



Annual Group Technical Exploration Report – Year 3

The Moroak Project

Exploration Licences EL29349, EL29490, EL29493 and EL30115

Period: 4th January 2015 to 3rd January 2016
Northern Territory, Australia

Holder: Kalyan Resources Ltd, Scriven, Edwards, Johnston and Reddicliffe

Operator: Kalyan Resources Ltd

Reporting Period: From 4th January 2015 to 3rd January 2016

Sheet Reference: Urapunga 1:250,000 (SD53-10)

Due Date: 3rd March 2016

Authors: T Reddicliffe & B Devencorn

Date: 19 February 2016

Report No: 16-001

Copy To: Dept. of Resources - NT

TABLE OF CONTENTS

SUMMARY	2
1.0 INTRODUCTION	3
2.0 LOCATION AND ACCESS.....	3
3.0 LICENCE DETAILS.....	4
4.0 PHYSIOGRAPHY.....	4
5.0 PREVIOUS EXPLORATION.....	6
6.0 EXPLORATION COMPLETED DURING REPORTING PERIOD	9
7.0 PROPOSED EXPLORATION PROGRAM FOR NEXT PERIOD.....	11
8.0 REFERENCES	12

LIST OF TABLES

Table 1: Granted Tenement Schedule.....	4
--	----------

LIST OF FIGURES

Figure 1. Tenement Location.....	3
Figure 2. Location of Historic Drill Holes	10
Figure 3. Location of 2013/2014 Samples	11

COPYRIGHT

© *Kalyan Resources Ltd 2016*

This document and its contents are the copyright of Kalyan Resources Ltd. The document is for submitting to the Department of Mines and Energy of the Northern Territory, as part of the tenement reporting requirements of the *Minerals Titles Act 2010*. Any information included in this report that originates from historical reports or other sources is listed in the ‘References’ section at the end of this document. Kalyan Resources Ltd authorise the Department of Mines and Energy to copy and distribute the report and associated data.

SUMMARY

This Group Annual Report outlines exploration activities undertaken on Exploration Licences EL29349, EL29490, EL29493 and EL30115 from 4th January 2015 to 3rd January 2016. This period represents Year Three of the Combined Reporting Group Licenses.

The Exploration Licences are situated on the Urapunga (SE53-03) 1:250,000 mapsheet, and Moroak 1:100,000 topographic mapsheet in the Roper Region of the Northern Territory. They are located approximately 100 kilometres east of Mataranka and are accessed via existing sealed road.

During this period, the original partners entered into a Joint Venture Agreement with a new incoming partner, Kalyan Resources Pty. Ltd. to which, Kalyan Resources also became Operator. Furthermore, application was made and approved for the inclusion of EL 30115 to form part of this Group Annual Report for the Moroak Project.

On-ground activities were also completed during the reporting period. These included a further ground reconnaissance which was focused on detailed mapping, and determining the location of historic drill collars and access tracks, for the purposes of planning a drilling program. The results from the 2014 sampling program which were incomplete at the time of the year 2 reporting became available. After conducting the on-ground activities and receiving the results from the 2014 sampling program, we were able to commence preparing a Risk Management Plan and Mining Management Plan for submission to the relevant government departments in order to conduct drilling. The Risk Management Plan was finalized and lodged during this period.

We look forward to conducting further and more intensive exploration activities in the coming year. Exploration activities planned for Year Four of the Moroak Project include the submission of the Mining Management Plan in the near future in order to conduct a limited drilling program in the ensuing months.

1.0 INTRODUCTION

This annual group technical report outlines exploration activities conducted on The Moroak Project. The Moroak Project comprises of approved group Exploration Licences EL29349, EL29490, EL29493 and EL30115 for the between 4th January 2015 and 3rd January 2016. This period represents Year Three for the combined reporting group.

The primary mineral target for the Project is diamond deposits associated with kimberlite pipes.

2.0 LOCATION AND ACCESS

Exploration Licences EL29349, EL29490, EL29493 and EL30115 are situated on the Urapunga (SE53-03) 1:250,000 mapsheet, and Moroak 1:100,000 topographic mapsheet in the Roper Region of the Northern Territory. They are located approximately 100 kilometres east of Mataranka and are accessed via existing sealed road. A tenement location map is provided as Figure 1.

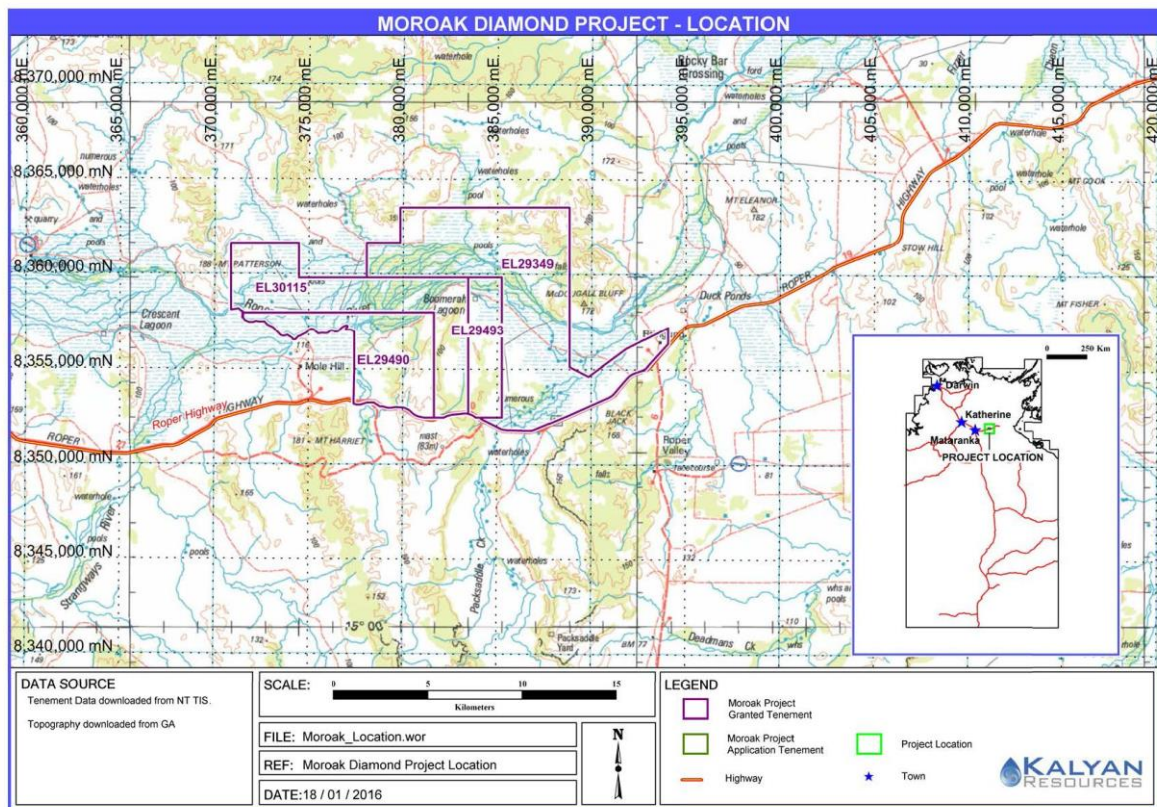


Figure 1. Tenement Location

3.0 LICENCE DETAILS

Details of the Project Tenements are outlined in Table 1 below.

Table 1: Granted Tenement Schedule

Name	Effective Date	Grant Date	Expiry Date	Blocks	Holder	%
EL29349	21/11/12	21/11/12	20/11/18	29	Kalyan Resources/Scriven Partners*	100**
EL29490	4/01/13	4/01/13	3/01/19	12	Kalyan Resources/Scriven Partners	100
EL29493	4/01/13	4/01/13	3/01/19	4	Kalyan Resources/Scriven Partners	100
EL30115	30/05/14	30/05/14	29/05/19	12	Kalyan Resources/Scriven Partners	100

*Scriven Partners' means Scriven, Edwards, Johnston, Reddicliffe

** Kalyan Resources (80%), Scriven Exploration (5%), Edwards (5%), Johnston (5%) and Reddicliffe (5%)

4.0 PHYSIOGRAPHY

Geomorphology and Climate

The region has a humid monsoonal climate with a dry season between April and October and a hot, wet season extending from November to March. The “wet” season is characterised by high relative humidity, high temperatures and most of the mean annual rainfall of 804mm. The “dry” season is characterised by lower humidity and lower temperatures.

The Roper Region lies mostly within the Gulf Fall, a dissected terrain that drains into the Gulf of Carpentaria. In the Roper Region the Gulf Fall is characterised by broad alluvial plains associated with the Roper River and its tributaries, and low rubbly hills or strike-ridges of variously resistant Proterozoic strata with the local relief ranging from 20-120m. Vegetation is largely dominated by open eucalyptus woodland but dense thickets of Lancewood are seen to occupy many of the well-drained upland areas particularly on the steep slopes. Major watercourses throughout the region are lined by dense strands of paperbarks and eucalypts and by pockets of monsoon forest.

Geology

The regional geology of the Roper Region is dominated by the Palaeo-Mesoproterozoic McArthur Basin. The McArthur Basin and the Pine Creek Orogen which lies to its west

respectively form part of the 'platform cover' and 'basement' of the North Australian Craton (Plumb et al 1981). Also represented are the northeastern margin of the Cambrian-Ordovician Daly River Basin and the western margin of the Cretaceous aged Carpentaria Basin.

Basement to the McArthur succession outcrops in the Pine Creek Orogen to the west, the Arnhem Inlier to the north and the Murphy Inlier to the southeast, but in the Roper Region it is restricted to a small area in the eastern portion of the Urapunga 1:250,000 mapsheet. Together these outcrops form part of an extensive Palaeoproterozoic domain that was intensely deformed and intruded by mainly granitic rocks during the Barramundi Orogeny between 1885 and 1870Ma (Etheridge et al 1987, Page and Williams 1988).

The stratigraphy of the McArthur Basin is dominated by siliciclastic and carbonate sediments deposited in shallow marine, marginal marine, fluvial, aeolian and lacustrine environments. Volcanic rocks are a relatively minor component. The succession ranges between 4 and 12km in thickness and was deposited during Statherian and Calymmian. The extent of the McArthur succession in the subsurface is not well known, but it is likely that it is continuous or contiguous with other north Australian successions of similar age. Depositional geometries and the deformation history of the McArthur Basin were influenced by northerly structural trends inherited from basement, and the subdivision of the province into 'shelf' areas and 'fault zones' reflects its sedimentary and deformational history. Shelf areas are characterized by relatively thin successions, lateral stratigraphy and mild deformation. Fault zones are relatively intensely deformed and correspond either with thickened successions that have marked lateral variation ("troughs") or attenuated successions ("tectonic ridges"). The thickness of the McArthur succession is typically 4km in shelf areas and up to 12km in the Walker and Batten Troughs.

The Roper Region is bisected by the east-west trending Urapunga Tectonic Ridge, a basement high that separates the Bauhinia Shelf to the south from the Arnhem Shelf to the north. The intersection between the northerly trending Walker and Batten Troughs and the Urapunga Tectonic Ridge occupies most of the Roper River 1:250,000 mapsheet and is largely obscured by Cainozoic cover.

The stratigraphy of the Roper Region consists of the Katherine River Group, the McArthur

River Group, the Mt Rigg Group, the Nathan Group and the Roper Group. The basement high represented by the Urapunga Fault Zone is reflected by the absence of the Katherine River Group and attenuation of the McArthur Group.

Basins of Paleozoic and Mesozoic age are also present in the Roper Region. Outliers of Antrim Plateau Volcanics represent the northeastern margin of the Cambrian-Ordovician Daly Basin. These volcanic are characterized by basaltic rocks that were extruded during limited continental breakup according to Veevers and Powell (1984). Thin erosional outliers of sandstone and minor mudstone occur in the northwest and east of the Roper Region. These strata are of Cretaceous age and are the remnants of a once extensive area of deposition between Mesozoic depocentres such as the Carpentaria and Bonaparte Basins (Franks et al 1987, Krassay 1994).

Two thin kimberlite fissures, namely Packsaddle 1 and Blackjack 1 have been identified in close proximity to the Roper Valley Homestead. The fissures are located on the east-west trending Urapunga Tectonic Ridge and intrude sediments of the the Roper Group. The age of these kimberlite intrusions is not known.

The sediments forming the bedrock to the alluvium are sediments of the Middle Proterozoic Roper Group. The Roper Group is described by the NTGS as a sequence of resistant quartz-arenite and recessive mudstone and siltstone. It is not exposed in the project area however; exposures to the south-west and north-east indicate the sediments to be relatively flat-lying.

5.0 PREVIOUS EXPLORATION

Previous exploration for diamond deposits has been conducted within the Moroak Project area initially by Stockdale Prospecting Limited and Ashton Exploration Ltd and later by CRA Exploration and more recently by Tawana Resources. The following report subsections summarise the previous diamond exploration over the property since 1984.

5.1 Ashton Exploration Limited – 1982-1983

Regional reconnaissance exploration was undertaken by Ashton Exploration Limited over

the exploration licences EL3363, EL3364, and EL2907 in the period 1982 to 1983. These tenements were to the north and south of the current Moroak Project tenements with the nearest sample being 10km from the known kimberlite occurrences. The sampling density was approximately 1 sample per 15 sq km. No kimberlite indicator minerals or microdiamonds reported to any of the samples. In the period 1993 to 1995 Ashton Mining Limited held EL8275, located immediately south of the Moroak project tenements and took several follow-up samples that reported negative for kimberlite indicator minerals.

5.2 Stockdale Prospecting Limited – 1984-1990

Exploration completed by Stockdale Prospecting Ltd (later to become De Beers Australia Exploration Limited) has been the most comprehensive in the area to date and was completed during the period 1984 to 1990. Much of this work is within the current Moroak project tenement area.

Stockdale discovered the Packsaddle 1 and Blackjack 1 kimberlite fissures located on EL4483 in 1989 following a program of extensive and systematic stream and loam sampling in the Roper region which commenced in 1984. RAB/RC drilling of Packsaddle 1, confirmed the presence of a narrow kimberlite dyke and sampling of the drill spoils confirmed the presence of fine diamonds (microdiamonds). Blackjack 1 had intermittent outcrop and was not drilled and was also interpreted as a thin dyke. Small helimag surveys were undertaken over selected target areas and while producing several magnetic anomalies no additional kimberlite occurrences were discovered. No bulk samples of any material were tested to demonstrate the presence or absence of commercially sized diamonds. Stockdale relinquished the tenements in 1990.

5.3 CRA Exploration – 1995-1996

CRA Exploration held EL8942 in the period 1995 to 1996 and reported that two samples were taken to test magnetic anomalies identified from regional aeromagnetic datasets both of these reported a negative result. The tenement was located to the north of the Packsaddle kimberlite occurrence and with the samples being 13km and 27km distant. CRA exploration has reported no other exploration activities within this area.

5.4 Tawana Resources – 2003-2007

Tawana Resources held exploration licences EL9719 and EL9722 in the period 2003 to 2007. During this period field activities were limited to the taking of four samples totaling 52kg in weight from EL9722 in close proximity to the Packsaddle 1 kimberlite occurrence. No indicator minerals or diamonds reported to the samples. EL9719 was relinquished in 2005 and EL9722 was relinquished in 2007.

5.5 Scriven, Edwards and Johnston – 2013/2014 (Year 1)

On-ground activities completed during the Year 1 reporting period comprised ground reconnaissance, the collection of 15 gravel samples. Results from this sampling were not available during the Year 1 reporting period.

5.6 Scriven, Edwards and Johnston – 2014/2015 (Year 2)

On-ground activities completed during the Year 2 reporting period comprised ground reconnaissance, the collection of 16 gravel samples. Results from this sampling were not available during the Year 2 reporting period. Ground based EM-34 surveys were commenced in two areas where chromite had reported to surface loam samples collected by Stockdale Prospecting in the period 1984-1990. A total 33.92 line kms was completed. Lines were orientated east-west at spacing of 50m, 100m and 200m and with readings taken at 20m intervals along the lines. Four anomalous areas were highlighted by the EM-34 survey. All were elongated anomalies up to 700m long and 150m wide and with smaller highly conductive cores.

Results from a total 15 gravel samples collected during the Year 1 reporting period became available. All samples reported negative for microdiamonds. One sample reported a single kimberlitic chromite, associated with detrital gold and cassiterite

A barrage gravel sample with a nominal weight of 200kg was taken from drainage within the southern portion of the tenement area. A single diamond with weight 0.155cts was recovered from the sample. No kimberlite indicator minerals reported to the sample.

6.0 EXPLORATION COMPLETED DURING REPORTING PERIOD (Year 3)

Both office-based activities and field activities were conducted during the reporting period.

Office-based activities included historical and geological mapping, literature research, database integration, and the preparation and lodgment of a Risk Management Plan for the project area were conducted.

The Operator also commenced planning the following year's exploration program and commenced drafting of a Mining Management Plan in preparation for lodgment. Relevant searches were conducted in relation to the drafting of the Mining Management Plan also took place either electronically or through the relevant stakeholder offices in Darwin, Northern Territory.

Field exploration activities completed during the reporting period comprised of a ground reconnaissance and geological mapping of historical drill holes and access tracks. Sample results for previous sampling conducted, also become available and details including results to date are listed on the attached appendix A.

Location of Historic Drill Holes

Considerable time and effort was put into locating the historic drill holes drilled by Stockdale Prospecting and their associated access tracks. This was done when it became apparent that there was a discrepancy between the reported locations of the drill holes and their actual locations infield.

The outcome of this ground reconnaissance mapping is shown in Figure 2.

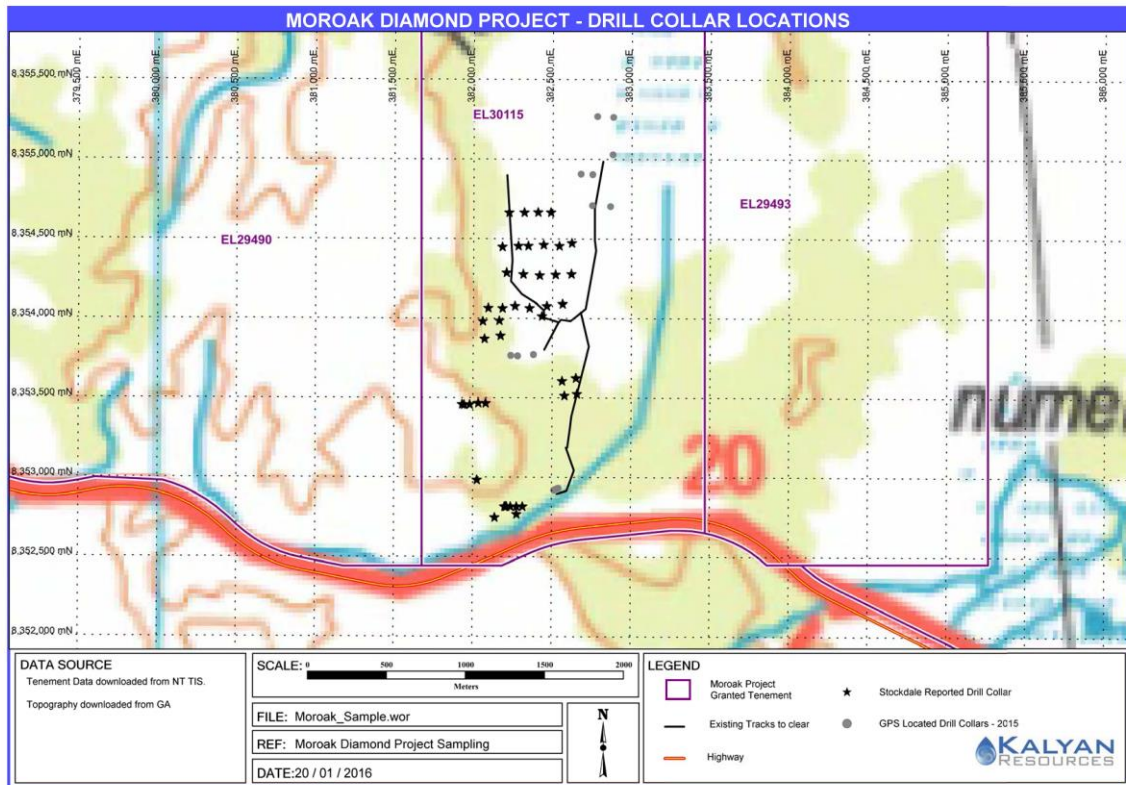


Figure 2. Location of Historic Drill Holes

Year 2 Gravel Sample Results

A total 16 gravel samples each with a nominal weight of 25kg were taken from drainages within the project tenement area during Year 2. The samples were sieved in the field at minus 2mm and were then dispatched to Diamond Recovery Services in Perth for processing and recovery of both kimberlite indicator minerals and microdiamonds.

The gravel sample results became available during the reporting period. One sample, namely KM1401_002 reported a +0.4mm diamond and one olivine grain. All of the remaining samples reported negative for microdiamonds and kimberlite indicator minerals.

Details are presented in Appendix A and Figure 3.

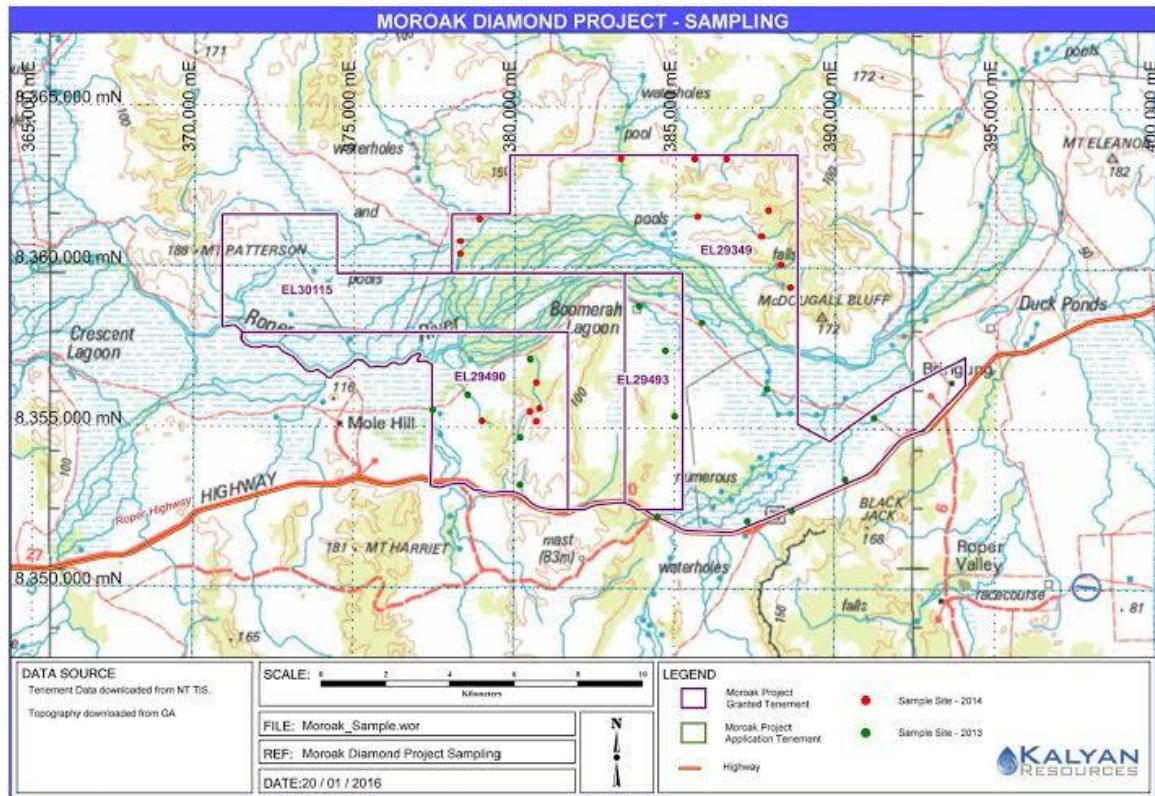


Figure 3. Location of 2013/2014 Samples

7.0 PROPOSED EXPLORATION PROGRAM FOR NEXT PERIOD

The Operator and Joint Venture Parties are excited to proceed towards carrying out the proposed exploration program for Year 4 of the Project as it is aimed towards immediately proving or disproving the existence of kimberlite pipes within the Project area.

Previous exploration conducted on the project has highlighted initial targets for testing. Consequently, the Operator has designed a limited drilling program (consisting of approximately 1,000m RC drilling) aimed towards determining whether the targets are kimberlite pipes. Sampling of RC drill chips will also be taken and prepared for analysis.

The Operator intends on lodging a Mining Management Plan to cover the proposed drilling activities and to conduct the limited drilling program within Year 4 of the Group. Additional activities proposed to either be conducted during or following the limited drilling program include gravel sampling, barrage sampling and / or a ground geophysical survey. Administrative reporting, mapping and reporting will continue to be conducted.

8.0 REFERENCES

- Bishop, S. R. 2003. Mount Eleanor, Hodgson Diamonds Programme First Annual Report EL 22397 for the Period Ending 22 July 2003. Northern Territory Company Report CR20030295.
- Fried, T. R. 1990. Stockdale Prospecting Ltd Final Report EL4483 for year ending 31 May, 1990. Northern Territory Company Report CR19900572.
- NTGS,1991. Explanatory Notes 1:250,000 Map Series Urapunga 1:250,000 Explanatory SD53-10.
- NTGS,2001. Explanatory Notes 1:250,000 Map Series. Roper Region: Urapunga and Roper River Special SD 53-10, 11.
- Podolsky, P. D.1989. Stockdale Prospecting Ltd Annual Report 4483 and 4679 for year ending 31 May 1989. Northern Territory Company Report CR19890421.
- Scriven, N. H. 2003. Boomerah Lagoon, Annual Report Exploration Licence 9719. Northern Territory Company Report CR20030357.
- Reddicliffe, T. H. 2014, Annual Technical Group Exploration Report – Year 1, Exploration Licences EL29349, EL29490 and EL29493
- Reddicliffe, T. H. 2014, Annual Technical Group Exploration Report – Year 2, Exploration Licences EL29349, EL29490 and EL29493
- Reddicliffe, T. H. 2014, Annual Technical Group Exploration Report – Year 1, Exploration Licence EL30115
- Scriven, N. H. 2004. Boomerah Lagoon, Annual Report Exploration Licence 9719, 6 September 2003 to 5 September 2004. Northern Territory Company Report CR20040475.
- Steven A. Cooper. 2004, Packsaddle, First Annual Report EL9722, 15 April 2003 to 14 April 2004. Northern Territory Company Report CR20040243.
- Steven A. Cooper. 2005, Packsaddle, Second Annual Report EL9722 for Period ending 14 April 2005. Northern Territory Company Report CR20050122.
- Steven A. Cooper; W.T. Marx, 2005, Boomerah Lagoon, EL9719, Final Technical Report, October 2005. Northern Territory Company Report CR20050419.
- Steven A. Cooper 2006. Packsaddle, Third Annual Report EL9722 for Period ending 14 April 2006. Northern Territory Company Report CR20060124.
- Steven A. Cooper 2006. Packsaddle, Relinquishment Report Part Exploration Licence 9722 March 2006. Northern Territory Company Report CR20060195.
- Steven A. Cooper, 2007. Packsaddle, Fourth Annual and Final Report EL9722 for Period ending 14 April 2007. Northern Territory Company Report CR20070211.
- Vercoe, S. C. 1987. Stockdale Prospecting Ltd Exploration Licence 4483 Roper River Area Partial Relinquishment Report 12th February 1987. Northern Territory Company Report CR19870084.
- Vercoe, S. C. 1988. Stockdale Prospecting Ltd Exploration Licence 4483 Roper River Area Partial Relinquishment Report. Northern Territory Company Report CR19880241.