

KSM 22 FISH HOLE CREEK

EPM 17958

FINAL REPORT

FOR THE PERIOD ENDING

19 OCTOBER 2012

BY

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FOR

DEPARTMENT OF MINES AND ENERGY, QUEENSLAND

HOLDER OF TENEMENT: KS MINING PTY LTD

**MAP SHEETS: 1:250,000 Georgetown SE54-12 & Einasleigh SE55-9
1:100,000 Georgetown 7661 & Mt Surprise 7761**

**AMG CO-ORDS: Min East 170,400 Max East 188,400
Min North 7,953,500 Max North 7,979,400**

Commodity: Base Metals, Uranium, Lump Silica

**Key Words: Literature Reviews, Image Analysis, Quartz Veins,
Geophysical Interpretation**

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1.0 SUMMARY

Exploration for economic base metal, uranium and lump silica mineralisation by KS Mining Pty Ltd on EPM 17958 during 2010-12 has included literature research, data collation, SPOT imagery and geophysical studies. This assisted in the assessment of previous exploration activities and of the prospectivity of the tenement.

Results of past exploration by previous companies, and a geophysical analysis, indicate limited potential for the discovery of a substantial economic base metal or uranium resource within the tenement. The few recorded base metal occurrences in the west of the EPM are small in size. Uranium prospects, also in the west, have been drill tested but yielded disappointing results. Studies of SPOT imagery indicated a number of discrete leucocratic outcrops, some of which may represent potential small to medium sized lump silica deposits. However, during 2012 the company resolved to focus mainly on potentially larger deposits elsewhere in the region. The tenement was subsequently relinquished at the end of the second year of tenure.

2.0 INTRODUCTION

This report outlines the exploration work carried out for economic base metal, uranium and lump silica mineralisation by KS Mining Pty Ltd on EPM 17958 during the two year period ending 19 October 2012. It is the second and final report on the tenement.

2.1 Location & Access

EPM 17958 was centred approximately 250 km SW of Cairns, 45 km SW of Mt Surprise and 20 km NW of Einasleigh in North Queensland (Figure 1). The permit extended over an area of approximately 259 km² and was covered by the Georgetown and Mt Surprise 1:100,000 topographic plans. It lay predominantly within The Canyon and Eveleigh pastoral leases which stock cattle and was covered by the native title claim QC01/16 (Ewamian People 3). The small QC99/13 (Ewamian People 2) was in the NE of the EPM.

Access from Cairns is via Ravenshoe along sealed roads through Mt Surprise on the Gulf Developmental Road which passes immediately north of the western segment of the EPM. Further access is via the unsealed Einasleigh road and by station tracks and, in the case of the more inaccessible areas, by foot or helicopter. Vehicular access along most of the tracks is generally not possible for much of the wet season.

2.2 Physiography, Vegetation & Climate

The topography of the EPM area is dominated by a gently undulating plateau, of Newcastle Range volcanics and microgranite intrusives, that is elevated some 160-300m above the surrounding moderately undulating to hilly terrain of metamorphics and granitoids. The plateau is bounded by a steep escarpment and the area is covered by mixed tropical savannah vegetation comprising medium to dense woodlands and various grasses.

The area is essentially a semi-arid tract with a wet summer and a dry winter. The bulk of the yearly rainfall, of approximately 810 mm, falls during December to March when summer storms and the north-west monsoonal influence affect the area. Field exploration in this period is severely restricted. The mean daily maximum temperatures from October to December are around 35 to 36° C and in winter range from 27 to 29° C.

3.0 TENEMENT STATUS

EPM 17958 was granted as 79 sub-blocks to KS Mining Pty Ltd on 20 October 2010. The current status of the tenement is summarised below.

Title	Date of Grant	Date of Expiry	Current Area	Principal Holder
EPM17958	20/10/2010	19/10/2012	79 sub-blocks	KS Mining Pty Ltd

Table 1 EPM 17958 Tenement Status

The tenement consisted of the following blocks and sub-blocks of the Normanton and Townsville 1:1,000,000 Series Maps:

Block	Sub-block
NORM 2015	DEJKOPTUYZ
NORM 2016	QRSVWX
NORM 2087	DEJKOPTUYZ
NORM 2088	ABCDEFGHIJKLMNQRSVWX
NORM 2159	DEJKOPTU
NORM 2160	ABCDEFGHIJKLMNQRS
TOWN 1945	VWX
TOWN 2017	ABCDEFGHIJKLMNQRSVWX

Table 2 EPM 17958 Tenement Blocks

The Queensland Department of Environment and Resource Management notified the company, on 15 April 2011, that it is considering acquiring The Canyon property, which covers much of the EPM, to add the land to the protected area estate because of its high environmental values.

4.0 GEOLOGY

4.1 Regional Geology

The tenement lies within the central, Forsyth subprovince of the Georgetown Inlier which is one of the major tectonic domains of the region. The Inlier consists of Proterozoic and Palaeozoic sedimentary-volcanic-plutonic units. The former comprise Early Proterozoic sediments and some basic intrusives and possible volcanics that have undergone multiple deformations, varying degrees of regional metamorphism and extensive granitoid intrusions in the Middle Proterozoic. The Palaeozoic units consist of plutonic, felsic volcanic and minor sedimentary and intermediate volcanic units that have respectively intruded and overlain the Proterozoic formations.

The Proterozoic basement of the Forsyth subprovince consists of the Einasleigh Metamorphics and, in the west of the subprovince, overlying sediments and meta-sediments of various formations including the Lane Creek, Corbett and Daniel Creek Formations of the Robertson River Subgroup which, together with the Einasleigh Metamorphics are part of the Early Proterozoic Etheridge Group. The Einasleigh Metamorphics comprise biotite gneiss and schist, quartzite, calc-silicate gneiss, leucogneiss, migmatite, granitic gneiss and amphibolite. Leucocratic dykes and veins are common in places. Intrusive bodies of metagabbro, metadolerite and orthoamphibolite of the Early Proterozoic Cobbald Metadolerite are common in the Etheridge Group although, as noted by Withnall & Grimes (1995), some could have been extrusive. The Etheridge Group was subsequently intruded by various Mid-Proterozoic and Late Silurian-Early Devonian granites and granodiorites. The Proterozoic units are overlain in parts by Late Devonian to Early Carboniferous Gilberton sandstone, mudstone, siltstone, polymictic conglomerate and rare limestone. A widespread Carboniferous-Permian plutonic-volcanic event followed with numerous intrusives and sub-aerial felsic-intermediate volcanics characterised by volcanic cauldrons and ring complexes. The volcanic sequences include lavas, ignimbrites and volcanic lutites, arenites and rudites.

Mesozoic sediments overlie parts of the western half of the Forsyth subprovince and progressively extend over the entire region to the north-west (Carpentaria Basin) and south-west (Eromanga Basin) of the Georgetown Inlier. Tertiary-Quaternary duricrust, basalt flows, colluvium, residual soil and flood-plain alluvium mask underlying formations in places. The basalt flows cover substantial areas in the eastern half of the subprovince, especially the McBride plateau/dome area to the south-east of Mt Surprise. The various flows were partly channelled down major river valleys including the Einasleigh River.

4.2 Local Geology and Mineralisation

Within the EPM, the bedrock mainly comprises Carboniferous Newcastle Range felsic volcanics (Eveleigh Cauldron) and microgranite intrusives which constitute a plateau elevated above Early Proterozoic Einasleigh Metamorphics intruded by Mid-Proterozoic granites and by the Silurian Puppy Creek and White Springs granodiorites to the east and west respectively. Mesozoic sediments and Tertiary-Quaternary residual soil and colluvium overlie the earlier stratigraphy in parts, especially in the south-western part of the tenement over much of the highest part of the plateau.

Three very small fissure lode occurrences of base metals are present within the metamorphics along the western extremity of the EPM. These are the Dorothy, George and Avalon Cu-Ag +/- Pb, Zn prospects with shallow workings in the oxidized zone.

5.0 PREVIOUS WORK ON EPM 17958

Substantial modern exploration has been carried out within the area that was covered by the EPM. This was largely directed towards finding economic gold, base metal, uranium and tin deposits with lesser attention to molybdenum, tungsten and vanadium. The exploration activities of previous companies included:-

- Literature research, data compilation and assessment
- Geological reviews, colour aerial photography, photo-geological interpretations
- Airborne radiometric, magnetic & EM (GEOTEM) surveys and interpretations
- SPOT imagery & regional gravity processing and review, Landsat imagery studies
- Ground radiometric, alpha meter radon, magnetic and EM (TEM, Crone Pulse) surveys
- Ground & airborne geological reconnaissance, geological mapping, grid surveying
- Stream sediment, soil & rock chip sampling, laboratory analyses
- Petrographic, mineragraphic & fluid inclusion studies, alluvial panning
- Construction and upgrading of access tracks, drill pad preparation
- Percussion drilling, drill sampling, geological logging, down-hole radiometric probing

A search of the Q-DEX database listed reports of relevance to the EPM area over recent decades. They are summarised as follows:

Company Report No.	EPM	Company	Target	Year
52211, 47547	14830	Plentex Ltd Mega Uranium Ltd	Uranium, Gold Base Metals	2005-08
28151, 27793, 26525	10416	BHP Minerals Pty Ltd	Base Metals, Gold	1995-96
25682, 24564	8897	Kidston Gold Mines Ltd	Gold, Base Metals	1992-94
25666, 25230, 24602 24549	8346	CRA Exploration Pty Ltd	Base Metals, Gold	1991-94
20492	5855	Battle Mountain (Australia) Inc.	Gold, Base Metals	1989
21373, 21302	5823	CEGB Exploration (Aust) Pty Ltd	Uranium, Gold Base Metals	1989-90
20758, 19646	5416	Lake Gregory Pty Ltd	Alluvial Gold	1988-89
19057, 19009	4933	Keela-Wee Exploration Ltd Golden Shamrock Mines Ltd	Gold, Base Metals	1987-88
17579	4919	Newmont Australia Ltd	Gold, Base Metals	1987-88
16071, 15537, 15536 14827	3906 3905	BHP Minerals Ltd	Gold, Base Metals	1984-86
10658	2936	P.S.Brew	Alluvial Tin & Gold HdRk BMs & Gold	1981-82
10943, 10030, 8970	2740	CSR Ltd Minerals Division	Base Metals: W, Sn	1980-82
9715	2394	AOG Minerals Ltd	Tin	1980-81
7910, 7755, 7484	2091	BP Mining Development Pty Ltd	Base Metals	1979-80
6830	1871	BP Mining Development Pty Ltd	Base Metals: Sn, Mo Uranium	1977-78
7585, 7157, 6671	1806	BP Mining Development Pty Ltd	Uranium Base Metals: Sn	1977-79

6550	1713	Minatome Australia Pty Ltd	Uranium	1976-77
6282	1681	Australian Metals Pty Ltd	Uranium	1976-78
6134	1630	Mines Administration Pty Ltd	Uranium, Base Metals	1976-77
5971, 5630, 5588	1450	Minatome Australia Pty Ltd - Pechiney (Australia) Exploration P/L	Uranium, Base Metals Gold	1974-77
5295	1396	Dampier Mining Co Ltd (BHP)	Uranium, Vanadium Molybdenum	1974-75
3690	856	Hunter Mining & Investments Ltd	Base Metals, Gold	1970-71
4296, 3533	813	Bridge Minerals Pty Ltd	Base Metals: Sn	1970-72
3972, 3891, 3805 2937, 2936, 2813	479	Mines Administration Pty Ltd	Base Metals, Gold	1968-72

Table 3 EPM 17958 List of Reports by Previous Explorers

6.0 ACTIVITIES DURING REPORT PERIOD

6.1 Summary

Activities undertaken by KSM on EPM 17958 in the first year to 19-10-11 included:

- Literature research.
- SPOT imagery studies.
- Data collation and planning of future activities.

Activities undertaken during the second year to 28-10-2012 included:

- Review and analysis of open file geophysical data.

6.2 Literature research and data assessment

A review of QDEX open file tenement reports was carried out to assess past exploration activities over the tenement area and potentially delineate prospective targets warranting further follow-up. The few recorded historic base metal occurrences in the west of the EPM are small in size. Uranium prospects, also in the west, have been drill tested but yielded disappointing results.

6.3 SPOT imagery studies

Studies of SPOT imagery indicate a number of discrete leucocratic outcrops, some of which may represent potential small to medium sized lump silica deposits.

6.4 Review and analysis of open file geophysical data

A review of the available aeromagnetic and radiometric data for EPM 17958 and the surrounding area was undertaken. Mineral prospectivity within the area appears to be related to a combination of geological host unit, proximity to magmatic heat sources and

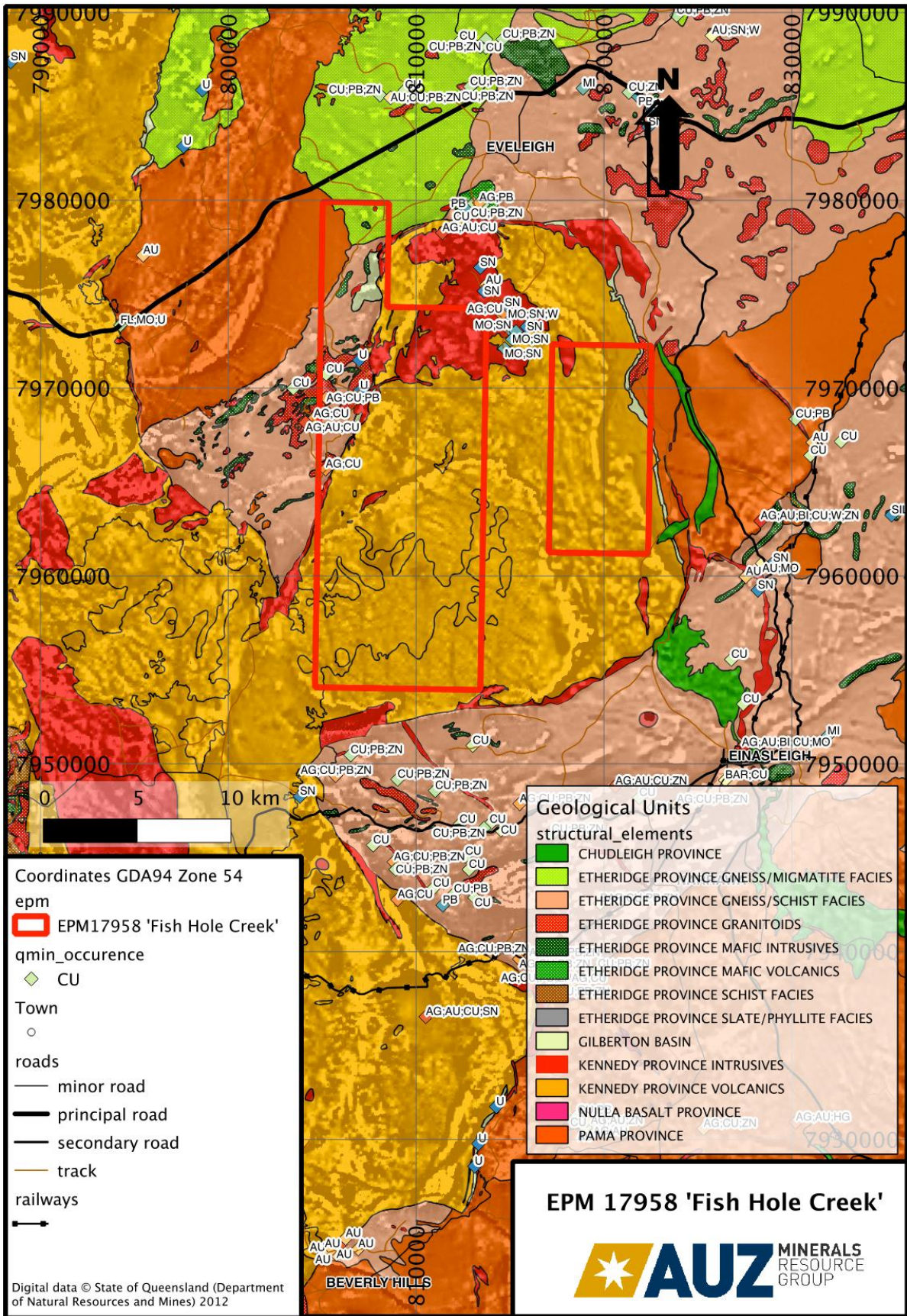


Figure 2 EPM 17958 Combined 1VD Magnetic & Geological Map

enhanced fluid movement along regional scale faulting. A combined map showing solid geology and superimposed First Vertical Derivative (1VD) aeromagnetic data is shown as Figure 2. Lineaments which may be the focus of localised mineralisation can be seen in adjacent areas to the north and west of EPM 17958. Minor mineralisation is seen in Proterozoic host rocks within the western sector of the permit, however, no record of mineralisation is seen along these structures, within the tenement, in the extensive Carboniferous felsic volcanics and migrogranite intrusives of the Eveleigh Cauldron.

7.0 CONCLUSIONS

Based on the results of past exploration by previous companies, and on a geophysical analysis, there appears to be limited potential for the discovery of a substantial economic base metal or uranium resource within the tenement. Studies of SPOT imagery indicated a number of discrete leucocratic outcrops, some of which may represent potential small to medium sized lump silica deposits. However, during 2012 the company resolved to focus mainly on potentially larger deposits elsewhere in the region. The tenement was subsequently relinquished at the end of the second year of tenure.

8.0 REFERENCES

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