9 December 2014

Company Announcements Office
Australian Securities Exchange
10th Floor
20 Bond Street
SYDNEY NSW 2000

UPDATE ON SRI LANKA MINERAL SANDS DUE DILIGENCE

HIGHLIGHTS –

- **First drilling results reveal significant results for Total Heavy Metals (THM)**
- **Full drilling reports presents to WVL by Sri Lankan vendor – Srinel Holdings Limited and attached to this announcement**
- **XRF analysis of the drill samples and element assessment expected to be completed within 14 days**

Windimurra Vanadium Limited ("**Company**") is pleased to provide an update on due diligence activities that are under way pursuant to the option agreement that the Company entered into regarding the acquisition of 100% of the issued capital of Srinel Holdings Limited ("**Srinel**") an unlisted company registered in Mauritius which owns 13 exploration licenses in various coastal districts of Sri Lanka that are prospective for mineral sands.

The Drilling program having been completed and the results received by Srinel are attached in the two reports from GeoActive.

Yours faithfully

Nicki Farley
Company Secretary
Windimurra Vanadium Limited

Report 1 for Srinel Holdings Limited on results from exploration drilling on heavy mineral sands project, Mannar Island, Sri Lanka

Written by: JN Badenhorst
Date: 26/11/2014
Client: Srinel Holdings Limited

GeoActiv (Pty) Ltd (GeoActiv) is pleased the present to Srinel Holdings Limited (Srinel) the first total heavy mineral (THM) results from the Tetra Bromo Ethane (TBE) heavy fraction separation from an exploration program undertaken on three of your thirteen Sri Lankan Heavy Mineral Sands exploration licenses. This report has been compiled by JN Badenhorst from GeoActiv, the geologist signing off as competent person, on behalf of Srinel.

Srinel is the legal and beneficial owner of all of the fully paid ordinary shares in the capital of Singha Lanka Investments (Private) Limited, which in turn is the legal and beneficial owner of all of the fully paid ordinary shares in the capital of Supreme Solutions Limited, the holder of the exploration licenses in Sri Lanka.

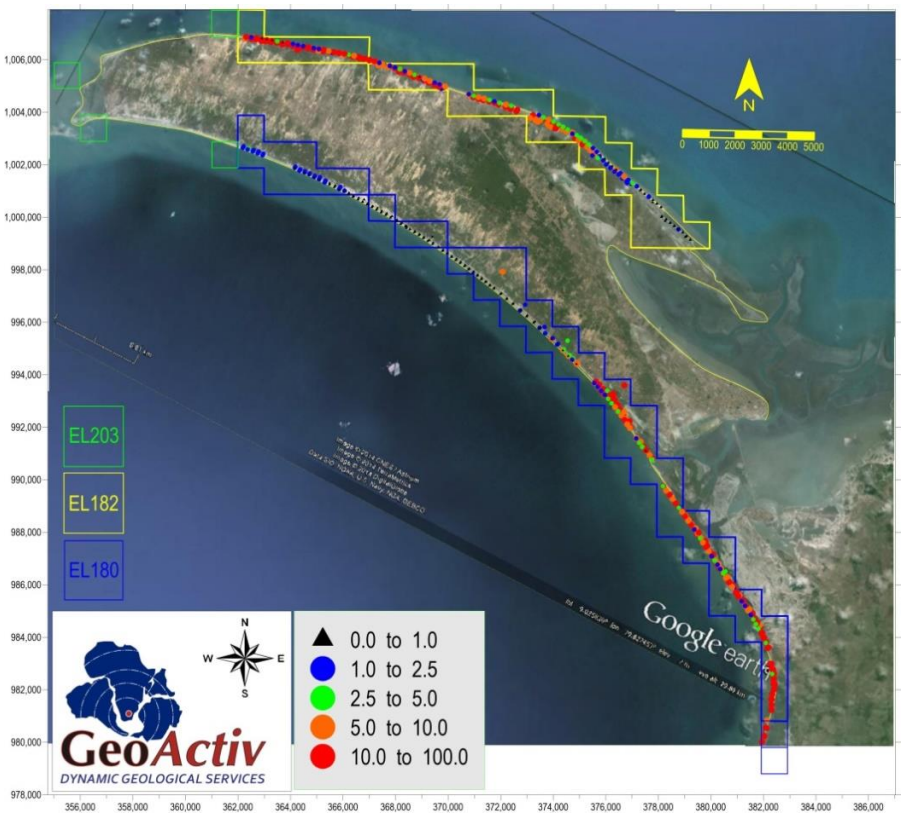
Background

During October and November 2011, a fieldwork exploration program was completed within exploration licenses EL180 and EL182 by personnel of the Sri Lanka Geological Survey and Mines Bureau (GSMB). The work entailed a hand-held auger drilling and sampling program that took place across the narrow strip of the tidal, beach and berm zone throughout much of the licences at a spacing of 10 to 60 m on lines 200 m apart, perpendicular to the coastline. Drilling depths were limited by the generally shallow water table and the limits to drilling depth set by the drilling technique, drilling rarely extended further than 150m from the coastline.

All of the auger samples collected by the GSMB were submitted to the VV Minerals (Pvt) Ltd laboratory in Tamil Nadu, India, for mineralogical analysis. The laboratory conducted TBE heavy fraction separation to produce the THM %, the heavy mineral (HM) assemblage was determined by a microscope grain count method (see Figure 1 with the GSMB BH's and THM grades).

The VV Minerals analysis was reportedly accompanied by in-house Quality Assurance and Quality Control (QAQC), but this data was not available.

Figure 1: *All historical drilling done within EL 180 and EL182, with weighted %THM indicated.*



Srinel Mannar Island Exploration program

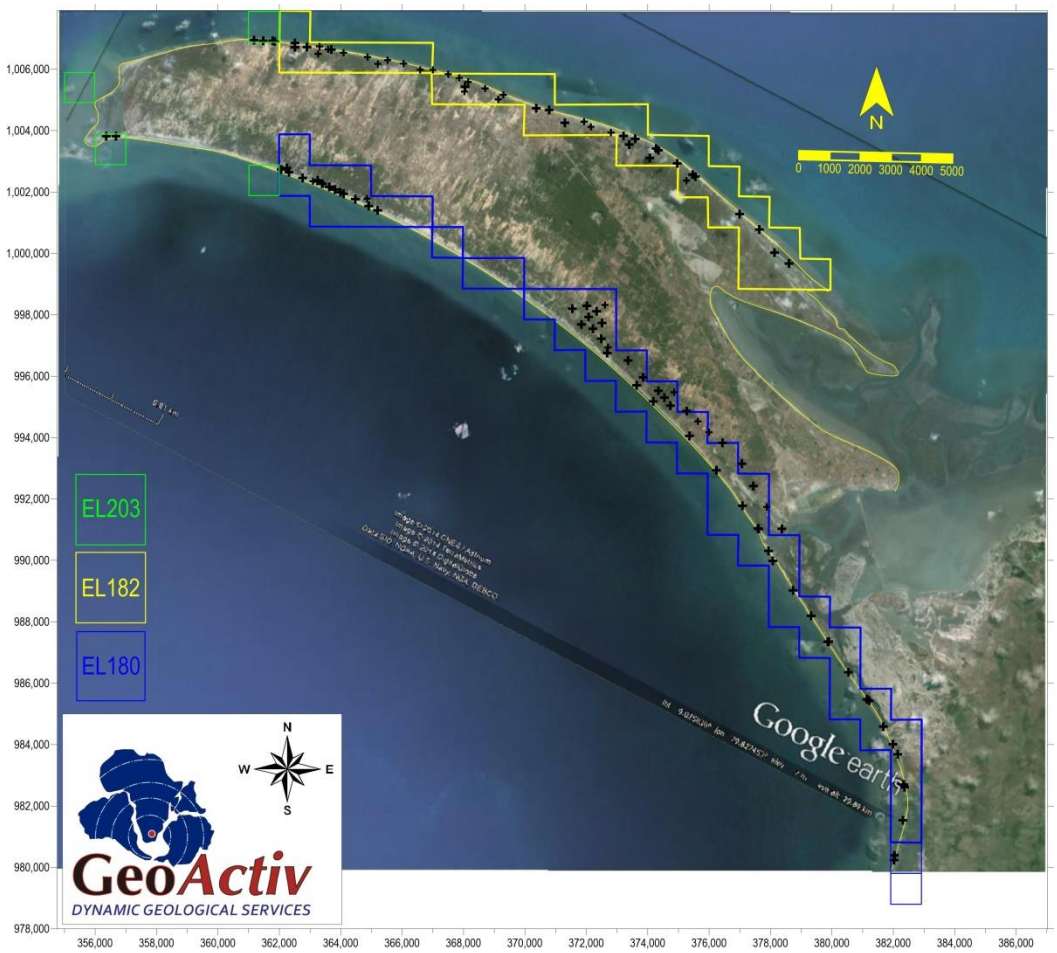
Due to questions on the QAQC procedures followed by the GSMB and the VV Minerals laboratory, as well as the grain count method utilized by VV Minerals in the HM assemblage determination, an exploration program was initiated by Srinel. The aim of the exploration program was to:

- Test the fact that the GSBM data indicates a potential well mineralized strike length of 10 – 12km for each of EL180 and EL182;
- Conduct some preliminary handheld auger drilling within EL203 blocks. There are 4X1km^2 EL203 blocks on the western edge of Mannar Island (Figure 2);
- Twin a reasonable % of the GSMB BH's (same BH ID utilized, only T prefix added to BH ID). As the geological environment is still active (Monsoon season will result in significant changes, especially tidal and beach areas), twinning is not expected to mirror GSMB results, rather clearly replicate higher and lower grade areas;
- Drill infill BH's where there were gaps in the GSMB data;
- Do some minor checking of mineralization inland of the GSMB drilling;
- Drill some of the areas and holes deeper than managed by GSMB;
- Follow defendable QAQC procedures;
- Follow defendable analytical techniques, including TBE heavy fraction separation, followed by magnetic separation work to generate the different magnetic and non-magnetic fractions, followed by quantitative XRF and optical microscope work to determine the HM assemblage. From the VV Mineral grain count work, we expect very little magnetite in the HM (observed during initial site visit and the exploration work), with the bulk made of Ilmenite and significant amounts of zircon and Rutile (the valuable heavy minerals). There appears to be a reasonable amount of Garnet and Silliminite, these two minerals should make the bulk of the rest of the heavy minerals
- Commission a satellite based (GeoEye) Digital Terrain Model (DTM) study. Z coordinates would be determined by draping the BH X and Y coordinates onto the DTM.
- Produce a JORC compliant resource calculation and report on receipt of all results. Bernhard Sieberts, from Golder Associates, will be the competent person for this phase of work.

A South African Based independent consulting company, GeoActiv (Pty) Ltd, was contracted to manage and conduct the work on behalf of Srinel. GeoActiv staff, with significant heavy mineral sands exploration, was involved in the program. The drilling and sampling program took place during July and August 2014 (see Figure 2 of drill holes drilled during this exploration program within EL180, EL182 and EL203). A hand-held auger specifically manufactured by GeoActiv was used for the drilling. A similar geological logging and sampling process to what was observed by the GSMB was followed by the GeoActiv team. Samples were generally collected at 0.5m intervals and Alpha numerical sample tickets were used. Where twin drilling took place, the original borehole ID was retained, with only a T prefix used. New drill sites were either numbered NS or WB. The GeoActiv auger did manage to generally penetrate deeper than with the GSMB drilling program (NS06 within EL182 drilled to 3.70M), but below the water table sample recovery again presented difficulties.

Mannar Island has reasonably good infrastructure, with a tarred road running nearly the entire NE – SE length of the island. A new railway track, which is under construction (Figure 3), runs onto the island.

Figure2: *All BH's from Srinel exploration program within EL182 and EL180 drilled.*



All the samples were transported to Colombo after the completion of the drilling program. The samples were riffled and homogenized before they were reduced to a c 1.5kg size by using the riffle splitter. A duplicate sample was riffled from every 20th sample, hence 5% of the total amount of samples. All samples from the drilling program were prepped, even samples perceived to be low grade. All the samples were packed for transport. This prep and packing work took place under full supervision of a GeoActiv geologist. Permits for the export of the samples were sourced in Sri Lanka, on receipt of the permits the samples were couriered via air freight to Johannesburg where clearance took place for the samples. The samples were then air freighted to Cape Town where a representative from the Analytical laboratory, Scientific Services CC, collected the samples. A GeoActiv geologist spent two days at the laboratory sorting the samples and getting them ready for analyses. A priority list of samples for analyses was made utilizing the visual field grade estimate. This list was supplied to the laboratory and analyses took place according to this list. Depending on the results received, more samples are expected to be added to the list.

Figure3: *New railway on Mannar Island.*

Analytical work and results

Scientific Services CC in Cape Town, South Africa, is being used for the initial analytical work. They will be completing the TBE and desliming, as well as the magnetic separation work. Quantitative XRF analyses will be conducted on completion of the magnetic separation work by a separate accredited analytical laboratory. Some optical microscope work will also take place.

Two batches of results (results expected as 7 batches), 2910 GeoActiv Report 1 and 2910 GeoActiv Report 2, have been received to date from Scientific Services. The results from Report 1 are for 33 samples and Report 2 for 52 samples. These samples are from 21 boreholes, with some results still pending in the third batch for one borehole (TUPE/BM84). Although the results only represents two batches of samples and a time series analyses is not possible yet, QAQC analyses on the standards and duplicate material returned good statistical results.

Discussion on Results Received

Except for NS11 that falls within EL180, the rest of the boreholes are all within EL182 (Figure 4, note all the BH's in orange and red depicting 5-10% THM and >10% THM respectively). Weighted average THM% results for each of the BH's were done using a 1% THM lower cut-off, no top cut-off was utilized. Some very high THM% grades were received; with the highest weighted average within the 2 batches of results 41.14% THM over 200cm for NS12 (see Table 1). The lowest grade from the boreholes in these 2 batches has a weighted average of 1.86% THM over 50cm (TUPE/T/82). The average weighted grade for the BH's within EL182 (sans TUPE/BM84 as some results are still pending) is 12.26% THM over 172cm. The results received from EL182 covers a strike length of 10.31km, with a width of generally 50 - 100m from the coastline, but some drilling from the indicated results was done up to up to 400m from the coastline (NS04). 17 Of the 19 holes with results in EL182 still had THM grades of >1% in the deepest sample, indicating the mineralisation is open at depth. Twinned BH's duplicated the high grade / lower grade from the GSMB data. Figure 5 shows mineralization on the beach within EL182.

Figure 4: *only BH's from Srinel exploration program with results received indicated.*

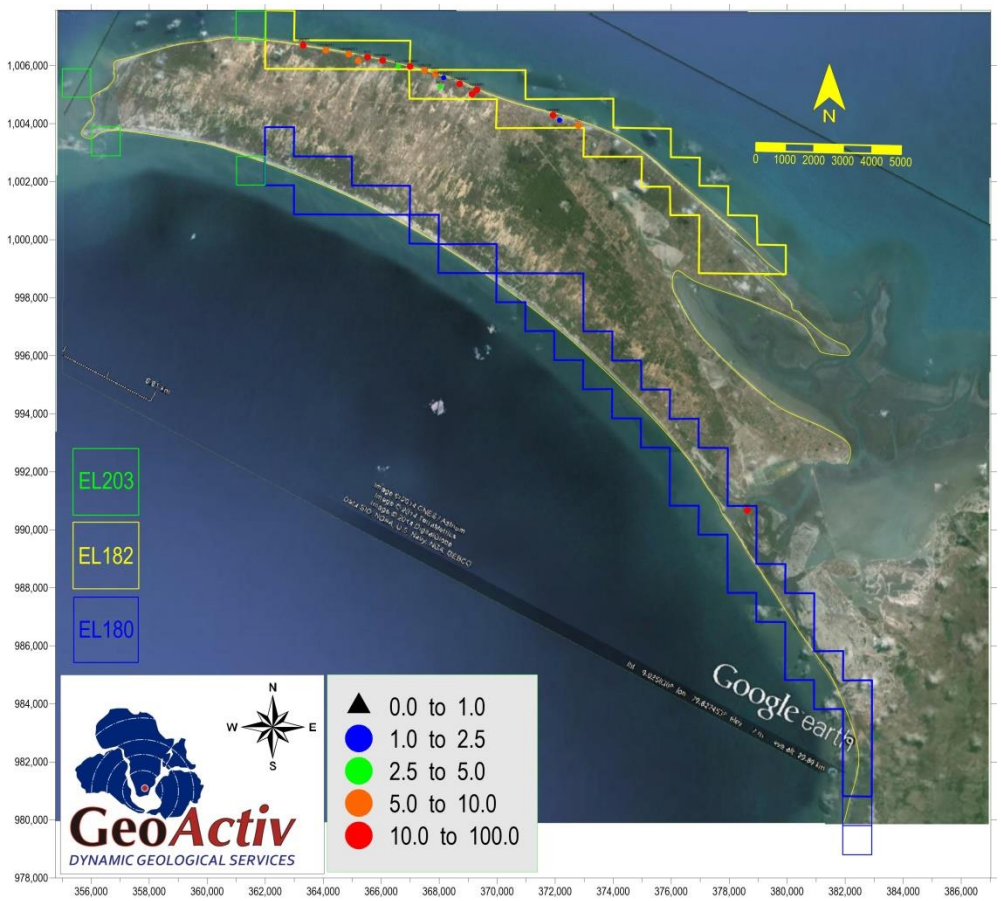


Figure 5: *Heavy mineral concentrations on the beach within EL182.*

Table 1: *BH's from Srinel exploration program with coordinates and weighted average THM grades / BH, only from results received to date.*

BH ID	LAT	LONG	W av THM%	THICKNESS (cm)	EL
NS02	9.10034400	79.77339903	7.31	150	EL182
NS03	9.09862303	79.78594498	3.34	100	EL182
NS04	9.09223904	79.79914899	2.93	200	EL182
NS05	9.09002203	79.80913804	10.35	190	EL182
NS07	9.08201102	79.83659003	2.10	150	EL182
NS11	8.96056797	79.89587397	23.09	194	EL182
NS12	9.10143801	79.77634200	41.14	200	EL180
NS13	9.09627702	79.79757898	7.50	116	EL182
NS15	9.08029499	79.84253397	7.13	230	EL182
TUPE/BH5	9.08351189	79.83456069	24.59	214	EL182
TUPE/BH51	9.09136070	79.81062558	13.73	180	EL182
TUPE/BM54-1	9.09316381	79.80524473	14.34	190	EL182
TUPE/BM57-1	9.09513046	79.80021810	2.24	147	EL182
TUPE/BM63	9.09863745	79.78973846	16.11	174	EL182
TUPE/BM68-1	9.10045850	79.78109160	11.65	200	EL182
TUPE/BM74-1	9.10231870	79.77034332	9.81	175	EL182
TUPE/BM78-1	9.10353776	79.76322633	7.31	215	EL182
TUPE/BM84	9.10519822	79.75236934	Some results pending		EL182
TUPE/T/60	9.09734781	79.79429930	9.59	175	EL182
TUPE/T/82	9.10542553	79.75608017	1.86	50	EL182
WB01	9.10507601	79.75608696	19.00	215	EL182

Follow-up Exploration Program

Most of the drilling to date has focused around a narrow 100 – 150m wide strip directly inland from the coastline. Although some holes were slightly further inland during the Srinel exploration program, this drilling is sparse and needs infill drilling. From visual estimations and the results returned from the first 2 batches of THM results, the holes drilled inland are still well mineralized and drilling must therefore continue still further inland to the license boundaries.

Due to the limitations in obtaining depth with the drilling technique employed to date (hand-held auger drilling), and the fact that most of the holes with results received to date are still in +1% THM grades at the base (therefore open at depth), the follow-up exploration program will also focus on the depth extent of mineralization.

Due to the drilling depth necessity an AirCore (AC) or motorized sleeved auger drill program will be undertaken. Drilling depths in the order of 20 to 30m are planned for the drilling program. Samples collected from below the water table will have to be air dried prior to sample preparation taking place.

Summary

The THM results received from the first two batches have proven the presence of high THM grades within EL182, the highest weighted average THM grade received being 41.14% THM over 200cm for NS12. The results have verified relative THM grades of the historic work done, as well as indicating a

sizable strike length of mineralisation of c 10.31km. The average weighted THM grade for EL182 is 12.26% THM over 172cm for the results received. Some drilling further from the coast showed that mineralization is open in this area, most of the holes are also open at depth with grades still >1 %THM for deepest samples.

Competent Person Statement

The details contained in the document that pertains to exploration results are based upon information compiled by Mr. JN Badenhorst from GeoActiv (Pty) Ltd. Mr. Badenhorst is an independent consultant for Srinel. He is a Member of the South African Council for Natural Scientific Professions (registration number 400157/07) and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Badenhorst consents to the inclusion in this release of the matters based on the information in the form and context in which it appears.

JN Badenhorst

JORC TABLE 1
Section 1 Sampling Techniques and Data
(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed*	• A hand-auger specifically manufactured for the project was used for auger drilling. The bucket was designed to be able to do 0.5m samples per drill run. • Sampling was therefore done on 0.5m intervals, unless penetration problems caused incomplete samples at the end of holes. Where some minor penetration problems were experienced, smaller sample runs were done. • The full sample from the auger bucket was collected in a plastic sample bag and assigned an Alpha numerical sample number. • All samples were transported to Colombo after completion of drilling. Samples were riffled and homogenized before they were reduced to a c 1.5kg size by using the riffle splitter. This size is seen as large enough to be representative of the original intersection. • All samples from the drilling program were prepped, even samples perceived to be

	information	low grade. All the samples were packed for transport. Permits for the export of the samples were sourced in Sri Lanka, on receipt of the permits the samples were couriered via air freight to Johannesburg where clearance took place for the samples. They were then air freighted to Cape Town where a representative from the Analytical laboratory, Scientific Services CC, collected the samples.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• A hand-auger specifically manufactured for the project was used for auger drilling. • The bucket has a diameter of 100mm. • The auger bucket was designed to drill 0.5m samples per drill run. Larger samples would have become too heavy and would have resulted in sample falling out of the bucket. • One meter drill rod extensions were used, with sufficient extensions on site to drill to 4m. The deepest auger hole drilled was NS06 drilled within EL182 to 3.70m.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Care was taken that a full 0.5m drill run resulted in a full sample buckets. Re-drilling took place where this was not the case, or the hole and sampling stopped where sample recovery became a problem. • The sample recovery or penetration problems were either linked to the shallow water table, or the limits to drilling depth with the hand held auger.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Each sample was geologically logged for mineral composition, grain size, sorting, visual %silt, induration, and a rough visual estimate of the dark heavy mineral % component. • Paper log information was transferred every night to an excel spreadsheet.
Sub-sampling Techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• The full samples were riffled and homogenized using a single layer riffler. • The samples were then reduced to a c 1.5kg size by using the riffle splitter. • A duplicate sample was riffled from every 20th sample /5% of the total. • The riffler was thoroughly cleaned after each sample.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the*	• Analytical work on the TBE based THM determination and subsequent magnetic separation work is done by Scientific Services C.C.; Cape Town. XRF work is planned on receipt of magnetic separation data and samples.

	parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Determination of % THM Samples conc. using TBE at 2.95SG, as well as the desliming work, are as follows: ➢ TBE is placed into the glass flask up to the indicated mark. ➢ Place approximate 1 scoop of sample into the flask. ➢ Wash down the sides of the flask and impeller with TBE to ensure all material is in the TBE. ➢ Run the mixer for about 10 seconds. ➢ Wash down again to ensure no material is 'hung'. ➢ Run the impeller mixer repeatable in 10 second bursts until sure that all heavies have been liberated. ➢ Allow to stand for 5-10 minutes or until no more material cascades to bottom. ➢ Once the discharge pipe is clear of suspended material release the tube to allow the concentrate to be captured in the filter paper. Store this labeled filter paper. ➢ Process any remaining sample as above ensuring no concentrate is lost. ➢ Finally flush out the floats by opening the tube and allowing the floats to fall into filter paper – allow this to stand capturing all the TBE which will be reused at a later stage. ➢ Wash all concentrates and floats thoroughly with acetone to reclaim as much TBE as possible. ➢ After the concentrate filter is acetone rinsed and dried, transfer the conc. very carefully into a bag opening the filter paper ensuring nothing is lost. ➢ Place the floats into the waste drums unless specified by the client to do otherwise. ➢ Check the SG of the TBE with the density tracers provided and re-use as appropriate. ➢ The sample once received and reviewed with paperwork is then weighed. ➢ Water and NaOH (0.2%) is added to the sample – approximate 3:1 (H20: Sample). Attrition for 10minutes. ➢ The sample is then wet screened through 1mm and 45µ screens. ➢ Ensure the both screens are clean and free from any damage. If damage is evident - report this sieve to the QC. ➢ Place the +1mm and the -1mm, +45µ, sample into stainless steel pans with tags representing the sample number. These trays are then placed in an oven for drying. The -45µ is discarded in the wet screening process. ➢ The dried samples are weighed to determine the % oversize and % slimes fractions. ➢ Depending on clients request the sample is either split with a Rotary

		Splitter or the entire sample is sent through for THM.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• 23% of the drilling that took place twinned historic boreholes on the project. • QAQC of all work done performed by JN Badenhorst and Dr. FJ Kruger of GeoActiv.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Data and work was done in Lat Long, WGS84. • A hand held Garmin GPS was used for the positioning and final position of the auger holes. • The X and Y coordinates were collected and entered into the project spreadsheet. • The Y data were found to be very inaccurate. A GeoEye satellite based Digital Terrain Model (DTM) study has been initiated. The X and Y coordinated of the boreholes will be used to elevate the boreholes to the DTM surface prior to resource modeling taking place. This will supply significantly more accurate Z data as the DTM is based on 13 Differential GPS derived points.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Historic drilling by Sri Lanka Geological Survey and Mines Bureau (GSMB) took place at 200m inter-line spacing, perpendicular to the coast line. Drilling rarely reached further that 150m inland from shoreline. • New drilling program aimed to verify historic data in mostly higher grade areas, but also checking some lower grade areas, by at least one borehole every 500m inter-line spacing. • Several new auger holes were drilled further inland to check for mineralization here. Holes deeper inland were generally <300m from the coast line, but in EL182 some drilling took place 1,000m from the coastline.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralized structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drilling took place in fences perpendicular to the coast line, in the tidal, beach and berm zones. Some drilling further inland.
Sample security	• *The measures taken to ensure sample security.*	• All sampling, prep and packing work took place under supervision of a GeoActiv geologist. • A representative from the Analytical laboratory, Scientific Services CC, collected the samples from the airport in Cape Town, South Africa. • The GeoActiv geologist spent two days at the laboratory sorting the samples and getting them ready for analyses, in the process making sure all samples did arrive

		at the laboratory in acceptable condition.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Statistical analyses of the QAQC samples will be conducted by GeoActiv. • No other audits or reviews have taken place.

Section 2 Reporting of Exploration Results

(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.*	• EL180 and EL182 are wholly owned by Supreme Solutions (Pvt) Ltd, the licenses are valid to 1 September 2015. • The opinion on tenure mentioned above was produced by a legal company in Sri Lanka called Varners. • Srinel Holdings Limited is the legal and beneficial owner of all of the fully paid ordinary shares in the capital of Singha Lanka Investments (Private) Limited which in turn is the legal and beneficial owner of all of the fully paid ordinary shares in the capital of Supreme Solutions Limited, the holder of the exploration licenses in Sri Lanka.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Between October and November 2011, a fieldwork exploration program was completed in EL 180 and EL 182 by personnel of the GSMB. An auger drilling and sampling program took place across the tidal, beach and berm zones throughout much of the licenses at a spacing of 10 to 60 m on lines 200 m apart, perpendicular to the coastline. • The auger drilling was done utilizing a hand-held auger machine, with drilling depth limited by the generally shallow water table and the limits to drilling depth set by the drilling technique. • The auger sampling program only encompassed a narrow section of the foreshore sediments, with very few auger holes located in the backshore sediments. • All of the auger samples collected by the GSMB were provided to Supreme and subsequently submitted to the VV Minerals (Pvt) Ltd laboratory in Tamil Nadu, India for mineralogical analysis.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• There is general consensus that the heavy minerals in Sri Lanka were derived from Precambrian (Proterozoic) high-grade metamorphic rocks that account for more than ninety percent of the island. These crystalline basement units are subdivided into 3 major litho-tectonic subdivisions, namely the Highland, Wanni and Vijayan Complexes. • The heavy minerals ilmenite, rutile, zircon, monazite, sillimanite and garnet commonly occur in the coastal sands. • Mineralization is high in the tidal, beach and berm areas, but can also be seen inland on Mannar Island.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ➢ *easting and northing of the drill hole collar* ➢ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ➢ *dip and azimuth of the hole* ➢ *down hole length and interception depth* ➢ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Table 1 supplies the BH information and results from the first 2 batches of analyses received from Scientific Services. • The grades indicated are weighted averages. • A lower Total Heavy Mineral (THM) grade of 1% was used for calculations. • The Y data were found to be very inaccurate. A GeoEye satellite based Digital Terrain Model (DTM) study has been initiated. The X and Y coordinated of the boreholes will be used to elevate the boreholes to the DTM surface prior to resource modeling taking place. This will supply significantly more accurate Z data as the DTM is based on 13 Differential GPS derived points.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• All %THM results supplied were weighted on the sample length. • A lower THM grade of 1% was used for calculations. No upper cut-off has been used.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Observed dips of mineralization are very shallow to flat in the area explored. This will be confirmed during future work. Drilling was vertical, and all samples thoroughly homogenized. Sample intervals are at only c 0.5m. This all justifies the assumption that the results are representative of the in ground mineralization. • The depth extent of mineralization has not been confirmed as drilling was generally very shallow. The depth extent of mineralization will be confirmed during the next phase of exploration.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Figures depicting historic work on the project, the current program being reported on and future exploration are displayed in the main text.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All results will be reported, even where BH's returned results <1% THM. • Areas where historic work indicated low THM grades were explored during this phase of exploration, low grade BH's are therefore expected.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or*	• The historic drilling done by the GSMB are indicated in Figure .The exploration reported on here was done to verify the data from this historic work. • Apart from the two drilling phases, no other work has been done to date.

	contaminating substances.	
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• All work done to date has been focused on a thin area / strip around the coastline. The handheld auger drilling technique only drilled to the groundwater table, or to where the drilling technique allowed. • A follow-up exploration phase will employ Aircore (AC) or sleeved motorized auger drilling to extend drilling inland, as well as to depth.

Report 2 for Srinel Holdings Limited on results from exploration drilling on heavy mineral sands project, Mannar Island, Sri Lanka

Written by: JN Badenhorst
Date: 26/11/2014
Client: Srinel Holdings Limited

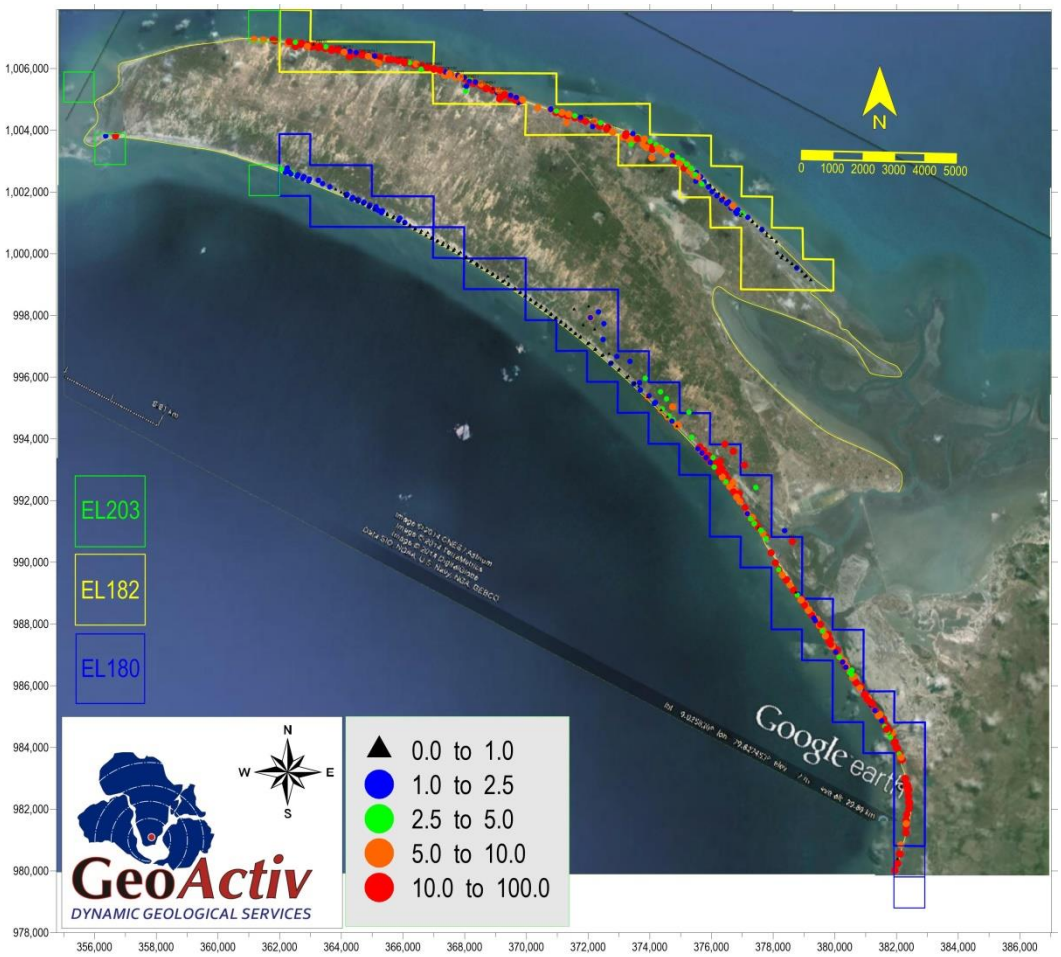
GeoActiv (Pty) Ltd (GeoActiv) is pleased the present to Srinel Holdings Limited (Srinel) the remaining total heavy mineral (THM) results from the Tetra Bromo Ethane (TBE) heavy fraction separation from an exploration program undertaken on three of your thirteen Sri Lankan Heavy Mineral Sands exploration licenses. This report has been compiled by JN Badenhorst from GeoActiv, the geologist signing off as competent person, on behalf of Srinel.

Srinel is the legal and beneficial owner of all of the fully paid ordinary shares in the capital of Singha Lanka Investments (Private) Limited, which in turn is the legal and beneficial owner of all of the fully paid ordinary shares in the capital of Supreme Solutions Limited, the holder of the exploration licenses in Sri Lanka.

Background

The exploration program, background on historical work and THM results received from the first two batches have been reported on in "Report 2 for Srinel Holdings Limited on results from exploration drilling on heavy mineral sands project, Mannar Island, Sri Lanka" dated 26/11/2014. This update supplies information on the rest of the heavy liquid THM results (result batches 2910 GeoActiv report 3 to 7) from the remaining five batches of results from EL180, EL182 and preliminary work within EL203, with Figure 1 indicating THM results from both historic and Srinel results. All results from a handheld augerdrilling program.

Figure 1: *All drilling, historical and Srinel, done within EL 180, EL182 and EL203, with weighted %THM indicated.*



Discussion on Results from EL182

During discussion on the previous two batches of results the following comments were made: *"Some very high THM% grades were received; with the highest weighted average within the 2 batches of results 41.14% THM over 200cm for NS12. The lowest grade from the boreholes in these 2 batches has a weighted average of 1.86% THM over 50cm (TUPE/T/82). The average weighted grade for the BH's within EL182 (sans TUPE/BM84 as some results are still pending) is 12.26% THM over 172cm. The results received from EL182 covers a strike length of 10.31km, with a width of generally 50 - 100m from the coastline, but some drilling from the indicated results was done up to up to 400m from the coastline (NS04)."*

Weighted average THM% results for each of the handheld auger boreholes were again done using a 1% THM lower cut-off, no top cut-off was utilized. The results received for this license now covers a strike length of c 18.60km (Figure 2), but the results from a twin handheld auger exercise on the most eastern portion of the license confirmed the low grades from historical work (Table 1, twin augerholes TUPE/BH43, TUPE/BM40, TUPE/BH36 and TUPE/BM32). The mineralised area from all the results received now has a strike of c 10.54 km, with the same width as reported above. The average weighted THM% and thickness for the results received in batches three to seven is 7.89 %THM over 185cm. This average excludes the four augerholes from the eastern edge of the license. As can be seen from Table 1, the highest grade from these batches was 19.76 %THM over 229cm from TUPE/BM11 and the lowest grade 2.25 %THM over 150cm from TUPE/BM89. Of the 17 augerholes in the mineralised area, 15 are still open at depth with >1 %THM grades from the bottom samples.

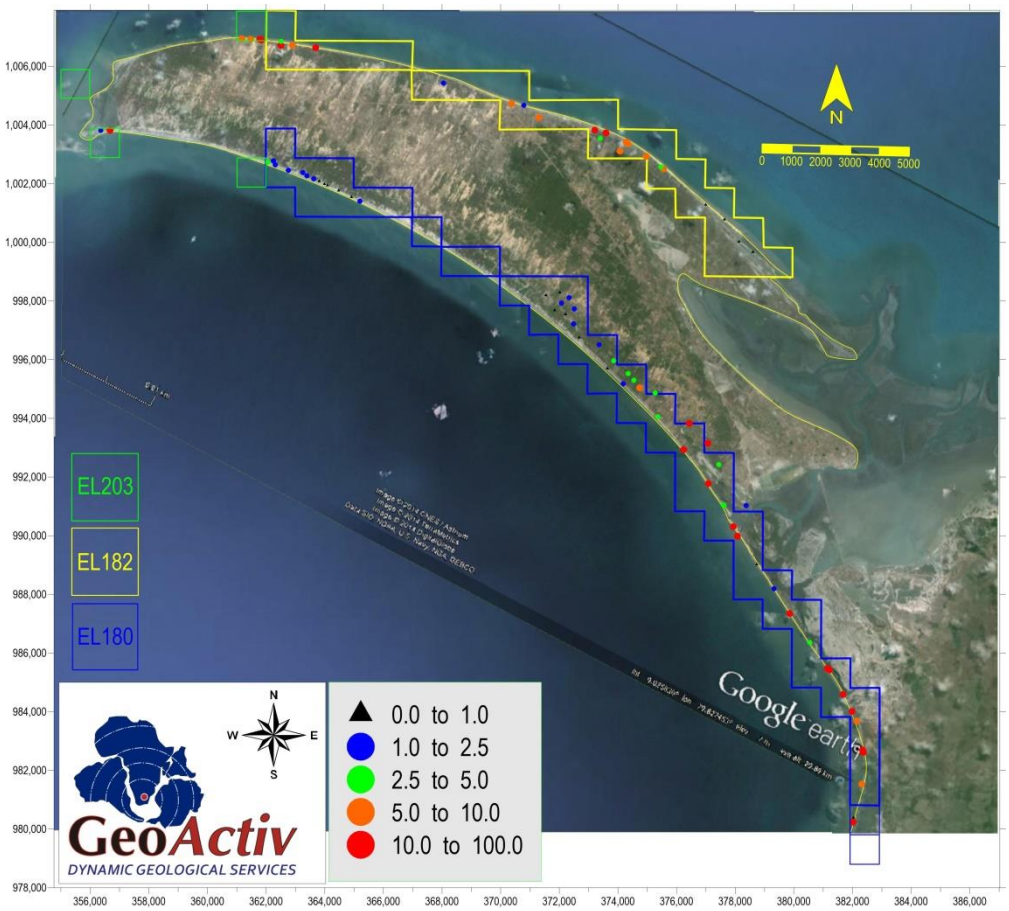
Table 1: *BH's from Srinel exploration program with coordinates and weighted average THM grades / BH, rest of TBE results received for batches 3 to 7 for EL182.*

BH ID	Lat	Long	W av THM%	THICKNESS (cm)	LICENSE (EL)
NS01	9.1050849762	79.7488119733	11.11	214	EL182
NS06	9.0831219591	79.8288849648	7.03	370	EL182
NS08	9.0768119786	79.8479750007	3.90	141	EL182
NS09	9.0728739928	79.8540920299	5.31	160	EL182
NS14	9.0874070395	79.8203859664	6.05	275	EL182
NS16	9.0756879654	79.8559509683	6.74	164	EL182
NS17	9.0674479678	79.8676439747	5.03	150	EL182
TUPE/BH36	9.0518883057	79.8866423965	<1%THM	-	EL182
TUPE/BM11	9.0784783848	79.8497645371	19.76	229	EL182
TUPE/BM15-1	9.0751594026	79.8566314951	8.47	173	EL182
TUPE/BM19-1	9.0712676011	79.8622901179	5.71	159	EL182
TUPE/BM22	9.0680601820	79.8668279964	4.87	161	EL182
TUPE/BM32	9.0564582031	79.8808099329	<1%THM	-	EL182
TUPE/BM40	9.0450999700	79.8911521956	<1%THM	-	EL182
TUPE/BM43	9.0419187862	79.8954984639	<1%THM	-	EL182
TUPE/BM80	9.1044679843	79.7596123908	15.76	170	EL182
TUPE/BM84	9.1051982157	79.7523693368	7.14	175	EL182
TUPE/BM86	9.1063499730	79.7488399688	3.67	89	EL182
TUPE/BM89	9.0869208891	79.8242182564	2.25	173	EL182
TUPE/BM9-1	9.0793466661	79.8463147972	11.87	187	EL182
WB40	9.0937040281	79.7992990259	2.25	150	EL182

Discussion on Results from EL180

Results from batches 1 and 2 only included results from 1 handheld auger borehole within EL180 (NS12). Figure 2 and Table 2 shows all results from Srinel drilling within EL180 from results batches 3 to 7. The area has been divided into a north-western (NW) and south-eastern (SE) area, with the SE area the more prospective area. The NW area did indicate some grades >1 %THM from historic work, this was tested and confirmed during the Srinel exploration. The most western BH drilled within EL180 returned the best results for this NW area, with NS28 returning 3.29 %THM over 128cm. EL180 is therefore open on the western side for strike extension. The average weighted THM% for the 7 of the augerholes in this western edge of the license is 1.88 %THM over 116cm, this in a strike of 1.70km.

Figure 2: *only BH's from Srinel exploration program with results received for this report.*



Results returned from the SE area of EL180 confirmed the high THM grades from historic work. The highest THM grade returned from this area is 24.05 %THM over 95cm in NS56. In a few augerholes grades of <1 %THM were found (8 of 43 holes for SE area), five of these holes are situated towards the west of the area, thus where the grades drop into the NW area. For the rest of the area (18.71km strike), the average grade for holes with >1 %THM is 8.65 %THM over 138cm. 25 Of the 43 holes are still open at depth with >1 %THM grades from the bottom samples. The southern edge of the license is also still in grade, thus the strike of the license is open to the south (Figure 3 of this southern area).

Table 2: *BH's from Srinel exploration program with coordinates and weighted average THM grades / BH, rest of TBE results received for batches 3 to 7 for EL180.*

BH ID	Lat	Long	W av THM%	THICKNESS (cm)	LICENSE (EL)
NS18	9.0571659710	79.7734820098	1.07	50	EL180 NW Block
NS19	9.0604349971	79.7668319754	<1%THM	-	EL180 NW Block
NS20	9.0620539617	79.7633499652	<1%THM	-	EL180 NW Block
NS21	9.0624439716	79.7624570411	<1%THM	-	EL180 NW Block
NS22	9.0632649790	79.7608049680	<1%THM	-	EL180 NW Block
NS23	9.0640640259	79.7590989992	1.65	150	EL180 NW Block
NS24	9.0649909806	79.7570219636	1.41	150	EL180 NW Block
NS25	9.0659409855	79.7557260375	1.66	150	EL180 NW Block
NS26	9.0683080349	79.7471709643	1.03	50	EL180 NW Block
NS27	9.0695629735	79.7465409804	1.76	150	EL180 NW Block
NS28	9.0691000409	79.7448500153	3.29	128	EL180 NW Block
TPP/BH14	9.0584252682	79.7708389442	<1%THM	-	EL180 NW Block
TPP/BH8	9.0666620806	79.7512866464	2.09	100	EL180 NW Block
NS10	8.9638469741	79.8864679690	2.92	200	EL180 SE Block
NS29	9.0283680148	79.8312869668	<1%THM	-	EL180 SE Block
NS30	9.0292539820	79.8355889786	<1%THM	-	EL180 SE Block
NS31	9.0276350174	79.8384570144	1.19	50	EL180 SE Block
NS32	9.0237410367	79.8340010270	<1%THM	-	EL180 SE Block
NS33	9.0225519799	79.8373820353	<1%THM	-	EL180 SE Block
NS34	9.0241960064	79.8401479796	1.76	150	EL180 SE Block
NS35	9.0196179785	79.8398919962	1.20	100	EL180 SE Block
NS36	9.0154130291	79.8417110369	<1%THM	-	EL180 SE Block
NS37	9.0131680202	79.8478810396	1.77	150	EL180 SE Block
NS38	9.0082630143	79.8523370270	3.06	100	EL180 SE Block
NS39	9.0043169819	79.8568940163	4.44	200	EL180 SE Block
NS40	8.9999159798	79.8604799621	7.10	183	EL180 SE Block
NS41	9.0058460087	79.8504139669	<1%THM	-	EL180 SE Block
NS42	8.9983250108	79.8652869835	4.83	150	EL180 SE Block
NS43	8.9890680369	79.8759409692	16.23	225	EL180 SE Block
NS44	8.9910470042	79.8661759682	4.77	161	EL180 SE Block
NS45	8.9704749640	79.8818689864	10.54	200	EL180 SE Block
NS46	8.9829169773	79.8816409986	11.27	221	EL180 SE Block
NS47	8.9763410389	79.8851240147	4.66	220	EL180 SE Block
NS48	8.9636919927	79.8936270364	2.26	74	EL180 SE Block
NS49	8.9637110196	79.8867090326	3.37	98	EL180 SE Block
NS50	8.9571950119	79.8896499909	23.28	120	EL180 SE Block
NS51	8.9542589989	79.8908790294	10.40	120	EL180 SE Block
NS52	8.9456460066	79.8969500419	<1%THM	-	EL180 SE Block
NS53	8.9381560218	79.9023029767	1.59	25	EL180 SE Block
NS54	8.9305900130	79.9075539876	4.63	176	EL180 SE Block
NS55	8.9215819817	79.9134450406	4.89	122	EL180 SE Block
NS56	8.9136109594	79.9189259671	24.05	95	EL180 SE Block
NS57	8.9055909868	79.9238189869	10.95	150	EL180 SE Block
NS58	8.8974680007	79.9281209987	6.72	75	EL180 SE Block
NS59	8.8884800021	79.9299070146	21.71	135	EL180 SE Block

NS60	8.8779700175	79.9296640232	8.04	91	EL180 SE Block
NS61	8.8675809838	79.9271760229	<1%THM	-	EL180 SE Block
TPP/BH140	8.8662786875	79.9271103926	10.66	98	EL180 SE Block
TPP/BM73	8.9809731301	79.8741837032	20.69	99	EL180 SE Block
TPP/DU63	9.0011523943	79.8553359881	1.70	150	EL180 SE Block
TPP/DU96-1	8.9131513797	79.9196200725	10.93	125	EL180 SE Block
TPP/U102	9.0022997931	79.8586433195	3.42	150	EL180 SE Block
TPP/U99	9.0259588044	79.8361194693	1.38	200	EL180 SE Block
WB02	8.9003600087	79.9266379885	21.41	121	EL180 SE Block
WB03	8.9305030089	79.9072310328	19.49	150	EL180 SE Block
WB04	8.8877539616	79.9302029796	14.55	150	EL180 SE Block

Figure 3: *Heavy mineral concentrations on the beach in south of EL180.*

Discussion on Results from EL203

No work was conducted historically on any of the 4 EL203 blocks. Some preliminary auger drilling was undertaken to determine the potential of 2 of the blocks (Figure 2). The 2 other EL203 blocks were inaccessible as they are situated mostly in the ocean. Results from work done within these 2 blocks are very encouraging, with the 4 holes from the block abutting the western edge of EL182 (Table 3, EL203_1 results) returning an average weighted THM% of 10.78 %THM over 138cm. These holes are open at depth, on strike towards the west and inland as no drilling took place here.

The 2 augerholes from block EL203_2 returned variable results, one high at 22.27 %THM over 135cm and the other at 1.66 %THM over 86cm. This are is also open at depth, on strike towards the west and inland as no drilling took place here.

Table 2: *BH's from Srinel exploration program with coordinates and weighted average THM grades / BH, rest of TBE results received for batches 3 to 7 for EL180.*

BH ID	Lat	Long	W av THM%	THICKNESS (cm)	LICENSE (EL)
WB13	9.1067859996	79.7427820321	14.39	175	EL203_1
WB14	9.1070539691	79.7422070336	11.16	70	EL203_1
WB15	9.1070210282	79.7394489683	9.62	170	EL203_1
WB16	9.1072299890	79.7366769891	7.37	136	EL203_1
WB25	9.0787239745	79.6958769858	22.27	135	EL203_2
WB26	9.0787480306	79.6929819603	1.66	86	EL203_2

Summary

Results batches 3 to 7 returned some very good THM results, with the highest weighted THM grades in EL182, EL180 and EL203 being 19.76 %THM over 229cm in TUPE/BM11, 24.05 %THM over 95cm in NS56 and 22.27 %THM over 135cm in WB25 respectively. Average weighted THM grades (holes >1 %THM) for the mineralized area within EL182 and EL180 are 7.89 %THM over 185cm over c 10.54 km strike for EL182 and 8.65 %THM over 138cm over c 18.71km strike for EL180. The exploratory work within EL203 did return a weighted THM grade of 10.78 %THM over 138cm over c 1.00 km in one block, with a second block only explored by 2 augerholes (positive results).

The Srinel handheld auger drilling program has achieved all the field and initial analytical objectives set out for the program:

- The historic data within EL180 and EL182 has been verified – high grade heavy mineral mineralisation does exist over significant strike lengths of these two licenses;
- Preliminary exploration within 2 of the EL203 blocks was conducted with some high THM grades intersected;
- A reasonable % of the GSMB BH's was twinned;
- Infill BH's where drilled where gaps in the historic data existed;
- Some minor checking was done of mineralization inland of the historic drilling;
- The general drilling depth obtained during this program was significantly more than what was historically obtained with a similar drill technique;
- Defendable QAQC procedures were followed;
- Of the analytical work planned only the TBE heavy fraction separation work has been completed. Work was done at a reputable laboratory.

The work that still needs to take place is a follows:

- Magnetic separation work (in progress) to generate the different magnetic and non-magnetic fractions, followed by quantitative XRF and optical microscope work to determine the HM assemblage;
- A (GeoEye) Digital Terrain Model (DTM) study has been commissioned and is underway (30% completed;
- Produce a JORC compliant resource calculation and report on receipt of all results. Bernhard Sieberts, from Golder Associates, will be the competent person for this phase of work.

Competent Person Statement

The details contained in the document that pertains to exploration results are based upon information compiled by Mr. JN Badenhorst from GeoActiv (Pty) Ltd. Mr. Badenhorst is an independent consultant for Srinel. He is a Member of the South African Council for Natural Scientific Professions (registration number 400157/07) and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Badenhorst consents to the inclusion in this release of the matters based on the information in the form and context in which it appears.

JN Badenhorst

JORC TABLE 1
Section 1 Sampling Techniques and Data
(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information*	• A hand-auger specifically manufactured for the project was used for auger drilling. The bucket was designed to be able to do 0.5m samples per drill run. • Sampling was therefore done on 0.5m intervals, unless penetration problems caused incomplete samples at the end of holes. Where some minor penetration problems were experienced, smaller sample runs were done. • The full sample from the auger bucket was collected in a plastic sample bag and assigned an Alpha numerical sample number. • All samples were transported to Colombo after completion of drilling. Samples were riffled and homogenized before they were reduced to a c 1.5kg size by using the riffle splitter. This size is seen as large enough to be representative of the original intersection. • All samples from the drilling program were prepped, even samples perceived to be low grade. All the samples were packed for transport. Permits for the export of the samples were sourced in Sri Lanka, on receipt of the permits the samples were couriered via air freight to Johannesburg where clearance took place for the samples. They were then air freighted to

		Cape Town where a representative from the Analytical laboratory, Scientific Services CC, collected the samples.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• A hand-auger specifically manufactured for the project was used for auger drilling. • The bucket has a diameter of 100mm. • The auger bucket was designed to drill 0.5m samples per drill run. Larger samples would have become too heavy and would have resulted in sample falling out of the bucket. • One meter drill rod extensions were used, with sufficient extensions on site to drill to 4m. The deepest auger hole drilled was NS06 drilled within EL182 to 3.70m.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Care was taken that a full 0.5m drill run resulted in a full sample buckets. Re-drilling took place where this was not the case, or the hole and sampling stopped where sample recovery became a problem. • The sample recovery or penetration problems were either linked to the shallow water table, or the limits to drilling depth with the hand held auger.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Each sample was geologically logged for mineral composition, grain size, sorting, visual %silt, induration, and a rough visual estimate of the dark heavy mineral % component. • Paper log information was transferred every night to an excel spreadsheet.
Sub-sampling Techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• The full samples were riffled and homogenized using a single layer riffler. • The samples were then reduced to a c 1.5kg size by using the riffle splitter. • A duplicate sample was riffled from every 20th sample /5% of the total. • The riffler was thoroughly cleaned after each sample.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable*	• Analytical work on the TBE based THM determination and subsequent magnetic separation work is done by Scientific Services C.C.; Cape Town. XRF work is planned on receipt of magnetic separation data and samples. • Determination of % THM Samples conc. using TBE at 2.95SG, as well as the desliming work, are as follows: ➢ TBE is placed into the glass flask up to the indicated mark. ➢ Place approximate 1 scoop of sample into the flask.

	levels of accuracy (ie lack of bias) and precision have been established.	➢ Wash down the sides of the flask and impeller with TBE to ensure all material is in the TBE. ➢ Run the mixer for about 10 seconds. ➢ Wash down again to ensure no material is 'hung'. ➢ Run the impeller mixer repeatable in 10 second bursts until sure that all heavies have been liberated. ➢ Allow to stand for 5-10 minutes or until no more material cascades to bottom. ➢ Once the discharge pipe is clear of suspended material release the tube to allow the concentrate to be captured in the filter paper. Store this labeled filter paper. ➢ Process any remaining sample as above ensuring no concentrate is lost. ➢ Finally flush out the floats by opening the tube and allowing the floats to fall into filter paper – allow this to stand capturing all the TBE which will be reused at a later stage. ➢ Wash all concentrates and floats thoroughly with acetone to reclaim as much TBE as possible. ➢ After the concentrate filter is acetone rinsed and dried, transfer the conc. very carefully into a bag opening the filter paper ensuring nothing is lost. ➢ Place the floats into the waste drums unless specified by the client to do otherwise. ➢ Check the SG of the TBE with the density tracers provided and re-use as appropriate. ➢ The sample once received and reviewed with paperwork is then weighed. ➢ Water and NaOH (0.2%) is added to the sample – approximate 3:1 (H20: Sample). Attrition for 10minutes. ➢ The sample is then wet screened through 1mm and 45µ screens. ➢ Ensure the both screens are clean and free from any damage. If damage is evident - report this sieve to the QC. ➢ Place the +1mm and the -1mm, +45µ, sample into stainless steel pans with tags representing the sample number. These trays are then placed in an oven for drying. The -45µ is discarded in the wet screening process. ➢ The dried samples are weighed to determine the % oversize and % slimes fractions. ➢ Depending on clients request the sample is either split with a Rotary Splitter or the entire sample is sent through for THM.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data*	• 23% of the drilling that took place twinned historic boreholes on the project. • QAQC of all work done performed by JN Badenhorst and Dr. FJ Kruger of GeoActiv.

	entry procedures, data verification, data storage (physical and electronic) protocols. • *Discuss any adjustment to assay data.*	
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Data and work was done in Lat Long, WGS84. • A hand held Garmin GPS was used for the positioning and final position of the auger holes. • The X and Y coordinates were collected and entered into the project spreadsheet. • The Y data were found to be very inaccurate. A GeoEye satellite based Digital Terrain Model (DTM) study has been initiated. The X and Y coordinated of the boreholes will be used to elevate the boreholes to the DTM surface prior to resource modeling taking place. This will supply significantly more accurate Z data as the DTM is based on 13 Differential GPS derived points.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Historic drilling by Sri Lanka Geological Survey and Mines Bureau (GSMB) took place at 200m inter-line spacing, perpendicular to the coast line. Drilling rarely reached further that 150m inland from shoreline. • New drilling program aimed to verify historic data in mostly higher grade areas, but also checking some lower grade areas, by at least one borehole every 500m inter-line spacing. • Several new auger holes were drilled further inland to check for mineralization here. Holes deeper inland were generally <300m from the coast line, but in EL182 some drilling took place 1,000m from the coastline.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralized structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drilling took place in fences perpendicular to the coast line, in the tidal, beach and berm zones. Some drilling further inland.
Sample security	• *The measures taken to ensure sample security.*	• All sampling, prep and packing work took place under supervision of a GeoActiv geologist. • A representative from the Analytical laboratory, Scientific Services CC, collected the samples from the airport in Cape Town, South Africa. • The GeoActiv geologist spent two days at the laboratory sorting the samples and getting them ready for analyses, in the process making sure all samples did arrive at the laboratory in acceptable condition.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Statistical analyses of the QAQC samples will be conducted by GeoActiv. • No other audits or reviews have taken place.

Section 2 Reporting of Exploration Results

(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.*	• EL180 and EL182 are wholly owned by Supreme Solutions (Pvt) Ltd, the licenses are valid to 1 September 2015. • The opinion on tenure mentioned above was produced by a legal company in Sri Lanka called Varners. • Srinel Holdings Limited is the legal and beneficial owner of all of the fully paid ordinary shares in the capital of Singha Lanka Investments (Private) Limited which in turn is the legal and beneficial owner of all of the fully paid ordinary shares in the capital of Supreme Solutions Limited, the holder of the exploration licenses in Sri Lanka.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Between October and November 2011, a fieldwork exploration program was completed in EL 180 and EL 182 by personnel of the GSMB. An auger drilling and sampling program took place across the tidal, beach and berm zones throughout much of the licenses at a spacing of 10 to 60 m on lines 200 m apart, perpendicular to the coastline. • The auger drilling was done utilizing a hand-held auger machine, with drilling depth limited by the generally shallow water table and the limits to drilling depth set by the drilling technique. • The auger sampling program only encompassed a narrow section of the foreshore sediments, with very few auger holes located in the backshore sediments. • All of the auger samples collected by the GSMB were provided to Supreme and subsequently submitted to the VV Minerals (Pvt) Ltd laboratory in Tamil Nadu, India for mineralogical analysis.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• There is general consensus that the heavy minerals in Sri Lanka were derived from Precambrian (Proterozoic) high-grade metamorphic rocks that account for more than ninety percent of the island. These crystalline basement units are subdivided into 3 major litho-tectonic subdivisions, namely the Highland, Wanni and Vijayan Complexes. • The heavy minerals ilmenite, rutile, zircon, monazite, sillimanite and garnet commonly occur in the coastal sands. • Mineralization is high in the tidal, beach and berm areas, but can also be seen inland on Mannar Island.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ➢ *easting and northing of the drill hole collar* ➢ *elevation or RL (Reduced Level – elevation above sea level in metres) of*	• Table 1 supplies the BH information and results from the first 2 batches of analyses received from Scientific Services. • The grades indicated are weighted averages. • A lower Total Heavy Mineral (THM) grade of 1% was used for calculations.

	the drill hole collar ➢ *dip and azimuth of the hole* ➢ *down hole length and interception depth* ➢ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• The Y data were found to be very inaccurate. A GeoEye satellite based Digital Terrain Model (DTM) study has been initiated. The X and Y coordinated of the boreholes will be used to elevate the boreholes to the DTM surface prior to resource modeling taking place. This will supply significantly more accurate Z data as the DTM is based on 13 Differential GPS derived points.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• All %THM results supplied were weighted on the sample length. • A lower THM grade of 1% was used for calculations. No upper cut-off has been used.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Observed dips of mineralization are very shallow to flat in the area explored. This will be confirmed during future work. Drilling was vertical, and all samples thoroughly homogenized. Sample intervals are at only c 0.5m. This all justifies the assumption that the results are representative of the in ground mineralization. • The depth extent of mineralization has not been confirmed as drilling was generally very shallow. The depth extent of mineralization will be confirmed during the next phase of exploration.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Figures depicting historic work on the project, the current program being reported on and future exploration are displayed in the main text.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All results will be reported, even where BH's returned results <1% THM. • Areas where historic work indicated low THM grades were explored during this phase of exploration, low grade BH's are therefore expected.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• The historic drilling done by the GSMB are indicated in Figure .The exploration reported on here was done to verify the data from this historic work. • Apart from the two drilling phases, no other work has been done to date.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling*	• All work done to date has been focused on a thin area / strip around the coastline. The handheld auger drilling technique only drilled to the groundwater table, or to where the drilling technique allowed. • A follow-up exploration phase will employ

	areas, provided this information is not commercially sensitive.	Aircore (AC) or sleeved motorized auger drilling to extend drilling inland, as well as to depth.