



**Partial Relinquishment Report
Exploration Permit for Minerals
EPM 16201 Kuridala North**

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Date: March 2015

SUMMARY

Aim of Project

Exploration Permit for Minerals EPM 16201 Kuridala North was obtained to explore for iron oxide-copper-gold mineralisation, copper-gold mineralisation, massive sulphide lead-zinc-silver deposits, and uranium mineralisation hosted either within granites or within sandstone or limestone horizons.

Datum

Data are presented in MGA94 (z54) datum.

Object of Report

This report documents the results of exploration on the 23 relinquished sub-blocks of EPM 16201 conducted from 27 January 2010 to 26 January 2015.

Location

The sub-blocks of EPM 16201 occur in groups that are centred approximately 50 km southeast of Cloncurry.

Tenure

After 23 sub-blocks were relinquished from EPM 16201 on 26 January 2015, the tenement consists of 34 sub-blocks. It was originally granted to Chinova Resources Cloncurry Mines Pty Ltd (formerly Ivanhoe Cloncurry Mines Pty Limited) on 27 January 2010 with 57 sub-blocks.

Summary of Exploration

Exploration on the eight relinquished sub-blocks of EPM 16201 conducted from 27 January 2010 to 26 January 2015 comprised:

- Airborne magnetic and radiometric survey in 2010.
- Acquisition of Worldview 2 High Resolution satellite imagery in 2010.
- Ten stream sediment samples were collected at the Col prospect with no significant assays.
- Eight rock-chip samples were collected at the Mount Angelay prospect. The best result was 3.58% Cu and 150 ppm U.
- Three stream sediment samples were collected at the Mount Angelay prospect with no anomalous results apart from slightly elevated zinc.

Conclusions

Geochemical sampling has downgraded the Col prospect. Results in the Relinquished Sub-blocks of the Mount Angelay prospect were not sufficiently encouraging to justify more work.

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1. INTRODUCTION

EPM 16201 was granted to Chinova Resources Cloncurry Mines Pty Ltd, formerly Ivanhoe Cloncurry Mines Pty Limited on 27 January 2010 with 57 sub-blocks. The tenement is centred approximately 50 km southeast of Cloncurry (Figure 1). The sub-blocks occur in five groups that lie adjacent to known prospects and mineral occurrences.

After 23 sub-blocks were relinquished from EPM 16201 on 26 January 2015, the tenement consists of 34 sub-blocks. This partial relinquishment report describes all activities carried out in the relinquished area of EPM 16201 from when the permit was granted on 27 January 2010 until the sub-blocks were relinquished on 26 January 2015.

Work completed in the relinquished area included an aeromagnetic and radiometric survey, the purchase of satellite imagery and rock-chip and stream sediment sampling.

2. PARTIAL RELINQUISHMENT

The sub-blocks in EPM 16201 that were relinquished on 26 January 2015 and those that were retained are listed below and shown in Figure 2.

23 sub-blocks to be relinquished (Relinquished Sub-blocks):

BIM	Block	Sub-blocks
Clon	897	q w
Clon	968	t u y z
Clon	969	b l q t u v z
Clon	1040	d e j k
Clon	1041	a e f k
Clon	1042	f g

Total = 23 sub-blocks to be relinquished

34 sub-blocks to be retained (Retained Sub-blocks):

BIM	Block	Sub-blocks
Clon	897	z
Clon	898	m q r v w
Clon	967	l m n q r s t v w x y
Clon	968	d j m n o p r w
Clon	969	e k p
Clon	970	a b f g l m

Total = 34 sub-blocks to be retained

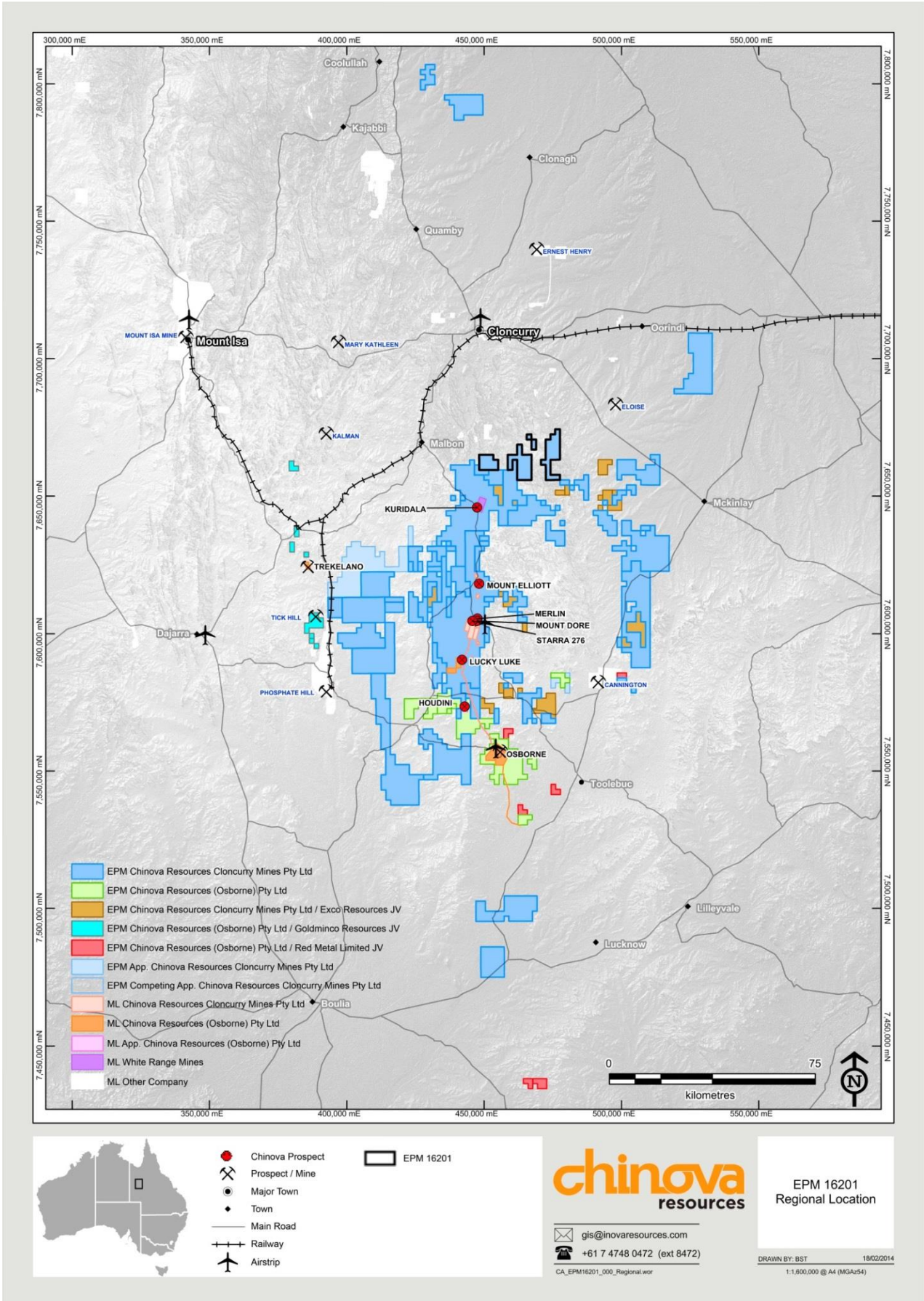
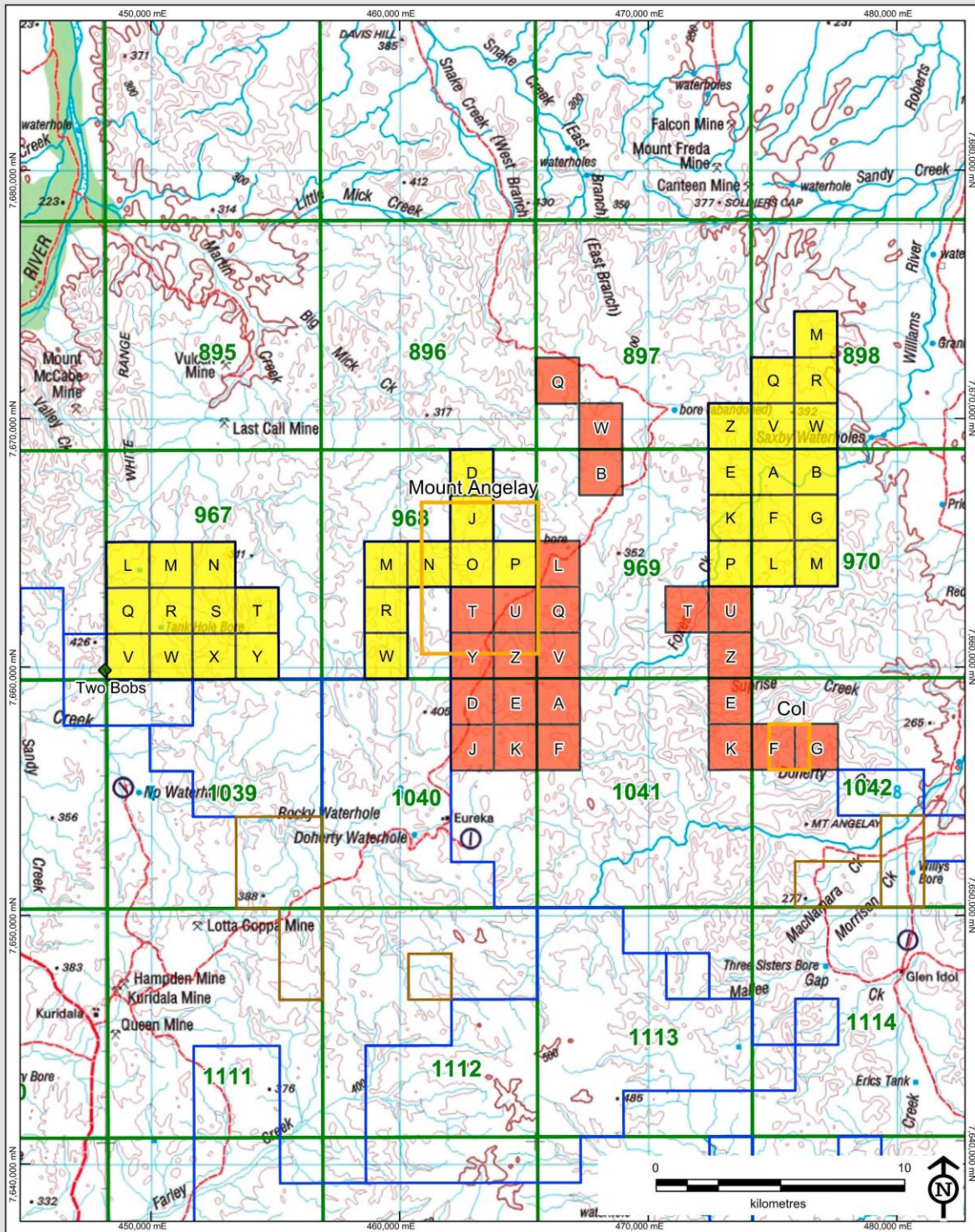


Figure 1: EPM 16201 regional location



	EPM 16201 to retain (34 sub-blocks)	Prospect	<p>EPM 16201 Proposed Sub-Blocks for Partial Relinquishment</p> <p>gis@chinovaresources.com +61 7 3246 7712 (ext 7712)</p> <p>CA: EPM16201_000_SubBlock_Relinquishment.wor</p>
	EPM 16201 to relinquish (23 sub-blocks)	Exploration Blocks	
	EPM Chinova Resources Cloncurry Mines Pty Ltd	Prospect area	
	EPM Chinova Resources Cloncurry Mines Pty Ltd / Exco Resources JV		

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Figure 2: EPM 16201 relinquished and retained sub-blocks

3. LOCATION AND ACCESS

The Relinquished Sub-blocks occur on the Nundata and Oorundimindi Pastoral Holdings.

Vehicle access is by sealed road from Cloncurry to Malbon then via public unsealed roads. Road access is good from March to December with intermittent closure due to flooding and heavy rains possible from January to March. Limited existing tracks can be used by 4 wheel drive vehicles for access within the tenement.

4. REGIONAL GEOLOGY

EPM 16201 lies within the Proterozoic Eastern Fold Belt of the Mount Isa Inlier. The EPM consists predominantly of calc-silicate rocks of the Corella Formation (considered the equivalent of the Doherty Formation) and granitic rocks. The Corella/Doherty Formation is part of a broad cover sequence called Cover Sequence 2 (ca 1790-1690 Ma). These rocks have been intruded by the Squirrel Hills Granite in the western group of sub-blocks, by the Mount Angelay Granite in the south central group of sub-blocks, and by the Saxby Granite for the remaining sub-blocks. The granites are part of a granitic suite called the Williams and Narku Granites that range in age from 1520 and 1490 Ma (Wyborn et al., 1988; Page and Sun, 1998).

5. WORK DONE ON RELINQUISHED SUB-BLOCKS

5.1 Geophysical Surveys and Satellite Imagery

A detailed regional airborne magnetic and radiometric survey was flown by UTS Aeroquest between March and June 2010 over 56 out of a total of 57 sub-blocks in EPM 16201. Worldview-2 High Resolution satellite imagery was purchased in November 2010.

In 2011 regional magnetic and gravity data over EPM 16201 were inverted in three dimensions using proprietary CRCM algorithms designed to produce better results than previous inversion software.

5.2 Col

5.2.1 Introduction

The Col prospect was identified as a gold geochemical anomaly through the review of QDEX historical surface geochemistry (Figure 2 and Figure 3). The exploration at Col was primarily focused on gold mineralisation.

5.2.2 Previous Work

Newmont Proprietary Limited explored the area in 1978 and conducted stream sediment sampling but did not analyse samples for gold (Orridge, 1978).

Aberfoyle Resources conducted exploration under a joint venture with the tenement holder Homestake Australia Ltd in 1994. Stream sediment sampling was conducted with one anomalous 180 um stream sediment sample with a value of 530 ppb Au (Hicks, 1994).

One conductor was identified from a GeoTEM survey over the area. A follow up soil program (grid downstream from the anomalous stream sediment sample) was conducted with two anomalous zones identified. Geological mapping downgraded the prospectivity as the two zones appeared to be associated with iron-enriched Mesozoic sediments above a regional (weakly mineralised) shear and a small contact

aureole of a large granite body. Neither of these was believed to have any potential for significant mineralisation. No further work was undertaken.

5.2.3 Work done from 27 January 2014 to 26 January 2015

The interpreted geological trend and inferred steep side to the granite body were confirmed in 2014 from magnetic data. Previously collected ground EM data show a conductor that correlates well with the shear zone that trends north-south. Any mineralisation associated with the shallow conductor would be expected to show up in surface geochemistry.

Ground proofing was conducted at Col in June 2014. Ten stream sediment samples were collected and sent to ALS in Townsville for analysis. All samples were duplicated in five locations and assayed via two methods, -80# via ME-ICPMS and 1 mm mesh sized samples by bulk cyanide leach (BCL). No significant results were returned (Appendix 1).

5.2.4 Prospect Geology

The Saxby Granite outcrops and there are exposures of the granite in contact with mixed sequences of psammitic metasediments and amphibolites. Minor contact metamorphism is noticeable adjacent to some of the granite.

5.3 Mount Angelay

5.3.1 Introduction

Mount Angelay was identified as a target (Figure 2) from a review of a GeoTEM airborne electromagnetic (AEM) data collected by BHP.

5.3.2 Previous Work

CRA Exploration conducted stream sediment sampling the over majority of the Mount Angelay region in 1995 using both -80# and BLEG methods. The best result was 1.3 ppb Au (Waterfield, 1995).

Wiluna Mines explored the area in 1997, conducting coarse fraction -20# BCL stream sediment sampling (bottle roll cyanide extraction with the solvent extract undergoing a graphite furnace AAS finish). Fine fraction -200# was analysed for Au by 50 g fire assays with a carbon rod finish. All base metals were analysed excluding bismuth which was analysed by a hydride generation method. In the coarse fraction 1 ppb Au was considered anomalous, which equated to 5 ppb Au in the fine fraction. Samples were up to 8 ppb Au in the coarse fraction. Six rock-chip samples collected during mapping campaigns returned disappointing results (Johnson, 1997).

5.3.3 Work done from 27 January 2014 to 26 January 2015

Reconnaissance exploration was conducted by CRCM in 2014 at the Mount Angelay prospect in both the Retained and the Relinquished Sub-blocks (Figure 2). Exploration consisted of ground proofing, stream sediment sampling and rock-chip sampling.

A 5 m wide quartz breccia and gossan with moderate copper oxides on a 200 m long contact between granite and metasediments was identified in the Relinquished Sub-blocks.

Eight rock-chip samples were collected within the Relinquished Sub-blocks with the best result being 3.58% Cu and 150 ppm U (Appendix 2). No anomalous results apart from slightly elevated zinc were

returned from three stream sediment samples collected downstream from the mineralised area Appendix 1).

5.3.4 Prospect Geology

The local geology mapped by AGSO consists of the Soldiers Cap Group intruded by Mount Angelay Granite with a prominent crosscutting north-northeast trending fault. Ground inspection of the Mount Angelay prospect confirmed north-northeast trending gossans and probable faults.

5.4 Conclusions

The potential of the Col prospect for gold mineralisation has been downgraded and no further work is warranted.

Rock-chip and stream sediment samples collected to test a quartz vein and gossan at Mount Angelay were not sufficiently encouraging to justify more work.

The sub-blocks were relinquished as there were no other targets identified within them.

6. REFERENCES

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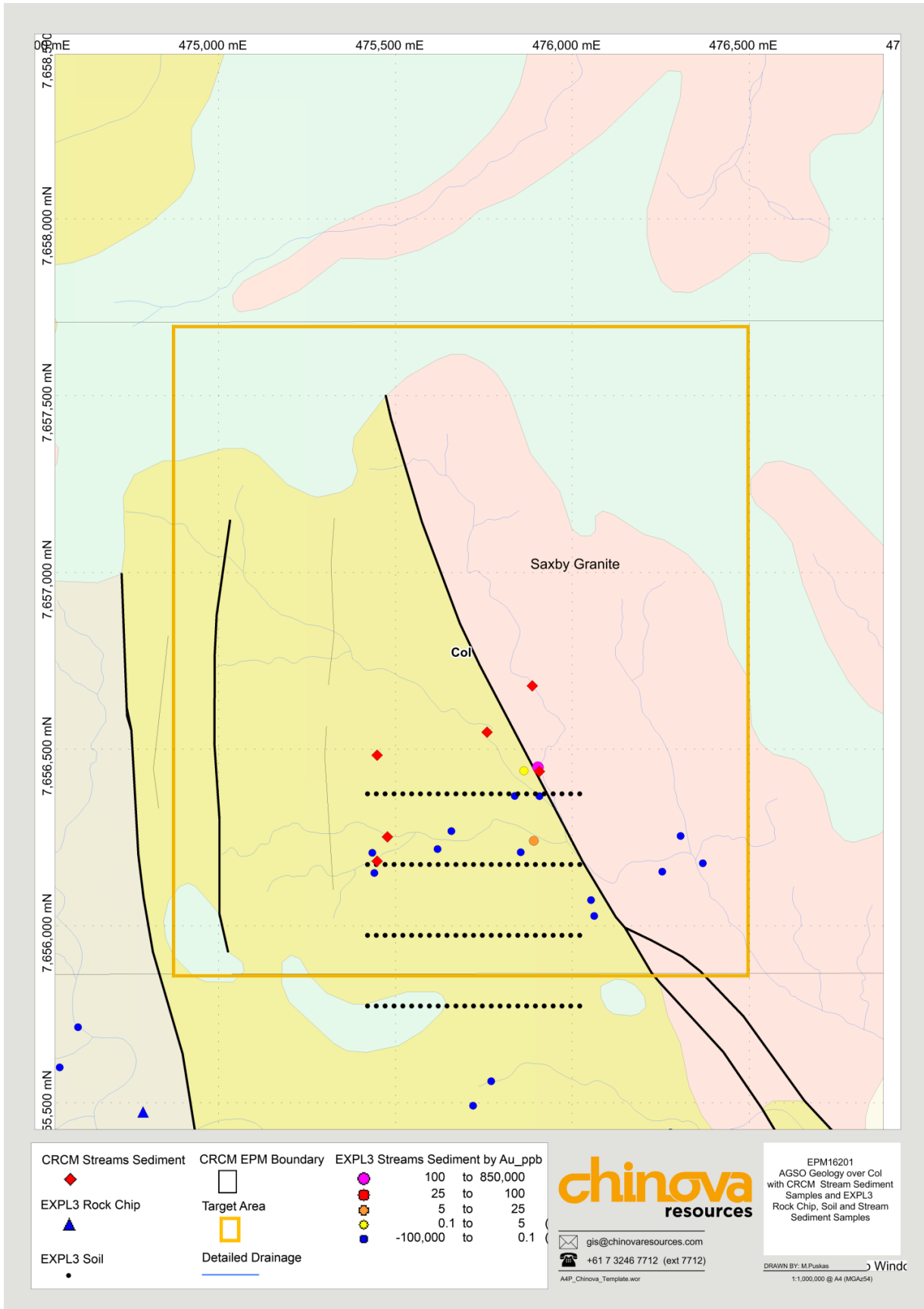


Figure 3: Col CRM stream sediment samples and open file surface geochemistry

**Appendix 1: EPM 16201 Relinquished Sub-blocks –
Stream sediment sampling digital assay
data**

Digital data included as a separate component in QDEX.

**Appendix 2: EPM 16201 Relinquished Sub-blocks –
Rock-chip sampling digital assay data**

Digital data included as a separate component in QDEX.