EPM 17515 “Mount Mackenzie West”

Partial Relinquishment Report

Compiled in accordance with the provisions of the
Mineral Resources Amendment Regulation (No. 4) 2008
Subordinate Legislation 2008 No. 367

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1. TENURE INFORMATION

EPM 17515 was granted on 15th May 2009 for a period of five years and originally comprised sixty five sub-blocks. Twenty six sub-blocks were relinquished on 14th May 2011, sixteen sub-blocks were relinquished on 10th April 2012 and a further eight sub-blocks were relinquished on 8th April 2013.

The following sub blocks were relinquished:-

BIM	BLOCK	A	B	C	D	E	F	G	H	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
CLER	2441	A					F	G				L					Q					V				
CLER	2514																				U					Z

TOTAL 8 SUB BLOCKS

The following sub blocks were retained:-

BIM	BLOCK	A	B	C	D	E	F	G	H	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
CLER	2441												M					R	S					X	Y	
CLER	2513			C	D					J																
CLER	2514																			T					Y	
CLER	2586			C	D	E				J	K															

TOTAL 15 SUB BLOCKS

2. GENERAL AREA INFORMATION

Location

The tenement's location is shown on Figure 1.

It lies within the Clermont 1:1,000,000 sheet, St Lawrence 1:250,000 sheet (SF5512) and the Mt Bluffkin (8752) 1:100,000 sheet. The area is in the Livingstone shire.

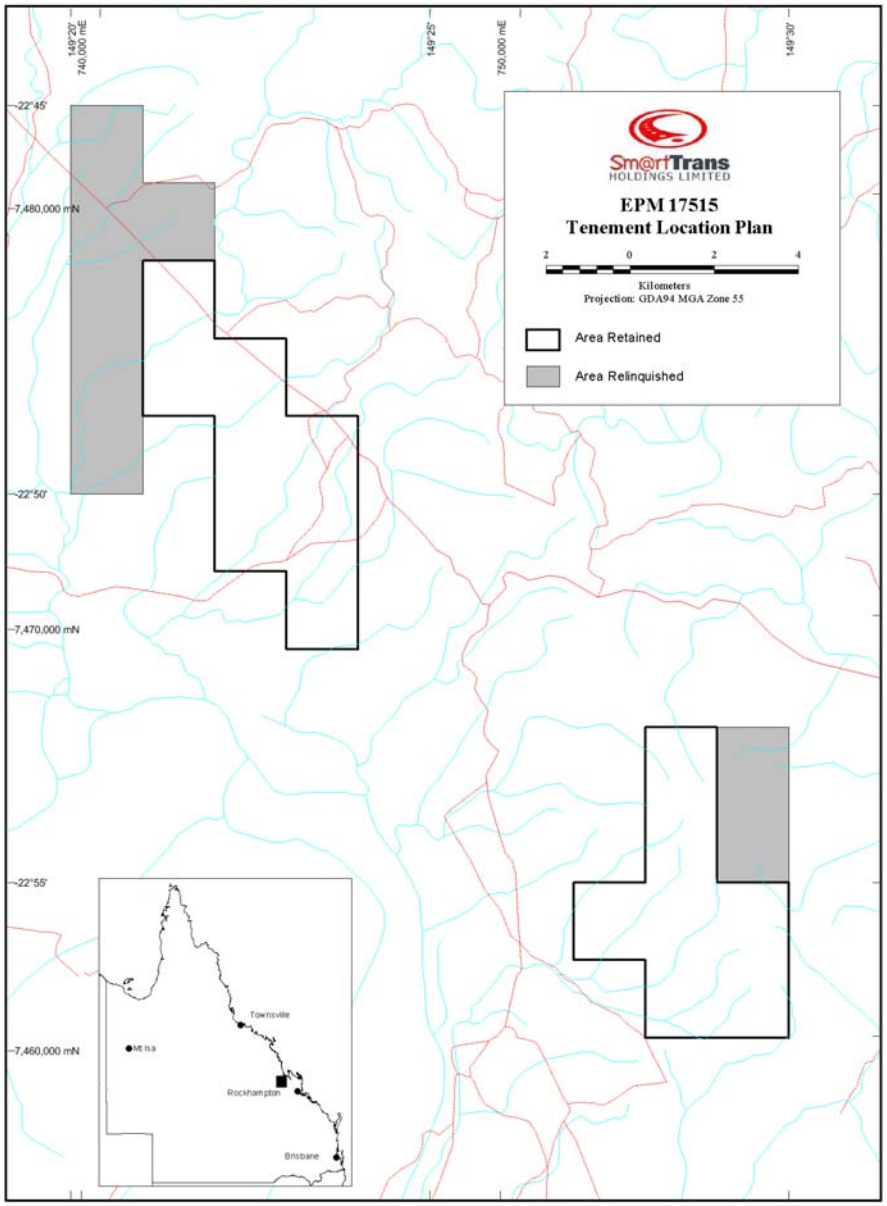


Figure 1: EPM 17515 Tenement Location Plan

Access

Access to the tenements is via Marlborough/Sarina road and station tracks. The EPM is approximately 50km west of the town of Marlborough.

3. GEOLOGICAL MODEL

Regional Geology

A description of the regional geology is given below, summarised from Beams and Harvey 1999.

The tenement area covers a continental magmatic arc of the southern Connors Arch, a convergent plate margin assemblage. The continental arc is represented by the Connors Magmatic Arch, a major structural element of Queensland located on the eastern edge of the Bowen Basin.

The oldest rocks of the Connors Magmatic Arc are felsic - intermediate volcanics and sediments of Devonian to Carboniferous age. These form a core of an antiform in the Broadsound Range, running the length of the tenements. These volcanic and sedimentary rocks are intruded by Upper Carboniferous granitoids. Distribution of intrusive and volcanic rocks in the arc suggests the northern portion is more deeply eroded, containing mostly granitoids, while the southern portion is composed mostly of volcanic rocks with minor intrusives. It's interpreted the southern part of the Connors Magmatic Arc is more perspective for porphyry style deposits, which form at a shallow volcanic level. This is supported by high level acid sulphate alteration systems such as Mt Mackenzie and Clive Creek in this southern area.

The intermediate Coppermine Tuff and Lizzie Creek Volcanics are west dipping and of Lower Permian age, outcropping in the western part of the tenements. These rocks are interpreted to be post mineralisation and unconformably overlie the carboniferous volcanic and intrusive rocks. The Lower Permian volcanic rocks are in turn overlain by the west dipping Permian Bowen basin sedimentary rocks.

Age dating at the Mt Mackenzie prospect has given a date of 300 +/- 3 Ma. The late Carboniferous age places mineralisation at Mt Mackenzie at the same age as other significant mineralisation events of eastern Queensland; the Drummond Basin (316-346Ma), Mt Leyshon (280 Ma), Kidston (334Ma), Ravenswood (310Ma) and Cracow (290Ma).

Porphyry and high level epithermal style mineralisation is developed along the length of the adjoining tenements, including:

- Mt Mackenzie - High Sulphidation epithermal Au,
- Clive Creek – High Sulphidation epithermal Au, intrusive Au vein and breccia,
- Aurora Flats – Epithermal Au.

Exploration Rationale

The primary exploration target is a multi-million ounce, high sulphidation/porphyry related or breccia hosted gold deposit within the project area that can sustain a stand alone operation producing at least 200,000 oz Au for +10 years.

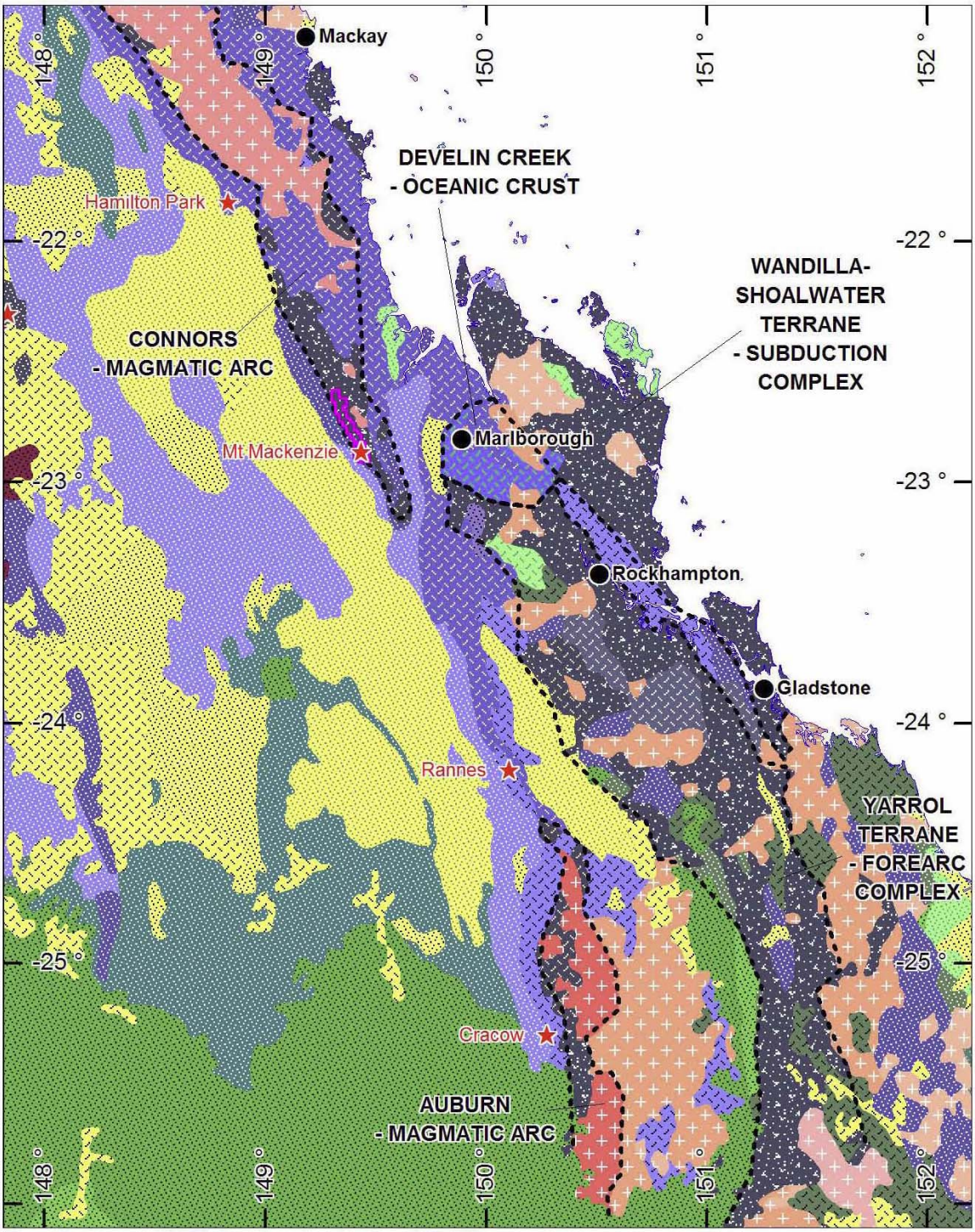
Historical exploration on the adjoining tenement, EPM 10006, found gold mineralisation and anomalism constrained to the Carboniferous-Permian volcanic rocks of the Connors Magmatic Arc. Particularly on the western zones, where down faulting of the Bowen Basin has preserved the more prospective high level volcanic related hydrothermal systems (Beams and Harvey, 1999b) (Figure 2).

Tenement EPM 17515, together with EPMs 10006 and 12546, covers the western margin of this zone, with approximately 30kms of this prospective belt covered. Anomalous gold mineralisation has been found at Mt Mackenzie, Clive Creek and Aurora Flats prospects shown in Figure 3.

The “Instinct” Prospect, discovered on the adjoining EPM 10006, is interpreted to continue westwards, under cover of the Coppermine Tuff and Lizzie Creek Volcanics, into EPM 12546.

This prospect contains mineralised gold, lead and zinc mineralisation in a breccia located only approximately 500 metres from the tenement boundary and porphyry-style mineralization with anomalous copper, silver, lead and gold in drill holes close to the common tenement boundary.

The Connors Magmatic Arc is interpreted to have formed at similar time and tectonic setting as the Cracow Epithermal vein field (Beams and Harvey, 1999b).



BROADSOUND JV
Regional Structural Framework
(GDA 94)

(modified after Beams and Harvey, 1999b, figure 2, p10).

Fig. 2

Figure 2: South Connors Arch Structural Framework

4. SUMMARY OF RESULTS

Work Completed

The South Connors Arch has been explored for porphyry copper deposits since the late sixties, by several large and small companies.

Early reconnaissance by the Marlborough Syndicate in 1974 and 1975 identified the main alteration systems in the tenement areas at Mt Mackenzie and Clive Creek. Other relatively large alteration systems have subsequently been identified at Stockyard Creek and to a lesser extent at Bulls Run.

Mainly through a succession of major joint venture partners namely: Utah Development Company (1981-82), Peabody Australia Pty Ltd (1984-85) and Freeport Australian Minerals (1987-89) and funding by Marlborough Mining Pty Ltd (1983, 1985-86) and Marlborough Resources Limited (1987 to 1997), the main prospects at Mt Mackenzie and Clive Creek have been explored by gridding, geological mapping, geochemical soil and rock chip sampling and covered to a large part by I.P. and ground magnetometer geophysical surveys.

Previous work on the tenement comprised the following elements:

- Compilation of past geological data;
- DME Maryborough Aeromagnetics analysis; and
- Airborne geophysics program.

Geophysics

A helicopter-borne Magnetics, Digital Terrain Model, and Radiometrics survey was completed with a total of 4100 line-kilometres of data acquired on 100m east-west lines at a nominal terrain clearance of 60m.
This survey covered EPM 17515 (Figures 4 and 5).

A regional scale (1:50,000) interpretation of the recently heli-magnetics data was completed (see Figure 3). The TMI data revealed a number of conceptual targets all of which are located outside the relinquished area. These targets are remanently magnetized potential Permo-Carboniferous Au breccia systems (e.g. Mt Leyshon style).

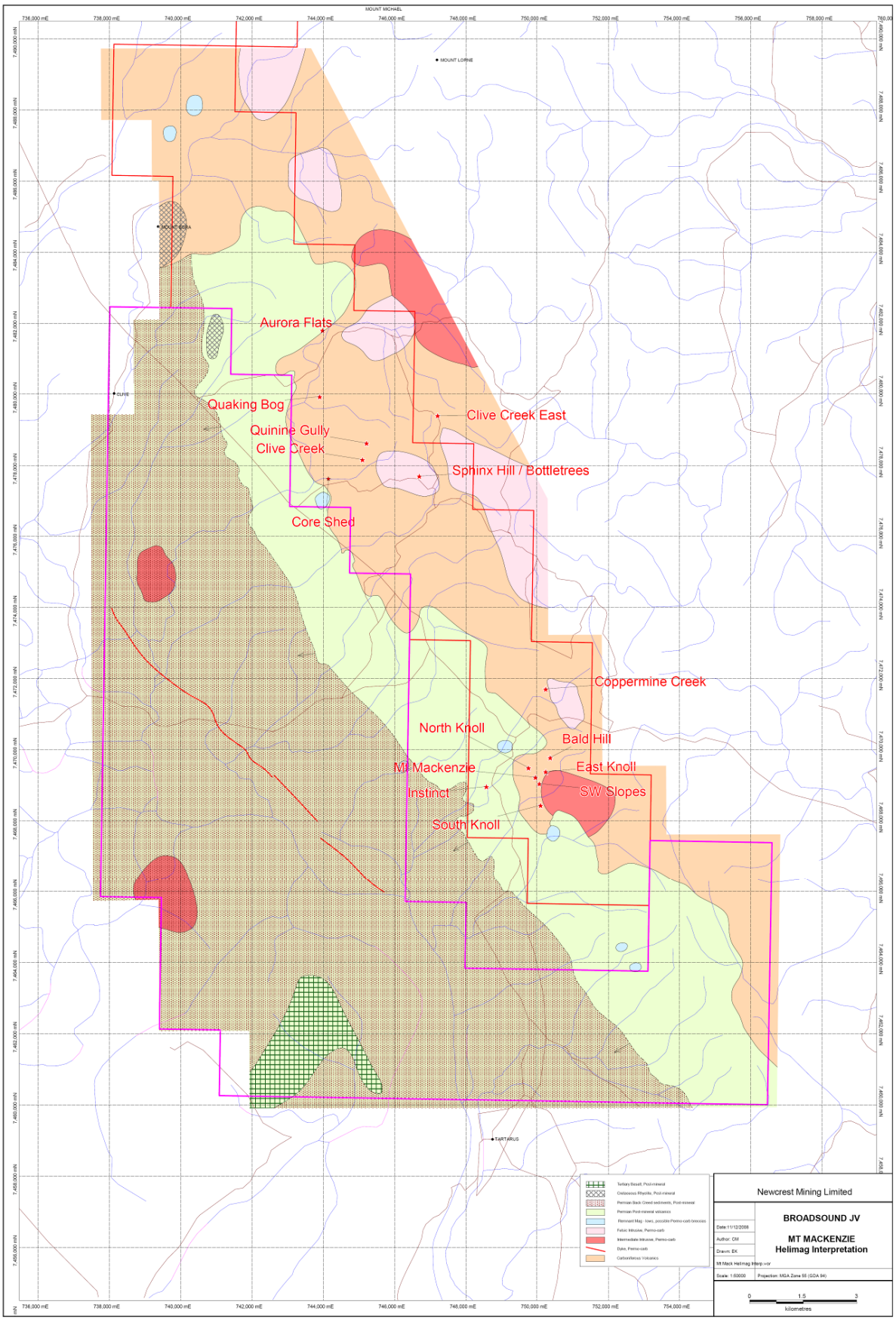


Figure 3: Interpreted Geology – Helimag Survey.

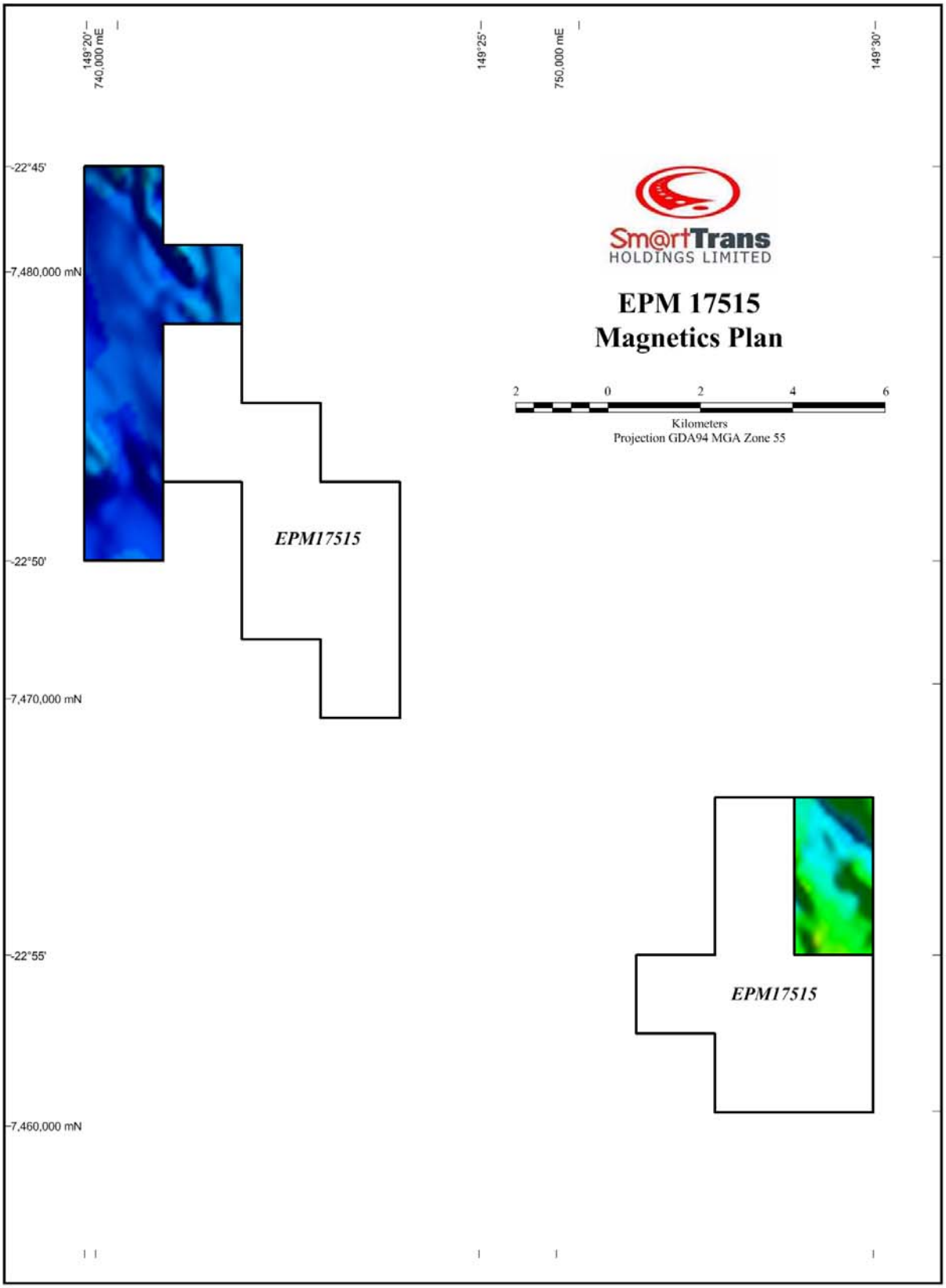


Figure 4: Magnetics

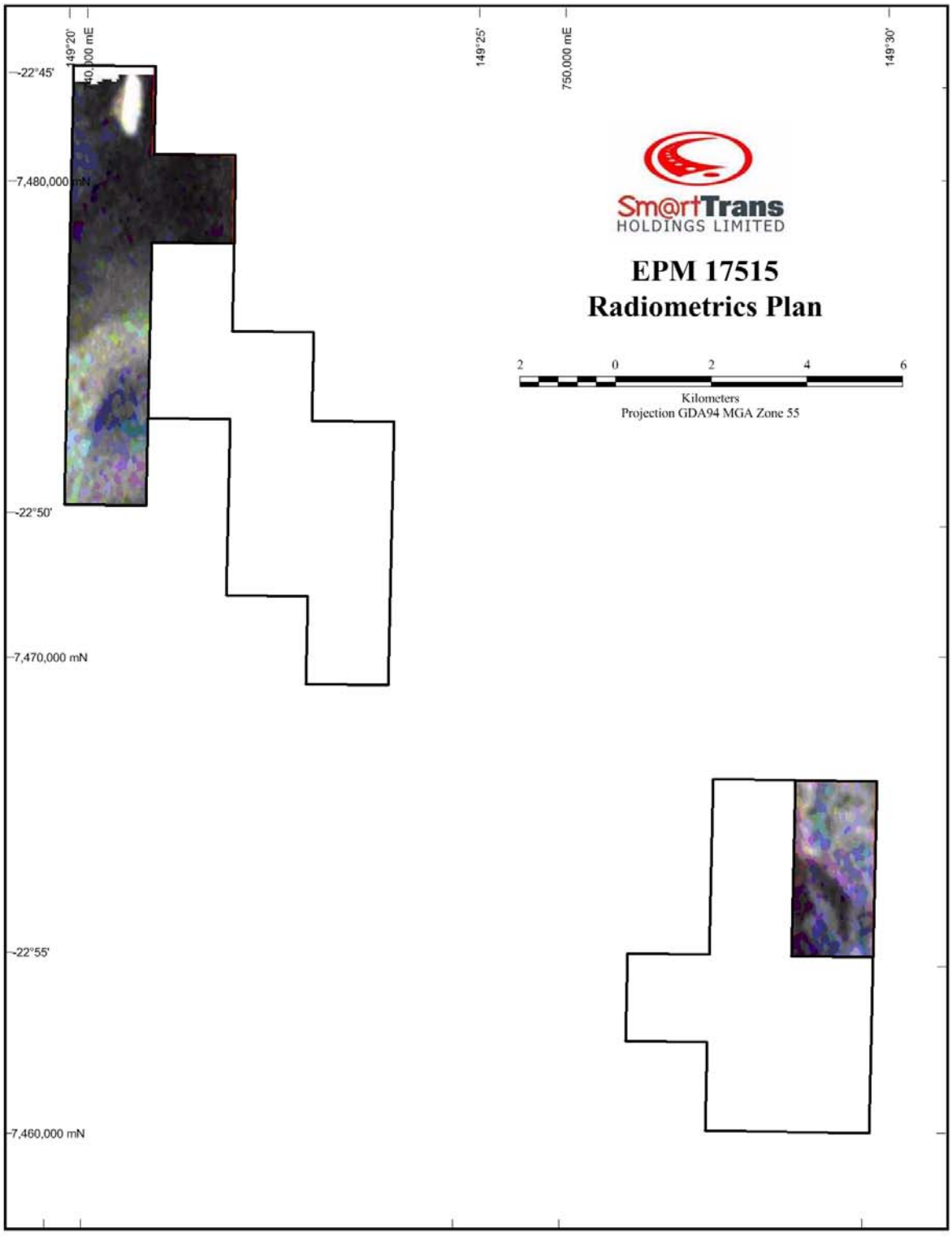


Figure 5: Radiometrics

Field work in the relinquished area since the granting of the EPM has included field reconnaissance and the collection of the following:-

- 8 SSS stream sediment samples
- 2 BCL samples
- 6 mapping observations
- 4 rock chip samples

The location and results of these are shown on Figure 6 and listed in Appendices 1 and 2.

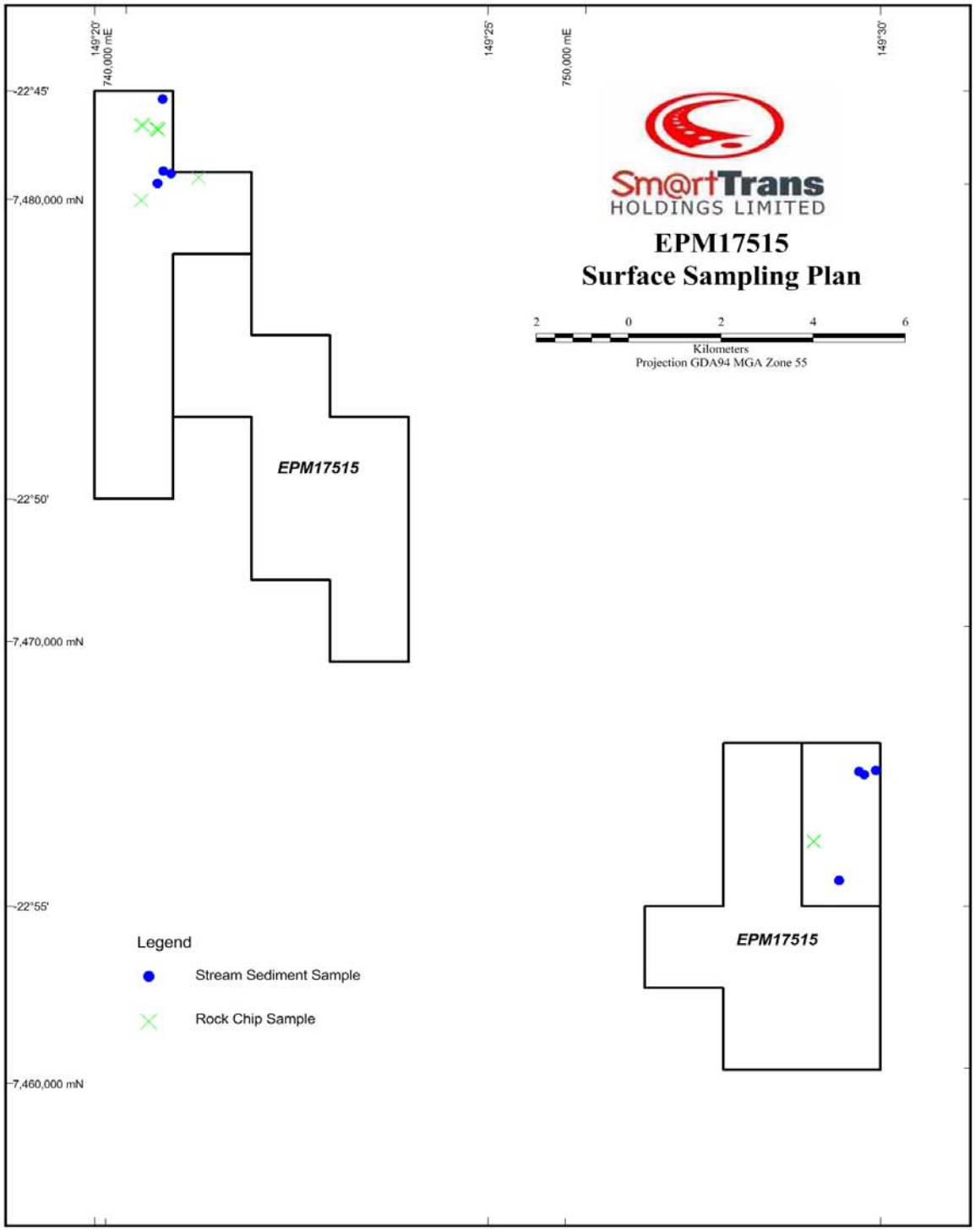


Figure 6: Relinquished Surface Sampling

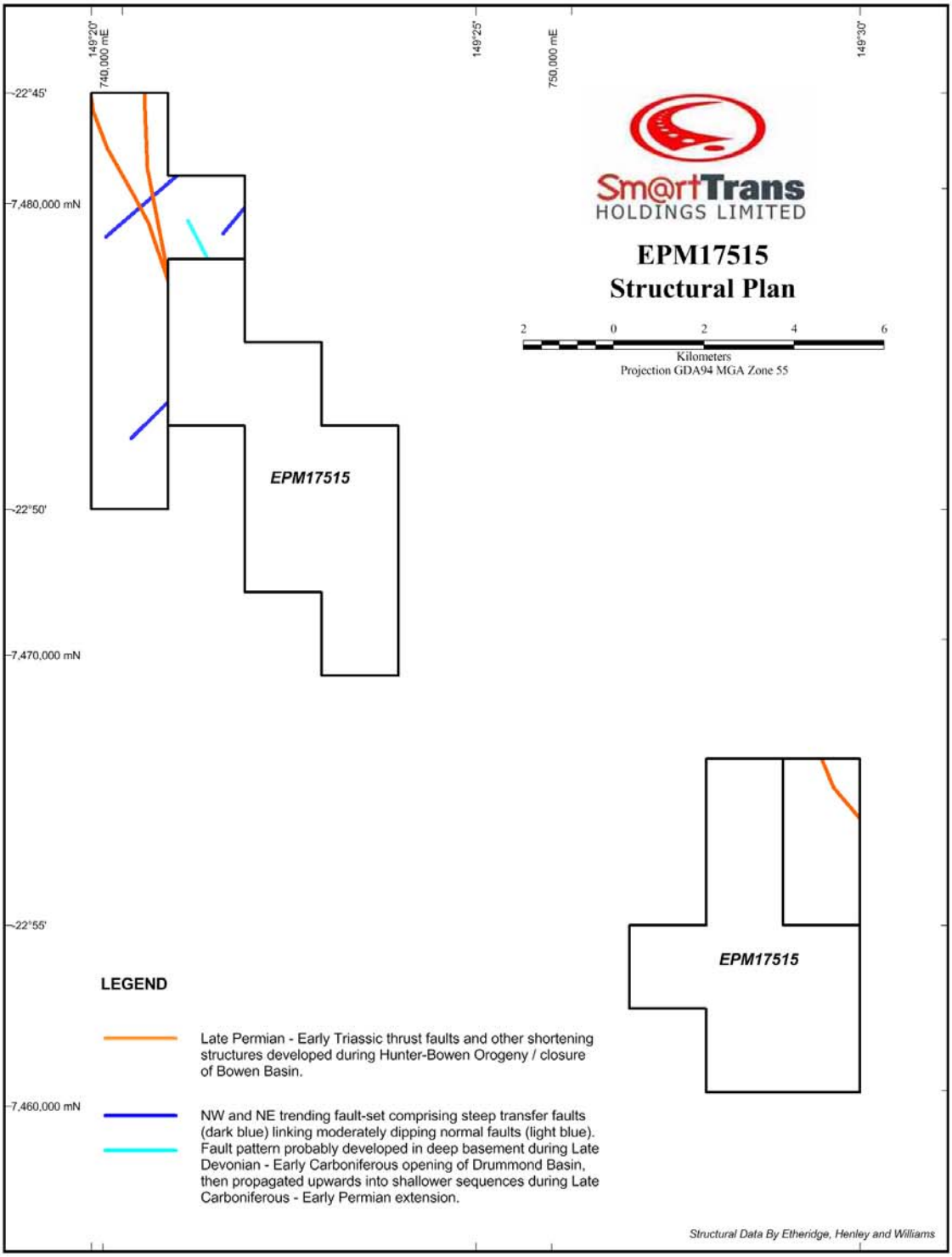


Figure 7: Relinquishment Structure Plan

Conclusions and Recommendations

The relinquished area has been fully prospected. The area is not considered to be prospective for near-surface mineralisation, but may contain deep down-dip extensions of the mineralising system at Mount Mackenzie.

5. REASON FOR RELINQUISHMENT

This is a statutory relinquishment on the fourth anniversary of the tenement.

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Appendix 1

Sieved Stream Sediment Sampling
and
BCL Sampling Details and Results

Prospect_Code	Company	Sheet_Number	Mesh	Sample	Data_Type	Amg_N	Amg_E	Grid_ID	Locality	Date_Sampled
Bulk_Wt	Trap	Comment	Lith1	Desc11	Desc12	Desc13	Ag_ppm	As_ppm	Au_ppb	Cu_ppm
Mo_ppm	Pb_ppm	Sb_ppm	Sn_ppm	U_ppm	W_ppm	Zn_ppm	Job_No	Report_Type	Report	
Tenement_Type	Tenement									
FPBS	FP	8752	-200#	Q42136	SSS	7480144	740954	AMG2	09/01/87	10	SALT	FLO	CLY
BLE	2		30	15			45	ALS87162L	CR	19476 EPM	4549		
FPBS	FP	8752	-8#	Q42136	BCL	7480144	740954	AMG2	09/01/87	9	N	SALT	FLO	CLY
BLE			-0.05						ALS87161L	CR	19476 EPM	4549		
FPBSCF	FP	8752	-200#	Q42219	SSS	7464120.7	755521.81	AMG2	09/01/87	10	AGL	O		
2			15	45			65	ALS87162L	CR	17481 EPM	4550			
FPBSCF	FP	8752	-8#	Q42219	BCL	7464120.7	755521.81	AMG2	09/01/87	9	N	AGL	O	
			1.35						ALS87161L	CR	17481 EPM	4550		
HAMJ	HAOM	8752	-80#	2001	SSS	7480361	741256	AMG2			Mt Joss-North			
-1	4	-50	24	-4	-4	-4	4	-4	-10	40	COM81012	CR	11895 EPM	2812		
HAMJ	HAOM	8752	-80#	2000	SSS	7480422	741085	AMG2			Mt Joss-North			
-1	4	-50	40	-4	-4	6	4	-4	-10	46	COM81012	CR	11895 EPM	2812		
HAMJ	HAOM	8752	-80#	1909	SSS	7482052	741095	AMG2			Mt Joss-North			
1	-2	-50	24	4	6	-4	4	-4	-10	34	COM81012	CR	11895 EPM	2812		
NOMM	NOR	8752	-80#	1060	SSS	7466599	756362	AMG2	Mt Mackenzie		04/01/67					
				10					UNK67004	CR	2513	EPM	387			
NOMM	NOR	8752	-80#	1062	SSS	7466580	756008	AMG2	Mt Mackenzie		04/01/67					
				10					UNK67004	CR	2513	EPM	387			
NOMM	NOR	8752	-80#	1061	SSS	7466516	756118	AMG2	Mt Mackenzie		04/01/67					
				10					UNK67004	CR	2513	EPM	387			

Appendix 2

Rock Chip Sampling

And

Mapping Observations Details and Results

```
Prospect_Code     Company     Sheet_Number      Sample      Data_Type   Amg_N Amg_E North East  Grid_ID     Collection_Method
      Locality    Sampler     Weathering_Code   Date_Sampled      Lith1 Desc11      Desc12      Desc13      Desc14
      AltType11   AltInt11    AltQual11   AltType12   AltInt12    AltQual12   AltType13   AltInt13    AltQual13   Lith2 Desc21
      Lithology_Type    Lith_Desc   Occurrence  Dip   Dip_Dir_Az  Dip_Quadrant      Strike      Comment     Ag_ppm      As_ppm
      Au_ppm      Bi_ppm      Cu_ppm      Fe_ppm      Mn_ppm      Mo_ppm      Pb_ppm      Sb_ppm      Zn_ppm      Job_No
      Report_Type Report      Tenement_Type     Tenement
CGBSCF      COOL  8752  BR 6004     OBS   7481445     740625                AMG2        Black Rock  PH    OX    28/04/98
      ANT   MG    VCC               EP    W     PER   SI    W     PER                   VC    ANT   R     Andesite medium
grained epidote silica altered andesite tuff ?  Volcaniclastics contact with syenite 100m east in main creek.  175o  45o W.
      O     -45   275   W     175   Structural surface is bedding
            COOL  1998001     EPM   10006
CGBSCF      COOL  8752  BR 6003     OBS   7481350     740980                AMG2        Black Rock  PH    OX    28/04/98
      ANT   FSPH                    CLT   W     PTCH  CA    W     PER   EP    W     PER               R     "Feldspar chlorite
(patches) phyrric andesite.  Local minor carbonate-epidote alteration.  30m uphill to contact with microsyenite, andesite at
contact is metamorphosed to epidote-pink garnet (?) assemblage."  O
                                          COOL  1998001     EPM   10006
CGBSCF      COOL  8752  BR 6002     OBS   7481325     740981                AMG2        Black Rock  PH    OX    28/04/98
      SYN   YE    MIO   FB                                                                        R     "Yellow
microsyenite, phenocrysts of clear alkali feldspar, flow foliated.  Feldspar rich glass with spots of green mineral, alkali
amphibole(?)."    O
      COOL  1998001     EPM   10006
CGBSCF      COOL  8752  BR 6001     OBS   7481440     740659                AMG2        Black Rock  PH    OX    28/04/98
      TRC   LGRYE FSPH  POR                                                                       R     "Light green
yellow, sanidine (?) phyrric porphyritic trachyte.  Clear alkali feldspar phenocrysts, 2.0mm probably sanidine (?), in fine
grained groundmass of feldspar and green mineral (alkali amphibole?)."  O
                                                COOL  1998001     EPM   10006
CGBSCF      COOL  8752  AF 6014     OBS   7479740     740601                AMG2        Aurora Flats      PH    OX
      25/04/98    LMST  FSS                                                                                 R
      "Fossiliferous limestone, bivalves.  So 125o  32o SW" O     -32   215   SW    125   Structural surface is bedding
                                                      COOL  1998001     EPM   10006
CGBSCF      COOL  8752  AF 6001     OBS   7480240     741850                AMG2        Aurora Flats      PH    OX
      25/04/98    ANT   PU    FSPH  CLT   MET   EP    M     PTCH                                        R
      "Aurora Flats,epidote (?) chlorite metamorphosed feldspar-phyrric andesite, purple (?)."  O
                                                            COOL  1998001     EPM   10006
CGBSCF      COOL  8752  3005041     RC    7481375     740940      7481375     740940      AMG2  G     Black Rocks SDB   OX
      25/04/98    QZVN  CRN   MIK   DRS                                                                 V
      Crystalline milky drusy quartz vein.      FLO                                 -1    -5    0.02  -5    7     6300  64
      5     -5    -5    -5    TV16863     COOL  1998001     EPM   10006
TSQMFY      QMET  8752  253296      RC    7465000     755000                AMG2  G     Mt Gardiner Prospect    UNK
      15/10/94
                                1     -20   0.93        21                    121         -5    TSALS94095  CR    26354
      EPM   9417
TSQMFY      QMET  8752  253295      RC    7465000     755000                AMG2  G     Mt Gardiner Prospect    UNK
      15/10/94
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                                    -1    -20   -0.01       5                    19          -5    TSALS94095  CR    26354
      EPM   9417
TSQMFY      QMET  8752  253294      RC    7465000     755000                AMG2  G     Mt Gardiner Prospect    UNK
      15/10/94
                                    -1    -20   -0.01       24                   21          92    TSALS94095  CR    26354
      EPM   9417
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