

MG RESOURCES PTY LTD

Technical Report 003

**Exploration Permit for Minerals No 18006
'Maidenwell', Queensland
Partial Relinquishment Report
For the Period Ended 25 November 2012**

MG RESOURCES PTY LTD

TECHNICAL REPORT

No. 003

TITLE: EXPLORATION PERMIT FOR MINERALS No.18006
'MAIDENWELL' , QUEENSLAND
PARTIAL RELONQUISHMENT REPORT
FOR THE PERIOD ENDING 25 November 2012

HOLDER: MG RESOURCES PTY LTD

OPERATOR: MG RESOURCES PTY LTD

1:250,000 SHEET: SG56-10 GYMPIE

1:100,000 SHEET: 9244 KINGAROY

**INVESTIGATIONS
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DISTRIBUTION

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2. Department of Minerals and Energy, Brisbane

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SUMMARY

Aim of Project

EPM 18006 'Maidenwell' was acquired to undertake exploration for diatomite deposits.

Object of Report

To document the results of exploration on the 8 sub-block relinquished from EPM 18006 'Maidenwell' on 24 November 2012.

Location

The 'Maidenwell' EPM is centred approximately 145km west-northwest of Brisbane and some 10km northwest of Maidenwell in southeast Queensland. The tenement is bounded by latitudes of 26°45'54" and 26°49'54" south and longitudes of 151°44'4" and 151°48'4" east.

Tenure

EPM 18006 "Maidenwell" was originally applied for by MG Resources Pty Limited on 10 February 2009 and was granted on 25 November 2009. The EPM originally consisted of 16 sub-blocks and was for a term of 5 years. A 50% relinquishment was made on the 24th of November 2012 and the tenement currently comprises 8 sub-blocks.

Summary of Work

Work completed by the tenement holder within the 8 relinquished sub-block comprised open file data review and compilation. There is no field exploration undertaken by MG Resources in the relinquished area.

Conclusions

The 8 relinquished sub-blocks are regarded less prospective based on review of historical work. The remaining 8 sub-block covering features of interest were retained.

1. INTRODUCTION

Exploration Permit for Minerals No 18006 'Maidenwell' was granted to MG Resources Pty Ltd on 25 November 2009. The permit was taken up to explore for diatomaceous earth. This report outlines exploration work undertaken by MG Resources Pty Ltd on the 8 sub-blocks relinquished on 25 November 2012.

2. LOCATION AND ACCESS

The 'Maidenwell' EPM is centred approximately 145km west-northwest of Brisbane and some 10km northwest of Maidenwell in southeast Queensland. The tenement is bounded by latitudes of 26°45'54" and 26°49'54" south and longitudes of 151°44'4" and 151°48'4" east.

Access to the project area is via bitumen surfaced Pimpinbudgee – Brooklands road which leads the D'Aguilar Highway in Kingaroy about 30km to the north.

3. TENURE

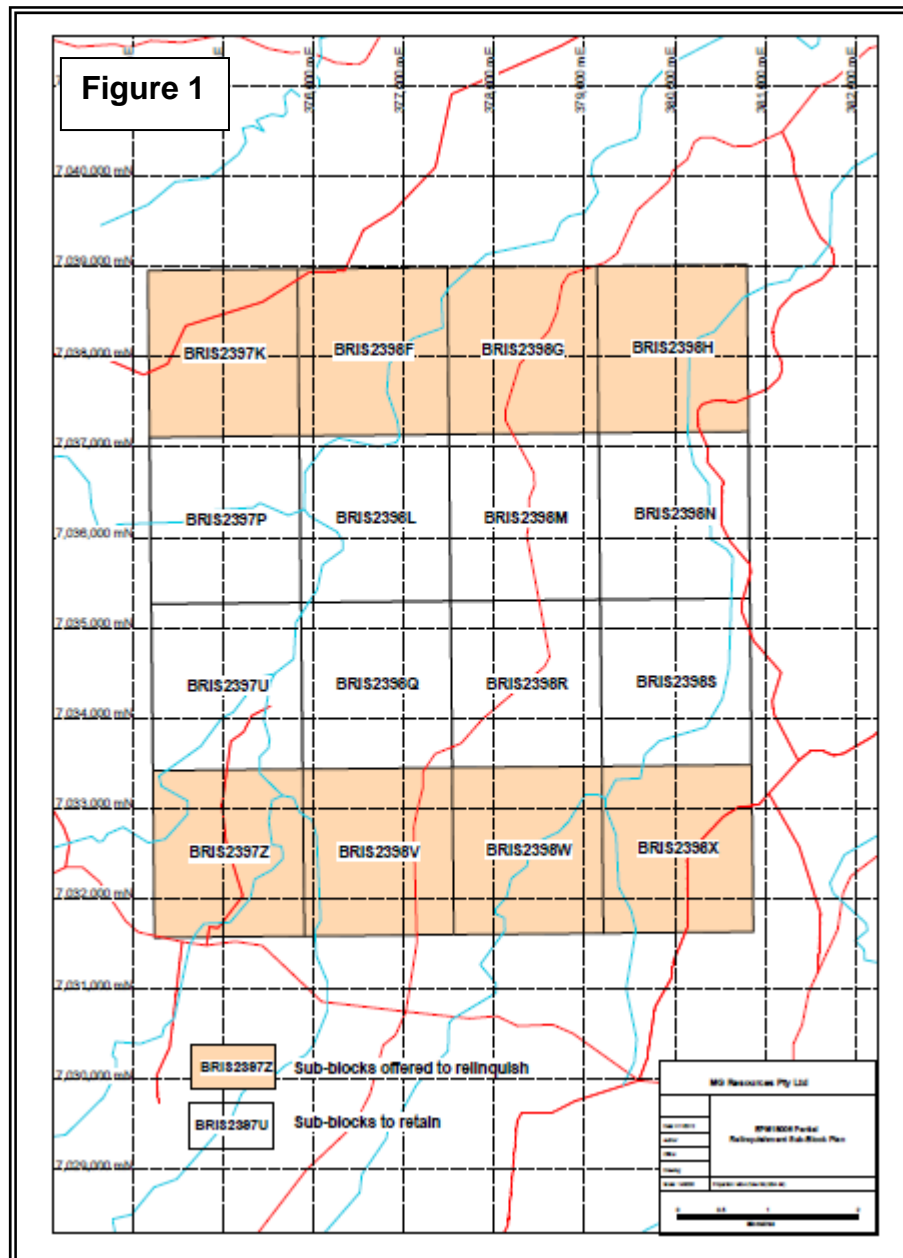
MG Resources Pty Limited applied for EPM 18006 "Maidenwell" on 10 February 2009 and was granted 16 sub-blocks and the application was for a term of 5 years on 25 November 2009. The tenement is due to expire on the 24th November 2014.

Prior to the current reduction, EPM 18006 comprised 16 sub-blocks and covers a total area of approximately 51 km². The details of the retained 8 sub-blocks are shown below (Fig. 1).

BIM	Block	Sub-blocks
BRIS	2397	P, U
BRIS	2398	L, M, N, Q, R, S

The 8 sub-block relinquished from EPM 18006 in November 2012 were:

BIM	Block	Sub-blocks
BRIS	2397	K, Z
BRIS	2398	F, G, H, V, W, X



4. EXPLORATION RATIONALE

Exploration on EPM 18006 was designed primarily to find diatomite deposits in the Maidenwell area. The area was selected based on open file data review which indicated the presence of significant old workings and diatomaceous horizons.

5. PREVIOUS EXPLORATION

Previous modern exploration in the area was initially completed by Barrier Exploration NL under the ATP 2372 in 1980-1981. Work undertaken included geological mapping, grid controlled percussion drilling of 62 holes totalling 236.9m and completion of resource estimates. It was worth noting that most of the holes failed to reach target depths due to heavy rains prior to percussion drilling which caused hole bogging in the overburden.

From July 1993 to May 1994, Mt Sylvia Mining Pty Ltd performed a short exploration program of the area under EPM9535 in the form of aerial photo interpretations, completion of 5 hand auger holes and subsequent sample analysis to determine absorption characteristics of the diatomite.

The most recent exploration was carried out by J. Kenny and Partners in 1995-1997 under EPM10364. The work completed consists of extensive prospecting, geological mapping, completion of 7 backhoe pits, open hole drilling of 689m in 59 holes and additional testing of sample material from the work. Resource estimation yielded about 1,000, 000 cubic metre of diatomaceous earth and a mining lease was then granted to Maidenwell Holdings Pty Ltd in 1996. Small scale open cut mining and processing operations continues intermittently until now.

6. REGIONAL GEOLOGY

EPM 18006 'Maidenwell' is located in the southern part of the 'Kingaroy' 1:100,000 Geological Sheet (9244) which was mapped by Geological Survey of Queensland (GSQ) with a first edition map released in 1989 (Fig. 2).

The regional geology is dominated by the Boondooma igneous complex of a Late Permian to Early Triassic age, which forms most of the outcrops and characterized by biotite-hornblende granite. Overlying the igneous suite is a Tertiary volcanic sequence designated as the Main Range Volcanics on the 1:100,000 scale Kingaroy Map Sheet by the Geological Survey of Queensland. This stratigraphic unit is mainly composed of olivine basalt and variable andesitic flows. The diatomaceous horizon is present in the lower part of the volcanic sequence in association with siltstone and mudstone layers developed in a fresh water lake environment. Widespread occurrences of diatomite over the project area are reported by previous prospecting, geological mapping and drilling.

7. WORK COMPLETED DURING THE CURRENT TERM

Work completed by MG Resources within the 8 relinquished sub-block comprised open file data review and compilation. The details of this work have been reported in the 2011 annual report. There is no field work conducted by the current tenement holder over the 8 relinquished sub-block.

8. CONCLUSIONS

The 8 relinquished sub-block occupy the northern and southern margins of EPM 18006. The remaining 8 sub-blocks covering features of interest were retained.

9. REFERENCES

- Mortensen, E. 1997** Annual Report - Exploration Permit for Minerals N10364 for the period 28 November 1996 to 27 November 1997, Queensland, .J. Kenny and Partner.
- Xu, G. 2010** Annual Report - Exploration Permit for Minerals No. 18006 for the period 24 November 2010, MG Resources Pty Ltd.

