EL 28169 is located in the Northern Territory, south of Alice Springs. The tenure's most southern border is approximately nine kilometres north of the Northern Territory and South Australia border as shown in Figure 1. The tenure is located approximately 60 kilometres south of Erldunda lay approximately 250 kilometres south of Alice Springs.

EL 28169 is geologically located west of the Pedirka Basin and is situated over the Amadeus and Eromanga Basins within the Musgrave Province.

Exploration comprised of geological mapping together with field data gathering, compilation of data and sample analysis.

Kronos Gold requires additional time to evaluate the work done on the mining tenement to date plan its future exploration.

Further geological mapping and interpretation of data is required to determine the next stage of geochemical soil sampling over the project area.
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1. SUMMARY

The Mineral Titles Act 2010 (NT) requires the submission of an annual report prepared by the titleholder for each current mineral title. This Annual Report for Exploration Licence (EL) 28169 provides a summary of the activities undertaken on the permit in the past year including any results, reports or interpretive data produced by these activities.

EL 28169 was granted on 27 April 2011 for a term of 6 years. Kronos Gold LLC ARBN 139 504 411 (“Kronos”) is the sole titleholder of this tenure.

The fifth year’s program for this tenure is aimed at identifying the parameters of the intrusive zones within the Amadeus Basin and Eromanga Basin within the Musgrave province.

<table>
<thead>
<tr>
<th>Year</th>
<th>Table 1 - Program of Works</th>
</tr>
</thead>
</table>
| 5 (2015-2016) | - Data compilation and interpretation;  
- Gathering of all available geophysical, geological and satellite data;  
- Analysis of previous data;  
- Geological mapping; and  
- Sample analysis |

During this reporting period, Kronos completed a review of existing data of the permit area and the surrounding basins to understand the extent of mineralisation within the application area. Target locations within the intrusive areas have been determined from the review.

Kronos will continue its data compilation, geological mapping and determine sampling and drilling methods to further evaluate the permit area in the fifth year of the permit.

Kronos spent most of the term compiling cadastral data, gathering geophysical and geological data, preparing maps and analysing previous data. The work done in respect of the tenement includes review of aerial maps, preparation of geological maps in addition to a review of cultural heritage, cadastral and native flora data.

2. TENEMENT DETAILS AND LOCATION

Location and General Description

EL 28169 is located in the Northern Territory, approximately 250kms south of Alice Springs. The tenure’s most southern border is approximately nine kilometres north of the Northern Territory and South Australia border as shown in Figure 1. The tenure is located approximately 60 kilometres south of Erldunda lay approximately 250 kilometres south of Alice Springs. Access to the tenure is most easily achieved via the Stuart Highway or the Old Ghan Highway. EL 28169 is located on the Oodnadatta (SG53) 1:250,000 map sheet and its Kulgera (SG5305) and Finke (SG5306) 1:100,000 map sheets.

The topography of the permit area, shown in Figure 2, is varied with numerous rocky subcrops to the north. The elevation above sea level increases towards the south of the permit area, where the Ayres Range occurs.

The north western area of the tenure is traversed by north-trending sand dunes that are less than 10 metres in height. Geologically the tenure is located over Eromanga Basin and within the Musgrave Province as shown in Figure 3.

The tenure is traversed by few property access roads and tracks between dams and water bores, this can make access during the wet season more difficult. EL 28169 is generally isolated and covers an area that has had little previous exploration.
Sub-Blocks

EL 28169 was granted to Kronos for an initial period of 6 years commencing on 27 April 2011. Kronos is the sole titleholder and operator of this tenure. The permit initially comprised of 446 sub-blocks. In accordance with the relinquishment requirements under Mineral Titles Act, Kronos has relinquished the requisite number of sub-blocks as follows:

- 223 sub-blocks were relinquished on 1 May 2013, reducing the tenure area from 446 sub-blocks to 223 sub-blocks;
- 28 sub-blocks were relinquished on 29 August 2014, reducing the tenure area form 223 sub-blocks to 195 sub-blocks; and
- 98 sub-blocks were relinquished on 17 April 2015, reducing the tenure from 195 sub-blocks to 97 sub-blocks.

The remaining 97 sub-blocks which make of EL 28169 are described as follows:

<table>
<thead>
<tr>
<th>TABLE 2: EL 28169 – 97 Sub-Blocks</th>
</tr>
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<tbody>
<tr>
<td>1:250 000 PLAN NAME</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>OODNADATTA</td>
</tr>
<tr>
<td>OODNADATTA</td>
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<td>OODNADATTA</td>
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<tr>
<td>OODNADATTA</td>
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</tbody>
</table>

Figure 4 shows a block map of the permit area.

3. GEOLOGY AND MINERALISATION

REGIONAL GEOLOGY

The outcropping geology on EL 28169 comprises of Mesoproterozoic Musgrave Block stratigraphy. The Musgrave Province is a large east-west-trending Mesoproterozoic basement inlier in central Australia that extends along the Northern Territory-South Australia border and into Western Australia.

The Musgrave province has both tectonic and locally unconformable contacts with Neoproterozoic to Palaeozoic sedimentary rocks of the Amadeus Basin to the north and Officer Basin to the south and west (Ahmed and Munson, 2013). The tenement is located on the eastern margin of the Musgrave Block where it then overlain with Mesozoic sediments of the Eromanga Basin. The
Amadeus and Officer Basins are considered to have once been contiguous and overlaid the Musgrave Province as part of the Neoproterozoic–early Palaeozoic Centralian Superbasin, before the Musgrave Province was uplifted and exhumed during the 580–530 Ma Petermann Orogeny (Ahmed and Munson, 2013).

The Eromanga Basin is a large Mesozoic sedimentary basin, located across the south-eastern corner of the Northern Territory and extends to cover areas of Queensland, South Australia and New South Wales. The Northern Territory geological units it contains are Jurassic-Cretaceous in age.

The Eromanga Basin section is predominately covered by a thin section of units of the Eyre Basin, which are tertiary in age. The Eyre Basin comprises of a shallow section of fluvial and aeolian units of the Eyre Basin which is found at the surface.

The Eromanga Basin unconformably overlies the Permo-Carboniferous Pedirka Basin. Both basins are unconformable on the metamorphic rocks of the Arunta Region and Musgrave Block.

Major unconformities such as a Late Triassic unconformity at the base and a Late Cretaceous unconformity at the top have resulted in the Eromanga Basin being bounded. All structuring within the Eromanga Basin is in effect, controlled by deposition over, and reactivation of, older tectonic trends.

The stratigraphic table complied at Figure 6, illustrates the Eromanga Basin and the overlying Eyre Basin.

PERMIT GEOLOGY

EL 28169 is geologically located west of the Pedirka Basin and is situated over the Eromanga Basin and within the Musgrave Province. The Musgrave Province consists of Mesoproterozoic basement with tectonic and locally unconformable contacts with the Amadeus Basin.

The topography is varied with numerous Mesoproterozoic rocky granite and granitic gneiss outcrops to the north of the tenure, with scattered dolerite dykes. Figure 2 illustrates the topography of the permit area. EL 28169 also covers the Ayres Range, which consists of monzonite and granodiorite, to the east ending at Mount Cavenagh.

EL 28169 contains numerous tributaries which travel through the tenure area into Hamilton Creek to the east of the tenure area. Two of the tributaries which flow into Hamilton Creek and pass through the permit area include Outounya Creek and Wellmullinna Creek.

The tenure is traversed by a few tracks and has the Stuart Highway travelling through the middle. There are a number of Perpetual Pastoral Leases covering the tenure area, as shown in Figure 5.

4. PREVIOUS EXPLORATION

Little exploration has occurred in the Musgrave Province in the Northern Territory and large areas remain effectively unexplored. There has been no substantial mining activity in the permit area.

The exploration program of EL 28169 is in its initial term and is directed towards identifying and mapping the edge of the intrusions. These areas may be indicative of possible mineralisation. During the current term, Kronos’ exploration program will consist of geological, geochemical studies in respect of the surrounding sediment, and geophysical studies.

Although any possible signs of mineralisation within the permit area at this stage would only be speculation, any deposit encountered will be used to direct Kronos’ program towards establishing
the depth, weathering, quality and quantity of any deposit. Subsequent work programs will be designed to resolve any issues around the deposit.

5. EXPLORATION BY KRONOS GOLD

Exploration Undertaken

During the fifth year of the tenure, Kronos has carried out desktop investigations and a review of data compilations as well as analysis of data gathered during the previous reporting period.

Mapping

During the reporting period, Kronos reviewed the geology and mineralisation potential of EL 28169 by gathering and engaging in an extensive review of all aspects of the tenement, including well and seismic data, geological data, cadastral data and topographical data for our mapping systems.

The office-based research and evaluation activities included engaging new structure mapping based on new data additions to identify the location of target areas.

Kronos carried out analysis of the data gathered by BMGS in the previous reporting period to extend the dataset that Kronos have compiled for EL28169. This data analysis has identified four areas where anomalous grade minerals exist which Kronos will target for further sampling activities.

Landholder Liaison

Kronos continued its consultation and liaison with the relevant Landowners during the term. Kronos values positive and mutually acceptable relations with the landowners over the tenement area and strives to provide regular updates. Kronos continue to have a good relationship with the landowners across the tenement area and encourages them to have an active roles in the exploration of their property.

Kronos has ensured its compliance with all legislative requirements during the reporting period. On the 25th of May 2016, Kronos sought a variation of condition to the annual expenditure which was accepted by the Department of Mines and Energy confirmed via email that the variation of condition had been accepted.

ACTIVITIES ON THE SUBJECT TENURES FOR THE NEXT 12 MONTH PERIOD

Kronos intends to resample four anomalous areas within the tenement area to verify the results from its initial sampling program. If the resampling confirms the validity of the original samples then further soil geological work will be carried out to delineate the anomalous zones.

The purpose of the soil sampling programmes is to test for low level soil anomolisms that may overlie mineralised structures or orebodies. Any anomalous soil geochemistry results will assist future exploration targeting. Kronos will undertake gravitational and magnetic studies for spatial and statistical analysis of the area that will support the identification of potential development areas.

REPORTS LODGED FOR THE SUBJECT TENURE DURING THE REPORTING PERIOD

Kronos has lodged the following reports as required under the Mineral Titles Act 2010:

- Expenditure report dated 25 May 2016;
6. CONCLUSIONS AND RECOMMENDATIONS

Kronos has made progress towards identifying targets areas within the edge of the intrusions within the tenure and determining the potential of mineral deposits within those zones.

Over the next 12 month period, Kronos intends to carry out further office based data analysis and conduct further geochemical soil sampling to determine the quantity and quality of mineralisation in the target areas and further evaluate the tenement.

Kronos further intends to continue its extensive geological mapping and geochemical soil sampling over the project area as required.
FIGURE 1: LOCATION MAP 2016
FIGURE 4: BLOCK MAP 2016
<table>
<thead>
<tr>
<th>BASIN</th>
<th>AGE</th>
<th>STRATIGRAPHY</th>
</tr>
</thead>
<tbody>
<tr>
<td>EYRE</td>
<td>TERTIARY</td>
<td>Recent sediments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Eyre Formation</td>
</tr>
<tr>
<td>EROMANGA</td>
<td>CRETADECIOUS</td>
<td>Winton Formation</td>
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<tr>
<td></td>
<td>JURASSIC</td>
<td>Allaru Mudstone</td>
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<td></td>
<td>TRIASSIC</td>
<td>Toolebuc Formation</td>
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<td></td>
<td></td>
<td>Cadna-owie Formation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Algebuckina Sandstone</td>
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<td></td>
<td></td>
<td>Poolowanna Sandstone</td>
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<td>SIMPSON</td>
<td>TRIASSIC</td>
<td>Peera Peera Formation</td>
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<tr>
<td></td>
<td></td>
<td>Walkandi Formation</td>
</tr>
<tr>
<td>PEDIRKA</td>
<td>PERMIAN</td>
<td>Purni Formation</td>
</tr>
<tr>
<td></td>
<td>CARB.</td>
<td>Crown Point Formation</td>
</tr>
<tr>
<td></td>
<td>PRE-CARB.</td>
<td>Undifferentiated</td>
</tr>
</tbody>
</table>

Modified after Middleton et al 2005