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On behalf of
USI NT PTY LTD
FINAL TECHNICAL REPORT FOR THE ARUNTA PROJECT

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USI NT Ltd (USI) was originally granted EL 27542 in March 2010 and EL 27371 in December 2009. Group reporting was granted in Dec 2011 (GR233/11). The project is located in the southern region of the Northern Territory, approximately 150km west of Alice Springs. The tenements are collectively referred to as the Arunta project.

EL 27542 was visited during early May 2011. One new magnesium occurrence was identified (Snow White).

Due to Crossland Strategic Metals’ (Crossland) recent success for REE mineralisation north and northeast of USI, the Crossland REE model of alluvial mineralisation was applied to EL 27542. USI’s tenement showed promise and a stream sediment program was carried out in 2014 and again in 2015.

Significantly elevated REE and Au mineralisation was identified in several samples. A relatively high percentage of USI’s REE’s are the highly sought after HREE’s.

The results of the gold analysis identified several elevated Au samples with a high of 886ppb. Several clusters of elevated Au values have been identified and they may represent potential gold targets.

A considerable amount of follow-up work is recommended including, additional stream sediment samples to the east of the 2015 samples, auger drilling program to test the subsurface for REE mineralisation, mineral analysis to identify the types and relative amounts of the minerals containing the REE’s, field mapping of Au clusters to identify any surface mineralisation and/or structures related to mineralisation, and soil sampling for Au to further define areas of interest.

USI have decided to relinquish their Arunta project due to the declining price of REE’s and the increasing expenditure requirements to hold the project in good standing with the NTGS.

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OVERVIEW

USI’s Arunta project originally consisted of 2 tenements (EL 27371 and 27542) located approximately 150km west of Alice Springs in the southern region of the Northern Territory (Figure 1). EL 27371 was relinquished in 2014 and EL 27542 was reduced twice before relinquishment in 2016 (Table 1).

Over the past 6 years USI have systematically explored EL 27542. USI’s original focus was for manganese, similar to Fenn Gap, but was unsuccessful. The focus switched to REE mineralisation in 2014 after Crossland Strategic Metals success to the north of USI.

Figure 1: Location of USI’s Arunta project and the relinquished portions since USI held the tenements.

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>
</tr>
</thead>
<tbody>
<tr>
<td>EL 27371</td>
<td>17/12/2009</td>
<td>0</td>
<td>ppl(CLC)</td>
<td>USI NT</td>
<td>Total surrender in 2014.</td>
</tr>
</tbody>
</table>
1.1 Local Geology

The geology of EL 27542 and 27371 is dominated by the Madderns Yard Metamorphic Complex and the Teapot Granite Complex in the north of the ELs (Figure 2). 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, and therefore the general younging direction is from north to south on the northern limb.

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 50% of the EL 27542 and 80% of EL 27371 is covered in Tertiary and Quaternary sediment, the majority of which is sand.
Figure 2: Geology map for ELs 27371 and 27542 derived from the NTGS 250K HERMANNSSBERG digital data.
2 EXPLORATION ACTIVITY

2.1 2012 Exploration Activity

EL 27542 was visited during early May 2011. A total of 18 rock samples were collected within this tenement. One in-situ sample returned a Mn value of 3.8% from a creek to the southeast of the tenement. This on its own is not considered of significant interest. One in-situ Magnesium occurrence (with a value of 23.4% Mg) was discovered and is proposed to be considered a new mineral occurrence (Snow White) (Figure 3). The mineralisation consists of magnesite (MgCO3) and appears to lie within the Heavitree Quartzite based on the NTGS 250K scale map. It is more likely that the mineralisation lies within the Bitter Springs Formation as this Formation contains common magnesite associated rocks (dolomites, evaporates, gypsum and halite clasts). Two samples were collected from the occurrence but only one was assayed at this stage. Although this occurrence is not of very high grade it is anomalous and is recommended to be followed-up at a later date. Several other areas within the tenement were visited and sampled with no other significant findings.

Figure 3: Location of Magnesium occurrence (Snow White) within EL 27542. Rock samples collected are indicated in yellow.
2.2 2014 Exploration Activity

2.2.1 Stream Sediment Sampling

After close examination of the exploration model and method applied by Crossland on their Charley Creek project, USI decided that their tenement (EL 27542) was also prospective for REE mineralisation.

A desktop study of the available remote sensing data allowed for the generation of several stream sediment targets. In May of 2014 a total of 37 stream sediment samples were collected (Figure 4). The locations of the samples were based on the main alluvial flow pathways from the Teapot Granite Complex. All of the samples were submitted to the Intertek in Alice Springs to be processed and analysed.

Samples were not collected in the eastern portion of the tenement due to time constrains.

![Figure 4: Location of stream sediment samples (black dots), overlain on the current drainage (blue lines) and approximate main alluvial flow paths (black arrows).](image)

2.2.1.1 Procedure/Method

Each stream sediment sample was processed to produce a heavy mineral concentrate. The process adopted by USI was similar to the first half of Crossland’s work-flow (Figure 5). USI did not undertake the Heavy Liquid Separation, which would have further concentrated the heavy minerals in the stream sediment sample. This extra step was seen by USI as an unnecessary expense and the final result of USI’s work-flow would still provide a comparison with Crossland’s results. USI’s results can be expected to be of lower grade due to the omission of the Heavy Liquid Separation.

The heavy mineral concentrate from the Wilfley Table was separated magnetically using a Davis Tube in order to obtain a magnetic and non-magnetic product. Each product was analysed by ICP-OES and ICP-MS using a sodium peroxide fusion digestion.
2.2.1.2 REE Results

Both the magnetic and non-magnetic heavy mineral products were analysed but only the non-magnetic fraction returned elevated REE values.

The results for the non-magnetic fraction, which will be the only fraction discussed further, consisted of a wide range of Total Rare Earth Oxide (TREO) values (Figure 6). The samples with the highest TREO values also returned very high Thorium values (up to 1.3% Th). This elevated Th in the high TREO samples is likely reflecting the presence of monazite.

Of the 37 samples, 40% returned over 2% TREO, with 22% returning over 4% TREO and 11% returned over 5% TREO, with a maximum of 14.4% TREO.

There is a cluster of high TREO samples to the east of the survey boundary. The majority of the cluster appears to be derived from the same source.

Additional samples should be collected to the east of the original survey boundary to identify if the elevates TREO mineralization continues.

The rare earth elements can be divided into Light (LREE) Medium (MREE) and Heavy (HREE). The samples collected by USI reveal that the majority of the elements are in the LREE range (~70%) with the MREE accounting for ~5% and 25% for HREE (Chart 1). Comparison with Crossland's REE distribution reveals a similar distribution to USI's (Chart 2).

Due to the highly sought after HREE’s, Crossland and USI are in an excellent position compared to the other comparable REE project (Chart 3).
Figure 6: Total Rare Earth Oxide values for the non-magnetic heavy mineral product.

Chart 1: REE results for Non-Magnetic product separated into LREE (La, Ce, Pr, Nd), MREE (Sm, Eu, Gd), and HREE (Tb, Dy, Ho, Er, Tm, Yb, Lu, Y).
Chart 2: Comparison between the average REE distribution for Universal Splendour Investments and Crossland Strategic Metals.

Chart 3: Comparison of Crossland’s REE distribution to other similar projects (after Crossland’s Presentation – Sydney Resources Roundup, 2013)
2.2.1.3 Au/Pt/Pd Results

Although REE mineralisation was the main focus for the stream sediment program, gold became of interest after observation of significant quartz (veining?) within the tenement area. The non-magnetic heavy mineral product from the stream sediment samples were analysed for Au/Pt/Pd by Fire Assay / ICP-MS.

The results identified several elevated Au samples with a high of 886 ppb. Two main clusters of elevated Au values have been identified (Figure 7) and they both represent potential gold targets.

No significant Pt or Pd results were identified.

The nearest gold occurrences lie within the Winnecke and Arltunga Gold Fields to the east of EL 27542 (Figure 8). The mineralisation within these gold fields are reported to be as; alluvial, quartz veins cutting the Heavytree Quartzite and as quartz in basic gneiss (Shaw & Wells, 1983). As both units (Heaveytree Quartzite and basic gneiss) lie within USI’s tenement, it is possible that the observed quartz from the stream sediment program represents gold mineralisation within the quartz veining similar to the Winnecke and Arltunga Gold Fields.

![Figure 7: Gold assay results for non-magnetic products from stream sediment samples. Two distinct clusters of elevated Au values represent potential gold mineralisation.](image-url)
2.3 2015 Exploration Activity

2.3.2 Stream Sediment Sampling

After the successes of the 2014 stream sediment program an additional 31 samples were collected in April 2015 (Figure 9). The same process/method was applied to the 2015 samples as with the 2014 sample.

2.3.2.1 REE Results

Only the non-magnetic heavy mineral product was analysed. This was decided based on the results of the work done in 2014 where only the non-magnetic product contained significant REE mineralisation.
The results for the non-magnetic fraction consisted of a wide range of Total Rare Earth Oxide (TREO) values (Figure 10). The samples with the highest TREO values also returned very high Thorium values (up to 1.23% Th). This elevated Th in the high TREO samples is likely reflecting the presence of monazite.

Of the 31 samples, 87% returned over 2% TREO, with 55% returning over 4% TREO and 45% returned over 5% TREO, with a maximum of 10.2% TREO.

The REE mineralisation appears to continue to the east and further samples should be collected in order to fully evaluate the prospectivity of the tenement.

The rare earth elements can be divided into Light (LREE) Medium (MREE) and Heavy (HREE). The samples collected by USI reveal that the majority of the elements are in the LREE range (~70%) with the MREE accounting for ~5% and ~25% for HREE (Chart 4). The results from 2015 are almost identical to the samples collected in 2014 and are comparable with Crossland’s REE distribution.

Figure 10: Total Rare Earth Oxide values for the non-magnetic heavy mineral product. Samples include both 2014 and 2015 samples.
Chart 4: REE results for Non-Magnetic product separated into LREE (La, Ce, Pr, Nd), MREE (Sm, Eu, Gd), and HREE (Tb, Dy, Ho, Er, Tm, Yb, Lu, Y). Results only include the samples collected in 2015.
3 SUMMARY AND RECOMMENDATIONS

Careful examination of Corssland’s Charley Creek alluvial REE project revealed that USI’s Arunta project may hold similar potential. A stream sediment sample program was undertaken. A heavy mineral concentrate was produced and all samples were analysed for REE’s and Au/Pt/Pd.

The results for the non-magnetic fraction consisted of a wide range of Total Rare Earth Oxide (TREO) values. The samples with the highest TREO values also returned very high Thorium values (up to 1.23% Th). This elevated Th in the high TREO samples is likely reflecting the presence of monazite.

Of the 68 samples collected between 2014 and 2015 several returned elevated REE mineralisation with a maximum of 14.4% TREO.

Recommendations for further work are as follows:

- Additional stream sediment samples to the east of the 2015 samples to further define the extents of the alluvial REE mineralisation.
- Auger drilling program to test the subsurface for REE mineralisation.
- Mineral analysis to identify the types and relative amounts of the minerals containing the REE’s
- Field mapping of Au clusters to identify any surface mineralisation and/or structures related to mineralisation.
- Soil sampling for Au to further define areas of interest.
4 REFERENCES
