Titleholder: Kronos Gold LLC ABN 92 139 504 411
Operator: Kronos Gold LLC ABN 92 139 504 411
Titles / Tenements: EL 28169
Report Title: Annual Report for Period Ending 26 April 2015
Target Commodity: Gold
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Contents

CHAPTER 1: Introduction and Overview........................................................................................................4
  SUMMARY ..................................................................................................................................................4
  INTRODUCTION ......................................................................................................................................4
    Location: ...............................................................................................................................................4
    Exploration Rational and Objectives: ......................................................................................................5
    Exploration Program: ............................................................................................................................5
  HISTORY OF EL 28169 .............................................................................................................................6
  REGIONAL GEOLOGY ...............................................................................................................................7
  PERMIT GEOLOGY ...................................................................................................................................7

CHAPTER 2: Exploration Activities ..................................................................................................................8
  ACTIVITIES DURING THE REPORTING PERIOD .....................................................................................8
  ACTIVITIES ON THE SUBJECT TENURES FOR THE NEXT 12 MONTH PERIOD .........................8
  REPORTS LODGED FOR THE SUBJECT TENURE DURING THE REPORTING PERIOD ....................9
  SUMMARY ................................................................................................................................................10

FIGURES

FIGURE 1. LOCATION MAP
FIGURE 2. GEOLOGICAL REGION MAP
FIGURE 3. TOPOGRAPHIC MAP
FIGURE 4. BLOCK MAP
FIGURE 5. CADASTRAL MAP
FIGURE 6. STRATIGRAPHIC TABLE

ANNEXURES

ANNEXURE 1 BMGS RECONNAISSANCE FIELD MAPPING AND PROSPECTIVITY ANALYSIS - KULGERA (EL28169) NOVEMBER 2014

ANNEXURE 2 BMGS KULGERA GEOLOGY MAP

ANNEXURE 3 BMGS XRF FIELDWORK REPORT
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CHAPTER 1: Introduction and Overview

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 fourth 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.

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

INTRODUCTION

Location:

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. 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 3, 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 2.
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.

**Exploration Rational and Objectives:**
Kronos’ exploration rationale and objectives for EL 28169 is to explore the intrusive zones within the Eromanga Basin and within the Musgrave Province. Kronos believes there may be mineral deposits within the intrusive areas and intends on carrying out field studies of those areas, particularly in respect of the central and southern sub-blocks.

Kronos’ preliminary exploration process included literature research which reviewed all available literature from previous private and governmental basin studies, mineral exploration studies in relation to the geology of the Eromanga Basin and Musgrave Province. Kronos’ database is continually updated to include and combine previous, and recently obtained, literature and exploration data as it becomes publically available. This continual update of literature and data assists Kronos in its understanding of the mineral deposits within the intrusive areas of the Eromanga Basin and Musgrave Province.

Kronos has conducted a number of activities during the fourth year of the term. All activities were office-based literature studies and desktop investigations. Kronos’ activities included the interpretation of geological and geochemical studies in respect of the surrounding sediment, as well as geophysical studies.

Kronos continues to conduct a geological and geophysical data review for further interpretation. Kronos is collecting all available data to include in our datasets, which will assist with the identification of mineral deposits and mapping of intrusive zones, as well as determining the most prospective areas. Kronos has gathered various data from the Northern Territory in relation to the Eromanga Basin.

**Exploration Program:**
The exploration program 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.
HISTORY OF EL 28169

EL 28169 was granted to Kronos Gold LLC 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.

The following list details how many sub-blocks have been relinquished since EL 28169 was granted to Kronos Gold LLC.

- On the 01 of May 2013, Kronos Gold LLC relinquished 223 sub-blocks, as required by the Mineral Titles Act 2010.

- On the 29 August 2014, Kronos nominated 28 sub-blocks for surrender. These were accepted by the department on 9 October 2014.

At the beginning of the reporting period Kronos Gold LLC retained 195 sub-blocks as listed in the table below.

<table>
<thead>
<tr>
<th>Block</th>
<th>Sub-Blocks</th>
<th>Block</th>
<th>Sub-Blocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1529</td>
<td>A-Z</td>
<td>1670</td>
<td>A-Z</td>
</tr>
<tr>
<td>1599</td>
<td>A-Z</td>
<td>1673</td>
<td>E, K, P, U, Z</td>
</tr>
<tr>
<td>1600</td>
<td>A-Z</td>
<td>1675</td>
<td>A, F, L, Q, V</td>
</tr>
<tr>
<td>1601</td>
<td>A-Z</td>
<td></td>
<td></td>
</tr>
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</table>

In accordance with the reduction requirements set out in the Mineral Titles Act, Kronos relinquished 98 sub-blocks by way of application to the Department of Mines and Energy (‘DME’) submitted on the 17 April 2015. This application was accepted by DME on 21 May 2015.

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

<table>
<thead>
<tr>
<th>Block</th>
<th>Sub-Blocks</th>
<th>Block</th>
<th>Sub-Blocks</th>
</tr>
</thead>
<tbody>
<tr>
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<td>F, L, M, Q, V</td>
<td>1670</td>
<td>D, E, H-U</td>
</tr>
<tr>
<td>1599</td>
<td>Q, R, V</td>
<td>1671</td>
<td>A-C, F-H, L-N, Q-T</td>
</tr>
<tr>
<td>1600</td>
<td>C-E, H, N, S</td>
<td>1673</td>
<td>K, P</td>
</tr>
</tbody>
</table>
Figure 4 shows a block map of the permit area.

**REGIONAL GEOLOGY**

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 granite and granitic gneiss outcrops to the north of the tenure, with scattered dolerite dykes. Figure 3 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.
CHAPTER 2: Exploration Activities

ACTIVITIES DURING THE REPORTING PERIOD

During the fourth year of the tenure, Kronos has carried out desktop investigations and a review of data compilations as well as field activities to gather geological data.

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

Field activities comprised of a site visit to the tenement (EL28169) by BMGS Exploration Pty for the purpose of identifying areas of geological anomalism that could have the potential to host an economic mineral deposit.

A reconnaissance field mapping and geochemical sampling programme was completed in September 2014 with the purpose of collecting data to assist with the prospectivity assessment. Geochemical data was collected with a portable XRF analyser but is considered as low quality, preliminary data.

The tenement was divided into five sub-domains, based on local geology, so that a prospectivity assessment could be made for each sub-domain. Rockchip geochemistry has indicated anomalous grades for minerals in four of the five sub-domains which require follow up laboratory sampling to verify these results.

The information Kronos has obtained from the BMGS indicates target areas of potential mineral deposits within the tenure. Further research on appropriate sampling methods will be obtained to determine the extent of the resource and the feasibility in pursuing the exploration of same.

Kronos has ensured its compliance with all legislative requirements during the reporting period. On the 17 April 2015, in accordance with the reduction obligation for Year 4 Kronos Gold LLC relinquished 98 sub-blocks.

ACTIVITIES ON THE SUBJECT TENURES FOR THE NEXT 12 MONTH PERIOD

Kronos will use the data obtained through the geological survey carried out by BMGS to define prospect areas and assist future exploration targeting. Kronos will continue to carry out further geochemical soil sampling over the next 12 months to understand the nature of the tenure and the extent of mineralisation.

Data obtained from geochemical soil sampling may indicate a drilling program is feasible to further evaluate the tenure area.
Kronos will undertake analysis of further studies so that the depth, weathering, quality and quantity of any deposit can be determined. Encouraging mineralisation results will necessitate the completion of preliminary mine and market investigations.

REPORTS LODGED FOR THE SUBJECT TENURE DURING THE REPORTING PERIOD
Kronos has lodged the following reports as required under the *Mineral Titles Act 2010*:

- Partial Final Report for Exploration Licence – EL 28169 dated 9 October 2014; and
- Expenditure report dated 22 May 2015;

On the May, 27th 2015, Kronos received confirmation from Russell Copley (Dept. of Mines and Energy) that the annual expenditure report was ‘accepted as satisfactory.’ Kronos believes that no additional reports were required to be lodged during the reporting period.
CHAPTER 3: Conclusion and Recommendations

SUMMARY
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. During the reporting period Kronos engaged BMGS to identify areas of geological anomalism.

Over the next 12 month period, Kronos intends to 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.
CHAPTER 4: Bibliography


FIGURE 2: GEOLOGICAL REGION MAP 2015
FIGURE 3: TOPOGRAPHIC MAP 2015
FIGURE 4: BLOCK MAP 2015

KRONOS GOLD LLC – ANNUAL REPORT
FIGURE 5: CADAstral MAP 2015

[Map Diagram Image]
### FIGURE 6: STRATIGRAPHIC TABLE 2014

**Eromanga / Pedirka / Simpson Basins**

<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>CRETACEOUS</td>
<td>Winton Formation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Allaru Mudstone</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Toolebuc Formation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cadna-owie Formation</td>
</tr>
<tr>
<td></td>
<td>JURASSIC</td>
<td>Algebuckina Sandstone</td>
</tr>
<tr>
<td></td>
<td>TRIASSIC</td>
<td>Poolowanna Sandstone</td>
</tr>
<tr>
<td>SIMPSON</td>
<td>PERMIAN</td>
<td>Peera Peera Formation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Walkandi Formation</td>
</tr>
<tr>
<td>PEDIRKA</td>
<td>CARB.</td>
<td>Purni Formation</td>
</tr>
<tr>
<td></td>
<td>PRE-CARB.</td>
<td>Crown Point Formation</td>
</tr>
</tbody>
</table>

Undifferentiated

*Modified after Middleton et al 2005*