

Webb Mining Services Pty Ltd

EL 11/2011

Annual Report Year 3

July 11th 2014

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Abstract

EL 11/2011 is a 183 km² Category 1 license, held by Webb Mining Services Pty Ltd (WMS), and is centred approximately at 573,000 mE and 5,397,200 mN GDA94, near Mangana, north eastern Tasmania.

Work conducted in the first year of WMS tenure mainly comprised literature research and compilation of the results of previous explorers. Many reconnaissance trips were made within the tenement in order to gain an understanding of terrain and access limitations, and to investigate the nature, size and distribution of the old workings. The only exploration activity undertaken in the licence area during the past year was collection of samples from the Tower Hill Freehold Mine.

The majority of exploration work carried out by WMS for the period was focused on EL 12/2011 which lies completely within EL 11/2011. The greater portion of EL 12/2011 is now covered by mining lease 4M/2013. EL's 11/2011 and 12/2011 will be consolidated in the near future.

Introduction

EL 11/2011 was transferred from Tamar Gold Ltd to Webb Mining Services Pty Ltd on 9th May 2013. This report is for exploration activities undertaken on the lease for the period July 12th 2013 to July 11th 2014. Map datum used in this report is GDA94 Zone 55, with an accuracy of ±6m for use of handheld GPS.

EL 11/2011 is a Category 1 license centred at approximately 573,000 mE and 5,397,200 mN. The tenement covers an area of 183 km², and lies immediately northwest of the town of Fingal in NE Tasmania. The township of Mangana is in the southern part of the licence. There are two other licenses within the exploration lease and are excluded from EL 11/2011 (Figure 1):

- Category 1 exploration lease EL 12/2011 of 4km² at Sailors Gully, held by Webb Mining Services Pty Ltd,
- Category 2 license RL14/1988 of 17 km² at Tower Hill, held by The Cornwall Coal Mining Company Pty Ltd.

Webb Mining's current exploration strategy is to test extensions to known gold mineralization around historically mined reef systems within the Mangana area, and to identify previously undiscovered auriferous reef systems, by means of surface reconnaissance and mapping, costeaming and diamond drilling. WMS are also working on the evaluation of potentially minable auriferous alluvium resources within the many gullies of the area by means of a staged approach of traditional prospecting, stream sediment sampling and sample trenching, whilst working to the Mineral Exploration Code of Practice (MECoP) and in liaison and consultation with all key stakeholders

Most of the tenement lies in strongly dissected hill country designated as State Forest. Access in the eastern half is facilitated by a network of logging roads which are less widespread in the west. Private land ownership is mainly confined to the lower lying areas in the south and east.

The regional geology hosting all known mineralised structures in the Mangana area consists of folded and faulted greenschist metamorphosed turbiditic sandstones, siltstones and black slates within the Siluro-Devonian Mathinna Supergroup. The topography is dominated by two remnant erosional landforms in excess of 1000 metres; Tower Hill and Byatt's Razorback, both of which are capped by Jurassic dolerite with associated talus. Underlying the dolerite and unconformably overlying the Mathinna Group are sub-horizontal Triassic sandstones and Permian sandstones,

siltstones and mudstones of the Parmeena Supergroup. Quaternary alluvium fills the valley floors (Figure 2).

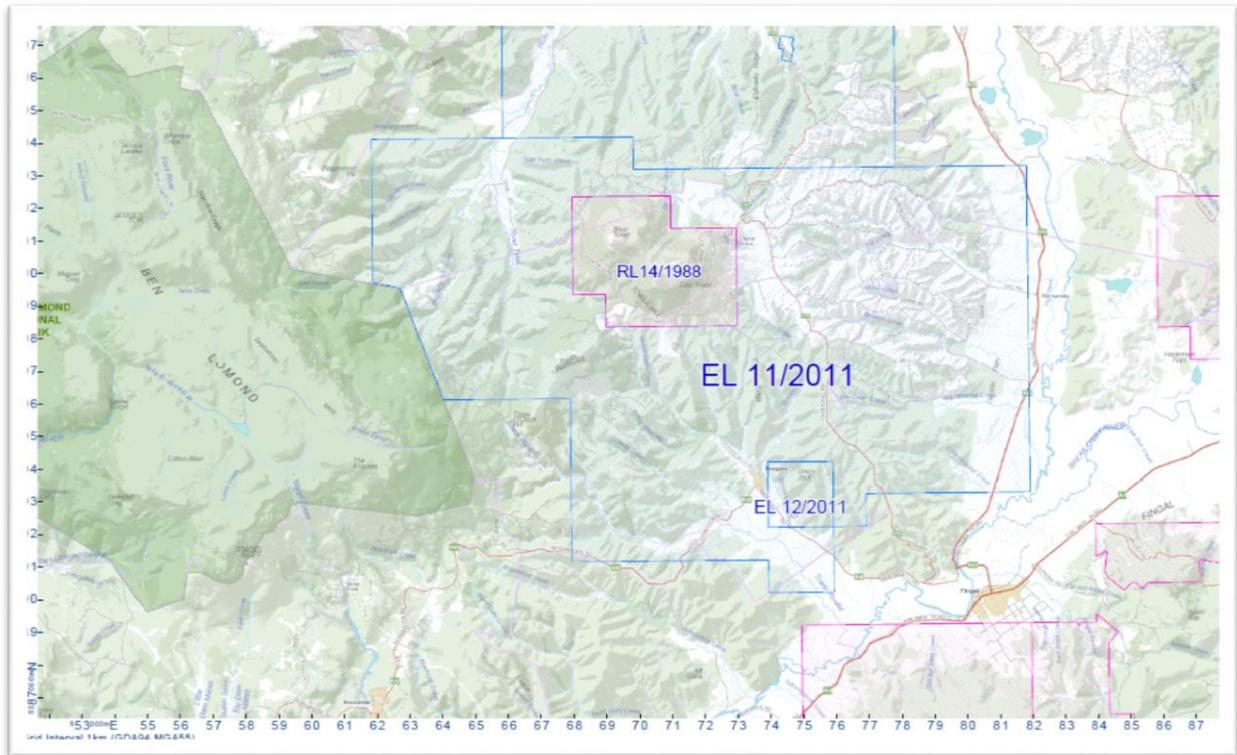


Figure 1: Location of EL 11/2011

Three styles of gold mineralisation exist in the Mangana region: structurally controlled sheeted vein systems (Reefs), stockwork veining, and alluvial deposits. The quartz reefs tend to be sub-vertical and usually occur parallel to bedding within slaty sequences of the Mathinna Beds. Gold tends to be in “shoots” of ore within the quartz reefs and can be very high grade but very localised and patchy. The reefs are narrow (0.05 – 2.5m) and have minimal or no surrounding alteration haloes. Almost all the hard rock production has been from this style. Quartz stockwork veining is hosted in the Mathinna Beds that have undergone brittle deformation. They generally appear to be associated with larger sheeted vein systems and can be seen at Bucklands Hill and the Tower Hill Goldfield. Alluvial gold at Mangana is hosted in a clayey gravel cobble wash and has been worked historically in Sailors, Sharkeys and Irvines Gullies, Richardson’s Creek and the creek flats surrounding Tower Hill Rivulet. More recently, mining operations targeted alluvial gold at Majors Gully.

Mineralisation forms a NNW trending corridor approximately 6km long and 2km wide where the gold occurs in structurally (fault) controlled veins and breccia zones within sandstone, siltstone and slate. The veins are typically small and erratic in grade, however the Golden Entrance reef may have a strike extent of up to 2km. This reef was the largest single producer with 91kg (2940oz) at an average grade of 127g/t Au. At Tower Hill, 8km to the north of Mangana and considered a separate goldfield, the only recorded production was from the Sunbeam Mine (12t of ore for 0.12kg Au).

Recent Exploration

Like other small goldfields in NE Tasmania, Mangana and Tower Hill experienced a number of decades of inactivity following the initial production period. The last 25 years have seen modern exploration by a number of companies over wide areas under several tenement names; the work carried out on EL55/1983 (Tasmanian Alluvials, Alcaston Mining NL and Pegasus Gold Australia Ltd), EL18/1991 (Resolute Samantha Ltd, Defiance Mining NL) and EL22/1992 (Newcrest Mining Ltd) is the most relevant.

EL 55/1983:

1984-85 (CR 85-2510): Seventeen backhoe holes were dug in Majors Gully, with visible gold in 10 of the 17 pan concentrates. Bedrock was found to be less than 3m deep. Three 20 litre drums of tailings from the Mangana reef averaged 1.69 g/t Au (note that in 1994 Mancala Pty Ltd estimated the Mangana tailings to contain 20,000t at 0.83 g/t Au).

1985-86 (CR 86-2607): Bulk testing of alluvium in Majors Gully delineated a resource of 300,632 m³ at 0.307 g/m³ Au.

1987-88 (CR 88-2883): Work concentrated on the Argyle Reef, a south-eastern extension of the Golden Entrance Reef about 1.5 km SE of Mangana. Access to the reef was through three drives, two from the NW end and one from the SE. Alcaston stated in this report that limited mining took place in only one of the drives (Argyle No1 South) with the ore mined being less than 500 tonnes. Earlier sampling (Tasminex NL, 1981) in Argyle No1 South produced grades from 17 rock chip samples ranging from 4-133 g/t (mean 31.2 g/t) with the vein width over the interval sampled ranging from 10-90 cm (average 44 cm).

In 1988 Alcaston tested the Argyle Reef, adjacent wall rocks and two minor parallel quartz reefs, with eight shallow (31m) angled open hole percussion holes and 38 composite rock chip samples taken from inside the old drives. Although significant (0.1 – 0.4ppm) vein quartz was encountered in all holes except one there were no ore grade intersections. Background arsenic values in the drill holes varied from 10 to 200ppm but higher arsenic did not necessarily correlate with high gold values.

Four anomalies were found in the rock chip sampling: two from Argyle No.1 South adit (53 metres in) recorded 10.02 and 9.03 g/t, and two from the Argyle No. 2 South adit (21 metres in) were 4.93 and 3.15 g/t. The remaining 34 samples ranged from 0.026 – 0.759 g/t, again with no direct arsenic correlation.

1988-89 (CR 89-3052): Alcaston undertook resampling and assay of the bulk samples from the previous year's drilling at the Argyle line of reef and came up with similar results. It is of interest that AA7 is the only hole drilled below the water table which returned anomalous values (10x background). These occurred over a true thickness of approximately 5 metres within pyritic black shale. On the other hand the samples from the oxide profile have narrower, often high grade sections.

At Tower Hill, quartz vein stockwork was assessed in two outcropping sub-parallel sandstone units. This consisted of cutting two grids over the prospective sandstones, mapping the geology and old workings at 1:1000, composite rock chip sampling in prospective locations and soil sampling using a hand auger. A ground magnetic survey was also conducted.

Results from the rock chip sampling show that only 17 of the 68 rock chip samples produced grades of >0.1 g/t Au and 16 (8 of which were > 1g/t Au) of these came from dumps around the mine shafts and old exploration trenches. The soil sampling indicates a group of anomalous gold values (>20ppb) trending approximately magnetic E-W to the south of the Tower Hill – Sunbeam workings.

RC drilling was recommended to follow up at Tower Hill.

[1989-90 \(CR 90-3197\)](#): A helicopter aeromagnetic survey was flown with 150m spacing and an 80m terrain clearance. This indicated “systematic but subtle variations” in the magnetic field across the Mathinna Beds. It was also found to correlate with the previous year’s ground survey at Tower Hill.

A programme of RC drilling was completed in the Tower Hill – Sunbeam area (13 holes totalling 357m). These holes were aimed at a combination of geochemical, structural and magnetic targets and encountered minor gold mineralisation. Best intersections were 1m @ 3.11g/t Au from 43-44m and 3m @ 2.87g/t Au, both from Sunbeam.

[EL 18/1991](#):

[1993-94 Alec White \(CR 94-3564\)](#): Thirty rock chip samples from the Golden Entrance/ Mangana area analysed for gold with best result being 1.37 ppm Au. Testing of alluvial flats west of Sharkey’s Gully to Harrisons Gully reported recoverable grades of 0.096 g/yd³.

[1995-96 Resolute Samantha Ltd. \(CR 96-3842\)](#): Work consisted of gridded soil sampling in the Golden Entrance/Mangana Gold Reefs/Fingal area east of the town, at Buckland Hill and at Blackboy Ridge. The area of old workings at Mangana were also geologically mapped and 64 rock samples collected. Useful historical production information is provided in a set of plans and sections. Results of the rock sampling indicate strong variability in grades and the mapping confirmed a general narrow reef width (< 0.5 metres the norm). At Buckland Hill a zone of stockwork quartz gave poor results in rock sampling with a single 1.52 g/t Au sample not supported by further sampling. A significant soil anomaly (peak value 195 ppb Au, 570 ppm As) was delineated on Blackboy Ridge. Enhancement of aero magnetics highlighted a major NNW trending structure passing through the Fingal Mine and continuing through the zone of Au and As anomalism on Blackboy Ridge.

It was concluded that further work should be aimed at drill testing the reef systems east of the town with one targeting the north end of No 4 adit at Mangana Gold Reefs and follow-up at Blackboy Ridge.

[1997-98 \(CR 98-4212\)](#): Incorporated into EL 3/97. No field work by new operators Connemara GM Pty Ltd. Proposals for drilling at Buckland (two 100m RC holes), Mangana (one 200m diamond hole) and Blackboy Ridge (four fences of 80m RC holes).

[1998-1999 \(CR 99-4321\)](#): Operator now Defiance Mining NL. Compilation of geochemical data into a GIS, processing of existing aeromagnetic data. Drilling proposed for Argyle/Golden Entrance and Blackboy Ridge areas.

[1999-2000 \(CR 00-4438\)](#): Work comprised two declined percussion drill holes (total 180m) into the Golden Entrance Reef and follow-up soil sampling at Blackboy Ridge. While a number of quartz veins were intersected in both holes at Golden Entrance the sulphide content was very low and assays

were disappointing, with the best intersection being 1m from 43m at 0.5g/t Au. The work at Blackboy Ridge downgraded the anomaly.

2000-01 (CR 01-4573): No field work carried out during this year. It was proposed that 6-8 RC holes should be drilled to test the southern end of the Golden Entrance Reef/ Argyle Reef between Sailor's Gully and Irvine's Gully.

There are no further reports on EL18/91 so presumably the licence was relinquished.

EL 22/1992:

1992-1993 (CR 93-3498): Newcrest's targets were large volume quartz stockwork gold with grades > 1.5 g/t Au. Their EL excluded the main part of the Mangana and Golden Entrance reefs.

Soil and outcrop sampling at Tower Hill failed to identify significant gold mineralisation. Work then concentrated on the Golden Gully – Blackboy Ridge area some 3 km to the north and along strike from the Mangana/Golden entrance mines and upstream from the Majors Creek alluvial workings. Initial drainage results (up to 143ppb Au from Golden Gully) led to ridge and spur sampling which showed quartz stockwork sandstone occurs extensively throughout the catchment. The only significant value (1.1ppm) was sourced from a narrow (<0.5m quartz matrix breccia vein) of limited extent.

Newcrest concluded that the majority of the quartz vein stockwork zones were not mineralised.

EL 35/2008:

2008-2010 (CR 09-5957 and CR 10-6083): Goldstock Mining Pty Ltd, a wholly owned subsidiary of Macquarie Harbour Mining conducted limited work which comprised of literature reviews and field visits.

EL 11/2011:

2011-2013: Tamar Gold Ltd held tenure of the lease. Reports for this period were not available at the time of writing.

Exploration: 2013-2014

Work conducted in the first year of WMS tenure of EL 11/2011 was mainly a desktop study comprised of literature and map research, data research and the compilation of results of previous explorers. Many reconnaissance trips were made within the tenement in order to gain an understanding of terrain and access limitations, and to investigate the nature, size and distribution of the old workings. Handheld GPS was used to pick up co-ordinates for geological points of interest. These waypoints are loaded into basic GPS computer software and rotated in 3D to visualise the relationship between known mineralisation, then extrapolated to identify exploration targets.

Six samples were collected from the Tower Hill Freehold mine which is approximately 5 km north of Mangana. General co-ordinates for the mine are 572,250 mE 5,397,800 mN. Grab samples were collected from the stockpile at the entrance to the north adit and from the small stockpile of material at the intersection of the adit and north/south crosscut. Chip samples were collected from 4 locations along the north/south crosscut (Figure 3). Samples were sent for screen fire assay at Beaconsfield laboratories (Table 1). Results were disappointing.

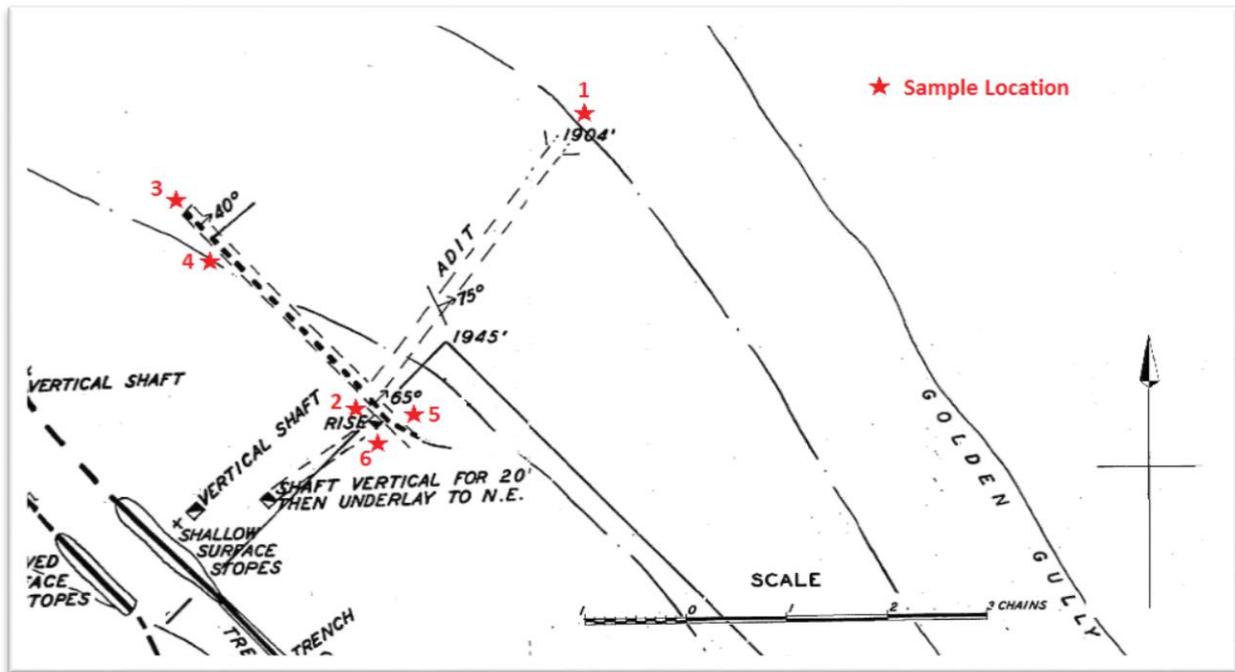


Figure 3: Sample locations at Tower Hill Freehold (plan adapted from Blake 1939) see Table 1. General co-ordinates for the mine are 572,250 mE 5,397,800 mN.

Sample Location ID	Sample Number	Screen Fire Assay 500g total					
		Weight +75	Weight -75 (Calc)	Au ppm (+75)	Au ppm (-75)	Au ppm (-75)	Au ppm Calc
1	10223	26.94	473.06	2.942	0.16	0.12	0.291
2	10224	11.99	488.01	0.042	0.06	0.06	0.06
3	10225	44.16	455.84	0.03	0.03	0.02	0.025
4	10226	14.79	485.21	0.051	0.08	0.08	0.079
5	10227	18.49	481.51	0.027	0.07	0.08	0.073
6	10228	24.89	475.11	0.03	0.07	0.05	0.059

The majority of exploration work carried out by WMS for the period was focused on EL 12/2011 which lies completely within EL 11/2011 and will be reported in the near future. The greater portion of EL 12/2011 is now covered by mining lease 4M/2013. EL's 11/2011 and 12/2011 will be consolidated into the one exploration lease in the near future.

Future Exploration:

Research on previous exploration of the Mangana area shows that very little exploratory drilling has occurred. Previous drilling programs by Alcaston have focused on extensional drilling around old workings, namely the Argyle and Tower Hill mines (not to be confused with the Tower Hill Freehold mine). From numerous reconnaissance activities of the exploration lease, particularly in the southern and eastern sections, the stand out feature of the area is the abundance of quartz float at surface. Literature research has also indicated that the style of gold mineralisation of the region has close similarities to the style of gold mineralisation in the Victorian Goldfields, i.e. geology, structural controls, and timing and characteristics of mineralisation. It is WMS's aim to undertake further field

mapping of bedding, structures and “quartz blows” to develop a greater understanding of the architecture of the geology within the exploration lease. Subsequent modelling of the data will aid as an indicator for future drilling targets. It cannot be ruled out the likelihood of sub-surface deposits yet to be discovered.

Environmental Activities:

No environmental activities were undertaken on EL11/2011 for the reporting period.

Expenditure:

Geoscientific	Geology	17,850
	Geochemistry	1,200
	Geophysics	
	Remote Sensing	
Drilling and Gridding	Gridding	26,000
	Drilling	
Land Access		7,464
Rehabilitation		
Feasibility		4,130
Other costs		6,653
Administration		11,800
Total Costs		\$75,097

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