

EPM 17442

MASSIE CREEK

QUEENSLAND

ANNUAL REPORT

FOR THE PERIOD ENDED

31st March 2013

Prepared by:

Michael Hicks

Geologist

Submitted by:

Ralph DeLacey

Manager

Cairns

April 2013

Table of Contents

| | |
|--|----|
| 1. INTRODUCTION | 3 |
| 2. REGIONAL GEOLOGY | 5 |
| 3. EXPLORATION HISTORY AND LOCAL GEOLOGY | 6 |
| 4. EXPLORATION ACTIVITIES IN THE CURRENT PERIOD..... | 9 |
| 5. REFERENCES | 10 |

1. INTRODUCTION

Contin NQ Pty Ltd (Contin, Company) is a privately held exploration company, based in north Queensland. The Company is exploring for tin mineralisation in North East Queensland. The Company has undertaken exploration work in the main tinfield of the Herberton Tinfield as well as the Tate and Lynd alluvial tinfield.

The Company works with public company Consolidated Tin Mines Ltd (ASX code CSD) and does so by identifying and establishing potential tin mineralised ground.

The Company has an exploration office in Cairns and consultant geologist John Sainsbury has an office in Atherton. The Company can thus provide a good base from which to undertake field activities.

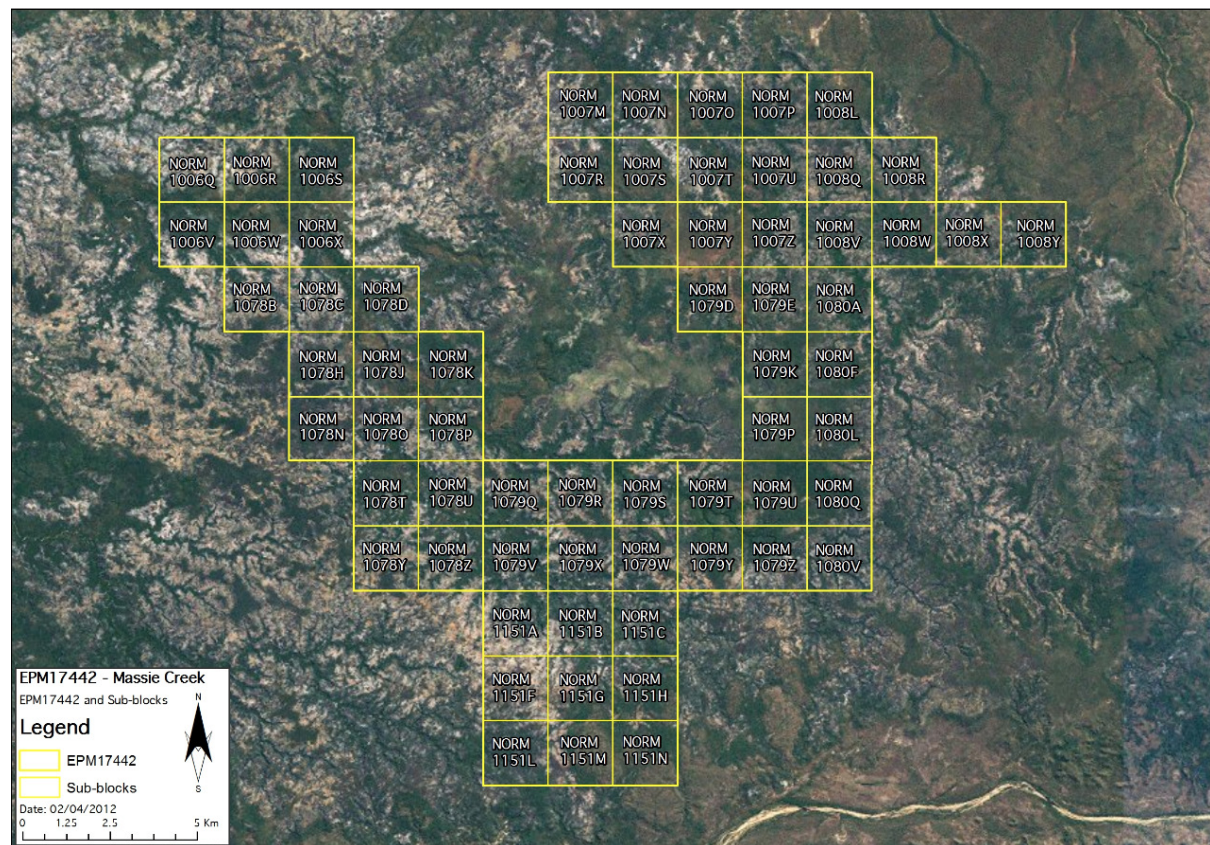
The Tate River Tinfield is a small, predominantly alluvial tinfield based on the Tate River, and centred at lat 17.45 degrees south, long 144.3 degrees east. Production history goes back to the 1880s, with last production in the 1980s. The small township of Fisherton, now abandoned, was the centre. The Tate River Tinfield is approximately 40km southwest of Chillagoe.

Exploration for additional alluvial tin mineralisation was directed further downstream along the Tate River. The area of EPM 17442 was applied for by Contin to explore drainages to the north of the Tate River and where unpublished reports suggested new alluvial tin resources.

EPM 17442 was granted on the 31st March 2011 and contains 65 sub-blocks. The tenement is located 75 kilometres west of Chillagoe. Access is via property tracks to the Blackdown station homestead and then south from the homestead. The tenement has overall north-west trend and covers extents of Sugarbag and Massie Creeks.

The tenement location is given as Figure 1.

Figure 1 - Tenure outline

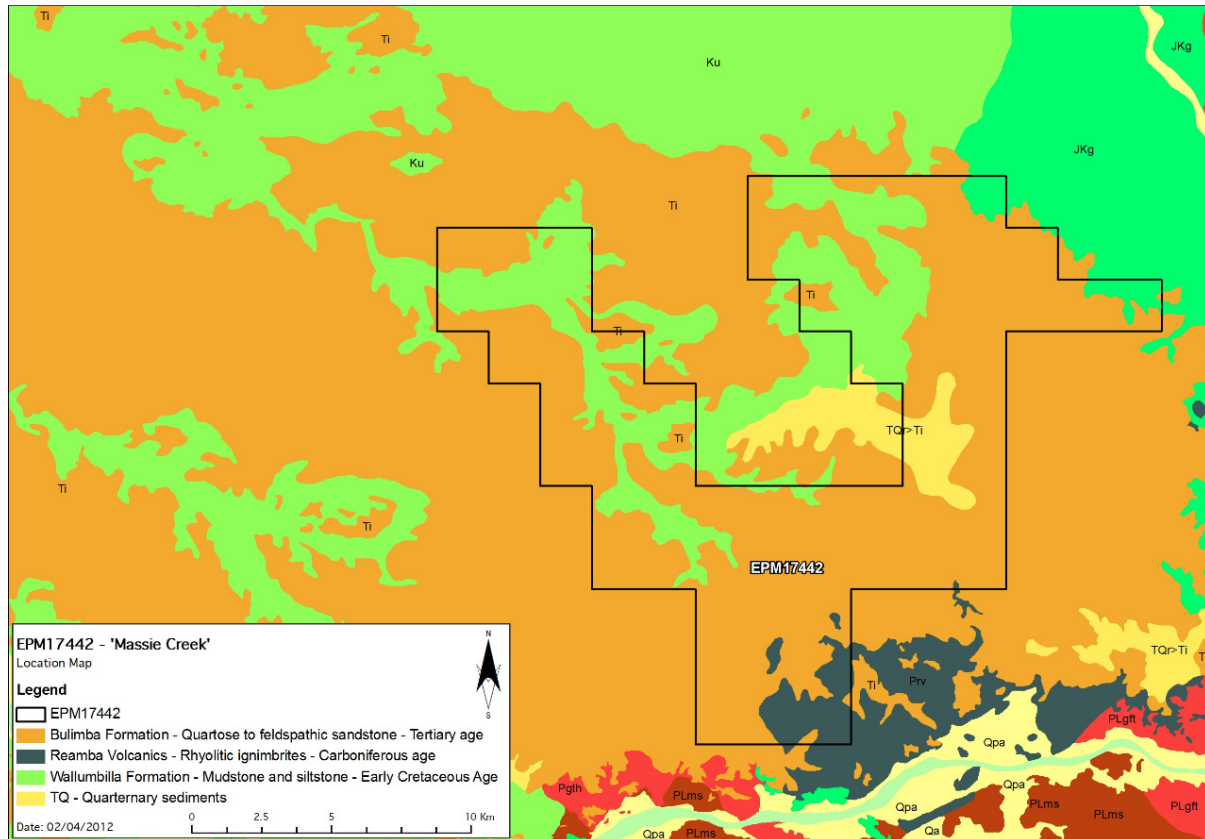


The search for additional alluvial, and hardrock, tin mineralisation in the broad southern Chillagoe area, around the Tate and Lynd Rivers was successful with development of an alluvial tin mining operation along the Lynd River in the 1980s, in an area of no historic mining. Additional alluvial areas were explored for in the region and a section north of the Tate River, containing the Sugarbag and Massie Creeks, was considered a potential alluvial tin target.

2. REGIONAL GEOLOGY

EPM 17442 is located in the Cairns hinterland. It is located on the Blackdown 1:100,000, geology sheet 7663.

Figure 2 – 1:100,000 Geology



The tenement is predominantly covered by Cretaceous to Tertiary aged sediments of the Wullumbilla Formation and Bulimba Formation. The rocks are the eastern exposure of the Carpentaria and Kuramba Basin sediment and are generally poorly sorted, conglomerates to clayey sandstones. They represent large fluvial to shallow marine tidal sediments of drainages flowing westwards off the higher Cairns hinterland landforms. Small exposures of acid volcanic are mapped in the southern portion of the EPM.

Basement to these Cretaceous to Tertiary sediments are exposed to the immediate west in the Atherton 1:250,000 sheet, Proterozoic rocks of the Dargalong Metamorphics are the oldest rocks, these being high grade metamorphic of generally quartz-feldspathic nature. The Proterozoic rocks were intruded in the early by the Silurian aged Nundah Granodiorite.

The main igneous event affecting the Cairns hinterland is of late Carboniferous-early Permian age. Spatially associated with the Palmerville Fault, a north west trending long and long lasting fault system, multiple batholiths sized intrusions, generally divided into three chemically similar granitoid supersuite types, occurred. They were generally of I type and of reduced to oxidised chemistry. There is a general northwest trend of intrusion and associated acid volcanic caldera development; although an east west trend is also mapped.

The mineralisation of the Cairns hinterland is associated with the Permo-Carboniferous intrusions. Significant tin, tungsten, gold, copper, and zinc deposits have been mined. In the Mt Garnet to Tate River region, tin has been the principal commodity won from the first mining developments in the

1880s. The hard rock tin has been won from granite hosted veins and greisens. Erosion of the hardrock sources has produced alluvium from where alluvial and eluvial operations have recovered tin.

In the area immediately south of the tenement, and along the Tate River, granite of the Three House Lagoon Granite and acid volcanics of the Reamba Volcanics, both of late Carboniferous to early Permian age crop out. The Reamba Volcanics are mapped into the southern portion of the EPM 17442.

3. EXPLORATION HISTORY AND LOCAL GEOLOGY

The Tate River area, 40 kilometres southwest of Chillagoe, is an historical tin mining area. The McCord Granite, a member of the late Carboniferous aged O'Brien's Creek supersuite of granites, has intruded into Proterozoic age McDevitt Metamorphics. On the western and southern edge of the granites, extensive greisen development contains tin mineralisation. Erosion of the greisen has contributed to alluvial deposits of tin close to the granite contact. Eluvial tin was won from mining the granite hill slope detritus

Tate River alluvial tin mining operations are reported from the late 1800's and the area supported a number of small syndicates up to the mid 1980's. The tin was understood to be coarse and produced a high grade concentrate. The production from the tinfield is unknown but is likely of the order of 10,000 tonne of contained tin metal in concentrate.

The success of the high grade alluvial development of the Tate River tinfield saw exploration for additional alluvial fields. It's surprising that the nearby Lynd River alluvial tin operation was only found and developed in the 1980s, nearly 100 years after the first Tate River alluvial tin production. Although only a limited 350 tonne of tin metal in concentrate has been produced from the Lynd River field, to date, the resource and potential mineralisation within the Lynd River is of the order of 3,000 tonne of contained tin metal. The potential mineralisation is contained within Cretaceous-Tertiary aged sand ridges, these being low continuous ridges of 5-20 kilometre length and 1 kilometre width, of partly consolidated gravels and sands, on the current land surface. They are likely the remnant channel sediment of large river systems. The tin content occurs as linear zones within the sand ridges. The last of the Lynd River production occurred in 2007. As with the Tate River field, the depressed tin price in recent decades generally meant that significant mining activity last occurred in the mid-1980s. In the last several years, the tin price has begun to recover, suggesting a re-examination of the historic fields.

As well as the Lynd River tinfield, indeed, because of the success of the Lynd River exploration, additional exploration through the area was directed to drainages close to but not in the Tate River catchment.

From 1990-1993, tin mining company, Renison Goldfields (then owner of the large hardrock Renison tin mine in Tasmania) explored for large alluvial tin occurrences in north Queensland. It was Renison who explored and described in detail the big sand ridges of the Lynd River area. A locally based consultant geologist prepared an unpublished report of additional potential areas.

One potential area examined was the Massie and Sugarbag Creek systems. These two creek systems are adjacent, with flow to the north-west, towards the gulf. The headwaters are just on the northern side of the Tate River, at 17.25 degrees south, 143.9 degrees east. Massie Creek was known to have been prospected for alluvial tin by Mike Graham in the 1970s. Graham was a successful small scale alluvial miner in the Tate River tinfield through that time.

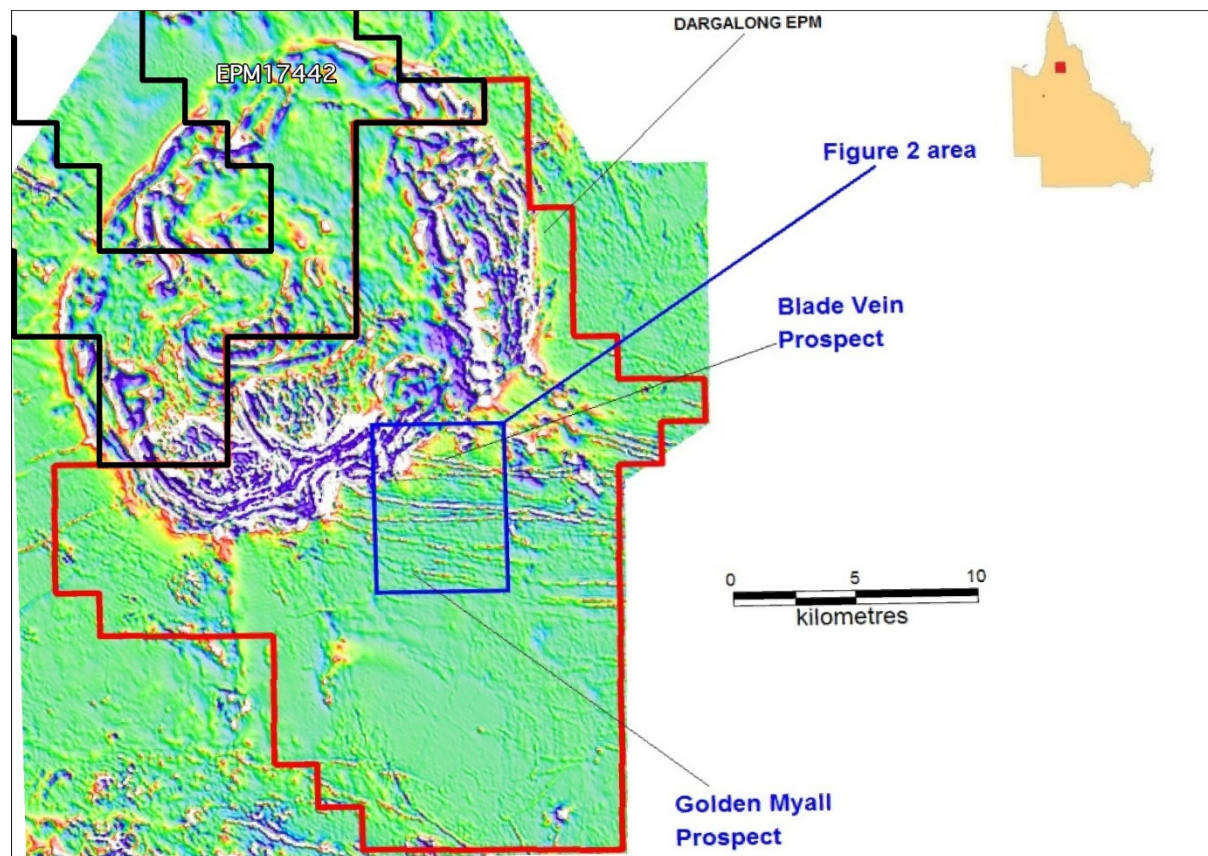
The prospect is currently marked on the current Queensland government IRTM resource site as a small scale tin prospect.

Renison undertook a review of the prospect area, the broader catchment and the adjacent catchment. Alluvial tin was noted, but generally in partly to consolidated alluvium in the creek systems. The potential volume was not estimated and the consolidated nature of the examined wash was a likely concern for any development. However the non-public report did comment that the potential mineralised alluvium was large and that the tin colour and associated heavy minerals were different to those in the adjacent Tate River alluvials, suggesting a different source to the Massie Creek tin.

While tin has been the dominant mineral being explored for in the Tate-Lynd Rivers areas, since 2007 Sovereign Metals Ltd (Sovereign) has been exploring for intrusion related copper- gold systems in the same area. Sovereign had success in the finding of several epithermal gold, silver veins in the Tate River area, in the adjacent tenement to the south of EPM 17442. The host rock for these veins is Proterozoic metamorphics, but Sovereign believed that the age of mineralisation was late Carboniferous. Sovereign flew a low level magnetic and radiometrics survey in October 2007. The survey outlined, under the Cretaceous- Tertiary cover rock, a circular, late Carboniferous aged caldera acid volcanic complex, and Sovereign explained this mostly covered caldera, as a member of the Scardons igneous complex, which has much larger exposure to the south of the Sovereign and Contin tenements.

The colour 1st VD image as provided in the Sovereign ASX announcement of 18 November 2010 is included as figure 3, with the EPM 17442 and Sovereign's EPM 17103, provided. The EPM 17442 covers the north-western half of the magnetically defined caldera structure.

Figure 3 – EPM17442 over rectified Sovereign VD imagery



As mentioned, this caldera structure in EPM 17442 is under cover of Cretaceous-Tertiary cover rock, apart from some limited outcrop of Reamba Volcanics, a part of the caldera rocks, in the south of the tenement.

The caldera type volcanic and associated intrusions are a major tectonic feature of all the tinfields in the Cairns hinterland. The significant magma and heat source upwelling through the late Carboniferous-early Permian in this broad Cairns region is the reason for the similar aged, broad range of deposits and large deposit size that is the feature of north east Queensland (the large deposits like Red Dome (gold and copper), Kidston (gold) Herberton-Mt Garnet (tin), My Carbine (tungsten), Mt Garnet (zinc)).

The concept within EPM 17442 was the exploration of any mineralisation associated with the newly defined caldera structure, for tin, as highlighted by the alluvial tin noted in the Massie and Sugarbag Creeks, or for Sovereign type base metal occurrences.

4. EXPLORATION ACTIVITIES IN THE CURRENT PERIOD

During this reporting period, CSD geologists undertook a review of all historical exploration data related to the Massie Creek area.

The exploration concept for the Massie Creek EPM is targeting potential tin and polymetallic mineralisation associated with the buried caldera structure:

In particular:

- Possible alluvial Sn in Massie and Sugarbag Creeks and within Cretaceous-Tertiary aged sand ridges;
- Possible hardrock Sn within extensive greisen development along the western and southern edge of granites intrusions;
- Potential Cu-Au mineralisation associated with the buried caldera structure;

Ongoing exploration in the coming year will focus on these three potential mineralisation concepts with work to include:

- Site Visits and reconnaissance mapping of sand ridge material with the EPM;
- Systematic sampling of the sand ridge;
- Stream sediment sampling and panning for Sn within the Massie and Sugarbag creeks;
- Possible shallow drilling (if warranted)

5. REFERENCES

QLD DME, 1997 1:250,000 Atherton Sheet (SE/55-5) Second Edition
Explanatory Notes

QLD DME 1997 1:250,000 Red River SE54-08) Second edition
Explanatory Notes

Bain, J.H.C. & Draper, J.J. (Editors), 1997 North Queensland Geology.
Australian Geological Survey Organisation Bulletin 240/Queensland Geology 9

Sovereign Metals Ltd
ASX release of 25 January 2008, 29 April 2009, and 18 November 2010