RELINQUISHMENT REPORT

FOR EXPLORATION PERMIT FOR MINERALS (EPM) 17672

MARY VALLEY PROJECT

QUEENSLAND

by
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for
Walla Mines Ltd

19 October 2012

CONTENTS

1 Summary

The tenements are prospective for manganese and gold with all exploration & research focused on these minerals. The main area of focus is the Amamoor Beds. A review of the existing historical exploration data within the Queensland Mines Department Survey Database was conducted. Through detail interpretation of airborne magnetic from the Queensland Geological Survey, magnetic anomalies were identified.

The targeting was undertaken at a high level to identify areas of interest that stand out in the regional re-interpreted geophysical data. Several areas of interest were identified and it was concluded that these should be further explored in the future.

2 Introduction

The Mary Valley Manganese Project is located approximately 14 road kilometres southwest of Gympie Township in Queensland. The project comprises 4 application Exploration Licence areas which cover an approximate area of 169.3 km2 that is easily accessed from the Brooloo Road from the Gympie Township. The EPM's areas lies on the GYMPIE 1:250,000 Geological Sheet Series (SG56-10) and Gympie (9445) 1:100,000 Geological Sheet Series.

Within the EPM area, the Amamoor Beds of Permian age, consisting of mudstone, slate, basic metavolcanics, chert, schist, jasper, greywacke contain the majority of manganese deposits. The Mary Valley Manganese deposits occur in a north-north-westerly trending belt (Carboniferous to Triassic in age) of low-grade metamorphic rocks situated in south-east Queensland.

Project	Tenement Number	Status	Current Area		Current Holder	Granted Date	Expenditure Covenant ($)
			Blocks	(sq km)			
Mary Valley	EPM17672	Granted	55	169.3 km^2	Bluekebble Pty Ltd	30/06/09	$40,000

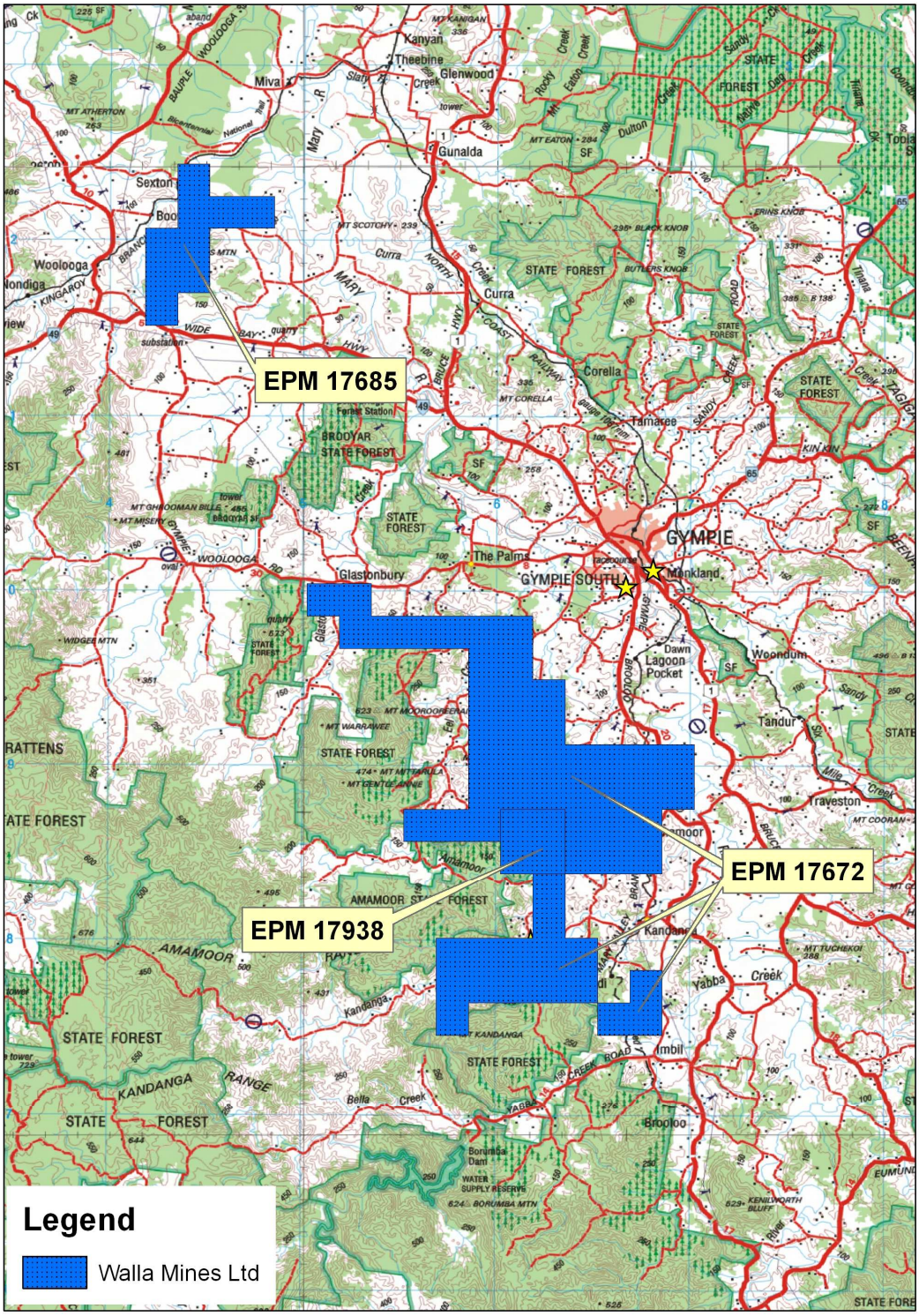

Figure 1: Topographic Map showing EPM 17672

3 Regional & Tenement Geology

The Mary Valley Manganese deposits occur in a north-north-westerly trending belt (Carboniferous to Triassic in age) of low-grade metamorphic rocks situated in south-east Queensland. The area contains the Gympie Gold Field, once an important Australian gold producer and currently being re-investigated. In addition the area contains occurrences of copper, silver, lead, tungsten and mercury, as well as a number of manganese deposits, sufficiently abundant to warrant the name Mary Valley Manganese Belt (Burns, 1961).

Within the EPM area, the Amamoor Beds of Permian age, consisting of mudstone, slate, basic metavolcanics, chert, schist, jasper, greywacke contain the majority of manganese deposits. The Amamoor Beds are the site of the more important manganese ore occurrence in the Manganese Belt and are considered to have been deep-water, oceanic sediments association with island arc volcanism (Murray and Whitacker, 1982), (Murray, 1990). The manganese oxides of the Amamoor Beds, if syngenetic, may therefore be genetically related to the submarine manganese deposits of recent oceans (Roy, 1981).

The manganese deposits within the Mary Valley exhibit mineralogy and textures characteristic of at least four parageneses. The deposits consist mainly of isolated occurrences of braunite, together with a number of lower and higher valency manganese oxides and manganese silicates, in bedded radiolarian cherts and jaspers of Permian age. The parageneses are:

- Braunite-hausmannite-spessartine-tephroite-quartz (metamorphic)
- Braunite-quartz (primary)
- Hydrated manganese silicates
- Tetravalent manganese oxides

The primary mineralisation is interpreted as the result of the geochemical separation of Mn from Fe in a submarine exhalative system, and the precipitation of Mn as oxide within bedded radiolarian oozes and submarine lavas. During diagenesis this hydrothermal manganese oxide reacted with silica to produce primary braunite. The later geological of evolution of this volcanogenic sedimentary deposit involved metamorphism, hydrothermal veining by remobilized manganese, and supergene enrichment.

Deposition of the manganese oxide has apparently been controlled by faulting ad fracturing of the incompetent cherty and jasperoidal bed, with the fractures providing the fluid channel way and replacement of the host rock by manganese oxides occurring progressively away from those fractures.

Manganese ore has been mined intermittently from deposit in the Mary Valley since 1908, with the bulk of the output occurring in the most recent period (1957-1960, 1965-1966). Most of the ore produced was of metallurgical grade and as sent to Broken Hill Proprietary Co. Ltd at Newcastle for use in steel manufacture. Total production is approximately 35,600 tonnes of manganese ore.

Most deposits are lenticular or tabular in form, and are commonly fault bounded and/or stratabound. Minor post-ore faulting has modified the size and shape of some orebodies (Brooks, 1962).

Both Brooks (1962) and Ostwald (1992) considered the manganese deposits to be genetically related to their host rocks and have a deep-water marine origin. Supergene processes are also believed to have been important in concentrating the manganese and in producing the mineralogy evident in outcrop.

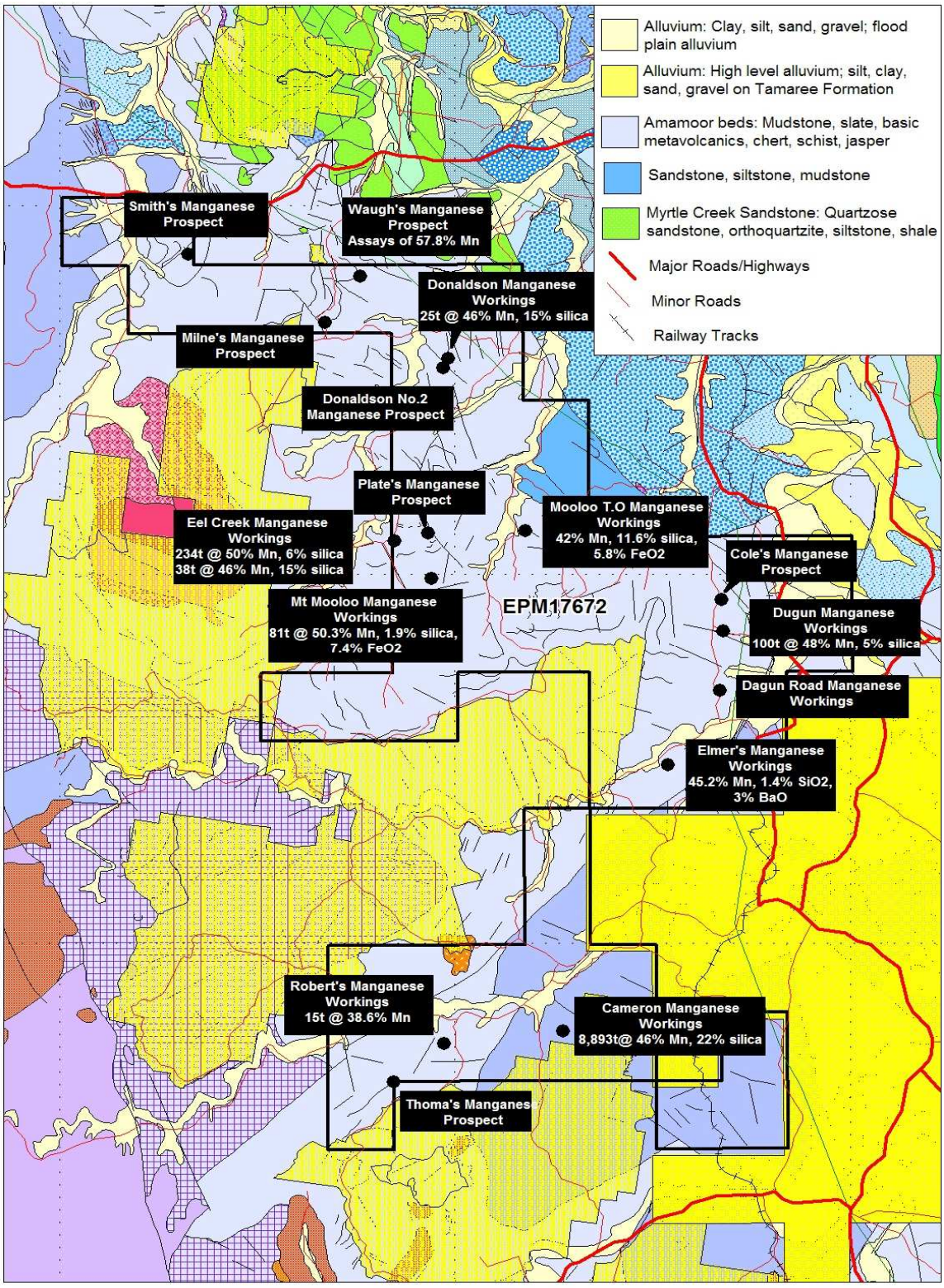

Figure 2: Regional Geology with Prospect Location Map of EPM 71672

4 Previous Exploration & Mining History

The largest mines on the tenements controlled by Bluekebble Pty Ltd were at Cameron Manganese and the Amamoor No.1 Deposits. These mine opened in 1918 and operated intermittently until 1919 and then from 1958 to 1960. A total of 19,630 tonnes of ore was mined with a grade which ranged from 46% to 51% Mn with the limits of the deposit are not known ether along strike or down-dip. Marketable grade ore is known to extend 3.18m below the floor of the open-cut on the western side and the down-faulted section of deposit has not been traced across to the eastern side of the open-cut. Brooks (1961) has classified the Cameron Manganese Deposits as one of the best prospect for future production in the Mary Valley. There are numerous historic workings on the project.

A summary of manganese production on the Mary Valley Manganese Project is shown below:

Name	Manganese/Mine Workings	Years of Production	Ore production (tonnes)
Donaldson's Deposit	22.86m long x 9.14m wide x 2.74m deep	1949, 1960	25t @ 46% Mn, 15% silica
Eel Creek	35.05m long x 9.14m wide x 2.13m deep	1949, 1951, 1960	234t @ 50% Mn, 6% silica 38t @ 46% Mn, 15% silica
Mooloo T.O Prospect	15.24m long x 2.13m wide x	Unknown	42% Mn, 11.6% silica, 5.8% FeO2
Mt Mooloo Prospect	Trench 1 and 2: 13.71m long, 2.74m deep Trench 2: 15.24m long, 2.13m wide x 1.52m deep	1915	81t @ 50.3% Mn, 1.9% silica, 7.4% FeO2
Robert's Prospect	6.40m long x 4.26m wide x 3.04m deep	Unknown	15t @ 38.6% Mn
Dagun Prospect	6.1m long x 2.4m deep	1921, 1949	100t @ 48% Mn, 5% silica
Cameron	44.2.0m long x 3.65m wide x 19.81m deep	1918-19, 1958-1960	8,893t @ 46% Mn, 22% silica
Total			**9,386t of high grade Mn ore was mined from the EPM areas**

In 1962, J.H Brooks from the Geological Survey of Queensland undertook a detail review of the historical mining activities within the Mary Valley Manganese Belt. Samples of ore from a wide cross section of the Mary Valley deposits were collected and analysed at the Government Chemical Laboratory, Brisbane and X-ray analysis were carried out by the University of Queensland, Department of Mining and Engineering which are set out in the below table.

Location	Grade of Mn	Grade MnO_2	Grade SiO_2	Grade FeO_2	Grade BaO	Mineral present from X-Ray Analysis
Eel Creek	48.96%	66.30%	3.94%	7.15%	1.84	Pyrolusite, minor cryptomelane
Eel Creek	56.10%	82.50%	0.53%	3.77%	1.55	Braunite, hausmanite, cryptomelane
Eel Creek from shallow open cut	41.50%	66.50%	26.70%	3.80%	1.8	Massive Mn with some silica and red jasperiod material
Eel Creek	45.20%			1.40%	3.00	Massive Mn & Mn oxides
Dagun	50.80%	73.40%	5.52%	5.40%	3.83	Pyrolusite, minor cryptomelane
Dagun from pit (4.45m)	52.20%	77.20%	6.80%	6.60%		Selected sample of cellular ore with some soft Mn oxide

The iron content of the Mary Valley ores is low and the ores rarely if ever, subject to the penalty for iron in excess of 8.5% in metallurgical ore. Deposits in the northern part of the manganese belt, particularly around Mt Mooloo have slightly higher iron content than deposits to the south. Ore from Mt Mooloo has averaged 7.2% Fe and the Mooloo T.O, Eel Creek ores have average 3% to 4% iron. Botryoidal hematite is associated with manganese oxides at the Mooloo T.O prospect.

The phosphate content of the ores is low, ranging from 0.09% at the Dagun deposit. As 0.18% phosphorus is tolerated in metallurgical ore, the Mary Valley ores are never subject to a penalty for phosphorus content.

In 1992, J. Ostwald completed a research paper relating to the mineralogy, para-genesis and genesis of the braunite deposit of the Mary Valley Manganese Belt. Numerous samples were taken over the Carmon Manganese deposit (EPM17672) and were assayed by using a combination of ICP and XRF techniques which are listed below.

Element	**Sample 10**	**Sample 11**	**Sample 12**
SiO_2	22.61	24.30	25.10
TiO_2	0.06	0.07	0.10
Al_2O_3	1.01	0.86	0.51
MnO_2	**65.85**	**64.05**	**65.06**
Fe_2O_3	2.16	2.08	1.92
CaO	6.82	6.62	5.71
MgO	0.05	0.06	0.05
BaO	0.16	0.23	0.02
SrO	0.03	0.06	0.01
Na_2O	0.0	0.01	0.01
K_2O	0.02	0.06	0.03
P_2O5	0.05	0.05	0.06
SO_2	<0.01	<0.01	<0.01
LOI	0.82	0.56	0.77
Total	**99.81**	**99.21**	**100.02**
Co (ppm)	2500	2500	2500
Ni (ppm)	1850	1900	1950
Cu (ppm)	400	600	550
Pb (ppm)	550	400	450
Zn (ppm)	850	800	850
As (ppm)	3600	3500	3500

Ostwald completed other assaying over Mt Walli Manganese deposit (EPM17686) which was assayed by using a combination of ICP and XRF techniques. Results follow:

Element	Sample 19	Sample 20	Sample 21
SiO_2	34.71	38.61	35.42
TiO_2	0.06	0.06	0.04
Al_2O_3	5.27	6.36	7.17
MnO_2	**46.00**	**40.87**	**42.23**
Fe_2O_3	0.16	0.51	0.32
CaO	6.12	5.51	7.16
Element	**Sample 19**	**Sample 20**	**Sample 21**
MgO	2.13	2.16	2.2
BaO	1.16	0.74	0.82
SrO	0.02	0.01	0.08
Na_2O	0.26	0.33	0.18
K_2O	1.36	0.86	0.91
P_2O5	0.04	0.06	0.04
SO_2	<0.01	<0.01	<0.01
LOI	2.16	2.51	2.46
Total	**99.61**	**99.13**	**99.86**
Co (ppm)	1200	1200	1150
Ni (ppm)	3200	3300	3400
Cu (ppm)	600	650	650
Pb (ppm)	75	800	50
Zn (ppm)	600	400	550
As (ppm)	3500	3550	3500

Both the primary braunite and the metamorphic braunite have about 10% SiO_2 in their structure, and are thus normal braunite. The microanalyses (wt%) of primary and metamorphic braunite within the Mary Valley Manganese Belt.

Analysis	Mn_2O_3	Fe_2O_3	CaO	MgO	K_2O	SiO_2	Total
1	89.5	0.1	ND	ND	0.1	8.9	98.6
2	87.0	1.2	ND	ND	0.1	9.1	97.4
3	88.5	0.6	ND	ND	ND	10.1	99.2
4	88.3	2.1	ND	ND	ND	9.8	100.2
5	88.6	0.7	0.7	0.3	ND	9.7	99.7
6	88.6	0.2	ND	ND	0.1	9.9	98.0
7	88.0	0	ND	ND	ND	10.2	99.4
8	87.9	0.7	ND	0.4	ND	10.1	99.2
9	88.7	1.1	0.1	ND	0.1	9.6	100.1
10	89.0	0.7	ND	0.1	0.2	9.9	100.2
11	88.2	0.3	0.7	0.2	ND	0.2	99.4
12	87.9	0.1	0.4	0.3	ND	10.2	98.9
13	87.7	ND	1.1	ND	0.3	10.1	99.2
14	86.1	ND	0.8	ND	0.4	9.8	97.3
15	88.5	ND	0.6	ND	0.3	10.0	99.8
16	89.0	ND	0.7	ND	ND	9.9	99.6
17	88.4	0.2	1.2	0.1	0.4	9.9	100.6
18	87.8	0.1	1.4	ND	0.3	10.2	99.8
19	86.3	ND	0.8	ND	0.6	10.1	97.8
20	88.2	ND	0.4	ND	0.2	10.1	98.9

Analysis 1-10 primary, 11-20 metamorphic. 'Oxide stoichiometry expressed as Mn_2O_3, ND Not detected

5 Current Exploration Activities

During January 2010 consulting geologists Kastellco Geological Consultancy ("**KGC**") conducted a review of existing historical exploration data within the Queensland Mines Department Survey Database. This was conducted for all the Project areas to identify any high potential manganese exploration targets and resulted in the identification of several targets that warrant further work.

The targeting was undertaken at a high level to identify areas of interest that stand out in the regional re-interpreted geophysical data. Historical prospects were reviewed to determine the effectiveness of the previous exploration and evaluate remaining potential within the tenement area.

Through detail interpretation of airborne magnetic from the Queensland Geological Survey, the following magnetic anomalies were identified as shown in Figure 3. The location of the magnetic anomalies targets is represented in Figure 3.

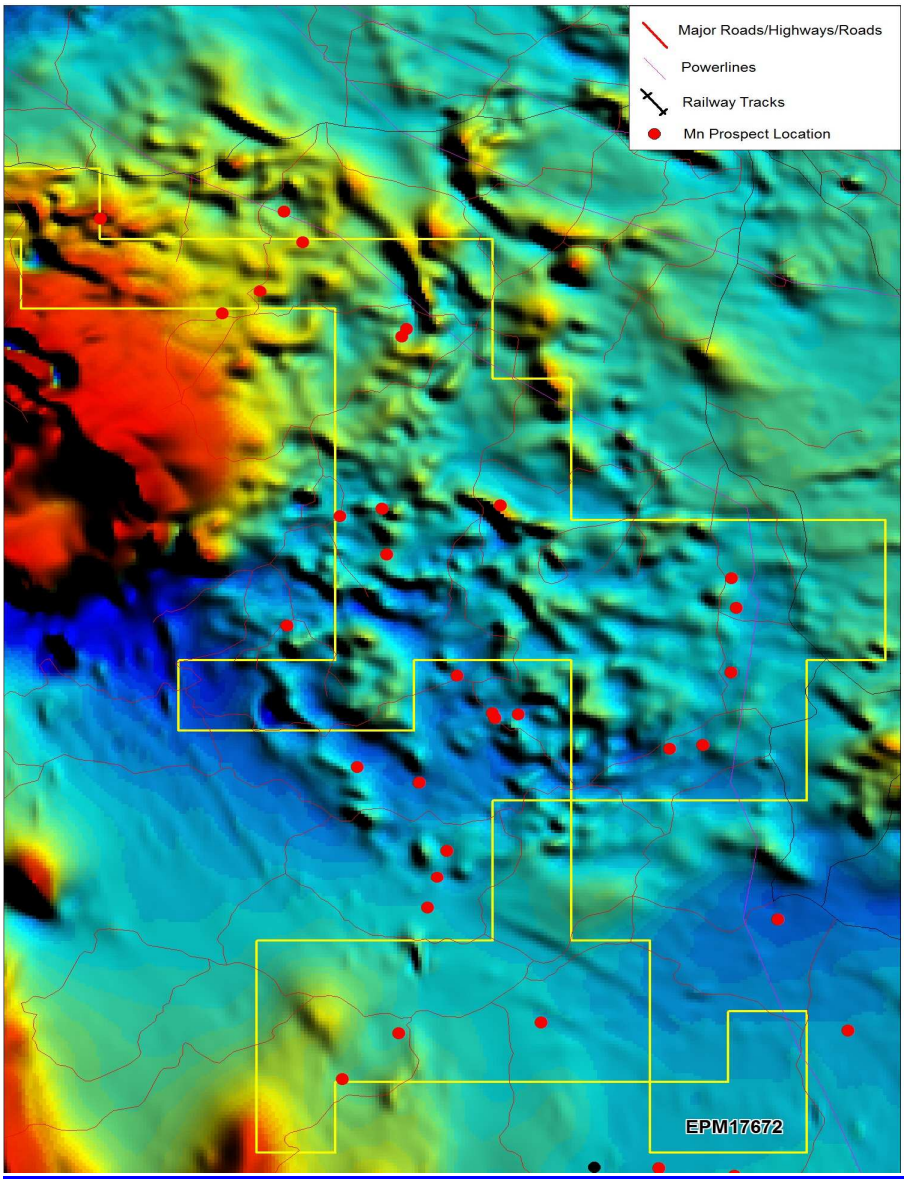

Figure 3: EPM17672 – Regional TMI Image with Prospect Location Map

6 Voluntary Relinquishment

In accordance with the Department of Employment, Skills and Mining, Walla Mines will voluntary relinquish a portion of EPM 17672. Under the conditions of RA 384, sub-block BRIS 1904W will be surrendered due to its close proximity to the town of Gympie (which has a population exceeding 1,000 residents). See the map below for the relinquished sub-block:

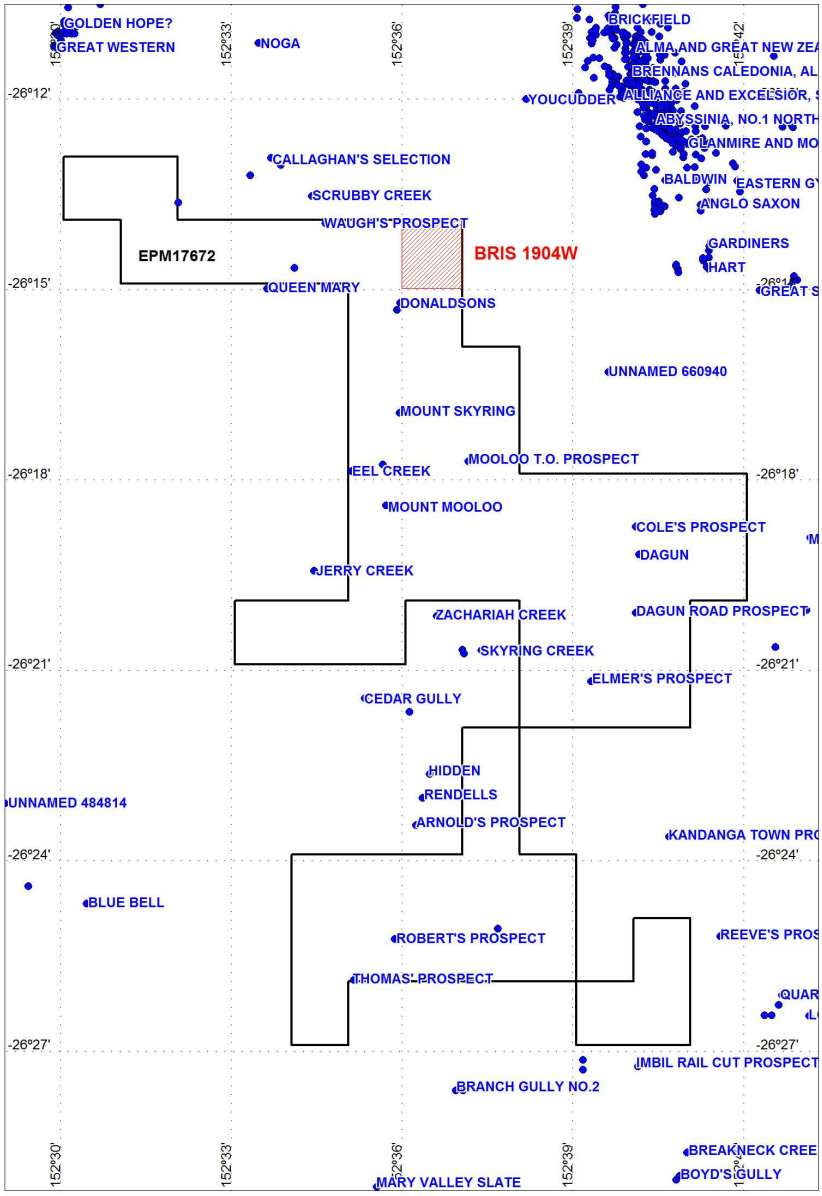

Figure 4: Map showing Retained and Relinquished Portions

7 Future Program

Walla Mines Ltd exploration programmes should be designed to test the tenement for manganese targets is described below;

1. Carry out airborne EM surveys over high grade base metal areas generated by the surface sampling programme to delineate any manganese targets at depth for future drilling.
2. Detailed regional structural interpretation with strong emphasis on the identification of untested mineralised structural trends

8 References

Brooks, JH, 1962. Mary Valley Manganese Deposits Part 1 and Part 2. Queensland Government Mining Journal, 63, 195-211, 258-277.

Ostwald, J, 1992. Mineralogy, paragenesis and genesis of the braunite deposits of the Mary Valley Manganese Belt, Queensland, Australia. Queensland Government Mining Journal, 27, 326-335.