

**Torque Mining Ltd
Annual Report on Exploration
EL 29/2009 – “Cethana”
September 2012 to September 2014**

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Abstract

This report covers the two years from September, 2012 to September, 2014, with Mineral Resources Tasmania's permission.

After extensive fieldwork in the previous two years (regional soils, 3D Induced Polarisation survey) only limited fieldwork was carried out in this reporting period with a major focus for Torque Mining Ltd. (Torque) the preparation for and completion of mining of the Stormont gold resource on adjacent EL 42/2010.

A lead isotope age dating study was carried out by Dr. David Huston of Geoscience Australia on samples supplied by Torque from Round Hill in EL 29/2009 and other prospects Higgs, Oliver's Hill and Stormont. The results show very similar Pb isotope ratios and thus probably ages for the principally lead prospects Round Hill, Oliver's Hill and Higgs, with Stormont perhaps ~30-40my younger.

The nearly identical Pb isotope ratios (i.e. $^{207}\text{Pb}/^{204}\text{Pb}$ and $^{206}\text{Pb}/^{204}\text{Pb}$) for Round Hill, Oliver's Hill and Higgs suggest a possibly similar genesis for these three which would see all three the product of replacement of favourable beds rather than structurally emplaced.

Drilling is proposed for:

- Round Hill, Cockatoo Road and Tin Spur Creek where linear conductivity anomalies may represent Round Hill style high grade base metal mineralisation.
- Tin Spur where a large chargeability anomaly at depth beneath the extent of limited historic drilling and old workings may represent a disseminated gold deposit within the Cambrian porphyry.
- Bell Mount goldfield where chargeability and conductivity anomalies may relate to the source of the gold in the goldfield.

Further work is warranted in the Ti Tree Creek area pending results from drilling in adjacent EL 42/2010.

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1.0 Introduction

1.1 Exploration Rationale

Torque Mining Ltd is aware of the polymetallic potential of the Moina area, largely a product of the highly fertile Dolcoath Granite, and is exploring for any and all commodities.

In particular the area has proven potential for Au, Ag, Cu, Pb, Zn, Sn, W, Bi, Mo, F and Fe. More conceptually the area may have potential for Y, Nb and rare earths (La, Ce, Nd, Pr and Sm).

Torque has recently completed mining the Stormont gold deposit and also holds a small but Indicated Status Au+Zn+Pb+Ag resource at Narrawa Creek centred on the old Higgs workings.

Torque is also aware of the potential in the district for much larger deposits of which the world class Shepard and Murphy Fluorine deposit (on adjacent RL 10/88 belonging to TNT Mines Ltd.) is an example.

Torque owns and operates its own diamond drill rigs including the Poltock custom-built truly man-portable rig capable of drilling TT56 sized core to +50m depth.

Torque also owns a desktop XRF analyser which has the capacity to analyse for a wide range of elements including many not listed above e.g. Te, Tl, Sb, As, Rb, Sr, P, Cl, K, Ca, Ti, V, Cr, Co, Mn, Ni, Cd, Se, Ba, Hg, Th, U, Al, Ta and Sc. All samples are analysed for all elements listed on this page.

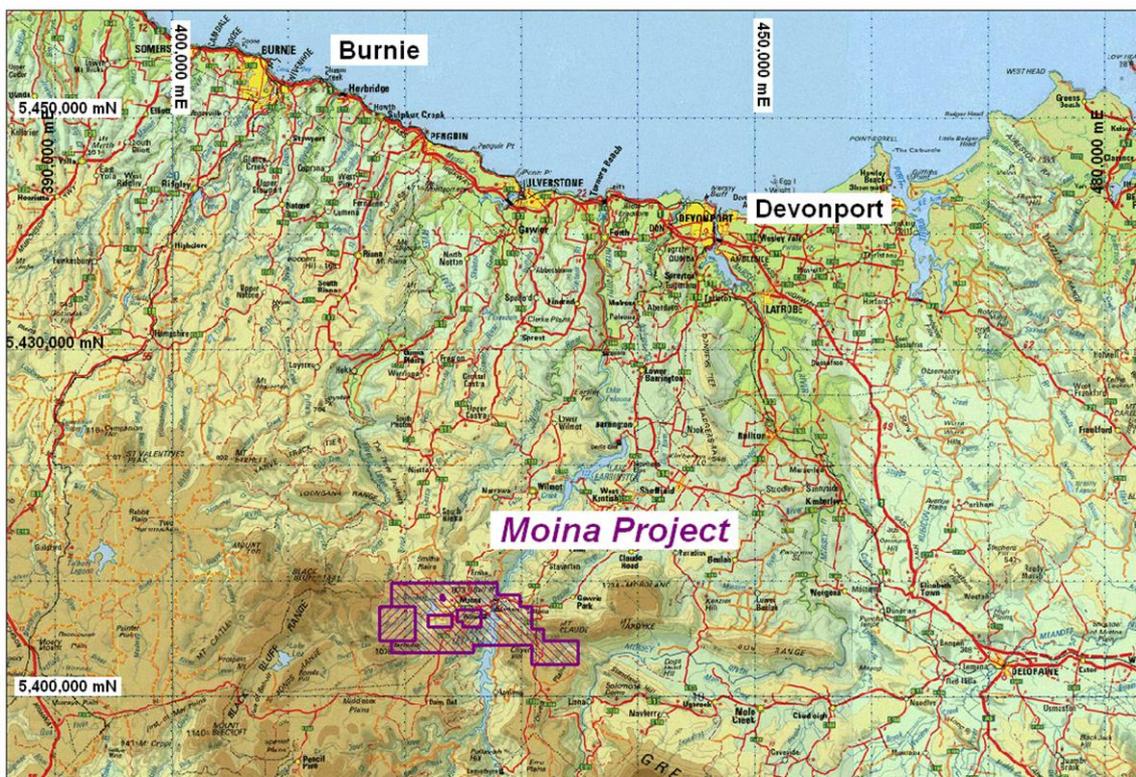


Figure 1.1: Moina Project location in Tasmania's central north.

1.2 Geology

Cambrian quartz+feldspar+biotite porphyry of the Mt. Read Volcanics, Ordovician siliciclastic sediments of the Denison Group and the Devonian Dolcoath Granite form the basement geology to the licence area and are the host and/or source of all potential (hard-rock) mineralisation. A veneer of Tertiary basalt covers this basement geology over much of the licence area.

In the central south of the licence the Cambrian rocks consist of quartz+feldspar+biotite porphyry and felsic volcanoclastics of the Bull Creek Formation. In the northern part of the licence, i.e. north of Machinery Creek Fault and near Mt Jacob, the Cambrian volcanics are from the upper part of the CVC and lowermost Tyndall Group and consist of felsic (commonly quartz phytic) volcanics and volcanoclastics with minor mafic volcanics.

These volcanics are unconformably(?) overlain by the lowermost unit of the Ordovician sequence, the Roland Conglomerate, a siliciclastic quartz pebble conglomerate of 10-20m thickness. The Roland conglomerate is conformably overlain by the quartzose Moina Sandstone which is up to 250m thick. The uppermost (approximately 40m thick) part of the Moina Sandstone is a sequence of interbedded calcareous siltstones with lesser calcareous sandstones and limestone and is known informally as the "Transition Beds". These two units constitute the upper units of the Denison Group. The "Transition Beds" are conformably overlain by the Gordon Limestone which is approximately 400m thick.

The Cambrian-Ordovician sequence has been intruded by the Middle-Devonian Dolcoath I-type Granite with formation of a number of discrete skarn type ore bodies within the "Transition Beds". The granite outcrops on either side of Lake Cethana. Subsurface the granite is known to extend as a spine extending westerly from the area of outcrop as far at least as Stormont.

The Cambrian-Ordovician sequence lies in a broad (~10km wavelength) open east-west trending F1 syncline. This folding occurred early in the Middle Devonian Tabberabberan Orogeny. Superimposed on this F1 fold are west-northwest trending shorter wavelength F2 folds with wavelengths. These folds formed later in the orogeny and are associated with southwest verging thrust faulting. The folded sequence is faulted by a number of known faults also of Middle Devonian age. The recent 3D IP has also suggested the presence of further brittle faults. Late in the orogeny the Dolcoath Granite intruded into this faulted and folded terrain.

Mineralisation in the district occurs in a range of forms and settings with the Higgs workings chusing disseminated to semi-massive Au+Ag+Pb+Zn with commonly a pyrrhotite gangue in biotite hornfelsed sediments and/or gold+pyrite in sandstone. The Round Hill workings targeted Au+Ag+Pb mineralisation reportedly in anticlinal fold hinges. On Tin Spur mining of surface concentrations of Sn and Au occurred at a small scale. Discrete quartz+/-W+/-Mo+/-Bi+/-Sn northwest to west-northwest striking veins have been exploited in old workings (e.g. All Nations, Shepard and Murphy) and have potential in both the discrete form or as a zone of smaller veinlets. Elsewhere in the district the Transition Beds have been shown to host skarns with concentrations of F (Shepard and Murphy), Au+Bi (Stormont, Fletchers Adit) and Au+Zn+Sn (Hugo Skarn).

1.3 Location and access

EL 29/2009 "Cethana" lies in Tasmania's central north and is accessed by a number of bitumen roads including the Cradle Mountain Link Road, Claude Road and Olivers Road (see figure 1.1).

The licence as granted extends from the eastern end of Mt Roland to Stormont in the west (see figure 1.2).

Access within the licence is by a number of bitumen and gravel roads.

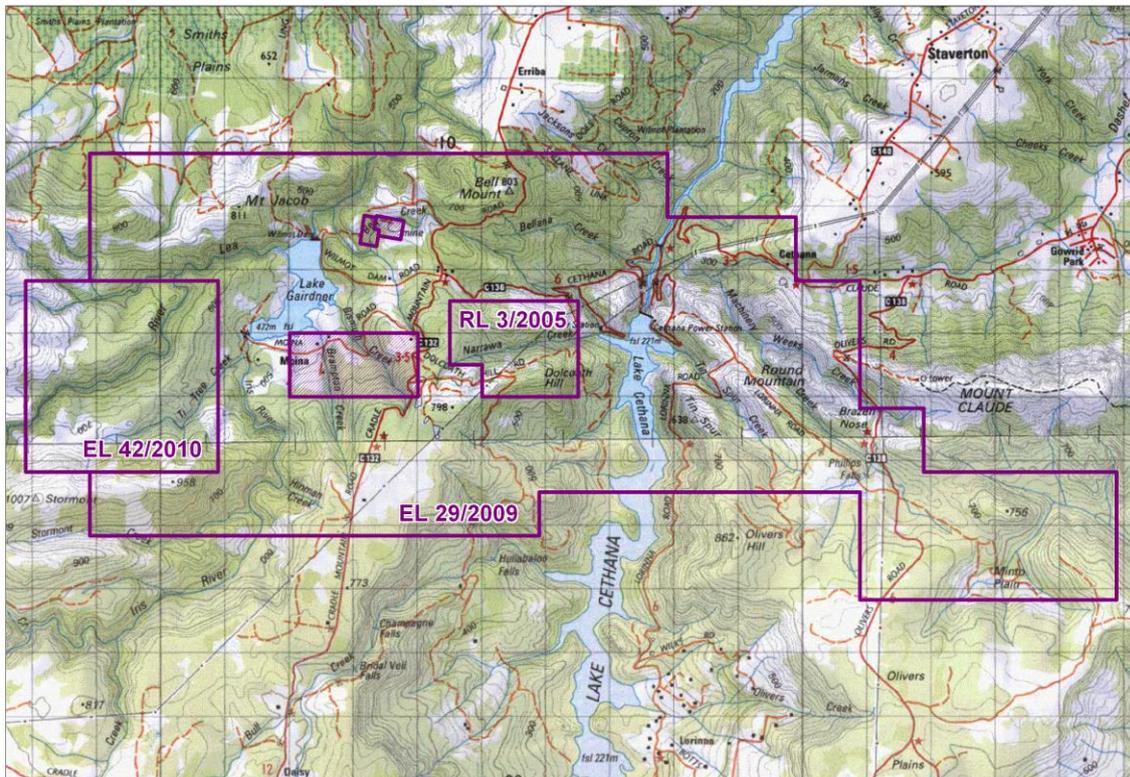


Figure 1.2: EL 29/2009 location plan. Background is Tasmap 1:100,000 mapsheet, datum AGD66.

1.4 Land status and usage

The licence area is used for a range of purposes. Much of the area is Crown Land with forestry activities in part and some land around the lakes vested to the H.E.C. The remaining land is privately owned bushland with limited farming around Lake Gairdner.

1.5 Tenure

EL 29/2009 was won by tender by Frontier Resources Ltd. and was granted on 13th September, 2009. In early 2012 the licence was transferred to Torque Mining Ltd., a spin-off from Frontier Resources Ltd.

2.0 Review of Previous Work

2.1 Prior to current tenement

The area covered by EL 29/2009 was explored like the rest of western and northern Tasmania in the latter part of the 19th century but with more significant flourishes in the early and mid 20th centuries. The Stormont deposit was not found until the mid 1920's, the Higgs deposit was not discovered until the mid 1930's, the Shepard and Murphy mine was working into the 1950's and the All Nations mine until the 1960's.

The western, prospective and retained portion of the tenement has been held under a range of exploration licences since the 1960's with principal companies CRAE, Comalco, Mt Lyell M&R Co/Renison Goldfields/Goldfields Exploration, Mincor, Billiton/Shell, Noranda, Jervois, Titan, Goldstream, Tasgold, Frontier and now Torque Mining Ltd.

Previous work has consisted of regional geochemical and geophysical surveys with grids established over essentially all prospective rocks (other than the Dolcoath Granite itself). That work has led to the discovery and definition of the Shepard and Murphy fluorine deposit.

Historical drilling has been carried out at the Stormont, Fletchers Adit, Ti Tree Creek, Mt Jacob, All Nations, Hugo Skarn, Shepard and Murphy skarn/lodes, Higgs, West Higgs, Narrawa Reward, Three Sisters, Round Mountain and Tin Spur.

2.2 During current tenement

Work within the current EL 29/2009 by Frontier Resources Ltd. initially and then Torque Mining Ltd. has consisted of a regional scale 3D IP survey and a regional scale 100m x 50m soil sampling survey followed by more detailed soil sampling at Bulls and Bell Mount goldfield prospects, followed by the drilling of two holes at Bulls.

The 3D IP survey was done by SJ Geophysics of Toronto Canada using their proprietary Volterra method on a 125m or 250m spaced grid. The survey was highly successful in defining a number of anomalous features with both discrete chargeability highs in a number of favourable locations and discrete conductivity anomalies either representing mineralisation or indicating the presence of favourable rocks in favourable structural settings.

Regional soil sampling was carried out from east of the Cradle Mountain Link Road to Lake Cethana and from Lake Cethana almost to Olivers Road. The compiled soil geochemical data set reveals a number of coherent zones of anomalous Au, Pb, Sn, W, Mo and Bi around the margin of the Dolcoath Granite and extending into EL 29/2009. Within EL 29/2009 anomalies are also defined at Tin Spur, Round Hill, Ti Tree Creek and Mt. Jacob.

Soil sampling at Bell Mt. alluvials was hindered by the Tertiary cover though the hill south of Bell Creek is anomalous in pathfinders Sb, As and Pb. Au best was 6ppb.

Soil sampling at Bulls revealed low order Au anomalism. Drilling two holes, BSD1 (117m) and BSD2 (66.85m) intersected a quartz+feldspar+biotite+/-hornblende porphyry with narrow zones of pyrite alteration with weakly anomalous Cu, Pb and Zn associated.

3.0 Exploration completed during the report period

3.1 Introduction

Exploration for the two year period between May 2012 and April 2014 is detailed in this single report with Mineral Resources Tasmania's approval.

Exploration work over this period consisted of

- Age dating (using lead isotopes) Round Hill mineralisation as part of a small CSIRO study of a total of 4 prospects in the overall Moina area.
- Planning for diamond drilling at Round Hill, Tin Spur and Bell Mount.

3.2 Lead Isotopes

Six samples of galena bearing core or rock, or sample pulps with elevated lead were dated using the lead isotope method by Dr Dave Huston of Geoscience Australia as part of his gradually accumulating database of Tasmanian deposits.

Of these only one sample was taken directly from EL 29/2009, that being sample 2013160102 from Round Hill. A further sample was collected from just south of EL 29/2009 at Olivers Hill to the immediate south-southeast of and along strike from Tin Spur.

In addition, 2 samples were submitted from the Higgs prospect in RL3/2005 and 2 samples from the Stormont resource in EL 42/2010. Samples are listed in table 3.1; prospect locations from where samples have been collected are shown in figure 3.1 with individual sample locations detailed in figures 3.4 to 3.10 and 3.12. Results are detailed in section 4.0.

Sample Number (GSA)	Prospect	Location - coord's or DDH position
2013160098	Stormont	DDH SFD27, 23.0m - 24.0m; sample_id 9393
2013160099	Stormont	DDH SFD30, 11.0m - 12.0m; sample_id 9408
2013160100	Higgs	NC69 23.25m - 23.45m
2013160101	Higgs	NC70 22.8m - 22.9m
2013160102	Round Mountain (= Hill)	outcrop ~429,370mE 5,406,785mN (AGD66)
2013160103	Olivers Hill	DDH OH3 9.45m - 9.55m

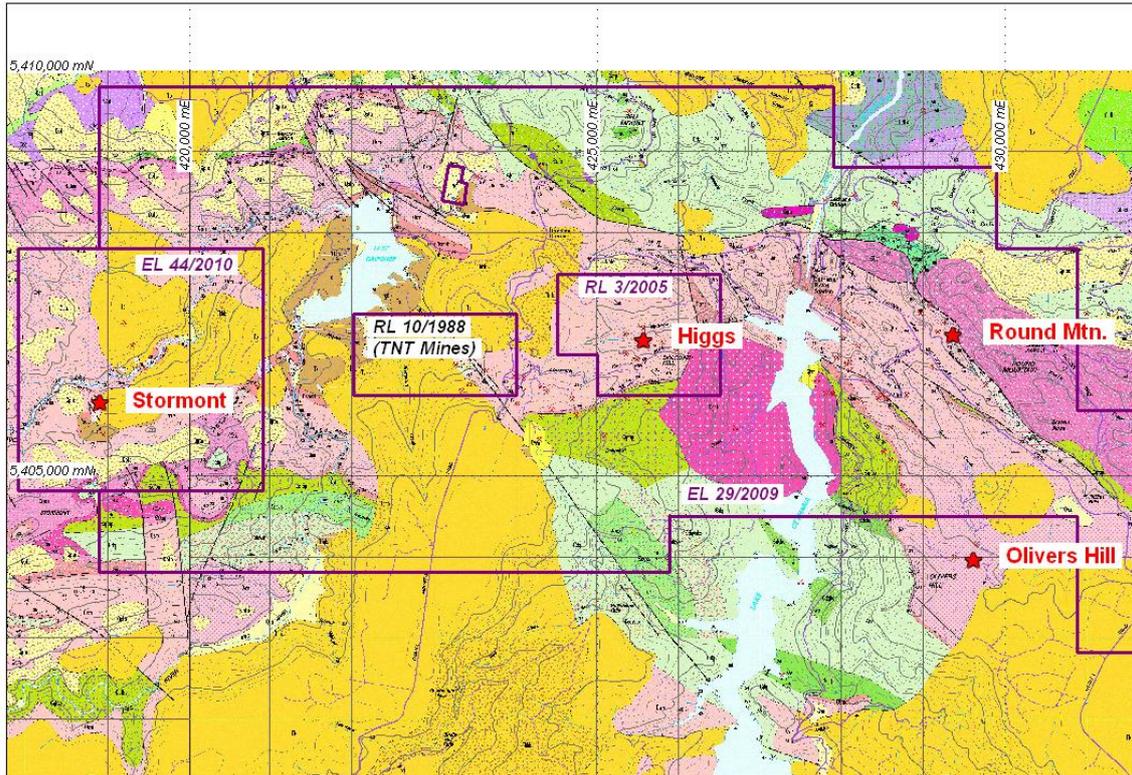


Figure 3.1: Location of prospects from which lead isotope samples have been collected in Moina area. Base map is Mineral Resources Tasmania’s Cethana and Lea 1:25,000 sheets. Grid is AGD66.

3.2.1 Stormont

Stormont is a recently exploited Au+Bi resource of skarn type hosted in the “Transition Beds”, an informal unit at the top of the Moina Sandstone. Pre-mining indicated resource was 150,800t at 2.89g/t gold for 14,011ozs gold (at a cut-off grade of 0.5 g/t gold). The Stormont samples were taken from DDH’s which helped define the now depleted resource. More specifically samples came from pulverized 1m composite of half HQ core from

- DDH SFD27, 23.0m to 24.0m (on section 2062.5mE), Frontier sample# 9393/GSA sample# 2013160098; and
- DDH SFD30, 11.0m to 12.0m (on section 2050mE), Frontier sample #9408/GSA sample# 2013160099.

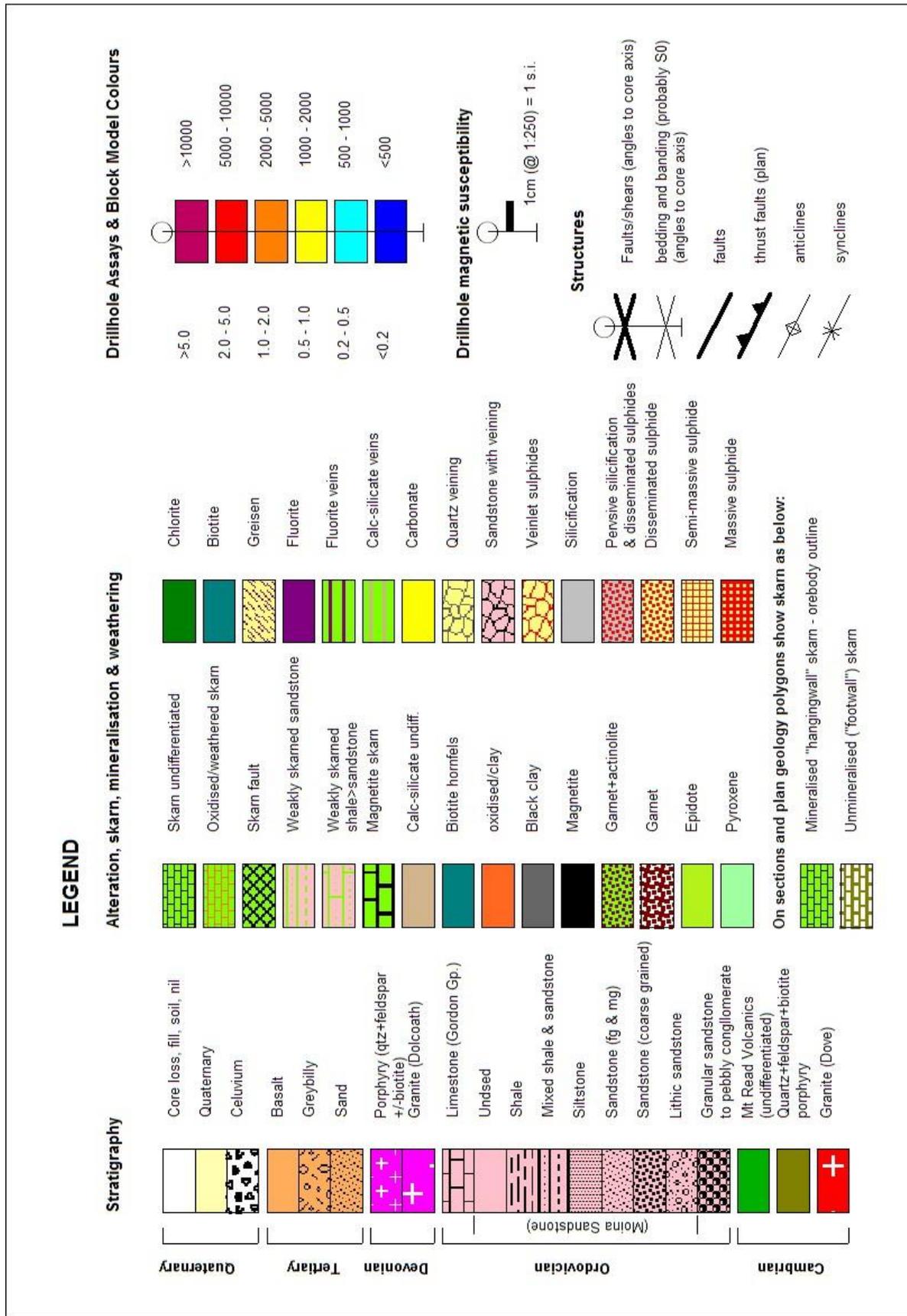


Figure 3.3: Legend for Stormont drill sections and plans in figures 3.2, 3.4 and 3.5.

Sample #2013160098 = 9393

The pulp had been previously assayed for Pb with a result of 2529ppm Pb, one of the highest 1m interval assays from the SFD17 to SFD55 resource definition series drilling.

The interval also assayed 12.0g/t Au, 9.5g/t Ag and 1.3% Bi, part of a broader 7m downhole zone of 5.4g/t Au and 0.6% Bi (from 10m to 17m).

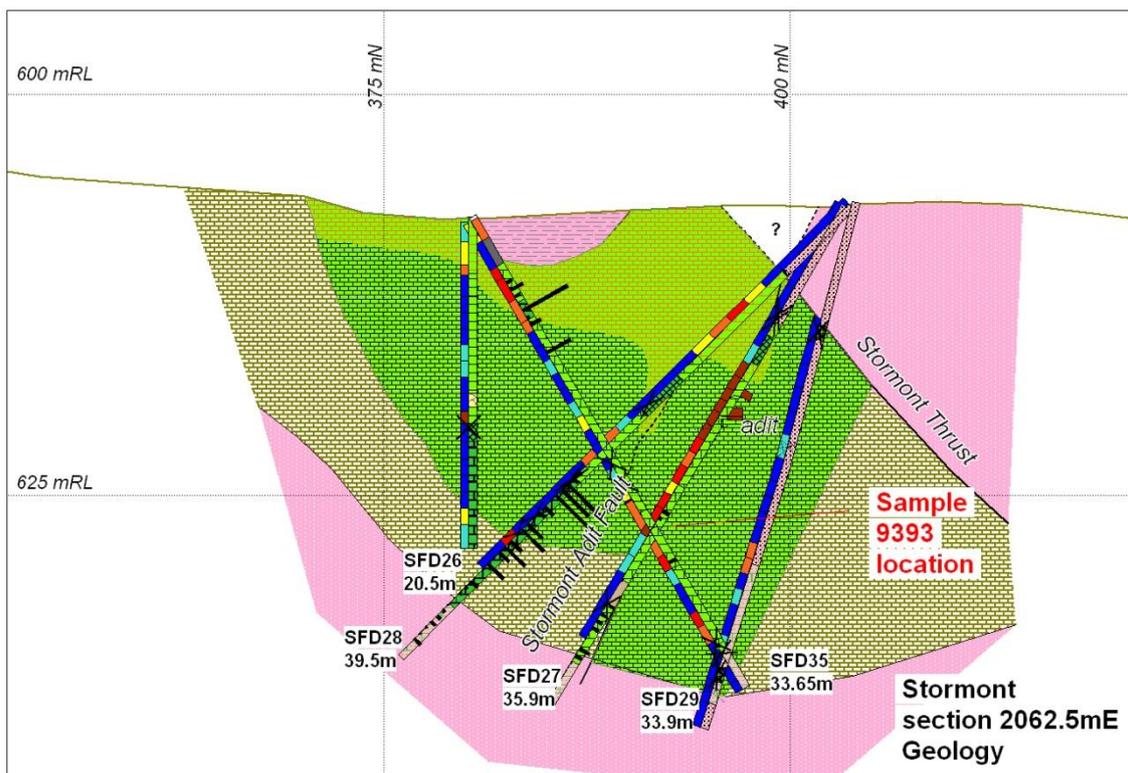


Figure 3.4: Stormont drill section 2062.5mE showing location of Pb isotope sample 9393. (Legend in figure 3.3).

Sample #2013160099 = 9408

The pulp had been previously assayed for Pb with a result of 3376ppm Pb, one of the highest 1m interval assays from the SFD17 to SFD55 resource definition series drilling.

The interval also assayed 11.6g/t Au, 7.8g/t Ag and 0.6% Bi, part of a broader 12.5m downhole zone of 8.43g/t Au and 0.37% Bi (from 11.5m to 24m).

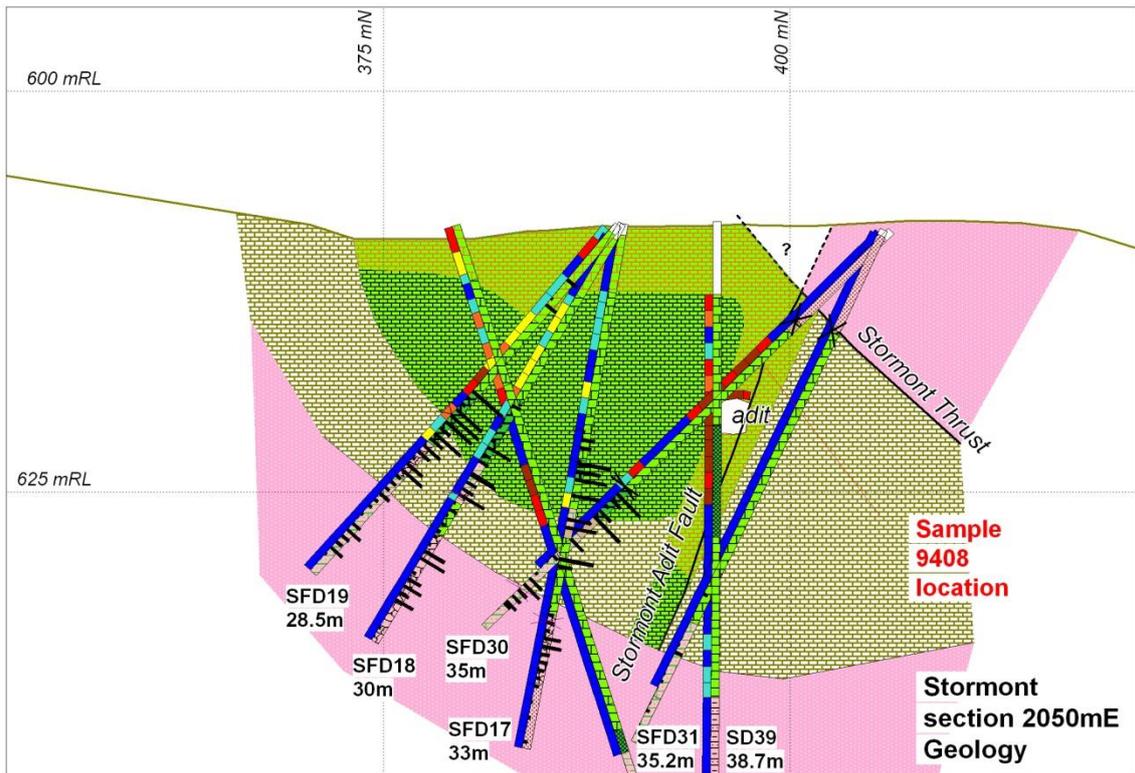


Figure 3.5: Stormont drill section 2050mE showing location of Pb isotope sample 2013160099 = 9408. (Legend in figure 3.3).

The core log shows the rock to consist of massive green skarn consisting predominantly of ankerite with minor splashes and irregular lenticular masses of magnetite with remnant patches of garnet +/- minor pyroxene. Bismuth sulphides are visible in garnet patches.



Figure 3.6: Stormont drillcore from SFD30. Tray starts from 8.8m upper left to 12.3m lower right. Pb isotope sample 9408 is from 11.0m to 12.0m.

3.2.2 Higgs

The Higgs deposit consists of disseminated to semi-massive galena+sphalerite +/- gold in biotite hornfels and gold with pyrite and pyrrhotite in hornfelsed sandstone.

A resource (indicated and inferred) of 209,330 tonnes at 2.10 g/t gold, 19.5 g/t silver, 1.32% lead and 1.12% zinc including an Indicated component of 162,755 tonnes at 2.11 g/t gold, 20.5 g/t silver, 1.42% lead and 1.2% zinc has been estimated though this does not include the results of the 2012/14 drilling from which the samples were taken.

The Higgs samples were taken from visible disseminated blebby galena associated with sphalerite in biotite hornfelsed gritty sediment in half TT56 core from;

- DDH NC69, 23.25m to 23.45m (on section 5937.5), GSA sample# 2013160098. The interval assayed 0.9m @ 2.27% Pb, 2.54% Zn, 1.22g/t Au and 20g/t Ag.
- DDH NC70, 22.8m to 22.9m (on section 5950), GSA sample# 2013160099. The interval assayed 0.9m @ 2.27% Pb, 2.54% Zn, 1.22g/t Au and 20g/t Ag.

Both samples are typical of the base metal rich style of mineralization which constitutes the main "100" lode of Frontier and the #3 lode of Keid (1947).

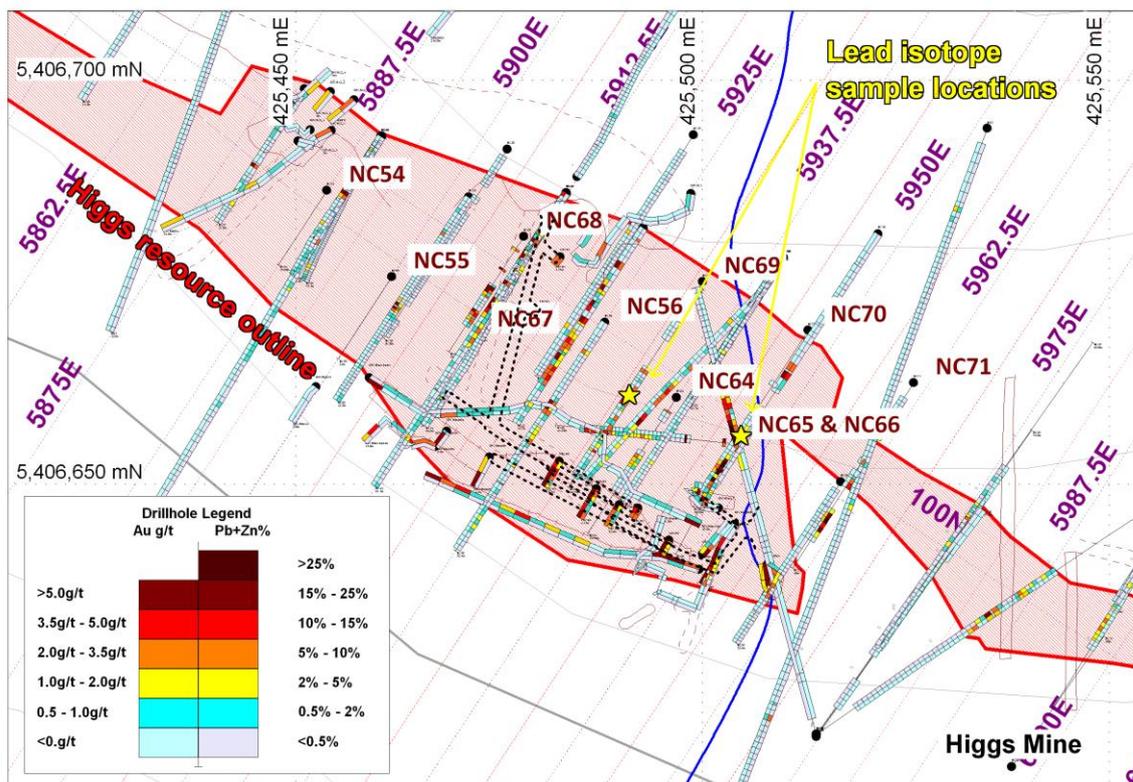


Figure 3.7: Higgs plan showing location of relevant drill sections

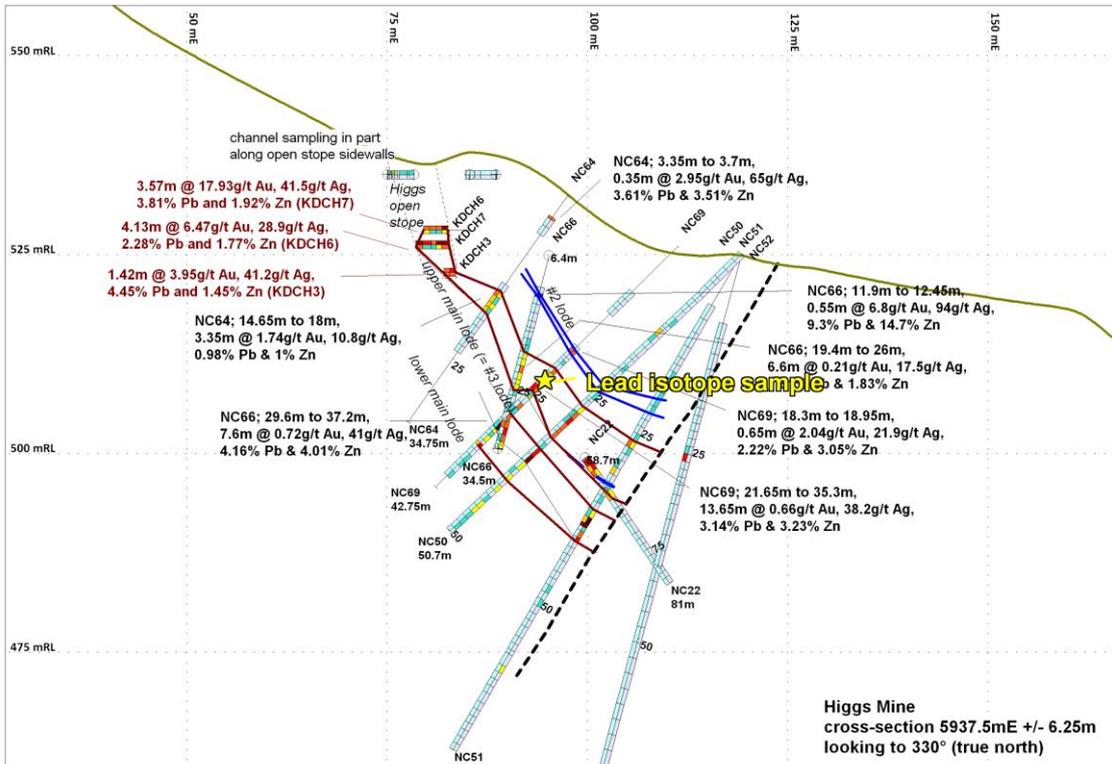


Figure 3.8: Higgs drill section 5937.5mE showing location of Pb isotope sample 2013160098.

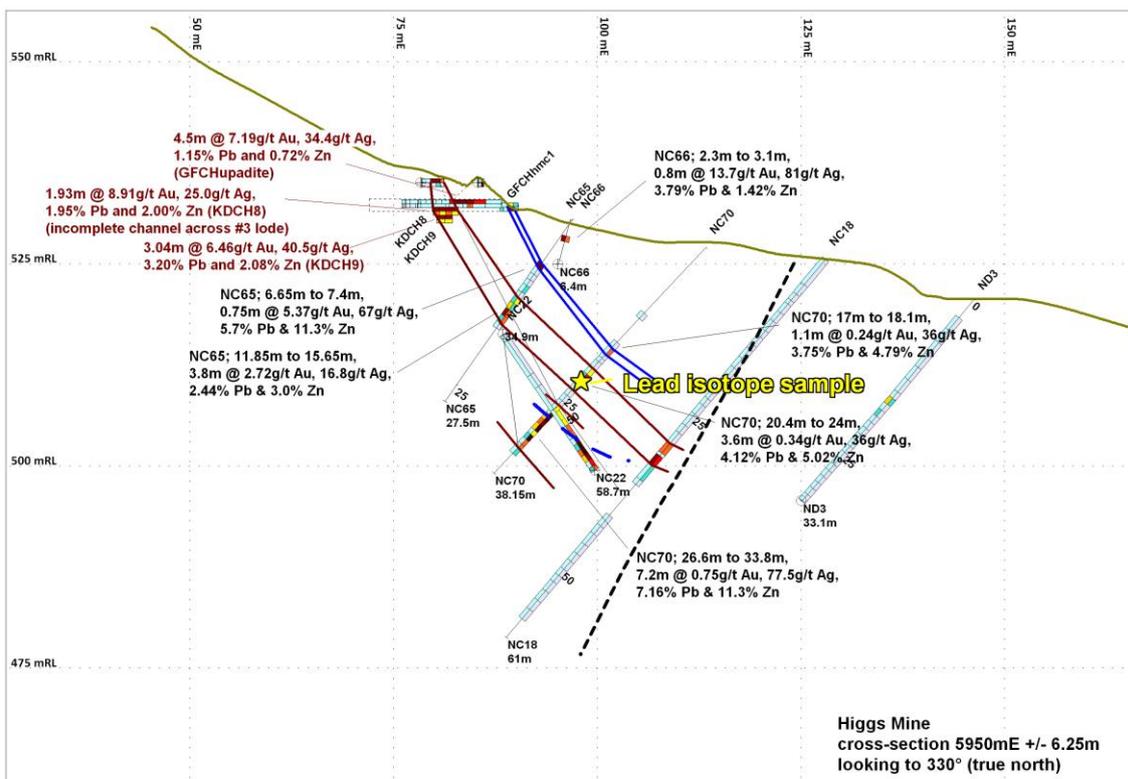


Figure 3.9: Higgs drill section 5950mE showing location of Pb isotope sample 2013160099.

3.2.3 Round Hill

The Round Hill mines produced 4,700 tons of lead, 370,000 ounces of silver and 1,500 ounces of gold between 1908 and 1927 at average grades ~50% lead, ~1 ounce/ton silver, erratic but up to (in high grade lead ore) 3 - 4.5g/t gold.

Almost all production came from the Round Hill mine.

The Round Hill sample, 2013160102, was collected from an outcropping vein in the bed of Machinery Creek a few metres south of the Main Adit. The vein occupies a bedding plane, is 20-30mm thick and consists of galena in a quartz gangue. The sample has not been assayed for any other elements.

Reid (1919) and Jennings (1958) describe mineralization as either hosted in anticlinal fold hinges or along bedding planes. The sampled vein fits the latter description and is considered to be typical and representative of Round Hill mineralization.

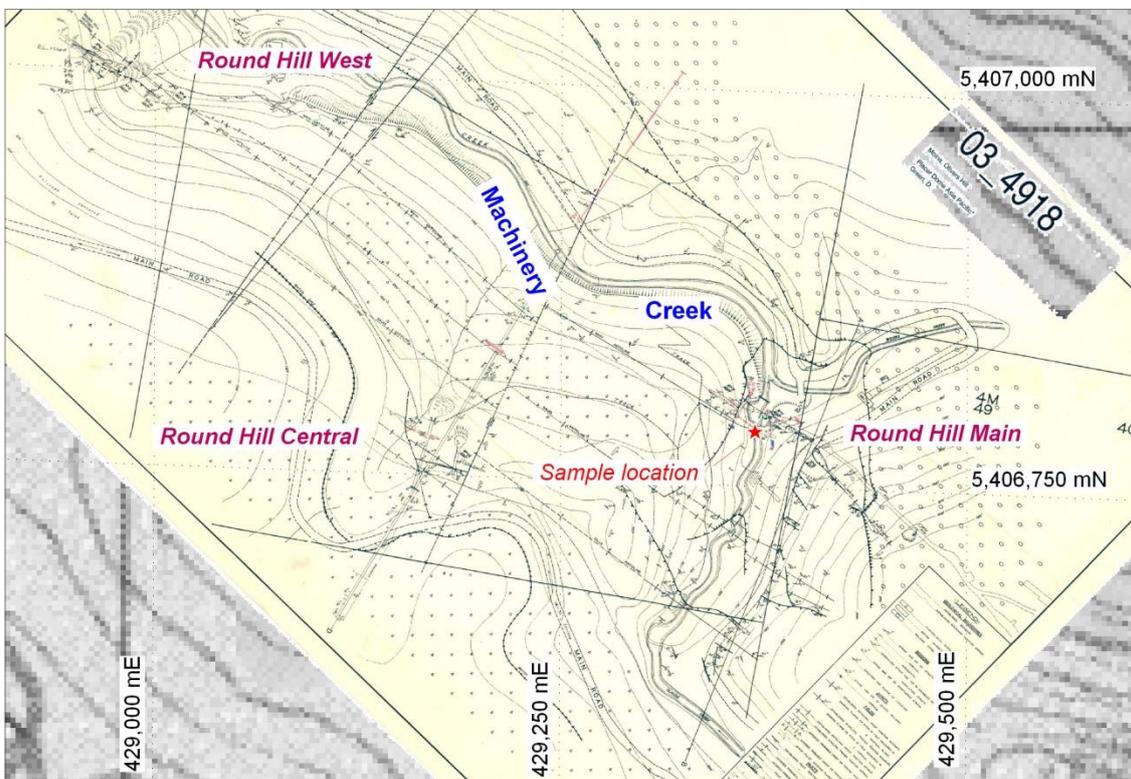


Figure 3.10: Round Hill prospect showing location of sample 2013160102 in the base of Machinery Creek. Base plan is from Jennings (1958), also stored in Mineral Resources Tasmania's database in report 03_4918.

3.2.4 Oliver's Hill

The Oliver's Hill sample, 2013160103, was taken from coarse grained galena with hematite and manganese in drillcore from DDH OH3 at 9.3m at the Devonian Mine on Oliver's Hill. Mineralisation is described as being limonitic ironstone development within a sequence of sandstones of the Moina Sandstone.

The hole was drilled by the then Mines Department in 1975 and reported on by Askins (1980). The sample came from an interval of 1.6m @ 6.4% Pb, 0.21% Zn, trace Au and 72g/t Ag from 9.3m to 10.9m.

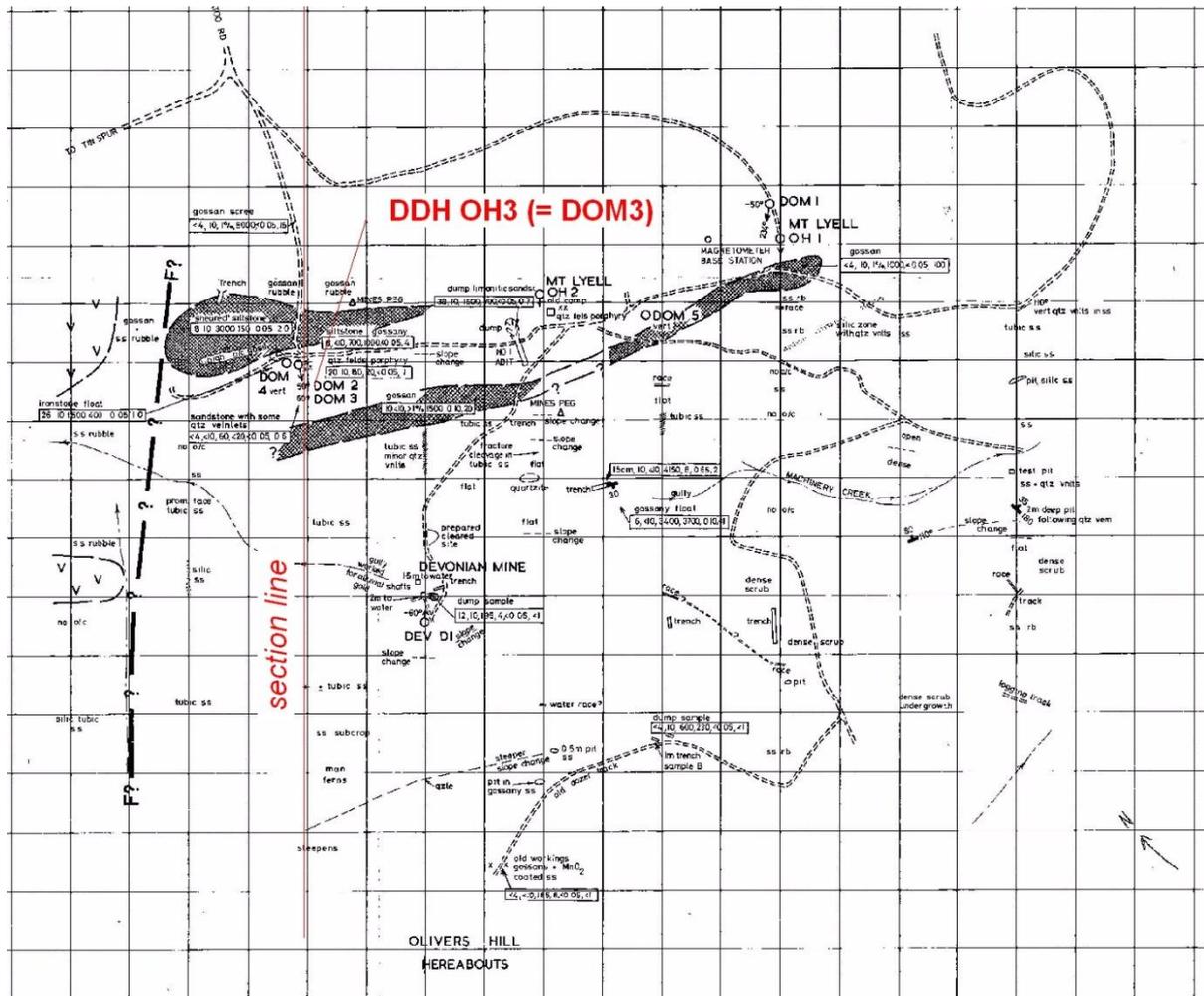


Figure 3.11: Devonian Mine grid plan showing location of drill section containing DDH OH3. Base plan is from Askins (1980 = TCR 80_1430).

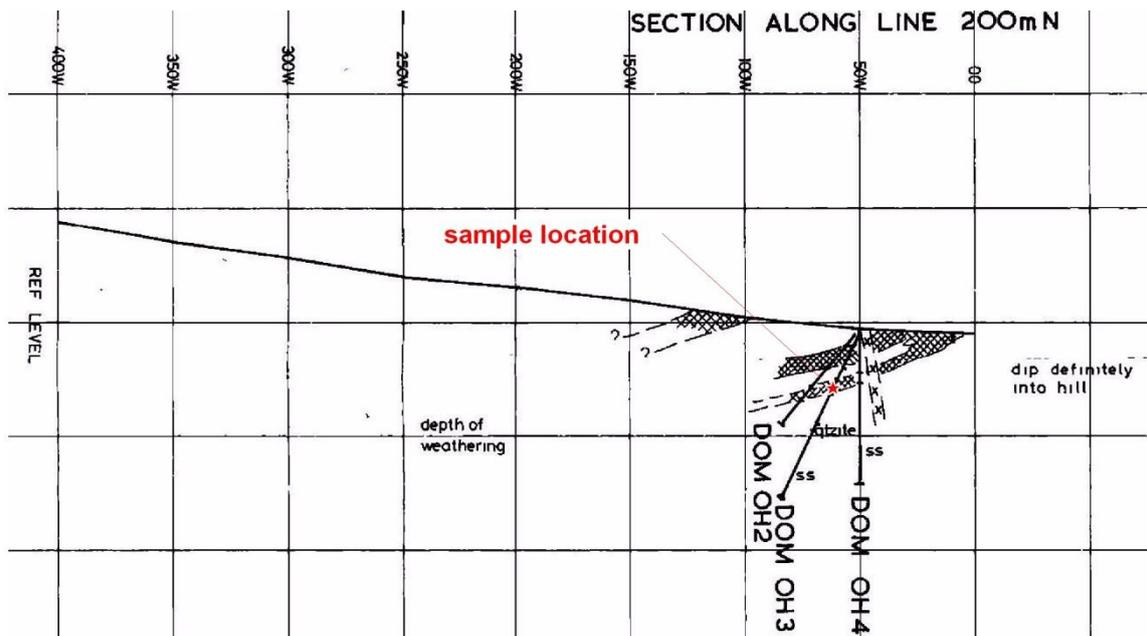


Figure 3.12: Devon Mine grid drill section 200mN showing DDH DOM OH3 and Pb isotope sample location. Base plan is from Askins (1980 = TCR 80_1430).

3.3 Drill planning

Desktop appraisal of 3D IP data and the definition of drill targets was also ongoing. Compiled soil geochemical data in conjunction with the 3D IP provides a very revealing picture of the licences prospectivity.

Planning has been underway for drilling at the Round Hill, Tin Spur and Bell Mount prospects with delays due to time and cost overruns at the Stormont mine causing its postponement.

4.0 Results

4.1 Lead isotope dating

4.1.1 Introduction

Results of age dating using the lead isotope method are listed in table 4.1 and are presented graphically in figure 4.1.

Prospect	Sample#	$^{206}\text{Pb}/^{204}\text{Pb}$	$^{207}\text{Pb}/^{204}\text{Pb}$	$^{206}\text{Pb}/^{204}\text{Pb}$	$^{208}\text{Pb}/^{204}\text{Pb}$	Pb (ppm)
Stormont	2013160098	18.485	15.628	18.485	38.388	2620
Stormont	2013160099	18.483	15.627	18.483	38.387	3110
Higgs	2013160100	18.406	15.626	18.406	38.323	
Higgs	2013160101	18.413	15.622	18.413	38.321	521000
Round Mountain	2013160102	18.387	15.619	18.387	38.301	
Olivers Hill	2013160103	18.43	15.624	18.43	38.343	7988

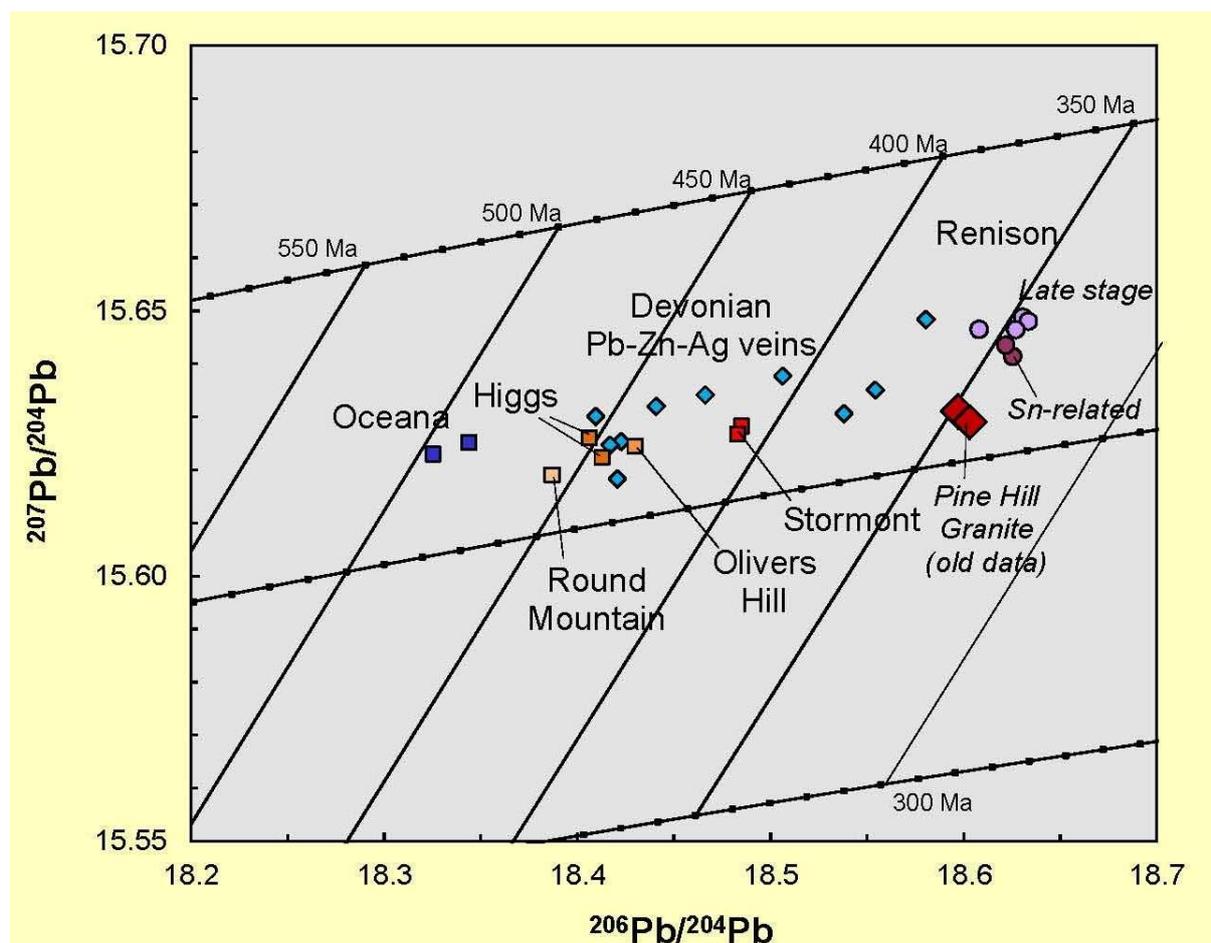


Figure 4.1: Age and lead isotope ratios for Moina project samples.

There are a number of features worth noting.

1. The absolute ages shown on figure 4.1 are unlikely to be correct (Dave Huston pers. comm.) with an absolute age for the Moina samples likely in the 350-375ma range. The point to the figure is to show relative ages.
2. The closeness of the Round Mtn., Oliver's Hill and Higgs ages.
3. The clear distinction between these three prospects and the relative youth of Stormont.

The close similarity in ages between the three lead +/-silver+/-zinc deposits is perhaps unsurprising but it does lend weight to the possibility of a similar genesis for the three deposits which is significant given that there are some differences in the current interpretations between the three.

4.1.2 Lead +/- silver +/- zinc prospects – Higgs, Round Hill and Oliver's Hill

Higgs

The Higgs deposit has been the focus of a considerable amount of drilling and geological interpretative work by Tasgold/Frontier and Torque geologists in the last decade leading to a stronger basis for any interpretation.

Lead and zinc mineralization (in equal proportions at Higgs as opposed to lead rich-zinc poor at Round Hill and Oliver's Hill) is generally associated with biotite hornfels and associated with pyrite+/-pyrrhotite.

Paragenetically the biotite sulphide phase predates silica+sericite alteration i.e. greisenisation. The biotite hornfels is considered to be a thermal product of the intruding Dolcoath Granite. The granite is considered to be intruding an already deformed terrane with the Higgs mineralization on the southern limb of a synclinal fold with mineralization truncated by a basal backthrust(?).

Whilst earlier descriptions stress the sheared contacts between the base metal +/- gold lodes as indicating a syn-deformation genesis, recent drilling has shown contacts to be most commonly coherent without shearing and whilst the base metal+biotite is aligned the foliation is interpreted to reflect original bedding.

The increase in lode widths at depth, stopping at the basal thrust fault, strongly suggests a spatial relationship at least between mineralization and this fault.

Mineralization is interpreted to be due to replacement of favourable beds adjacent to this feeder structure.

Round Hill

The Round Hill sample was taken from an outcropping bedding conformable vein in the base of Machinery Creek. The historic workings are inaccessible and so we must rely on descriptions by earlier geologists.

Jennings (1958) gives a very detailed description of the geology though drawn largely from Reid (1919). He describes the main style of mineralization as essentially stratiform and stratabound and

occupying anticlinal fold hinges where less competent beds have deformed. Mineralisation occurs where such soft beds meet bedding plane thrust faults akin to Bendigo's saddle reef model. Jennings (1958) sees mineralization as syn-folding with fluids migrating and occupying dilational settings such as these.

The alternative, suggested by the similar age dating, is that mineralization pre-dated folding and was of a replacement style similar to Higgs with subsequent folding and perhaps some remobilisation.

Oliver's Hill

The Oliver's Hill prospect (Devonian Mine) sample was taken from drillcore from DDH OH3, drilled by the then Department of Mines, and stored at the Mornington core store from where the sample was collected.

Early descriptions were provided by Reid (1919) and Jennings (1958). The most recent discussion of the Oliver's Hill ferro-manganese deposits from which the galena samples were derived is from Askins (1980).

"Gossan, consisting of gritty very exotic looking goethite, outcrops in two main zones, which seem to be beds dipping SE (from the drill section data). Quartz feldspar porphyry dykes outcrop poorly. These are presumably Devonian and related to the Dolcoath Granite below. There is presumably a near vertical fractured zone or zones passing NW through the area, in the areas of the gossans and porphyry dykes. This fracture zone is interpreted to have been the plumbing system to bring fluids carrying Pb, Zn, Au, Ag etc. from some point below. These elements are possibly leached from the underlying Cambrian tuffs by meteoric waters heated by the granite. Superimposed(?) Sn mineralization, especially at the Tin Spur end, is possibly due to true metasomatic fluids derived from the granite. The host rock for mineralization was presumably originally pyrite rich sandstone beds which have received the Pb etc. by addition." (Askins, 1980)

Here replacement of favourable beds adjacent to a feeder fault structure is again suggested.

4.1.3 Regional Significance (Wilmot/Washington mine)

Resistivity data from the 3D IP survey broadly maps out bedding (see figure 4.2), being either due to shales in the upper part of the Moina Sandstone (predominantly to the west of Lake Gairdner) or sulphidic zones in favourable strata (Higgs and possibly Round Hill).

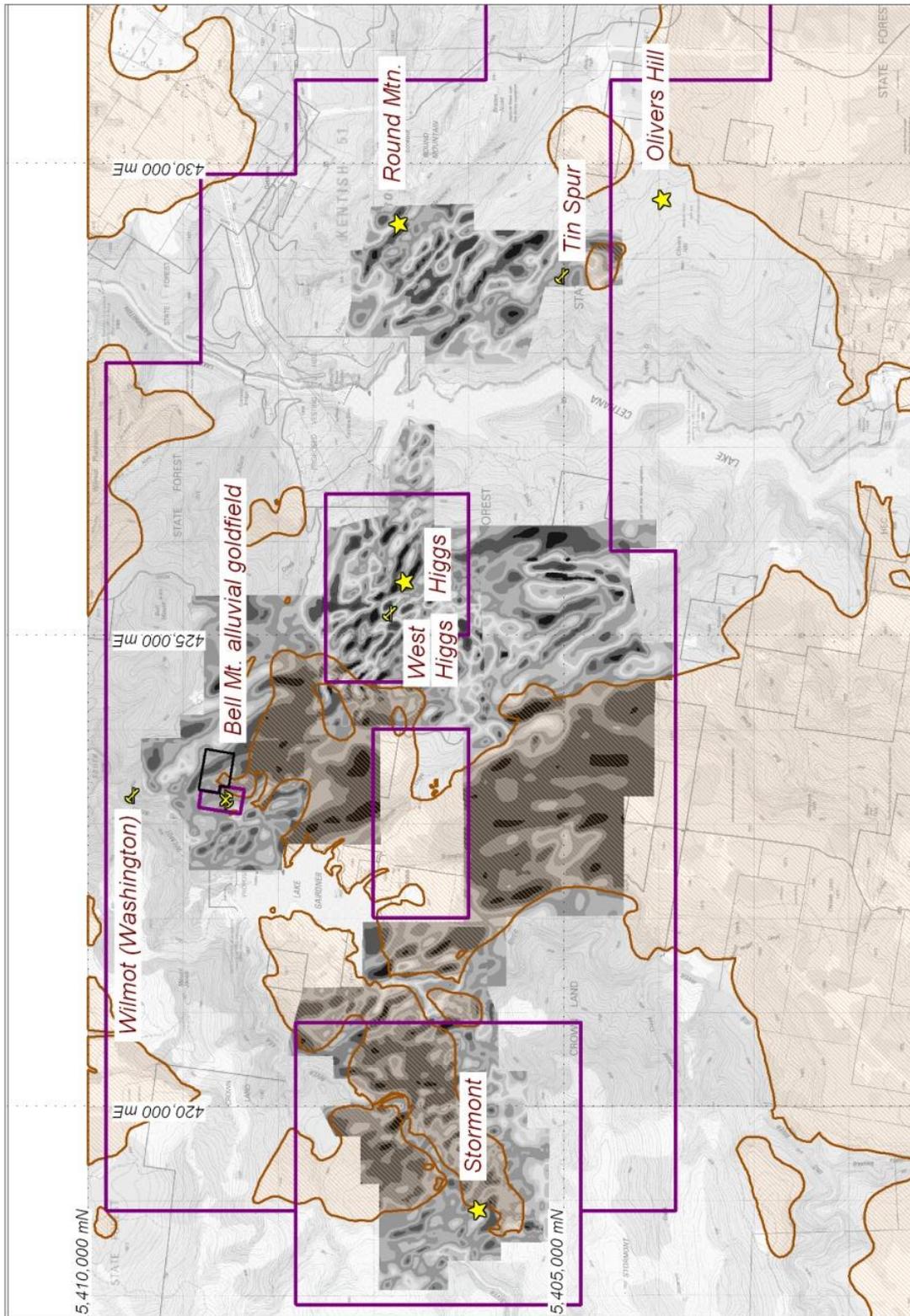


Figure 4.2: Resistivity at 75-100m below surface showing strong structural grain. Lead isotope age dating sample locations as gold stars.

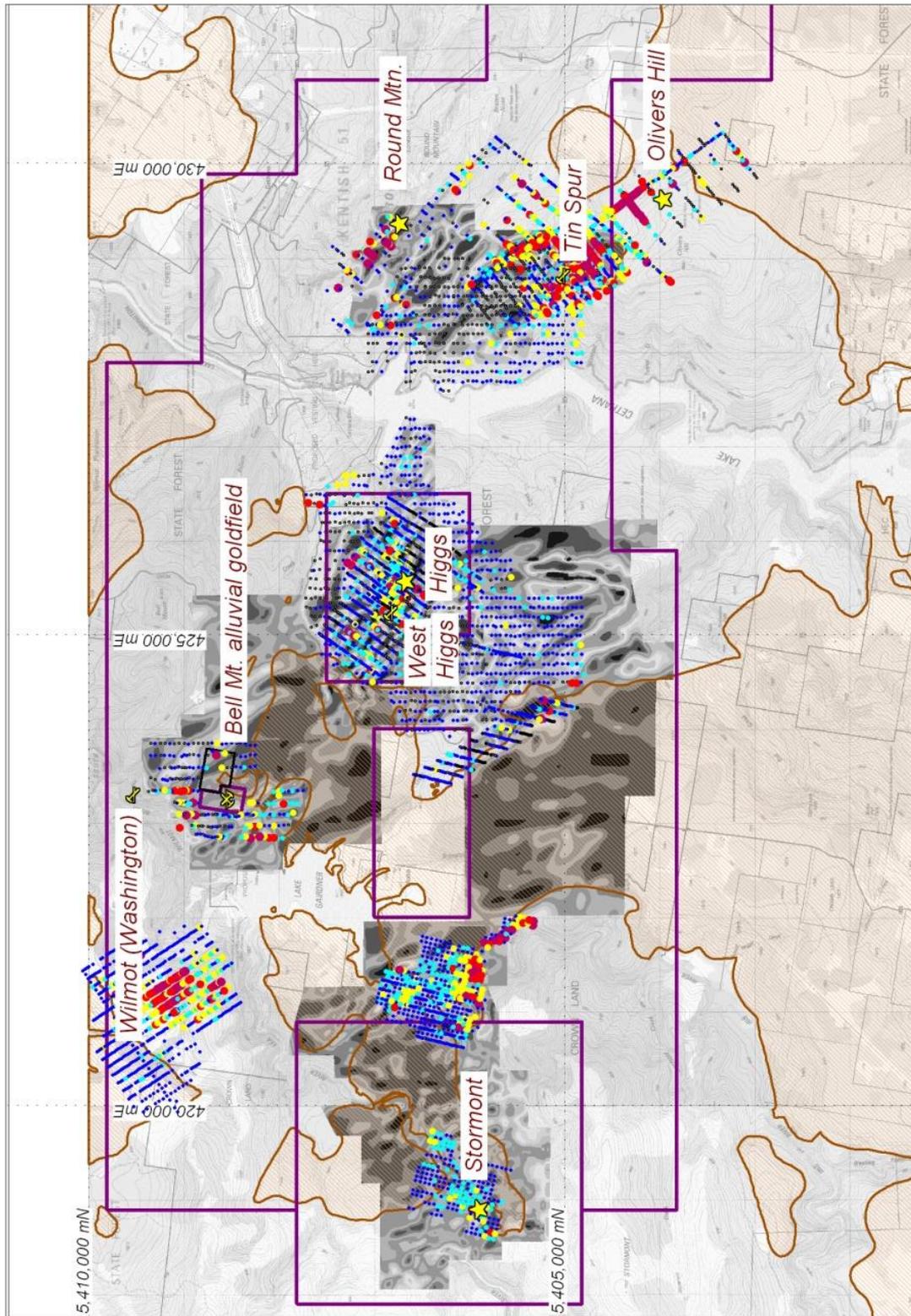


Figure 4.3: Compiled lead in soils superimposed on 3D IP generated resistivity at 75-100m below surface showing lead zone extending from Olivers Hill through Tin Spur and Round Hill, then Higgs through West Higgs to Bell Mount goldfield and the Wilmot (Washington) mine. Note also the Ti Tree Creek anomalies (to the right of the word “Stormont”) and the Mt Jacob anomalies (below the word “Wilmot”).

The resistivity image shows the trend of bedding has a north-northwest to northwest trend except in the Higgs area where the trend is more west-northwesterly. This concurs with mapping and structural data.

Resistivity low trends continue from Higgs through West Higgs to the hills around the Bell Mount alluvial goldfield. Mapping suggests a relationship between these trends and the faults mapped verging with the Bismuth Creek Fault at the northwestern end but trending to Higgs at their southeastern ends.

Descriptions of the Wilmot (Washington) mine (now inaccessible) to the north of the Bell Mount alluvial field refer to impregnations of galena in quartzite, essentially akin to Higgs and West Higgs style.

Thus there is a strong suggestion that the dominantly lead system with +/- silver +/- zinc +/- gold extends from the Wilmot (Washington) mine in the northwest to Olivers Hill to the southwest of Tin Spur.

It appears that the mineralisation style may all be a product of replacement of favourable beds, probably necessarily adjacent to favourable faults, with only relatively minor subsequent remobilisation.

What is unclear is as to whether the mineralised beds from each locality are from the same stratigraphic position and this may be unlikely.

Higgs mineralisation is hosted in gritty units which are reportedly from the upper part of the Moina Sandstone unit. Round Hill mineralisation in contrast is reportedly hosted in shaley units though again from the upper part of the Moina Sandstone. Olivers Hill lead mineralisation must occur closer to the base of the Moina Sandstone unit.

The characteristics of these respective favourable beds are the subject of further study.

4.1.4 Stormont

The younger age for Stormont is perhaps consistent with the overall paragenetic sequence though this means that retrograde skarn formed some 30my to 40my after initial prograde mineralization.

4.2 3D IP appraisal and drill planning

4.2.1 Introduction

Further more detailed appraisal of the 3D IP and in particular 3D modelling of anomalies in Surpac has enhanced target definition. Compiled soil geochemical data, in particular pathfinders Pb and Bi, have reinforced the significance of a number of prospects.

4.2.2 Round Hill

3D IP resistivity also maps out conductivity (the converse). In the Round Hill through to Tin Spur area are a series of three parallel linear conductivity anomalies striking consistently with the regional strike (see figure 4.4).

The northernmost anomaly corresponds with Sales Anticline (see figure 4.5), the anticline immediately adjacent to the Main Anticline on which are the Round Hill Main workings. It lies beneath the Round Hill Central and Round Hill West workings and its central part corresponds with a Turam anomaly defined in a survey conducted by a local mining syndicate (McCoy) and reported on by Jones (1990).

The anomalies surface projection corresponds with anomalous Pb in soils, which together with the relatively minor Pb+Ag occurrences in the West and Central workings support the potential for the Sales Anticline.

The anomaly is linear and 350m long at the 100 ohm contour and lies at a depth of 100-200m. It is relatively narrow being torpedo shaped. It is truncated and offset vertically towards its southeastern end corresponding neatly with an interpreted fault (Jennings, 1958), and again at the southeast end, here corresponding with the Machinery Creek.

A similar tenor anomaly lies beneath the Round Hill main workings themselves. A historical drillhole (RH3, Jennings, 1958) near this anomaly intersected 3.4m @ 12.7% Pb and 4.4oz Ag with Zn and Au not assayed.

It is difficult to conceive of an alternative explanation for the anomaly besides it being due to Pb+Ag+Au+/-Zn sulphides. Two holes are proposed to test this anomaly. Just to the south, beneath the Cockatoo Road is a similar anomaly lying ~50-100m below the surface, which has all the appearances of the Round Hill Main anomaly but without the support of old workings etc. A single hole is warranted to explain this blind conductivity anomaly.

The Tin Spur Creek anomaly is the third and largest of the anomalies, being 1km long and lies beneath the valley floor at a ~50m. Structurally it lies in Moina Sandstone in the footwall to a north verging thrust.

Here anomalous Pb and Bi in soils is partly coincident with the anomaly providing support. This anomaly is the largest and appears the most stratigraphic of the three. A single hole is proposed to explain the source of the conductivity anomaly.

4.4.3 Tin Spur

At Tin Spur the 3D IP has defined a very strong chargeability between 100m and 300m beneath the surface. At the 40mV contour the anomaly would contain 30Mt. Geologically the anomaly must lie within the upper part of the Cambrian porphyry unit.

Tin Spur has historically been a tin+gold prospect with old workings chasing either. Comalco defined an inferred on surface resource resource of 1MT @ 1% Sn and 0.1g/t Au.

Trenching in 1990 showed gold to 7.1g/t & 6.8g/t Au. Historical drillholes DDH TSD2 intersected 1m @ 5g/t Au and TSD3 1m @ 1.7g/t Au but pulled up short of the anomaly. Drillholes show increasing sericite+pyrite alteration towards the anomaly.

A single 400m hole is proposed to test the anomaly.

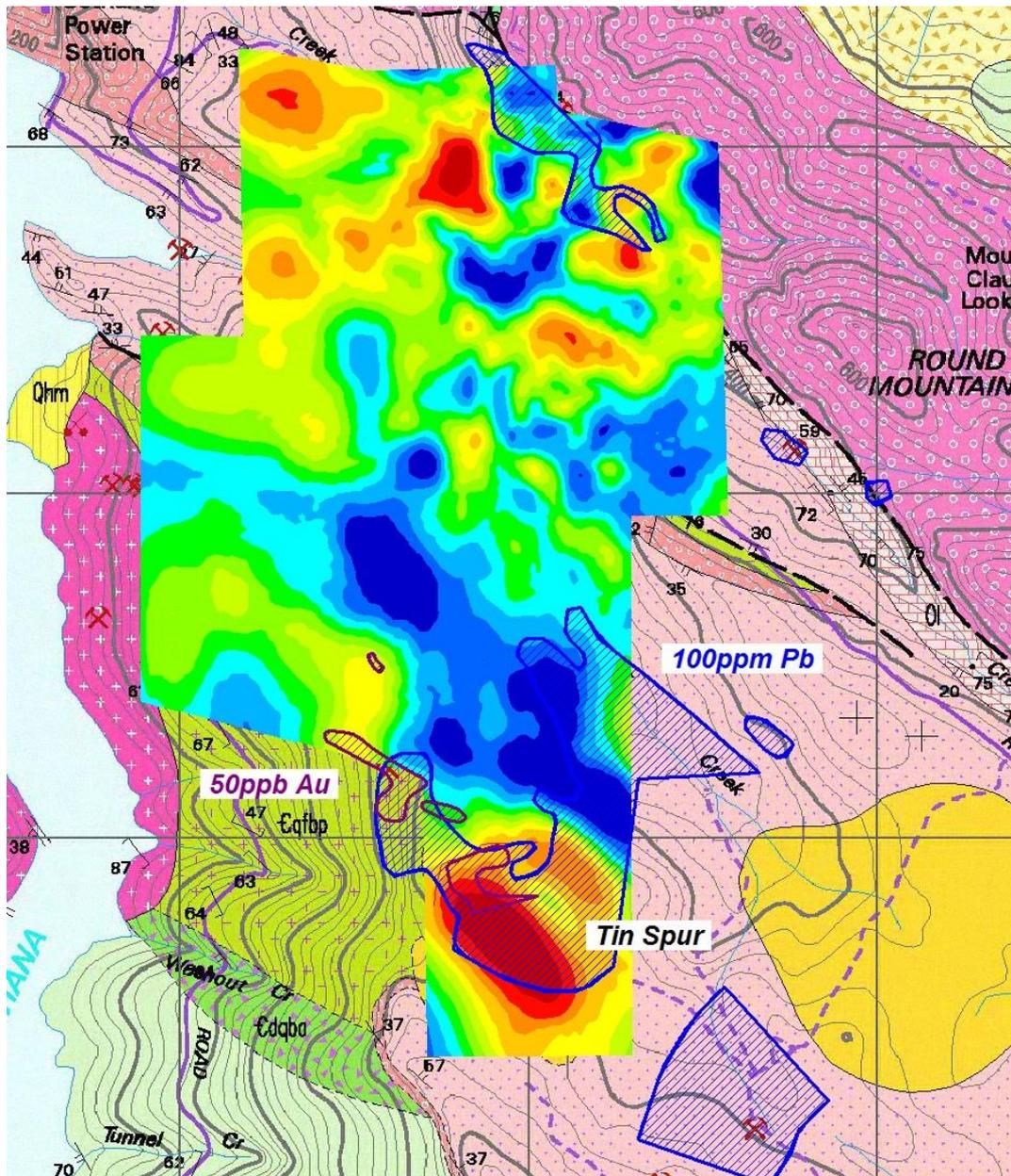


Figure 4.6: Tin Spur chargeability anomaly at 200m depth (lower central) with Pb and Au soil anomalies shown as blue hatch (200ppm Pb contour) and maroon hatch (50ppb Au contour) respectively. Background is MRT 1:25,000 Cethana geology.

4.4.4 Bell Mt. Goldfield

The Bell Mount goldfield has produced over 3000oz's from alluvial workings with large nuggets not uncommon. It continues to produce nuggets up to 3oz in size.

The alluvial (?) gold is found in the base of a thin layer (generally <1m) of Tertiary aged scree and gravel which covers the slopes of the hills which surround and define the basin. The source of the gold has long been a subject of conjecture though Reid (1919) ultimately favoured the conclusion that "the bulk of the gold has been concentrated from pyritic veins contained in sandstone near the

present workings" (the concentration taking place in a palaeo-lake environment with carbonaceous muds creating a reducing environment – see below).

3D IP conductivity anomalies can be seen extending from Higgs/West Higgs in a west-northwesterly direction beneath basalt cover until they re-appear paralleling mapped faults which meet the Bismuth Creek Fault in the vicinity of the Bell Mount alluvial goldfield.

By analogy with West Higgs/Higgs these conductivity anomalies must be due to sulphides (pyrite/pyrrhotite+/-base metals) in biotite hornfels.

Similarly strong chargeability anomalies also underlie the goldfield. Pyritic sandstone which may be the source of the chargeability anomalism outcrops along the Lake Gairdner dam road and in a quarry just north of Bell Creek.

The location of this goldfield, source of gold uncertain, at the northwestern end of a structural/geophysical corridor with the Higgs and West Higgs deposits/prospects at the southeastern end suggests a genetic relationship between the two, certainly a relationship worth investigating.

Exploration at Higgs and West Higgs in the Narrawa Creek valley has intersected sulphidic mineralisation in two associations or facies. Discrete, stratabound/stratiform, biotite hornfels with variable Pb+Zn+/-gold facies is surrounded by a broader halo of pyritic+/-gold sandstone facies where it has had grades in excess of 20g/t Au. 3D IP indicates both rock types are present beneath the Bell Mount alluvial goldfield.

Underpinning the interpretation of the source of the Bell Mount gold is the morphology of the gold and to some degree the shape of the natural basin in which the goldfield lies. Many nuggets had a flat base suggesting that gold may perhaps have been dissolved by groundwater from bedrock and re-precipitated on carbonaceous muds in a Tertiary aged lake. Either of the two facies of sulphide may have been the source of the gold.

Limited sampling in the old quarry returned up to 0.14g/t Au in pyritic sandstone with elevated lead and zinc but gold grades are also quite variable at Higgs/West Higgs.

If the chargeability anomalies are due to economic mineralisation they would contain collectively over 60Mt.

An alternative proposition is that the gold shed from a discrete quartz reef which outcropped on the hills west of the goldfield. Certainly there are a number of mapped faults and as a junction between first (Bismuth Creek Fault) and second order structures is in a favourable structural setting. This might also explain the flat surface on some nuggets with the gold from the margins of the vein with the flat surface representing the vein wall.

A series of 6 or 7 holes is justified in testing the various anomalies and structural settings (see figure 4.7).

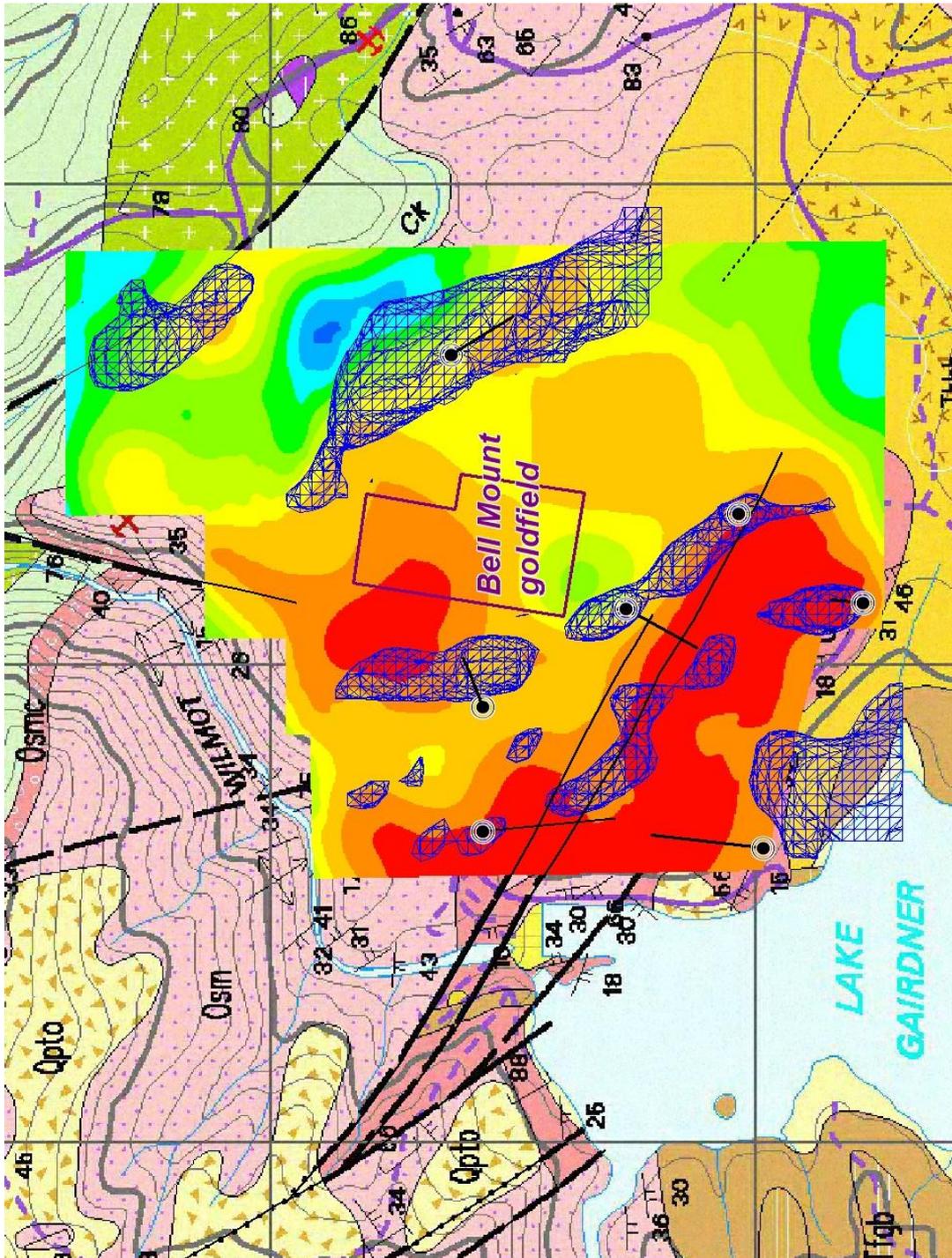


Figure 4.7: Bell Mount goldfield chargeability anomalies at 200m depth (red blotches) and conductivity anomalies (blue hatch) with nominally proposed drillholes. Background is MRT 1:25,000 Cethana and Lea sheets.

4.4.5 Ti Tree Creek

The Ti Tree Creek area is a window outcropping skarn and other calc-silicate rocks around the Iris River and Ti Tree Creek just upstream from the Iris River bridge. 3D IP defines a number of strong linear conductivity anomalies, helimagnetics defines a number of strong linear magnetic highs and soils define coherent zones of anomalous Pb and Bi (see figures 4.8 and 4.9).

Drilling to date has intersected grades up to 1m @ 1.32 g/t Au & 0.1B% Bi in TC04, and 1m @ 1.2 g/t Au in TC05.

No drilling is proposed at Ti Tree Creek on EL 29/2009 at present pending results of drilling the Ti Tree Creek central trend magnetic high in EL 42/2010. Potential drill targets include the Link trend and the Iris River Fracture Zone where obscured by alluvials.



Figure 4.8: Legend for Comalco geology in figure 4.9

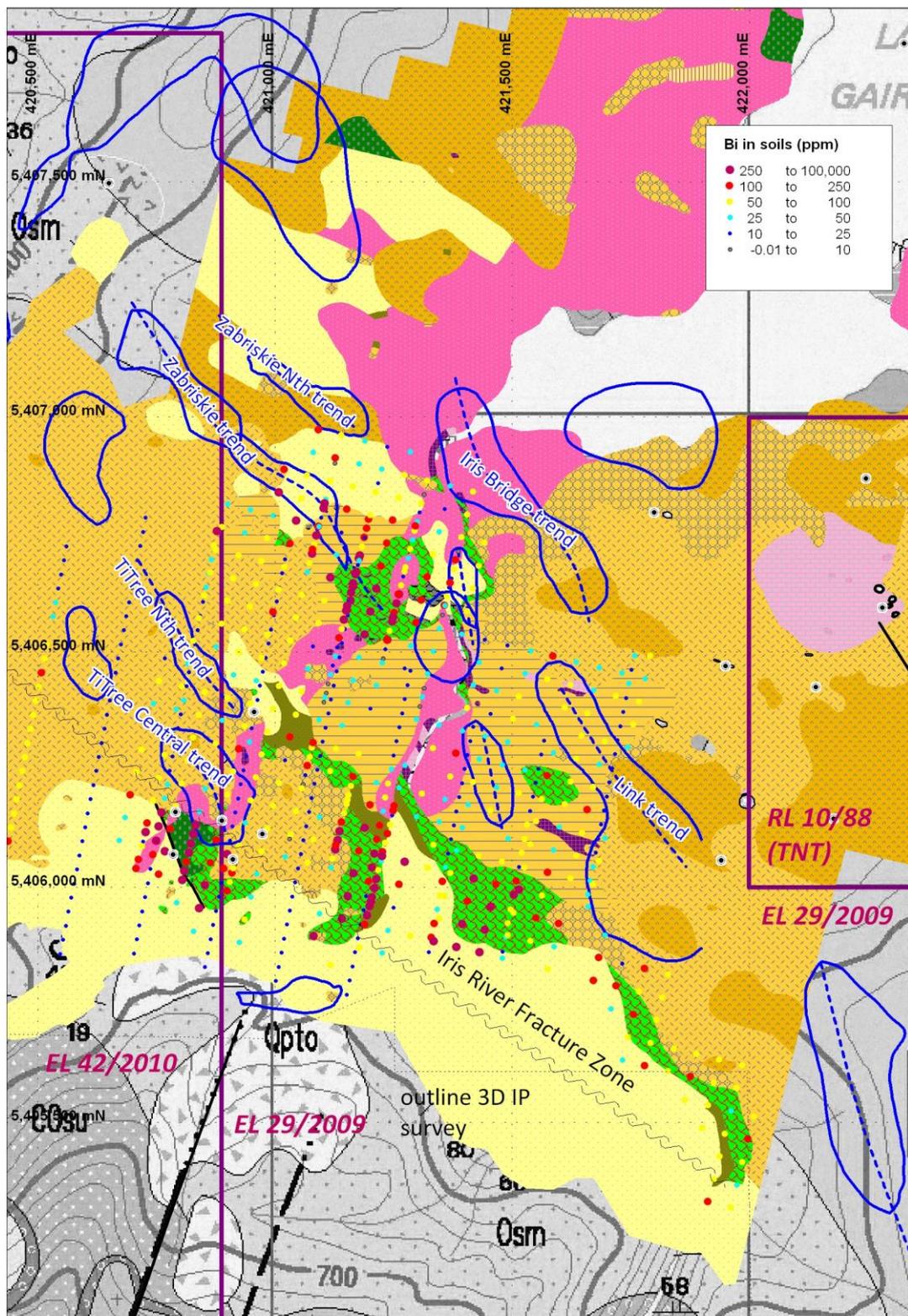


Figure 4.9: Ti Tree Creek prospect showing Bi in soils and conductivity anomalies in blue on background of Comalco geology superimposed on Mineral Resources Tasmania 1:25,000 Cethana and Lea sheets.

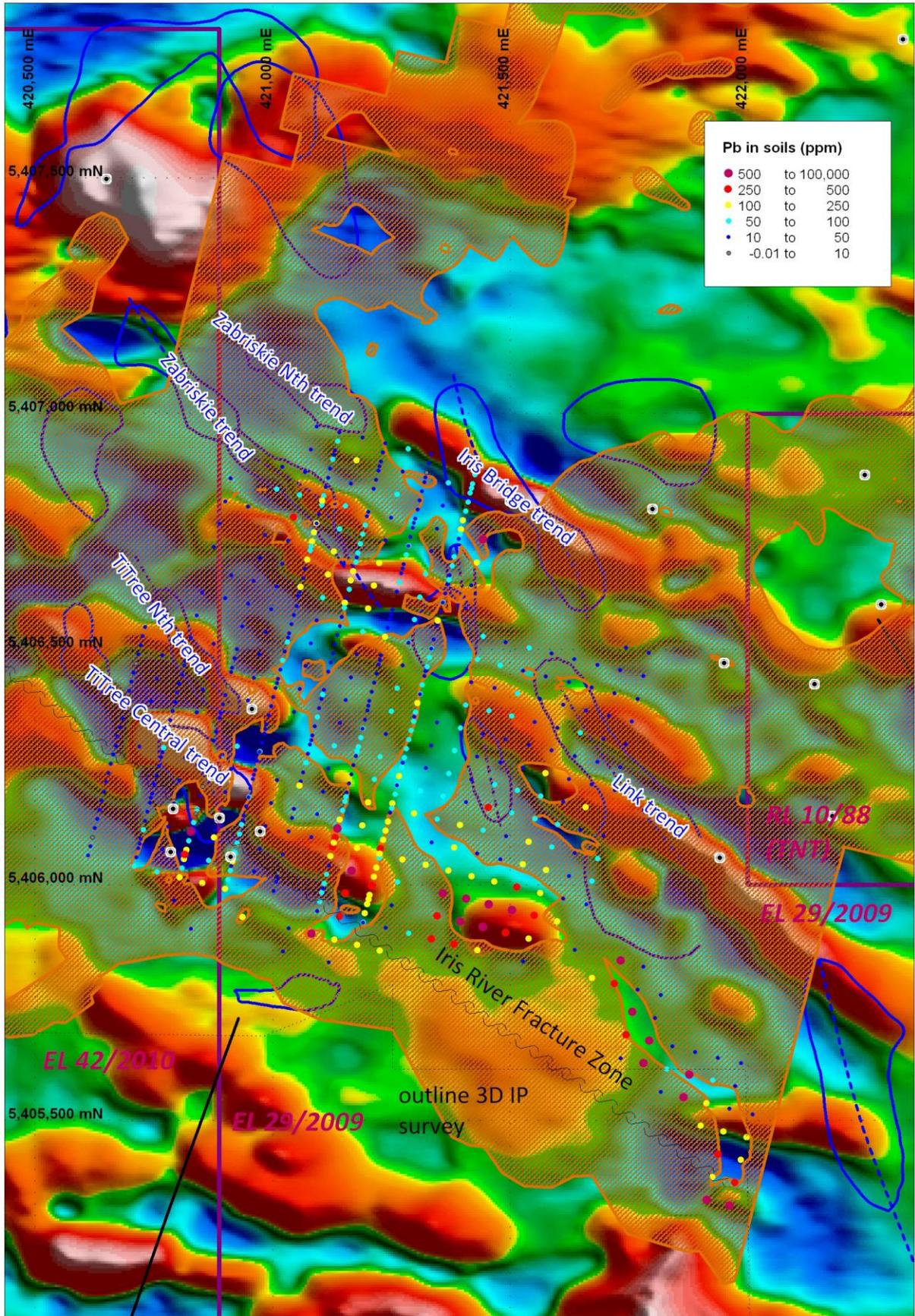


Figure 4.10: Ti Tree Creek prospect showing Pb in soils, extent of Tertiary cover (orange hatch) and historical DDH's (black spots) superimposed on regional aeromagnetics 2VD RTP image.

5.0 Conclusions

EL 29/2009 constitutes a significant portion of Torque's Moina Project.

Improved understanding of the nature and setting of mineralisation in the Moina area, added to an extensive regional 3D IP, high resolution helimagnetics and a large soil geochemical database has defined a number of highly prospective drill targets at Round Hill, Tin Spur and Bell Mt. goldfield. It is recommended that this drilling is carried out.

6.0 Environment

No field work was undertaken in this reporting year and thus there has been no environmental impact on the licence area. A report accompanying the last field programme was provided in MacDonald (2012).

7.0 Expenditure

	2012/2014
Geology	\$82,244
Geochemistry	\$585
Drilling	\$1,939
Other costs (inc rental)	\$5,959
<u>Administration</u>	<u>\$7,707</u>
TOTAL	\$98,434

8.0 References

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