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Sw/Kondgold/dme/120914~DMERelingReport14638

14 September 2012

EPM 14638

Relinquishment Report for Partial Relinquishment of Area.

Seven sub-blocks relinquished June 2012.

EPM 14638, Partial Relinquishment Report, Final Rehabilitation Report & Audit, as of 1st June 2012. (as per EPA form)

CONTENTS

1. ***EPM 14638, Partial Relinquishment Report, Final Rehabilitation Report & Audit, as of 1st June 2012***. (as per EPA form)

SUMMARY.
Exploration activities summarized in the table below.

Item	REQUIREMENTS – the following must be itemised.	Yes	No	Remarks
1	Drilling and completion activities.		X	
2	Trenching, costeaning or pitting.		X	
3	Geophysical and geochemical surveys.	y		Sampling of outcrop zones and old workings.
4	Technical evaluation and analysis.	Y		Assessment of previous geochemical and air magnetic data for potential target definition to combine with surface sampling.
5	Data management or data interpretation.	Y		
6	Operational and administrative expenses, limited to 10% of the total expenditure.	Y		
7	Costs of compliance with native title conditions.			
8	Allowable costs under a native title agreement.			
9	Are there unallowable costs as per section 13B (3) of the Mineral Resources Regulations No. 4 2008			

1. INTRODUCTION

This is the Relinquishment Report and Audit for 7 sub-blocks relinquished from EPM 14638 near Einasleigh in north Queensland as per the requirements of the DNRM in their letter of 21 May 2012.

The relinquished sub-blocks were investigated for possible gold, copper and other base metals, uranium, and stibnite mineralisation.

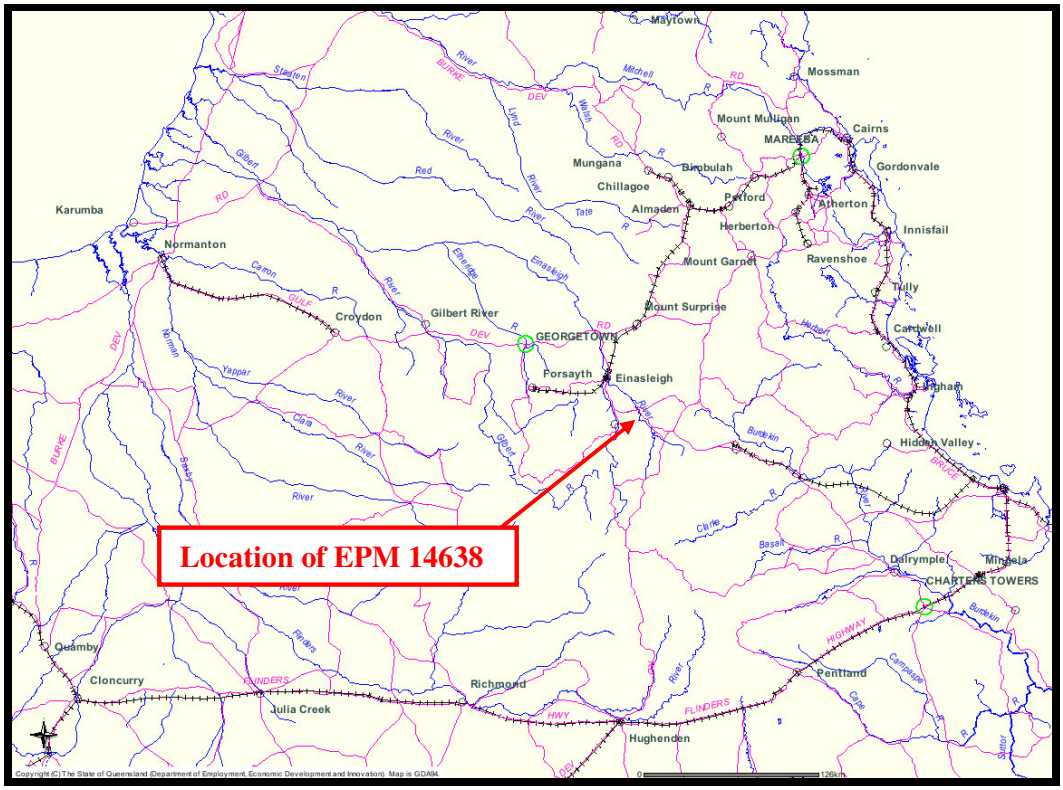

Figure 1. Regional Location of EPM 14638

2. SUB-BLOCKS FOR RELINQUISHMENT & RENTENTION

Location of the relinquished sub-blocks from EPM 14638 is shown in ***Figure 2.***

The lists of sub-blocks for relinquishment and retention for EPM 14638 are shown below.

Sub-blocks for Relinquishment

BIM	*Block*	*Sub-blocks*
Town	2306	H, J.
Town	2378	E, J
Town	2379	A, L
Town	2380	F

Total 7 sub-blocks to be relinquished

Sub-blocks to be retained

Town	2308	V
Town	2378	K, P
Town	2379	F, E
Town	2380	A

Total 6 sub-blocks to be retained

The Sub-block Status for EPM 14638 as of 4 June 2012 is shown in ***Table 1*** below from which 7 sub-blocks are being relinquished. A map showing the sub-blocks for relinquishment is also shown below in ***Figure 2***. This information has been extracted from the DEEDI website.

TABLE 1.

Current Expl. Permits Mineral (EPM)

Rec	Tenure Type	Tenure Number	Status	Sub-Status	Date Lodged	Date Granted	Date Expires	Principal Holder	Number of Subblocks
1	EPM	14638	GRANTED	RENEWAL LODGED	20-MAY-2004	22-JUN-2005	21-JUN-2011	KONDOR GOLD PTY LTD	13

(from DEEDI web site)

Location Map (after DEEDI website)

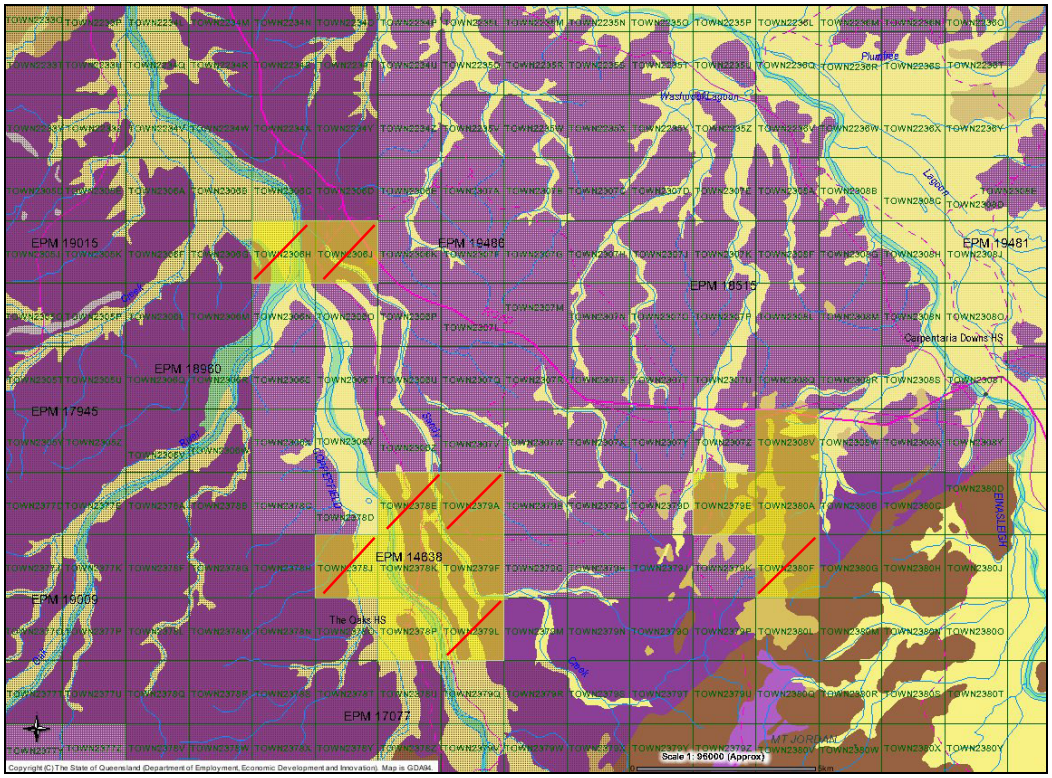

FIGURE 2.

Sub-blocks at 4 Jun 2012

Sub-blocks for relinquishment

3. EXPLORATION ACTIVITIEs for PERIOD ENDED 1st June 2012 on relinquished sub-blocks

Exploration on the 7 sub-blocks during the period up to relinquishment comprised a new review of the publicly available gravity, aerial magnetic data, and geochemistry by consultant geologist Chris Dredge for Kondor Gold Pty Ltd. These were compared with a previous aerial photographic study and lineament analysis.

Appendix 1 contains descriptions and locations of surface geochemical samples taken from the relinquished sub-blocks, and also analyses of most of these samples performed by Australian Laboratory Services.

The latest field reconnaissance checked more possible sites of interest from a review of the available geological data and some rock geochemical samples were collected.

No new exploration targets were generated other than those presently within the retained area.

There was no obvious or significant disturbance of the land.

4. ENVIRONMENTAL AUDIT OF RELINQUISHED SUB-BLOCKS.

An Environmental Audit of the relinquished area was completed in July 2011 and has been sent to the department of Environment and Resource Management as a separate report accompanying the required form for surrender or partial surrender of an environmental authority (exploration).

A Field Audit was completed on 31 January 2012 by S.W. (Bill) Hayes, BSc, METM(UQ), FAusIMM, MGSA, FIQ as auditor for Kondor Gold Pty Ltd in conjunction with the company's technical officer. There has been no active field work conducted on these 6 sub-blocks since that date.

A Document audit was completed in June 2012 by S.W. Hayes in the offices of Kondor Gold Pty Ltd in Brisbane and showed no field activity on the relinquished sub-blocks since the field audit and therefore no ground disturbance.

5. LOCATION OF EPM 14638

5.1 Location and Access

The tenement area is 16km south of the township of Einasleigh and 6 km north of the Kidston gold mine. The regional location is some 300 km north west from the port city of Townsville. ***(Figure 1).*** The project area is undulating country readily accessible by local property roads. The area is serviced by good condition gravelled roads linked to major regional bitumen roads.

5.2. Map Coverage

The following relevant maps are published for the area:

1:100 000	Cadastral	Einasleigh 7760
1:100 000	Topography	Einasleigh 7760

1:250 000 Geological Map Sheet Einasleigh SE55-9

6. REGIONAL GEOLOGY

The area falls within the Einasleigh 1:250 000 Geological Sheet area. The geological sequence in the project area is shown in ***Table 2***.

Table 2

Regional & Project Geology

Age	*Unit*	*Symbol*	*Description*
Quaternary		Qa	Clay, silt , sand, gravel – as superficial deposits
	Chudleigh Basalt	Qb	Olivine basalt (lava from the Chudleigh Basalt Province)
Tertiary		Tb	Olivine basalt, minor nephilinite
Silurian to Early Devonian	Oak River Granodiorite	SDgo	Locally foliated, grey, porphyritic biotite granodiorite and foliated grey hornblende-biotite tonalite.
		$SDgo_m$	Areas containing abundant xenoliths and roof pendants of metamorphic rocks.
Early to Middle Proterozoic	Mywyn Granite	Pgm	Foliated grey porphyritic granite (***Oasis U deposit)***
	Einasleigh Metamorphics	Pe3	Biotite gneiss, schist and quartzite, grading locally into migmatite and granite-gneiss; local laminated amphibolite (para-amphibolite or meta-tuff??) and unmapped orthoamphibolite (Cobbold Metadolerite); local calc-silicate gneiss
		Pe2	Leucratic quartzofeldspathic granofels and gneiss
		Pe1	Calc-silicate (hornblende-diopside) gneiss; includes some unmapped Stenhouse Creek Amphibolite; locally mylonitised.

7. PROJECT GEOLOGY

7.1. Lithologies

The main geological formations within the EPM project area are shown in ***Table 1***. The oldest rocks are high grade metamorphics of the Einesleigh Metamorphics probably represent the deepest part of the metamorphic pile which may have originally comprised a shallow water sequence of fine grained , locally calcareous or dolomitic quartzose to feldspathic sandstone, siltstone, and mudstone. Mafic rocks intruded as sills and emplaced as lavas in the sequence are tholeiitic and are geochemically similar to modern basalts in various extensional settings.

These metamorphics have regionally been intruded and uplifted by the Copperfield Batholith suite of plutonic rocks including the Oak River Granodiorite which is the predominate unit in the EPM area.

7.2 Structure

The Einesleigh Metamorphics are structurally complex, having been multiply deformed and metamorphosed. The most obvious fabrics in the Einesleigh Metamorphics are the foliation in the gneiss, schist, and migmatite, and mineral elongation in the amphibolite. The layering in the gneiss probably reflects original sedimentary layering transposd parallel to the main foliation.

The Oak River Granodiorite is commonly foliated particularly in the south-west. Cauldron subsidence structures have been observed in the granitoids of the area with associated systems of linear faults, and ring structures often defined by microgranite dykes. Numerous felsic dykes that intrude the Oak River Granodiorite may reflect subsidence structures on underlying batholiths. These structural conditions offer potential fracture zones and associated alteration zones for potential mineral deposition and concentration.

8. GEOLOGY and MINERALISATION

The *Einasleigh metamorphics* host more than 20 ***base-metal occurrences*** which are thought to be stratiform and/or stratabound (Bain & Withnall, 1980; Bain & others,1990). Work by companies has indicated that in regional terms, the deposits are concentrated at the transition from the dominantly psammitic calc-silicate gneiss facies (Pe1) to the psammopelitic biotite gneiss facies (Pe3). In general***, copper*** mineralisation (commonly associated with baritic lodes) occurs in the calc-silicate facies whereas ***zinc*** mineralisation, with lead in some cases, occurs in the biotite gneiss facies.

In the Oak River Granodiorite suite copper mineralisation appears to be associated with

Antimony (as Stibnite) occurs in small quartz veins associated with altered rhyolite dykes and also in some of the gold deposits***. Gold*** associations include the breccia pipe – alteration zone conditions of the Kidston deposit to vein and smaller alteration occurrences in the area. Base metal mineralisation such as copper-lead-zinc type are thought to have been stratiform and possibly exhalative deposits.

Uranium is present in the Oasis Unranium Prospect some 10 km south-east of the EPM boundary. Primary Uraninite occurs in quartz-chlorite-biotite schist of the Einasleigh Metamorphics in a roof pendant in the Proterozoic Mywyn Granite. Significant grades (average of 0.13% U_3O_8 over a width of 2.9m) occur over a strike length of 200m and to a depth of 100m. (Withnall & Grimes, 1995). The Mywyn Granite has a high radiometric background and the uranium was probably mobilised from the granite. There is potential to repeat this provenance within EPM 14638 along the granite-Einasleigh Metamorphics contact zones.

Other regional uranium deposits such as the Maureen to the north-east of Georgetown, and the Ben Lomond near Greenvale, have similar metamorphics-igneous intrusion relationships. These indicate the potential for breccia formation and hydrothermal alteration that may result in gold or possibly Uranium mineralisation along the Einasleigh Metamorphics-granite contact zones.

9. REFERENCES & BIBLIOGRAPHY

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APPENDIX 1

EPM 14638

SAMPLE DESCRIPTIONS AND ANALYSES.

The sample descriptions are for surface geochemical samples taken from the relinquished sub-blocks and the grid coordinates of their locations. Most of these samples were submitted to Australian Laboratories for analysis. The analysis results are also contained in this Appendix.

KONDOR GOLD PTY LTD EXPLORATION SAMPLE DESCRIPTION

EPM 14638

COPPER RIVER PROJECT

June 2012

Sample Descriptions:
Field technicians description followed by geologist's description of the rock sample.

GO# 1 0197948E, 793029N.
Tiny dam and mound approx 2 metres high behind which and to the east are washouts showing gossan and pink grey granite.
Rhyolite: highly weathered, brown pink to black, very fine grained, commonly iron oxide stained and cemented, black siliceous iron oxide cement in part.

KTO#1 99306E, 29023N
Some 3 kms south of the Kidston turn-off on the Einasleigh road heading south.
Fine grained black granite surface boulders.
Diorite; - grey black, slightly weathered, medium to fine grained, equigranular, predominantly dark grey plagioclase feldspar, rare ferromagnesians, trace sulphides (up to 0.1mm), numerous fine vugs as if after leached/weathered out sulphides

KTO#2 99340E, 29179N
Green stained material occurs beside vertical pink rock (rhyolite??) 100mm wide.
Green material on both sides of pink vein for 2 metres
Granite - pink grey, moderately weathered, medium grained, equigranular, biotite (~10%), quartz ~20%, limonite stained.

KTO#3 99538E, 29200N
Mudstone?? Exposed in stream bed for several metres flat lying
Diorite? - Dark grey, moderately weathered, fine grained, slightly porphyritic with plagioclase lathes and weak lineation, minor ferromagnesians, traces weathered sulphides.

KTO#4 99460E, 29391N
Very distinct very black staining from 100mm to 500mm above stream bed. From this point downstream for some distance this black staining is pronounced.
Granite; - moderately weathered, coarse grained biotite mica, quartz~10%, limonite stained potassic feldspar, black siliceous iron oxide coating on weathered exposed surface of hand specimen

KTO#5 generally everywhere in this area
This green tinged material is evident in the streams. This is what was reported as possible copper outcrop. The material appears to weather out of (diorite?)

Granite - quartz epidote & feldspar alteration, moderately weathered.

RC#01 00049E, 29199N
Gneiss—with mica??
Pegmatite.

GR#1 13261E, 20515N
Very magnetic poor electrical conductance 100Kohm occurs in area of black granite?
Outcrops.
Olivine Gabbro - medium to fine grained, equilangular, plagioclase pyroxenite olivine gabbro, thin weathered skin on sample

GR#2 16212E, 24799N
Highly magnetic zero electrical resistance, occurs in pink granite area
Magnetite? - Black, very fine grainded, minor weathering/erosion, round pebble, very magnetic.

HS#2 10412E, 18450N
Olivine Gabbro – black, slightly weathered, pyroxene plagioclase olivine gabbro.
Much of the olivine has been weathered
Pyroxene minerals= black
Plagioclase " = dark grey to white
Olivine " = green to brown often weathered
Ferromagnesians = black
Sample cut by narrow 3mm quartz vein

HS#3 10412E, 18450N
Could not find source of this mica
Schist - micaceous, weathered

HS#4 10412E, 18450N
Olivine Gabbro - black fine to medium grained some lineation weathered
Pyroxene---~50% black
Plagioclase~40% dark grey to grey
Olivine ~10% green to brown mostly weathered
Sample is cut by a quartz vein

HS#5 10412E, 18450N
This material from a 150mmwide zone very loud on detector contains magnetic particles. Electrical resistance 100kohm
Laterite - dark brown, clayey, highly weathered, probably originally basic rock possibly gabbro. Lateritised weathered gabbro? May contain residual magnetite minerals.

HSCU#1 10412E, 18450N

Gabbro - black, slightly weathered, fine to medium grained, equilangular, pyroxene rich with plagioclase.

HSCU#2#3#4 10458E, 18453N

Soft rock very loud on detector has metals in matrix some have glance effect Lens 400mmwide possibly wider merges into very hard rock. Contains chalcopyrite and dull silver metal.

Pyroxenite - black, heavy, fine to medium grained, pyroxene, minor plagioclase, minor biotite, some magnetite. Slight foliation indicating slight shearing stresses towards serpentinisation..

LD#1 00282E, 25135N

Conglomerate material

Conglomerate – pebbly, quartzose, coarse grained, predominantly angular quartz particles, cemented with iron oxides of haematite and limonite.

LD#2 00429E, 25125N

Trace of green colouration.

Granite - pink to green, weathered, altered, fine to medium grained, equilangular, microcline granite, quartz~10%, chlorite and epidote alteration of feldspar, green to grey green

LD#3 00451E 25163N

2 seams 30mm and 100mm then merge into 1 seam presents well. These seams present very strong colouring in sunlight with a powdery appearance. Vein trending NE. SW

Rhyolitic Tuff - weathered, clayey, pale green to pastel pink, moderately soft, very fine grained.

LD #4 #5 0329E 25192N

Both samples from the same reef 2 metres apart

LD#4 ***Pegmatite granite -*** composition weathered feldspar 75%, quartz 10%, sericite mica 15%, pink with common iron oxide colouring (brown), medium grained to coarse grained

LD#5 ***Pegmatite*** - micaceous granitic composition, moderately weathered, feldspar 70%, quartz 10%, mica 20%, pale pink with common brown iron oxide colouring, medium grained

LD#6 99875E 27013N

Left in plastic bag very small sample very strong signal on detector

Pegmatite - micaceous quartzose granite, composition K feldspar 60%, quartz 15%, mica 15%, iron oxide ferromagnesians 10%, medium to coarse grained, weathered, grey white, with common iron oxide and manganese staining

LD#7 No location, present everywhere in this area

Diorite? - Weathered, predominantly dark grey plagioclase, minor ferromagnesians, no apparent free quartz, common reflecting plagioclase planes, fine grained, slightly porphyritic with small plagioclase crystals.

LD#7 no location as above

Rhyolite? - weathered, pink, very fine grained, moderately tough

LD#9 02340E 20311N

Steam sediment sample

Cemented Stream Sediment - weakly cemented stream wash with common rounded to angular quartz, weathered potassium feldspar, clay matrix with iron oxides, medium grained to 2mm particles, granite terrain origin

CAR#1 13171E 19898N

Lens 20 metres wide 1—4 metres thick 3-5 metres below surface black carbonaceous material

Meta Mudstone – black, very fine grained, slightly to moderately weathered, common lamination planes 2-5mm spacing, limonite goethite chlorite weathering (brown yellow pale green), possible yellow minor sulphur/sulphate weathering on lamination planes, possibly carbonaceous.

BR06056094 - Finalized
CLIENT : "KONHOL - Kondor Holdings"
# of SAMPLES : 36
DATE RECEIVED : 2006-06-23 DATE FINALIZED : 2006-07-11
PROJECT : " "
CERTIFICATE COMMENTS : ""
PO NUMBER : "EPM 14638"

	Au-OG44	ME-ICP44	ME-ICP44	ME-ICP44	ME-ICP44	ME-ICP44	ME-ICP44	ME-ICP44
SAMPLE	Au	Ag	As	Ba	Bi	Ca	Cd	Co
DESCRIPTION	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm
KTO 01	<0.01	<0.2	16	1180	<2	2.26	<0.5	38
KTO 02	<0.01	<0.2	7	270	<2	1.92	<0.5	5
KTO 03	<0.01	<0.2	3	390	<2	3.63	<0.5	27
KTO 04	<0.01	<0.2	3	390	<2	0.29	<0.5	1
KTO 05	<0.01	0.2	6	100	<2	3.71	<0.5	2
GR 1	<0.01	<0.2	10	50	<2	1.74	<0.5	2
HS 2	<0.01	<0.2	8	120	<2	4.13	<0.5	10
HS 3	<0.01	<0.2	4	390	<2	1.54	<0.5	49
HS 4	<0.01	<0.2	18	130	<2	4.04	<0.5	6
HS 5	<0.01	<0.2	3	70	<2	1.3	<0.5	16
LD 1	<0.01	0.2	18	1060	<2	0.33	<0.5	103
LD 2	<0.01	<0.2	11	420	<2	1.2	<0.5	3
LD 3	<0.01	0.2	8	260	<2	3.11	<0.5	4
LD 4-5	<0.01	<0.2	2	330	<2	1.06	<0.5	10
LD 7	<0.01	<0.2	4	630	<2	2	<0.5	43
LD 8	<0.01	<0.2	4	290	<2	0.12	<0.5	2
LD 9	<0.01	<0.2	8	260	<2	0.65	<0.5	11
CAR 1	<0.01	<0.2	5	50	<2	0.21	<0.5	1

ME-ICP44 Cu Ppm	ME-ICP44 Fe %	ME-ICP44 Mg %	ME-ICP44 Mn ppm	ME-ICP44 Mo ppm	ME-ICP44 Ni ppm	ME-ICP44 P ppm	ME-ICP44 Pb ppm	ME-ICP44 S %
73	7.41	2.86	1180	2	144	1000	5	0.04
6	2.66	0.5	342	<1	12	480	9	0.02
50	4.81	1.86	695	1	95	1420	5	0.02
2	0.71	0.08	253	<1	2	40	17	0.02
3	2.65	0.09	463	<1	5	350	15	0.02
4	6.97	0.31	453	1	19	910	4	0.01
9	11.15	1.76	1920	1	54	1190	8	0.02
48	10.7	2.46	1610	2	28	1260	16	0.02
3	4.52	0.43	1040	1	15	590	15	0.02
19	5.71	0.46	687	1	24	430	13	0.02
10	4.3	0.16	5170	1	31	170	29	0.02
8	1.57	0.16	208	1	5	160	10	0.02
12	2.44	0.36	307	<1	9	430	7	0.02
10	2.25	0.75	320	<1	15	450	6	0.01
66	7.4	2.85	1290	2	157	1060	6	0.02
5	1.08	0.04	147	1	15	170	5	0.02
38	3.51	0.61	493	1	28	220	12	0.02
9	1.05	0.08	152	1	2	40	8	0.01

ME-ICP44 U Ppm	ME-ICP44 Sb ppm	ME-ICP44 Zn ppm	ME-MS82 Ce ppm	ME-MS82 Dy ppm	ME-MS82 Er ppm	ME-MS82 Eu ppm	ME-MS82 Gd ppm	ME-MS82 Ho ppm
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<10	<2	50						
<10	<2	80						
<10	<2	11						
<10	<2	7						
<10	<2	24						
<10	<2	169						
<10	<2	339						
<10	<2	17						
<10	<2	40						
<10	<2	20						
<10	<2	15						
<10	<2	31						
<10	<2	66						
<10	<2	98						
<10	<2	21						
<10	3	59						
<10	2	21						

ME-MS82 La Ppm	ME-MS82 Lu ppm	ME-MS82 Nd ppm	ME-MS82 Pr ppm	ME-MS82 Sm ppm	ME-MS82 Tb ppm	ME-MS82 Th ppm	ME-MS82 Tm ppm	ME-MS82 U ppm

ME-MS82 Y Ppm	ME-MS82 Yb ppm	GPS UTM WGS84	
		E	N
		299306	7929023
		299340	7929179
		299358	7929200
		299460	7929391
		299358	7929200
		213261	7920515
		210412	7918450
		210412	7918450
		210412	7918450
		210412	7918450
		200282	7925135
		200429	7925152
		200451	7925163
		200329	7925192
		299875	7927013
		202240	7920311
		213171	7919898