

NQM GOLD 2 PTY LTD

EPM 18405 “Pajingo Gold”

PARTIAL RELINQUISHMENT REPORT

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MAP SHEETS: 1:100,000 – Pajingo 8156

COMMODITIES: Au, Ag

KEYWORDS: Epithermal Gold, IP, Magnetism, Geophysics

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SUMMARY

This report presents the results of exploration work conducted on “Pajingo Gold” EPM 18405 by NQM Gold 2 Pty Ltd on the eight sub-blocks relinquished August 2013.

The exploration tenement is part of the Pajingo Project Group targeting the Devonian-Carboniferous Drummond Basin for epithermal gold mineralisation.

Work completed by NQM on the relinquished sub-blocks has been limited to a review of historic data. The work failed to identify any targets considered worthy of follow-up.

1. Introduction

This report presents the work conducted on the eight (8) sub-blocks relinquished from EPM 18405 “Pajingo Gold” in August 2013. EPM 18405 is part of the Pajingo exploration project, a contiguous grouping of tenements comprising eight exploration permits (EPM 11152, 17792, 17793, 18405, 18407, 18801, 18809 and 18810) and the three mining leases ML 1575, 10215 and 10246.

1.1 Location and Access

The Pajingo Gold Project area is located in North Queensland, 150km south-southwest of Townsville. Access from Townsville is via the Flinders Highway to Charters Towers, then south for 50km via the Gregory Development Road to the Pajingo Mine access road. The mine infrastructure is located 22km to the east along a sealed access road (Figure 1). Access to the tenement is via the Harvest Home Road and thence by station tracks.

1.2 Tenure

The tenement was granted on 27th September 2011 for a period of 5 years to NQM Gold 2 Pty Ltd (60%) and CQT Gold Australia Pty Ltd (40%). EPM 18405 Pajingo Gold is a non-contiguous tenement comprised of seventeen sub blocks in four groups. Eight sub-blocks were nominated for relinquishment August 2013 (Table 1). The current status is listed in Table 2 and depicted in Figure 2.

Table 1 EPM 18405 Relinquished sub-blocks August 2013

BIM	Block Number	Sub-Blocks
CLER	532	J O Z
CLER	533	S V W
CLER	604	E
CLER	605	A

Table 2 EPM 18405 Sub-Block Identification (BIM:CLERMONT)

BIM	Block	Sub-blocks	No
CLER	460	Z	1
CLER	461	Q R V W	4
CLER	533	H M N O	4
Total			9

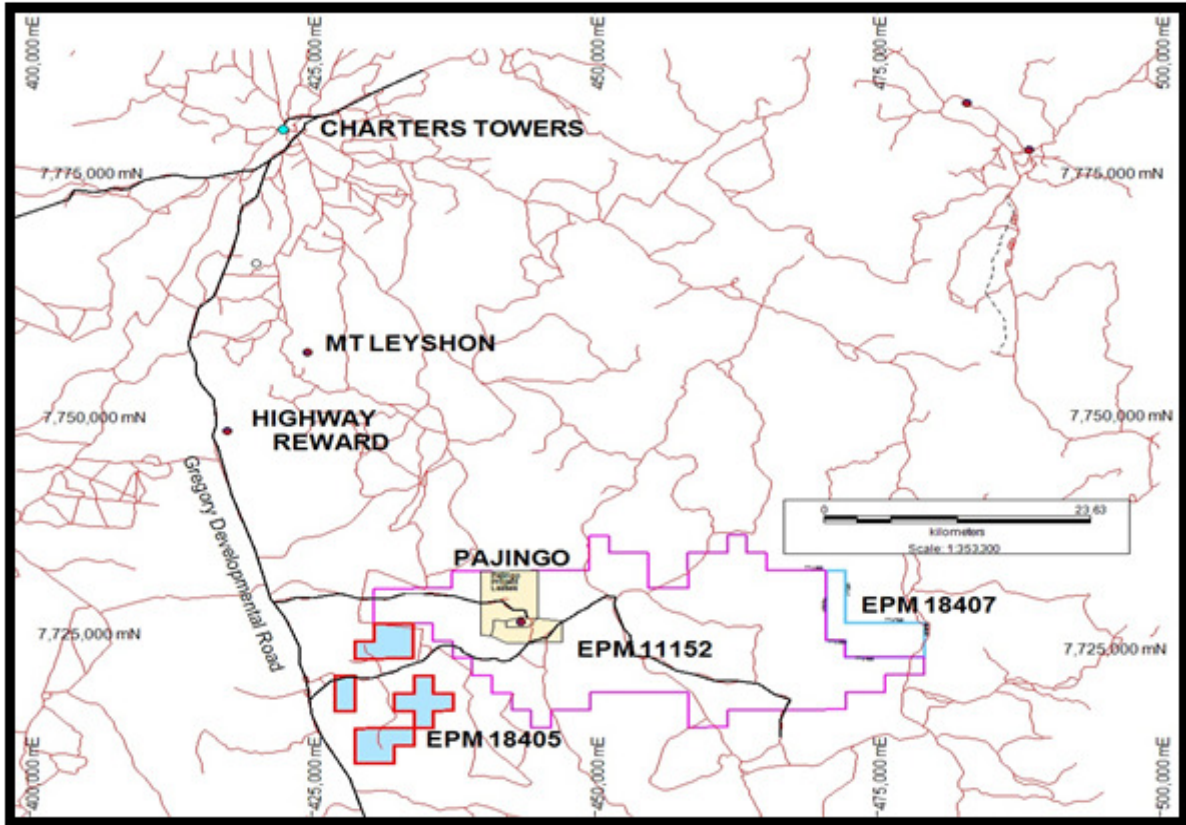


Figure 1 EPM 18405 Location map

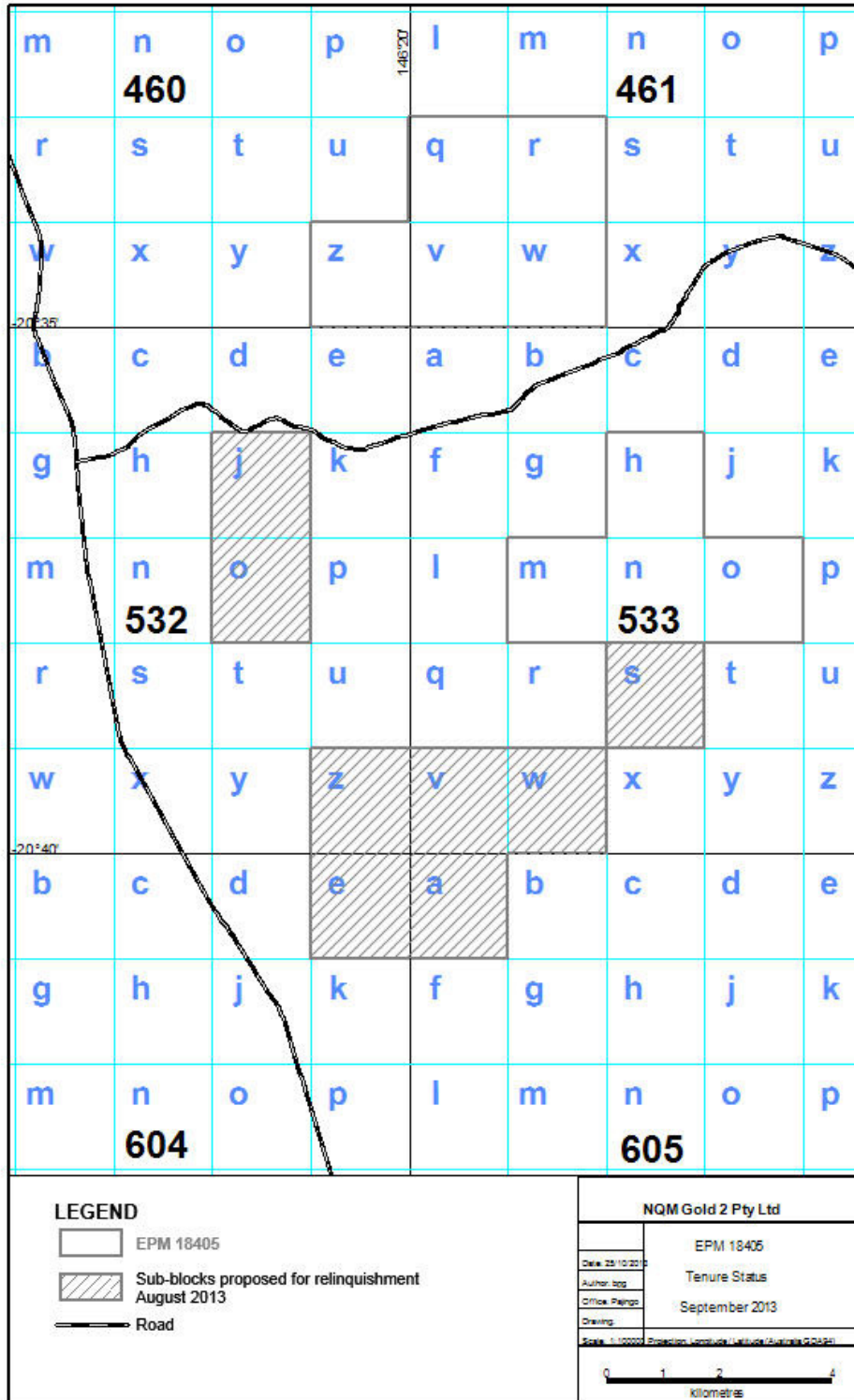


Figure 2 EPM 18405 tenure details

2. Geology and Mineralisation

2.1 Geological Setting

The Pajingo Project tenements are located near the northern margin of the Devonian-Carboniferous Drummond Basin (Figure 3). The basin sequence abuts the southern margin of the Cambrian-Devonian Lolworth Ravenswood Block. It covers an area of >25,000km² and is on-lapped by the Galilee Basin to the west and the Bowen Basin to the east. The regional geology of the Drummond Basin is described by Olgers (1972) in BMR Bulletin 132 and has been revised by Hutton (1989). The basin has been interpreted to be a back-arc extensional basin although research by Bryan (2003) of the University of Queensland favours an intracratonic rift setting.

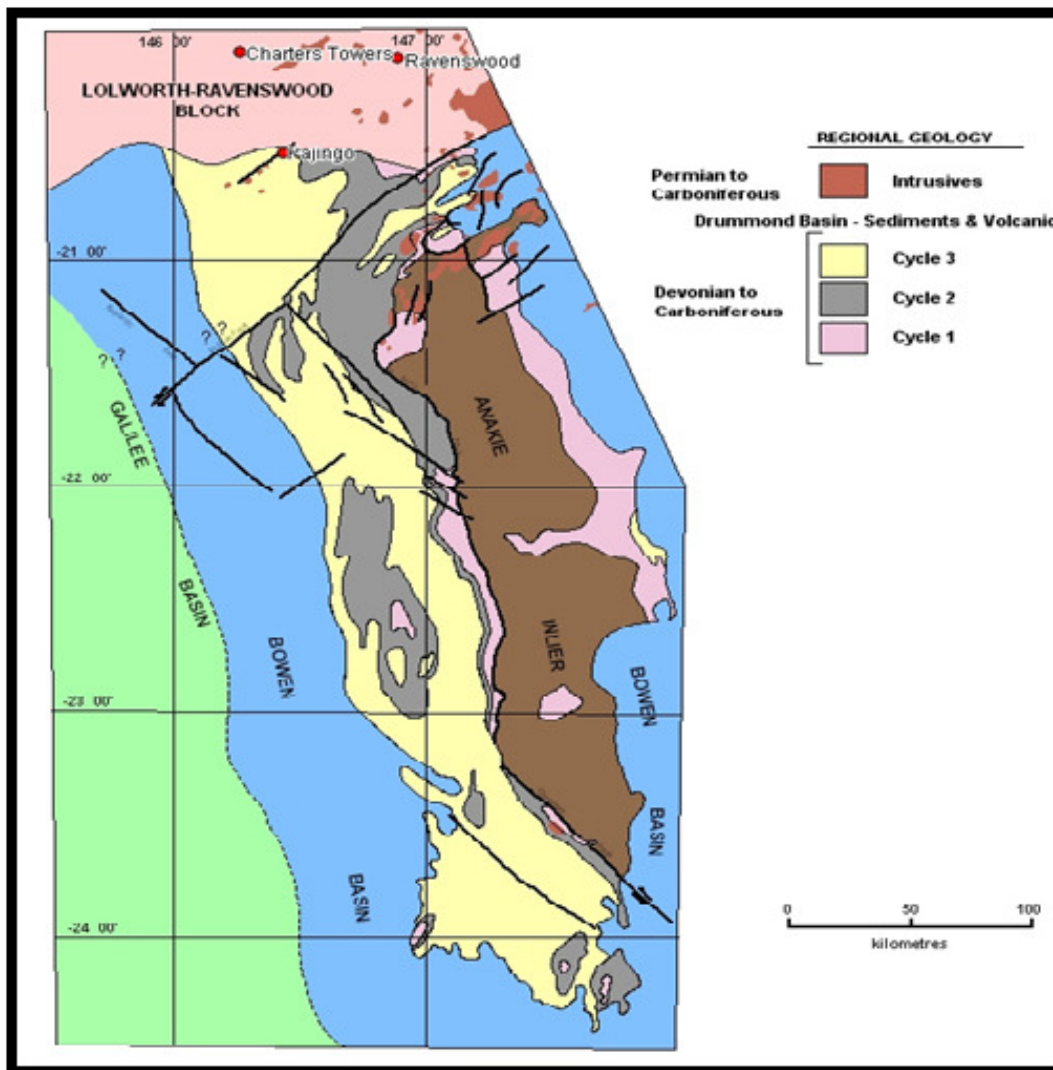


Figure 3 Drummond Basin Geological Setting

2.2 Project Geology

The Pajingo tenements cover the contact between the Cambrian to Devonian Lolworth–Ravenswood Block to the north and the Drummond Basin sequence to the south (Figure 6). This area is covered by the south eastern corner of the Charters Towers 1:250,000 Geological Sheet (Wyatt et al, 1971). The oldest rocks in the area are the Cambro-Ordovician Seventy Mile Range Group, which are represented in the tenement area by andesitic to dacitic volcanics and volcanoclastics of the Trooper Creek Formation. These are overlain by low metamorphic grade siltstones and shale locally carbonate-rich, of the Rollston Range Formation (Henderson, 1986). The Seventy Mile Range Group has been intruded by Ordovician to Lower Devonian felsic to intermediate intrusives of the Ravenswood Granodiorite Complex and in the eastern areas these rocks are extensively contact metamorphosed to spotted quartz-mica hornfels.

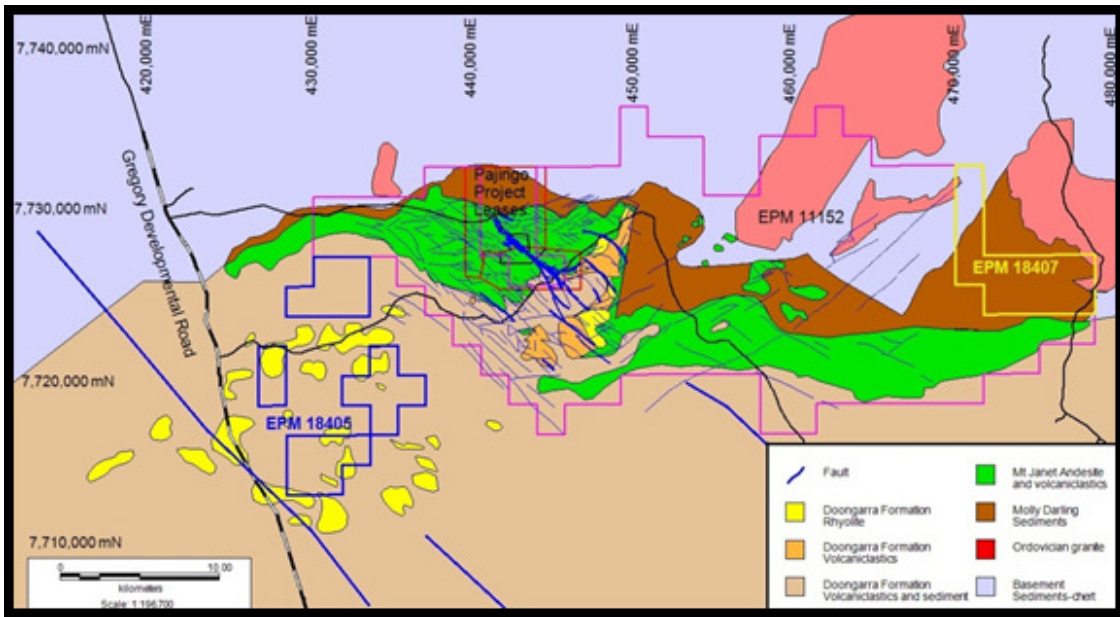


Figure 4 EPM 18405 Regional Geology

In general, the lithologic sequence is interpreted to both young and dip gently to the south. A schematic stratigraphy for the Doongarra area is described in Table 2. A detailed description of each of the stratigraphic units in the PES is provided in Fellows (2000).

Table 3 Stratigraphic sequence - Doongara area

ROCK TYPE	LOCAL NAME	COMMENTS
Alkali Olivine Basalt	Moonlight Basalt	Occurs as a basaltic intrusive in the southern area of the PES, correlated with Mingela Basalt' (age ~44Ma).
Clay / Gravel	Southern Cross Formation	Blankets extensive portions of the Northern Drummond Basin. Conceals ~80% of older rocks in the Pajingo area. Eocene (~53Ma) age
Sediments and Volcaniclastics	Doongara formation (Star of Hope Fm. Equiv.)	Quartz sandstone, feldspathic sandstone, mudstone, polymict conglomerate, andesite derived sediments, minor tuffs
Epiclastics	Upper epiclastics	Andesite and rhyolite derived sandstones, siltstones and conglomerates. Minor tuffs and rare basalt. Typically lacks quartz grains.
Flow-Banded Rhyodacite	Mt Starlight rhyodacite	Mainly ignimbrite with rarer tuff and lava. Age dated at 363 – 365.8M. Weak epithermal Au mineralisation
Epiclastics	Lower epiclastics	Andesite derived clastic sediments, grits, siltstones and conglomerate. Weak epithermal vein mineralisation.
Andesitic Volcanics	Mt. Janet andesite (Stones Ck. Fm. Equiv.)	Hosts all known economic epithermal mineralisation within the PES
Dacite, ignimbrite, fiamme tuff	Ignimbrite unit	Local marker at base of Andesitic package
Basal Sandstone	Molly Darling sandstone	Micaceous sandstone / siltstone. Fossils indicate age to be late Devonian – Carb
Volcanolithic sediments, locally calcareous, rare tuff	(Scartwater Fm. equiv.?)	Volcanolithic sediments under Scott Lode

2.3 Mineralisation in the Region

Several styles of mineralisation with a range of ages are found within the Drummond Basin and the Ravenswood Block basement, which bounds to the north, and the Pajingo region is considered prospective for all these types of mineralisation.

1. Low-sulphidation quartz-adularia epithermal-style Au systems e.g. Pajingo, Wirralie, Yandan, Mt Coolon and Bimurra are localised along discrete structures in the Drummond Basin.
2. Epithermal mineralisation in the Drummond Basin typically occurs in a volcanic environment associated with acid to intermediate rock types. Deposits are commonly hosted in volcanic-derived sediments or pyroclastics e.g. Wirralie and Yandan. An association with lavas or sub-volcanics (e.g. Pajingo) occurs but is not common. At Pajingo, Mt Coolon and Conway, the host rocks are primarily andesitic. All deposits are interpreted to be hosted within the oldest (Cycle 1) rocks of the basin sequence near the margins of the basin or the Anakie Inlier, which forms a horst-like block axially, oriented north-south near the centre of the basin. Epithermal mineralisation throughout the basin shares the same age within error of 340 – 345 Ma (Perkins, 1993). All deposits have been dated using K-Ar on sericite or adularia.
3. Volcanogenic hosted massive sulphide deposits (Cu-Pb-Zn-Ag-Ba-Au) occur in the Cambro-Ordovician Mt Windsor Volcanics (e.g. Thalanga, Liontown, Highway-Reward, Warrawee, Magpie deposits), part of the Seventy-Mile Range Group.
4. Mesothermal, granite-hosted, Au in quartz - base metal sulphide veins, for example those at Charters Towers (Peters, 1987). Mineralisation is mostly fault-hosted and generally interpreted to be of Late Silurian age.
5. Dilational breccias and vein arrays (e.g. Ravenswood) - probably localised at reactivated fault intersections which act as conduits for ore-forming fluids, largely during the Permo-Carboniferous tectonic/intrusive event.
6. High-level, low-grade Au systems (e.g. Mt Leyshon, Mt Wright) associated with discrete Permo-Carboniferous breccia bodies related to sub-volcanic porphyritic intrusive centres and their coeval volcanics.

3. Previous Exploration

Since the 1980's it appears that all previous exploration work has been done by various owners of the Pajingo Gold Mine. Some stream sediments (-80 mesh and BLEG), rock chips and a few soils have been assayed within EPM 18405. Much more intensive surface sampling work has been done in the immediate vicinity outside of EPM 18405 when much of the surrounding ground was held in EPM 11152 and prospected as part of

the Wahines Group. A notable aspect of the surface sampling was the lack of anything remotely anomalous with Hg and Ag at or below detection; Cu Pb Zn and Au all at very low levels which were assessed as not warranting any further follow-up.

The area has been covered by regional radiometric and aeromagnetic surveying thought to be completed in the early 1980s (Morrison and Washburn, 1995).

A summary of exploration work in 2000 concluded that Wahines remained highly prospective and proposed further drilling in 2001 (pp.17-26 in Huntley, 2000). Although none of this work was within EPM 18405, it indicates a continued interest in the area.

4. Work Completed Relinquished Area

Work for the period consisted of an ongoing data review which is part of a wider study focusing on the alteration, geological and structural setting of the mineralisation within the Pajingo Epithermal Field – referred to as the 4D program.

5. Conclusion

Eight (8) sub-blocks were nominated for relinquishment from EPM 18405. Work completed included a review and interpretation of the historic data including regional magnetic data. No significant anomalies were identified from this work.

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