

KSM 13 BLACK KNOB

EPM 17750

PARTIAL RELINQUISHMENT REPORT

FOR THE PERIOD ENDING

14 JUNE 2013

BY

N M ROLLINGS

FOR

DEPARTMENT OF MINES AND ENERGY, QUEENSLAND

HOLDER OF TENEMENT: KS MINING PTY LTD

MAP SHEETS: 1:250,000 Einasleigh SE 55-9

1:100,000 Mt Surprise 7761

MGA 54 CO-ORDS:	Min East	186,100	Max East	191,500
	Min North	7,989,000	Max North	7,998,300

Commodity: Lump Silica, Base Metals, Gold

Key Words: Reconnaissance, Image Analysis, Quartz Veins

Prepared by: KS Mining Pty Ltd July 2013

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1.0 SUMMARY

Exploration for economic lump silica, base metal and gold mineralisation by KS Mining Pty Ltd over the relinquished portion of EPM 17750 during 2012/13 has included literature research and high resolution satellite image interpretation. The literature research of previous exploration since the 1970s, indicated limited potential for the discovery of a substantial economic base metal or gold resource within the selected sub-blocks. Targets of interest that were previously identified have been substantially tested and significantly down-graded.

High-resolution satellite image interpretation and field geological reconnaissance indicate no potential for substantial outcropping high purity lump silica deposits on selected sub-blocks. Consequently these sub-blocks have been relinquished.

2.0 INTRODUCTION

This report outlines the exploration work carried out for economic lump silica, base metal and gold mineralisation by KS Mining Pty Ltd on the relinquished sun-blocks of EPM 17750 during the year ending 14 June 2013. It is the second partial relinquishment report on the tenement.

2.1 Location & Access

EPM 17750 is centred approximately 226 km WSW of Cairns and 27 km west of Mt Surprise in North Queensland (Figure 1). The permit extends over an area of approximately 46 sq km and is covered by the Mt Surprise 1:100,000 topographic plan. It lies within the Mt Surprise pastoral lease that stocks cattle and is covered by the native title claim QC01/16 (Ewamian People 3). The tenement is part of KS Mining's extensive portfolio of tenements in the Georgetown region.

Access from Cairns is via Ravenshoe along sealed roads to Mt Surprise, thence via station tracks heading north from the sealed Gulf Developmental Road at two points some 15 km and 32 km to the west of Mt Surprise. Access along the tracks is generally not possible for much of the wet season.

2.2 Physiography, Vegetation & Climate

The topography of the area is flat to gently undulating. It lies 360m to 380m above sea-level with low hills and ridges rising to 400 to 430m in the south. The subdued terrain is dissected by a medium textured dendritic drainage pattern. The west trending Junction Creek passes through the central-northern part of the EPM. The area is covered by mixed tropical savannah vegetation comprising open woodlands and various grasses, with thickets of rubber vine, a class 2 pest plant, adjacent to some sections of major drainage channels.

The area is essentially a semi-arid tract with a wet summer and a dry winter. The bulk of the yearly rainfall, of approximately 800 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 34 to 35° C and in winter range from 26 to 28° C.

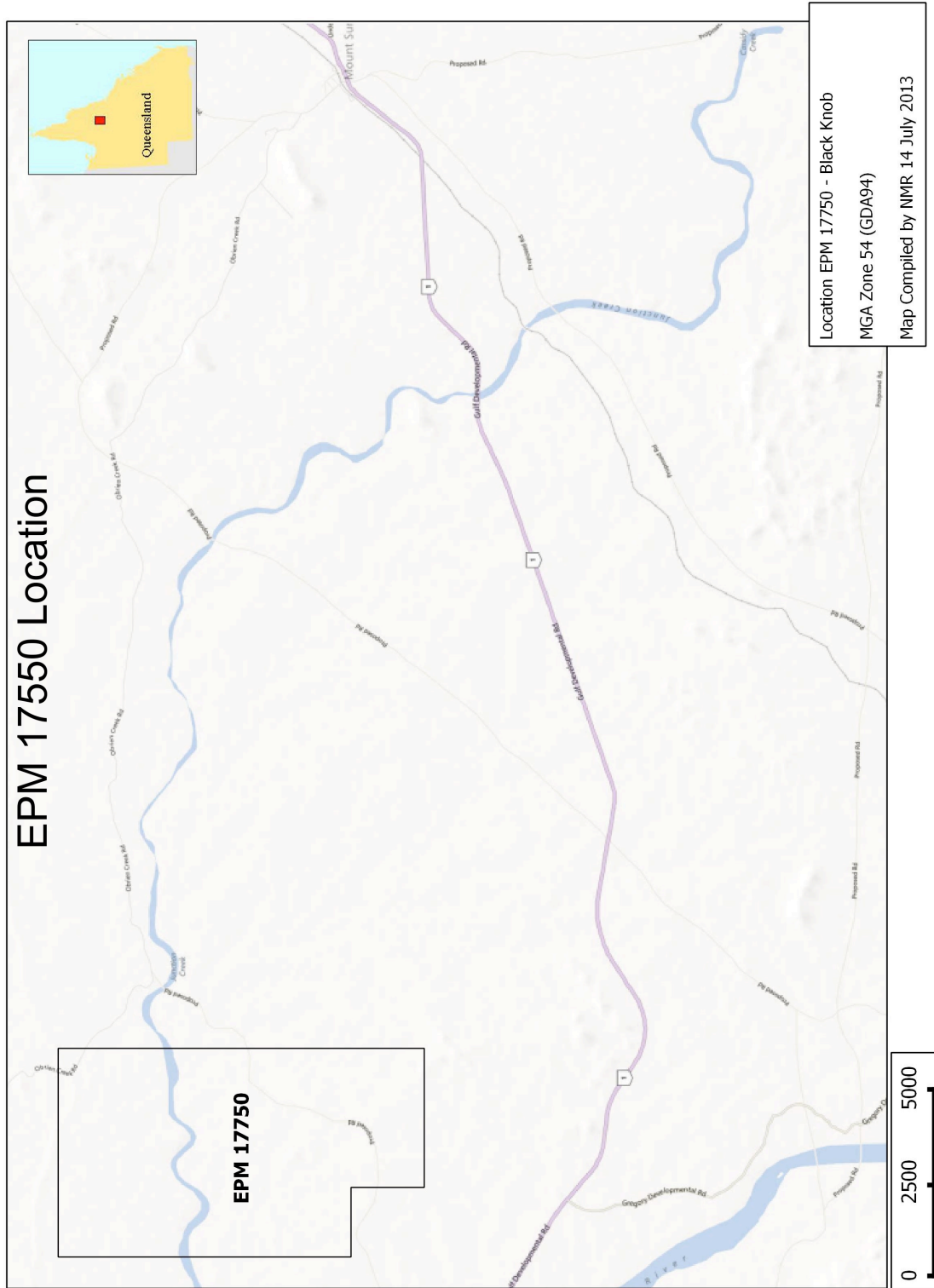


Figure 1 EPM 17750 Location Map

3.0 TENEMENT STATUS

EPM 17750 was granted as 14 sub-blocks to KS Mining Pty Ltd on 15 June 2010. In 2012 7 sub-blocks were relinquished. The status of the tenement after the previous relinquishment is as follows:

Table 1 EPM 17750 Tenement Status

Title	Date of Grant	Date of Expiry	Current Area	Principal Holder
EPM17750	15/06/2010	14/06/2014	7 sub-blocks	KS Mining Pty Ltd

The relinquished and retained sub-blocks of the tenement of the Townsville 1:1,000,000 Series Map as summarised as follows (Table 2 and Figure 2):

Table 2 EPM 17750 Tenement Blocks

Category	Block	Sub-block
RELINQUISHED	TOWN 1801	J K P
RETAINED	TOWN 1801	O T U Z

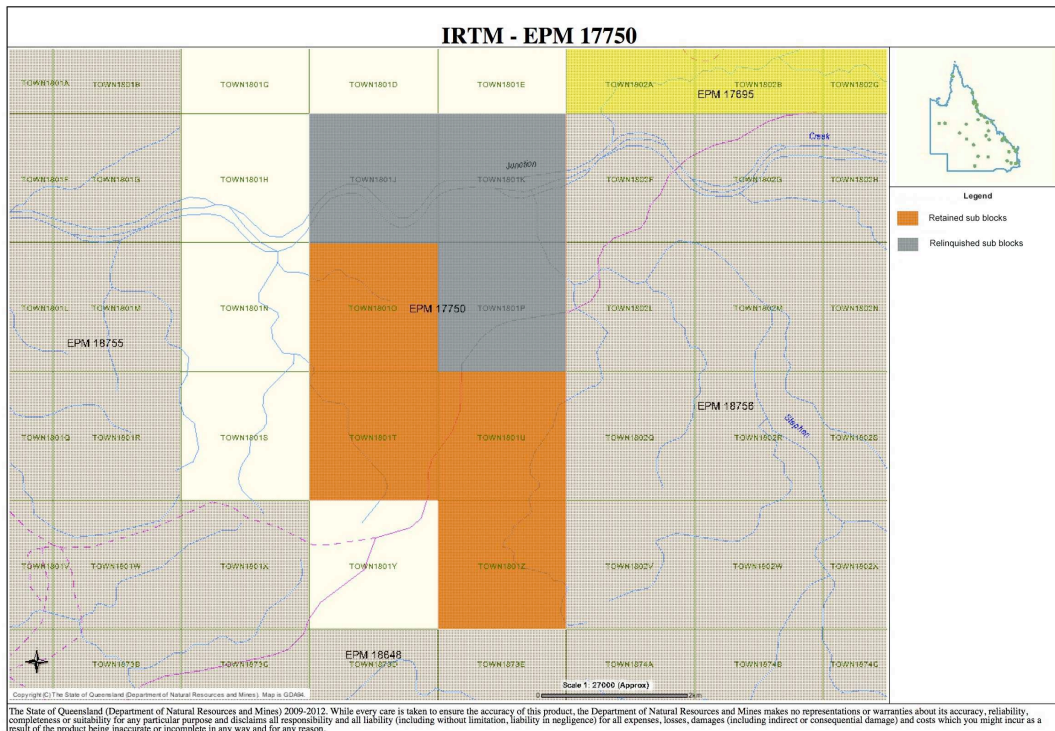


Figure 2 Retained and Relinquished Sub-Blocks EPM 17750

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 comprises biotite gneiss and schist, gneissic biotite granite, migmatite, quartzite, ortho-amphibolite and mafic granulite of the Early Proterozoic Einasleigh Metamorphics. These are intruded in places by Mid-Proterozoic leucogranitoids. In the northernmost part of the EPM, north of Junction Creek, the metamorphics are largely overlain by the Quaternary Undara Basalt which is part of the McBride Basalt Group.

A number of minor Cu +/- Pb occurrences are recorded within the metamorphics in the central north of the permit and in the adjacent area to the west. None has any apparent historic production. Small malachite-stained shears (Dickson 1973) and small chloritic breccias, some with galena, have been noted (Stephens & Paish 1996) as well as two small pits on narrow, cupriferous, gossanous quartz-chlorite units (Haebig & Poole 1976). In recent decades, three notable base metal +/- gold prospects have been delineated. These are recorded in Section 5.

5.0 PREVIOUS WORK ON EPM 17750

Substantial modern exploration has been carried out within and adjacent to the area covered by the EPM. This has largely been directed towards finding economic copper-lead-zinc, tin and tungsten deposits with a lesser focus on uranium and diamonds. The exploration activities of previous companies have included:

- Literature research, data compilation and assessment
- Aerial photogeological and satellite image interpretation
- Airborne magnetic, radiometric and EM surveys and interpretation
- Ground magnetic, radiometric and EM surveys & interpretation
- Aerial & ground geological reconnaissance, geological mapping, grid surveying
- Stream sediment, soil & rock chip sampling, laboratory analyses, geostatistics
- Prospecting, panning, petrographic studies
- Bulldozer construction of access tracks, drill pads and costeans
- Percussion drilling, geological logging

A search of the Q-DEX database lists reports of relevance to the current EPM area over the past fifty years. They are summarised as follows (Table 3):

Table 3 EPM 17750 List of Reports by Previous Explorers

Company Report No.	EPM	Company	Target	Year
43293	13332	Sipa Exploration NL	Base Metals, Gold	2001-06
28151, 27793, 26525	10416 9914	BHP Minerals Pty Ltd	Base Metals, Gold	1994-96
21582	6056	Keela-Wee Exploration Ltd	Base Metals, Gold	1989-90
22780, 21352	5911	CRA Exploration Pty Ltd Keela-Wee Exploration Ltd	Base Metals, Gold	1989-90
21084	5910	Keela-Wee Exploration Ltd	Gold, Base Metals	1989
14129, 13561, 12889	3461	CSR Ltd	Tin, Tungsten	1983-85
11874, 10867, 10301	2741	CSR Ltd	Base Metals: Tin, Tungsten	1980-82
9017	2556	Houston Oil & Minerals Australia Inc.	Palaeoplacer Tin, Diamonds	1980-81
10024, 8805, 8451 7950	2177	FA & VG Atkinson	Palaeoplacer Tin	1979-81
6639, 6012, 5614	1576	CRA Exploration Pty Ltd	Base Metals, Uranium	1975-78
4869, 4716, 4678	1202	Barrier Exploration NL	Base Metals	1972-74
3690	856	Hunter Mining & Investment Ltd	Base Metals, Gold	1970-71
3891, 3805, 2937, 2936	479	Mines Administration Pty Ltd	Base Metals, Gold	1968-69
2298, 1899	310	Loloma Mining Corporation NL	Alluvial Tin	1966-67

6.0 ACTIVITIES UNDERTAKEN DURING REPORT PERIOD

6.1 Summary

Activities undertaken by KS Mining Pty Ltd over the relinquished sub-blocks during the past year on EPM 17750 have included:

- Literature research and data assessment.
- High resolution satellite image interpretation

6.2 Literature research and data assessment

Ongoing reviews of QDEX open file tenement reports and other technical data were continued to assist with the assessment of past exploration outcomes and the identification of prospective targets.

6.3 Satellite Image Interpretation

High-resolution satellite imagery was interpreted for surface expressions of lump quartz. No prospective areas for quartz were identified on the relinquished sub-blocks.

7.0 CONCLUSIONS

Based on the results of systematic exploration by previous companies since the 1970s, there appears to be limited potential for the discovery of a substantial economic base metal or gold resource within the EPM. The targets of interest that were identified by the companies have each been substantially tested and significantly downgraded.

High resolution satellite image interpretation over the sub-blocks in question failed to identify any potential for substantial outcropping high purity lump silica deposits of 1 million tonnes or more, such as that being mined by KSM's associate company SSRG at Lighthouse some 15 km NNE of Einasleigh. Consequently the sub-blocks have been relinquished.

8.0 REFERENCES

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