

EXPLORATION PERMIT FOR MINERALS (EPM) 19751 ANNUAL REPORT FOR PERIOD ENDING 29 JANUARY 2015

Prepared for:
Nerang Pastoral Co. Pty Ltd

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April 2015

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<i>Principal Author:</i>	Y. Dowling
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Groundwork Plus ABN: 80 829 145 906

Queensland
6 Mayneview Street, Milton Qld 4064
PO Box 1779, Milton BC, Qld 4064
P: +61 7 3871 0411
F: +61 7 3367 3317
E: info@groundwork.com.au

South Australia
2/1 First Street, Nuriootpa SA 5355
PO Box 854, Nuriootpa SA 5355
P: +61 8 8562 4158

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FIGURES

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Figure 2	Site Layout Plan	(Drawing No. 1514.007)
Figure 3	Geological Setting	(Drawing No. 1514.009)

1. Introduction

1.1 Overview of Tenure

Nerang Pastoral Co. Pty Ltd is the holder of Exploration Permit for Minerals (EPM) 19751 (site) situated at Ravensbourne, Queensland. The Nerang Pastoral Co. Pty Ltd is a fully owned subsidiary of the Nucrush Pty Ltd (Nucrush) Group of companies.

The EPM is located approximately 1.4 km north of the township of Ravensbourne and approximately 32km north east of the Toowoomba CBD. Refer to Figure 1 – Site Location Plan. The layout of the EPM is illustrated in Figure 2 – Site Layout Plan.

1.2 Purpose of Annual Report

This Annual Report has been prepared to satisfy the requirements of Section 13 of the *Mineral Resources Regulation 2013* (MRR), which states that an Annual Report must contain the following:

- (a) *a full technical summary of the authorised activities for the permit or licence carried out during the reporting period for the permit or licence, including—*
 - (i) *assay results; and*
 - (ii) *geological, geophysical, geochemical, drilling or remote sensing data, including maps showing the geophysical and geochemical anomalies and prospects or mineralisation in the area; and*
 - (iii) *any three-dimensional models generated as part of exploration in the area;*
- (b) *a statement detailing whether the program of activities for the permit or licence was complied with during the reporting period, including details of, and reasons for, any failure to comply with the program;*
- (c) *a statement of the authorised activities proposed to be carried out under the permit or licence for the next reporting period for the permit or licence;*
- (d) *a statement and a map with cross-sections of any resources and reserves identified;*
- (e) *a description of any significant mineralisation identified and related geological or structural features;*
- (f) *an expenditure statement complying with section 14.*

The expenditure statement for this Annual Report has been prepared and will be lodged with the Department of Natural Resources and Mines (DNRM) separately in accordance with the requirements of Section 13(2) and 14 of the MRR.

2. Background

2.1 Tenure Details

<u>Exploration Permit for Minerals (EPM) No.:</u>	19751	
<u>Holder:</u>	Nerang Pastoral Co. Pty Ltd	
<u>Date of Grant:</u>	30 January 2013	
<u>Date of Expiry:</u>	29 January 2018	
<u>Term:</u>	Five (5) years	
<u>Location:</u>	Ravensbourne, Queensland. Refer to Figure 1 – Site Location Plan	
<u>Site Area:</u>	BIM:	Brisbane
	Block: 2834	Sub blocks: U, Z
	Block: 2835	Sub blocks: Q, R, V, W

2.2 General Description and Access

The EPM area comprises several hills and valleys with a number of ephemeral creeks and gullies including Little Oakey Creek. Elevations across the site range from 350m AHD to 620m AHD. The site is situated overlapping Mining Lease (ML) 50126 and the Ravensbourne Key Resource Area (KRA 1). Access to the EPM is via pre-existing roads, refer to Figure 2 – Site Layout Plan.

2.3 Exploration Rationale

Work proposed to be carried out on the site includes testing of the materials to determine the suitability of the sand resource for the production of a wide variety of industrial purposes including sandstone blocks, sands, and fracking sands (Frac Sands) for use in the regional liquefied natural gas (LNG) and coal seam gas (CSG) industries.

Exploration on the EPM shall generally occur over small areas to determine the quality of the material available. It is likely that the majority of exploration activities will be completed on one specific lot on plan area which is considered the most prospective following preliminary review of data. This exploration strategy will reduce the requirement to liaise with multiple landowners, and it is likely that only one landowner will be dealt with during the initial exploration phase.

Currently the most prospective areas are considered to be on sub-blocks BRIS2834U and BRIS2834Z and exploration during the current term to 29 January 2018 will likely be targeted in these sub-block areas.

3. Work Program Activities

3.1 Previously Proposed Work Program

The initial exploration work proposed in the original application for the tenure lodged with DNRM on 4 June 2012 included testing of representative surficial samples followed by geological mapping, and if warranted, some minor trenching and excavation of sample test pits. Drilling was also proposed in the event that test results validated resource in the EPM area.

Over the reporting period, Nucrush Group have advised that exploration activities on EPM 19751 did not follow the work program proposed as resources within the business have been targeted elsewhere over recent times; however, Nucrush Group intend to focus resources on the tenure and commence exploration activities over the current term of the EPM. Any exploration activities undertaken will be reflected in subsequent Annual Reports.

3.2 Current Work

As mentioned, Nucrush have advised that no exploration has been conducted on the EPM during the current reporting period. The EPM has been maintained by Nucrush as pre-requisite tenure for a future potential application for mining lease, therefore activities for the EPM for the reporting period have been administrative in nature.

As part of the annual reporting obligations for this report, literature search and review of available regional data has been carried out for the EPM area, for example, to determine geological setting.

3.3 Proposed Work

Nucrush have advised that proposed work for the EPM over the remainder of the term to 29 January 2018 is likely to be consistent with the original work program proposed in the application for tenure and shall include, but not be limited to:

- Continued maintenance of the EPM as background tenure for progression towards a potential application for mining lease if the desired resource is proven.
- Administrative and operational management of the tenure.
- Testing of representative surficial samples followed by geological mapping, and if warranted, some minor trenching and excavation of sample test pits.

Drilling may be completed if results of the above activities prove encouraging, and if the resource proves suitable for the proposed use, then a Mining Lease Application (MLA) may be lodged.

4. Geological and Exploration Data

4.1 Geological Setting

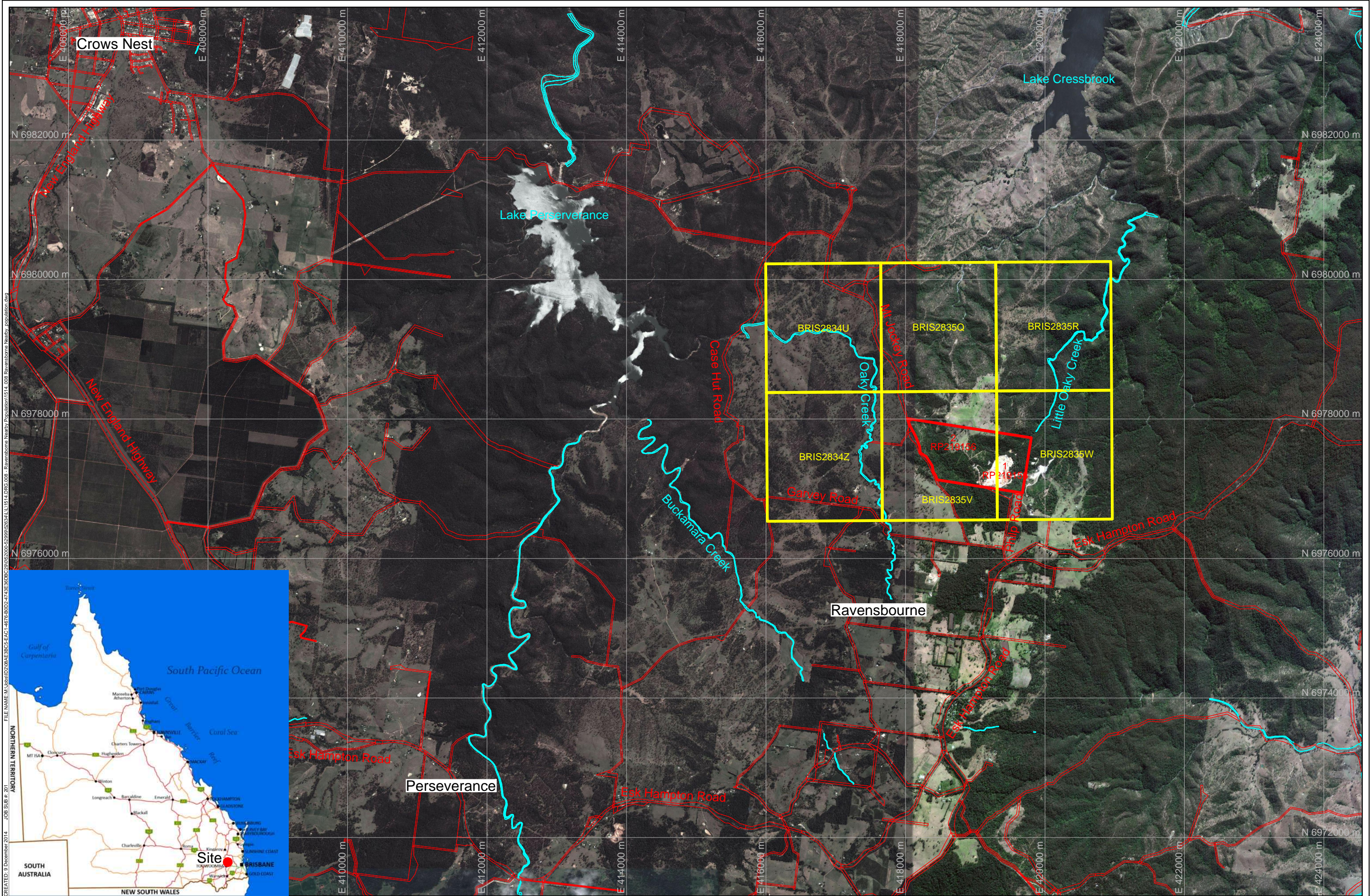
The EPM is situated within the late Triassic to early Jurassic aged Woogaroo subgroup, which comprises weathered sandstones immediately beneath the Main Range Volcanics. The sand resources in this locality are typically derived from the weathered soft, friable sandstone bedrock which is highly erodible. These sandstone rock units underlie the basaltic lava flows of the Main Range Volcanics north east of Ravensbourne. An overview of the general geological setting is depicted in Figure 3 – Geological Setting.

4.2 Exploration Data

No exploration data has been developed over the current reporting period. Any exploration data developed as a result of proposed future activities will be provided following completion with the relevant Annual Reports.

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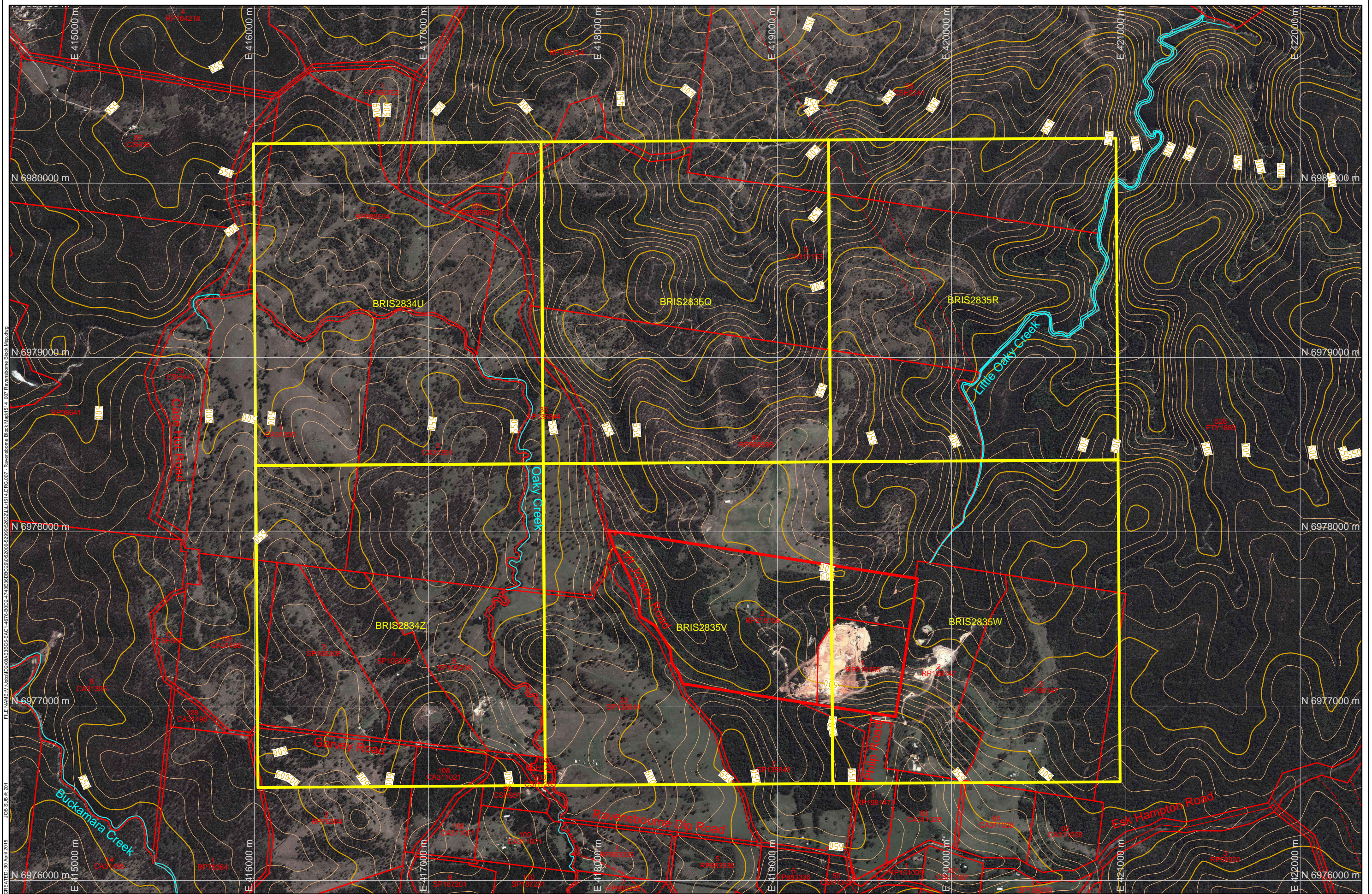


REV	DESCRIPTION	DATE	BY

Data Sources: Photography: Google Maps. Image date: 2011-10-16 Topography: Cadastre Ecosystem: Other	Legend: — Mining Lease 50126 — Road Cadastral Boundary — Watercourse Boundary — EPM Sub-block Boundary
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PROJECT: EPM 19751 (Nusand)	TITLE: Figure 1 - Site Location Plan
CLIENT: Nerang Pastoral Co. Pty Ltd	GROUNDWORK plus PH: +61 7 3871 0411 WWW.GROUNDWORK.COM.AU
SCALE: 1:50,000 When Printed On A3	DRAWING NUMBER: 1514.008
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REV	DESCRIPTION	DATE	BY

Data Sources:

Photography: Google Maps, Image date: 2011-10-16

Topography: © The State of Queensland, Digital Datasets 1:50,000 10m contour, Toowoomba & Somerset

Cadastral: Cadastre

Ecosystem: Other

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Legend:

- Mining Lease 50126
- EPM Sub-block Boundary
- Cadastral Boundary
- Easement Boundary
- Watercourse Boundary

PROJECT: EPM 19751 (Nusand)

CLIENT: Nerang Pastoral Co. Pty Ltd

TITLE: Figure 2 - Site Layout Plan

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