.**
- **Desktop study of regolith in the area to identify possible palaeo-drainage in the area and follow up geophysics and/or drilling if significant targets are identified.**
- **Clearing and roadwork on the most direct route to the Battle Creek prospects.**

Figure 11: Location of proposed drill holes for the 2014 field season at Battle Creek 1 and 2. Note the location of the drill holes lay outside the AAPA No Work Areas.