

**Torque Mining Ltd**  
**Annual Report on Exploration**  
**EL 42/2010 – “River Lea”**  
**April 2013 - April 2014**

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## Abstract

This reports primary role is to detail exploration on EL 42/2010 for the period April 2013 to April 2014. The assay results from SFD57 and SFD58, now within ML 1M/2013, were not reported in the 2012/13 report for EL 42/2010 but have been included here for completeness and consistency.

Similarly whilst most of the Far West drilling took place towards the end of the 2013/14 reporting year, some drilling extended into the 2014/15 year. Whilst normally that work would be held over and reported next year it is considered to be safer to include the later drilling in this report, again for completeness and consistency, particularly since the exploration work at the Far West prospect is considered to be completed.

The focus of work in EL 42/2010 during the reporting year has been:

- Completion of DP&EMP and granting of ML 1/2013 towards mining the Stormont Au+Bi deposit.
- Assaying core from SFD57 and SFD58 drilled previously into the Western Syncline prospect.
- Drilling 11 holes for 240.45m, i.e. SFD67 to SFD77, into the Far West prospect.
- Lead isotope age dating study by Dr Dave Huston, Geoscience Australia.

## Results

- Mining of the Stormont orebody on the now excised ML 1M/2013 is successfully underway at the time of reporting. Work on this lease is now separately reported.
- Assaying of the two Western Syncline holes has confirmed that the empirically more favourable (based on Stormont) upper part of the skarn sequence has been eroded.

SFD57 intersected elevated but low grade Au and Bi with a best of 0.9m @ 0.4g/t Au and 918ppm Bi.

SFD58 also intersected elevated but low grade Au and Bi with bests of 1.8m @ 0.33g/t Au also 6.2m @ 975ppm Bi.

In both cases the holes collared in skarn and given the thickness of skarn intersected (9m in SFD57 and 13m in SFD58) in each hole, it is clear the favourable upper skarn has been lost to erosion.

- Drilling of the Far West anomaly has shown the gold+bismuth skarn system to continue this far west, and to be preserved (in part) from erosion, but at a lower tenor than desired.

Two magnetite rich zones are recognisable in all holes except SFD70 where it has been faulted off. Better assays spatially correspond with these magnetite rich zones.

Upper magnetite zone

- 3.0m @ 0.21g/t Au and 418ppm Bi (SFD70),
- 3.0m @ 0.75g/t Au and 541ppm Bi (SFD71),
- 2.0m @ 0.62g/t Au and 305ppm Bi (SFD72), and
- 3.7m @ 0.04g/t Au and 213ppm Bi (SFD73)

Lower magnetite zone

- 2.0m @ 0.045g/t Au and 111ppm Bi (SFD71),
- 0.5m @ 7.01g/t Au and 4065ppm Bi (SFD72),
- 0.6m @ 1.28g/t Au and 165ppm Bi (SFD73)

Sufficient work has been completed on these two prospects to the west of Stormont to have adequately tested their potential for further gold +/- bismuth mineralisation. No further drilling is warranted at these prospects.

- Pb isotope dating of the Stormont mineralisation showed that is slightly younger than the Middle Devonian base metal rich occurrences at Higgs, Round Mtn. and Oliver's Hill but would still fit with these three base metal occurrences being formed early in the granite's emplacement with the mineralisation at Stormont hosted in a retrograde assemblage with cooling.

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## **1.0 Introduction**

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### **1.1 Exploration Rationale**

Frontier Resources Ltd/Torque Mining Ltd is actively exploring for gold principally but with Bi, Mo, W, Sn, Cu, Pb, Zn, Ag, F and rare earths also targeted.

Most mineralisation known in the licence area and district is associated with the Dolcoath Granite, largely as skarns but with some lode style also.

In areas not under Tertiary cover soil sampling should be an effective tool bearing in mind the narrow shape of probable gold skarn mineralisation.

Beneath Tertiary cover (and in areas of poor outcrop) geophysics may provide vectors to favourable setting. Known gold skarn mineralisation is found in retrograde skarn assemblages which appear to immediately overlie magnetite rich skarn.

The regional 3D IP survey has shown correspondence between Stormont and the two adjacent syncline hosted skarn bodies (Western and Eastern Synclines) and shallow anomalous conductivity highs. This conductivity is apparently due to shale in the upper Moina Sandstone (i.e. stratigraphically just beneath the skarned sequence) but may be used to map out synclines, a favourable structural setting for the preservation of skarn.

## 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 thin veneer of Tertiary basalt covers this basement geology in the far north-western corner of the licence.

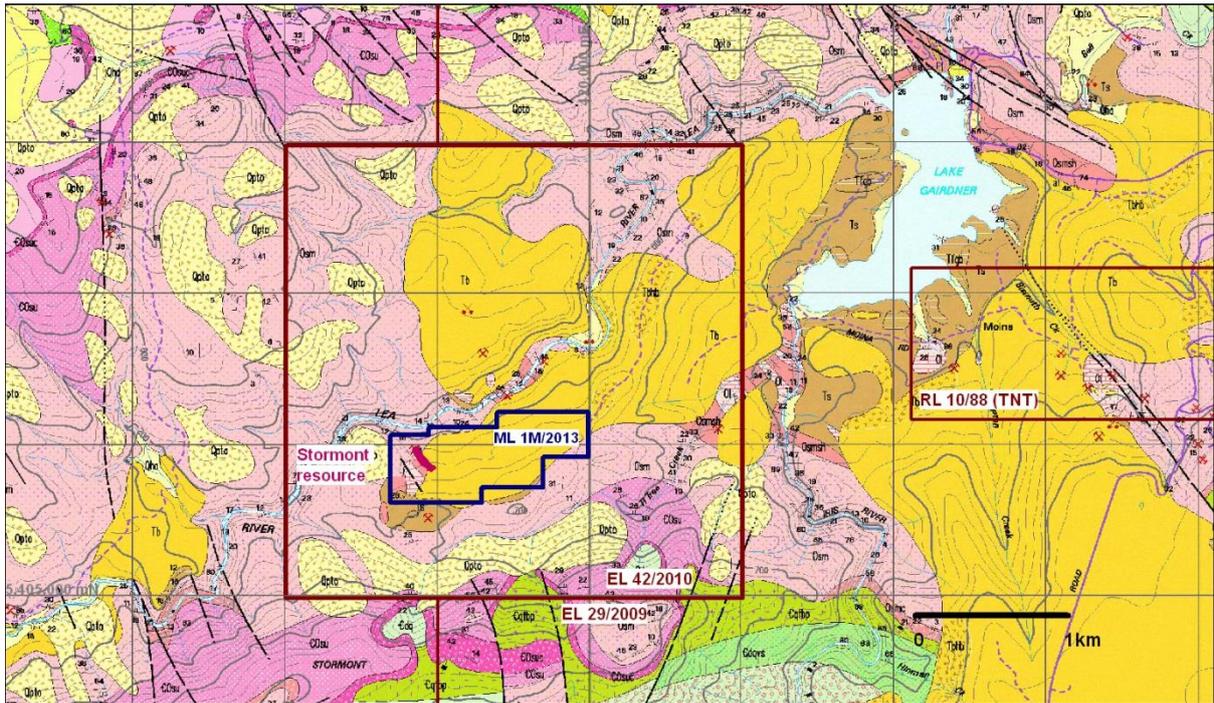
Cambrian rocks only outcrop along the southern margin of the licence area where they are a quartz+feldspar+biotite porphyry.

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 regionally though it is believed that this unit does not occur within the licence area.

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 in the south-eastern corner of the licence. Subsurface the granite is known to extend as a spine extending westerly from the area of outcrop.

The Cambrian-Ordovician sequence within the licence area lies on the southern limb of a broad (~10km wavelength) open east-west trending F1 syncline. This folding occurred early in the Middle Devonian Tabberraberran 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 chasing 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).



**Figure 1.1: Tenement geology after Mineral Resources Tasmania's mapping – Lea and Cethana 1:25,000 sheets. Green rocks are Cambrian volcanics, porphyry and volcanics unconformably overlain by pink rocks which are Ordovician sediments. These Palaeozoic rocks are unconformably overlain by brown and orange rocks are Tertiary sediments and basalt respectively. Light yellow rocks are largely Quaternary talus and alluvium.**

### 1.3 Location and Access

EL 42/1010 "River Lea" lies immediately west of Lake Gairdner on the margin between Tasmania's central north and west coast. It is one of three contiguous tenements which constitute Torque Mining Ltd.'s Moina Project, centred on the Dolcoath Granite.

The licence is accessed by bitumen road to the Moina township turn-off on the Cradle Mountain Link Road, about 3 km's from the licence's eastern boundary, thence by a gravel road. The last section beyond the boom gate near the Iris River bridge is a logging road owned by Forestry Tasmania. This road provides the only practicable access within the licence though over grown logging roads north of the River Lea may be accessible when the River Lea is crossable (dry times, temporary bridge).



**Figure 1.2: EL 42/2010 River Lea and Moina Project location, northern Tasmania.**

### 1.4 Land Status, Usage, Topography and Vegetation

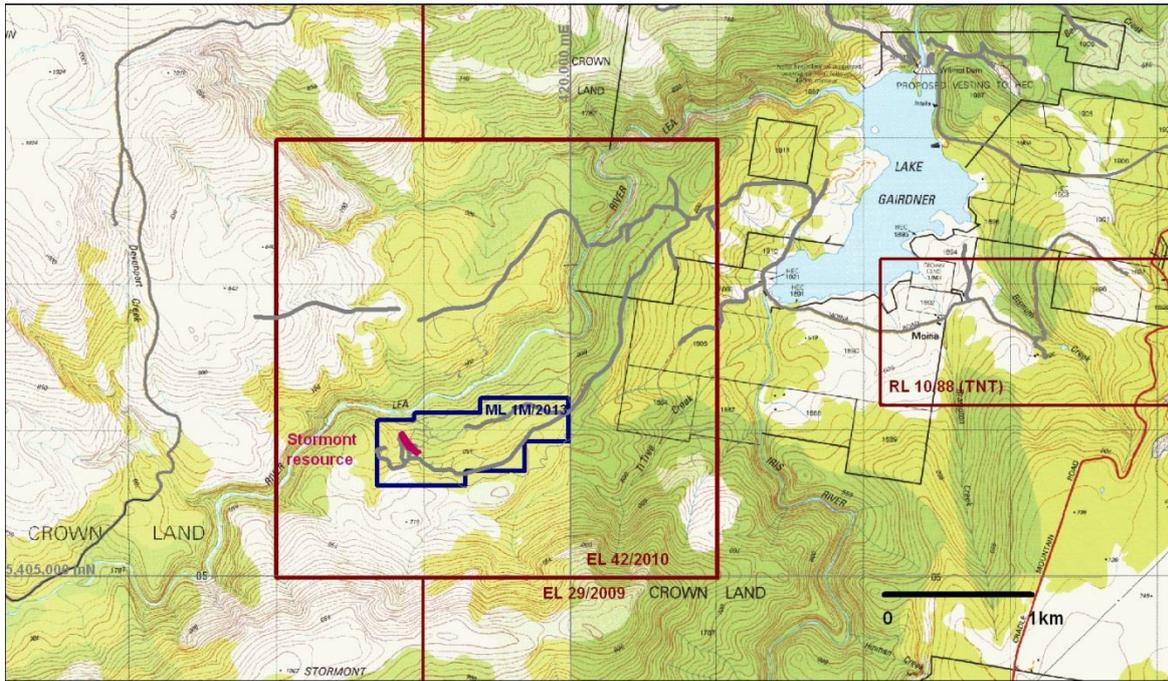
95% of the licence area is classified as State Forest or Crown Land. The remaining 5% is private land on the eastern margin of the licence around Ti Tree Creek where it is maintained as bush. The only use the area has been put to is forestry.

Topographically the licence lies amongst the foothills of the Black Bluff Range and Stormont at elevations between 500m and 900m above sea level.

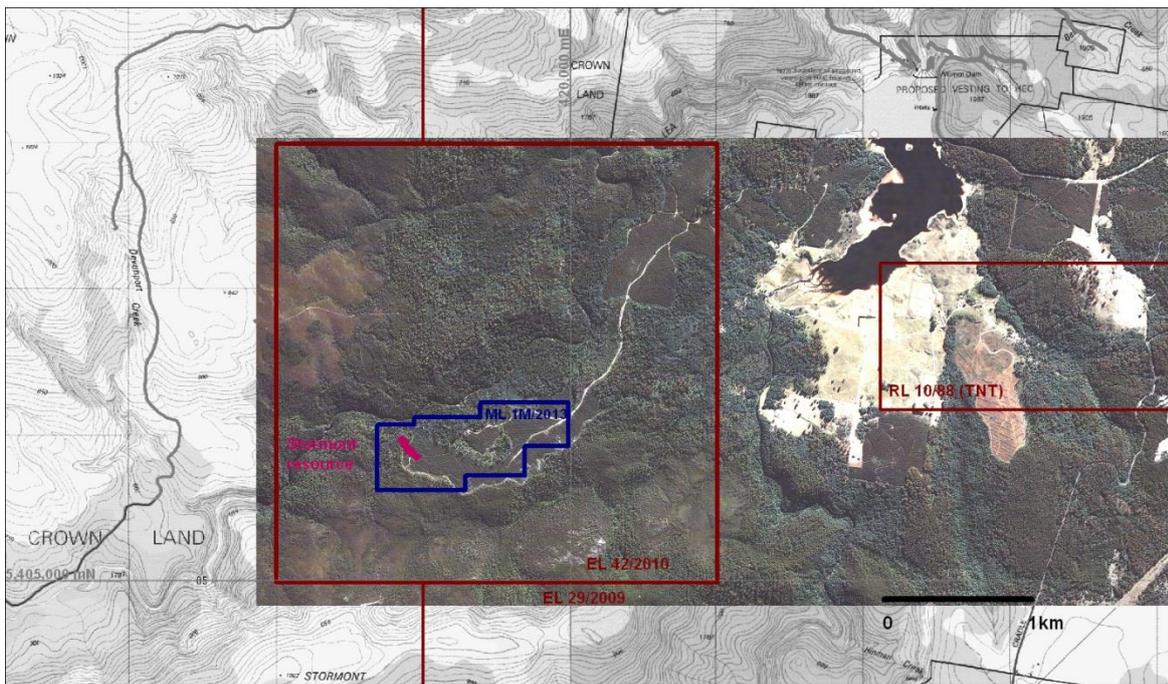
The licence is diagonally bisected by the northeast flowing River Lea with the southern part of the licence being the northern slopes of Mt. Stormont, the northern side of the river a plateau in the foothills to the Black Bluff Range to the west.

The Stormont deposit lies at the westernmost edge of a Forestry Tasmania (+/- Gunns Ltd JV) plantation which extends along the ridge between the River Lea and Ti Tree Creek to the south. The area north of the river has seen logging in the past but is now just regrowth.

Apart from the plantation areas most of the vegetation type is either wet Sclerophyll, "low dense vegetation" i.e. bauera/ti tree, or heath.



**Figure 1.3a: EL 42/2010 "River Lea" and ML 1/2013 showing topography, tracks and prospects – base is 1:25,000 Tasmap (Lea and Cethana sheets).**



**Figure 1.3b: EL 42/2010 "River Lea" and ML 1/2013 showing topography, tracks and prospects – base is orthorectified airphoto**

### 1.5 Tenure

The licence was granted to Frontier Resources Ltd. on 3<sup>rd</sup> April 2011 as a result of a successful tender under the ETA system (after the inadvertent relinquishment of Frontier's previous licence RL 4/2005). On 4<sup>th</sup> May 2012 the licence was transferred to Torque Mining Ltd, a private company owned in part by Frontier Resources Ltd, in part by people connected with Frontier Resources Ltd.

On 3<sup>rd</sup> November 2013 part of EL 42/2010 was excised from the licence and granted as Mining Lease ML 1/2013 to the Stormont JV between Torque Mining Ltd (45%), BCD Resources NL (50%) and Frontier Resources N.L. (5%).

### 3.0 Review of previous work

Historical exploration over the tenement area would have commenced in the latter part of the 19<sup>th</sup> century, however, successful discoveries only commenced in the early part of the 20<sup>th</sup> century with the Stormont Au+Bi deposit discovered in 1928.

Other old workings which date back to the early phase of prospecting are the Fletchers Adit workings, Stormont gold mine, Lea River alluvials and the western portion of the Ti Tree Creek workings.

The following summary draws largely from Purvis (2000) with post-2000 exploration added.

"Largest was the Stormont Mine, where a 40m long and 8m deep opencut with 40m long adit were excavated in a body of mineralized skarn between 1928-34. The mine produced 6.3t of bismuth concentrate containing 63% bismuth and 91 oz of gold (Roberts, 1986).

A similar but more weakly mineralized Au-Bi skarn was prospected at Fletchers Adit on the south bank of the Lea River 1km NE of Stormont Mine. There is no record of production from Fletchers.

Alluvial gold was worked in the Lea River downstream of the Stormont Mine and Fletchers Adit occurrences.

Hard rock gold, hosted by thin quartz veins in a fault in Ordovician sandstone with conglomerate bands, was prospected by shafts 15m deep at the Stormont Gold Mine on the northern slopes of Mt Stormont (Twelvetrees, 1913). Again, there is no record of production.

There is no record or visible sign of historic prospecting in the Ti-Tree Creek skarn.

Modern large-scale systematic exploration of the (licence) area was initiated by Mt Lyell Co. in 1965. After an aeromagnetic survey they cut a grid extending from the Lea River to the Cradle Mountain Road. They followed up with detailed grids over the skarns at Ti-Tree Creek and the Stormont Mine - Fletchers Adit area.

(Just east of EL 42/2010's eastern boundary) magnetic and bismuth-in-soil anomalies delineated over the Ti-Tree skarn were investigated by 700m of costeaning and two test lines of pole-dipole IP. IP anomalies and costean rock chip intersections up to 10m @ 0.48% Bi were obtained. Drilling was recommended but not done.

In the Stormont Mine - Fletchers Adit area Mt Lyell undertook soil sampling and gradient array IP. They delineated a large skarn with modest bismuth-in-soil and IP anomalies north of the Lea River opposite Fletchers Adit, but did no drilling. No further work was done at Stormont Mine because their estimate for the mineralized skarn body (250,000 tons) was regarded as too small (McKibben, 1972). Mt Lyell withdrew in 1972.

In 1972-73 the Department of Mines drilled two holes into the Ti-Tree Creek. DOM2 (101m – within EL42/2010) intersected 15m of skarn at surface with a best interval of 3.2m @ 0.19% Bi & "trace" Au. DOM3 (95m – just outside EL 42/2010) intersected 13m of skarn and calc-silicate under 10m of Tertiary basalt, for a best result of 1m @ 0.11% Sn. From 1974-79 the licence area was part of a major exploration effort by Comalco, who discovered and drilled out the Moina Deposit (26 million tonnes @ 18% CaF<sub>2</sub>) (further east of EL 42/1010).

They searched the surroundings for similar mineralization, gridding almost the entire area at 50m spacing and carrying out mapping, soil sampling, magnetics, some IP and drilling.

At Ti-Tree Creek Comalco determined the DOM2 skarn contained up to 5.6% F. Chip sampling of outcropping magnetite-pyrite skarn returned values up to 0.65g/t Au over 4m. They drilled hole SMD31 (41m – inside EL 42.2010) to test a magnetic peak, intersecting 7m of magnetite skarn with low values: 0.15g/t Au & 1% F. They did a gradient array IP survey over Stormont Mine and Fletchers

Adit which indicated skarn extensions SW of Stormont, and east and west of Fletchers. However, they did no drilling at either prospect."

"Comalco was followed on the Moina project by two JV partners: Shell and CRA. CRA reassayed most of the Comalco holes for gold, concentrating on those in and around the Moina Deposit. In 1981 Shell drilled LGD1 (254m) at 5407500N / 420650E within (EL 42/1010), to test a coincident magnetic / gravity anomaly on the Moina Sandstone ridge west of Lake Gairdner. Below 101m the hole was in magnetite-veined Mt Read Volcanics. It was devoid of mineralization.

In 1983 Gold Fields Exploration took up the Stormont area after it was dropped by the Comalco JV. GFEL's target was gold and they determined all streams draining north from Mt Stormont were anomalous in gold. Channel sampling of the old workings at Stormont Mine returned values up to 42m @ 9.56 g/t Au & 0.5% Bi. Sampling of the final face in the adit showed the old miners stopped in ore grading 36.5 g/t Au and 1.1% Bi.

From 1988-90 GFEL drilled 21 holes at Stormont Mine and 9 near Fletchers Adit. The most significant intersections were in the Stormont skarn: 13m @ 4.1g/t Au, 0.46% Bi (SD1); 2.1m @ 12.8g/t Au, 0.35% Bi (SD3); and 5.4m @ 2.5g/t Au, 0.1% Bi (SD10).

At Fletchers the holes were all north of the Lea River and outlined a large area of weakly auriferous skarn mostly beneath thin Tertiary basalt. Best intersection was 2m @ 1.5 g/t Au in FD7. One hundred metres away the northern-most hole (FD8) had a 35m gold-anomalous section with 21m assaying 0.3 g/t Au. Despite the encouraging drill results GFEL withdrew in 1991.

In the 5 years Goldstream-Titan had (old EL) EL20/92 the exclusive focus of groundwork on the licence was drilling at (the) Stormont (Au+Bi) Mine. They put down a further 32 short holes, mostly in peripheral areas for generally poor results. Better intersections were all in the main mineralized zone: 10.5m @ 1.4 g/t Au (SD33); 9.5m @ 2.7g/t Au (S036); 196m @ 2.9g/t Au (S039) and 8m @ 1.8g/t Au (S044). They estimated the deposit contained 100,000 - 150,000t @ 2-4g/t Au (Newnham, 1996).

The only work done by Goldstream-Titan on the EL outside Stormont was a high resolution helicopter-borne aeromagnetic survey of the whole 25 sq km tenement (EL 20/92) in 1996." (Purvis, 2000)

In August 1999 EL 20/92 was transferred to Jervois Mining N.L. (Jervois). In early 2000 Jervois drilled 4 holes (NTW size = 64mm) in the Stormont prospect (Purvis, 2000). Holes ST01, ST02 and ST03 were drilled at the southeastern end of the central zone with ST04 drilled into the western zone. All holes were drilled vertically. Both ST01 and ST02 intersected unmineralised skarn. ST03 was drilled apparently east of the Stormont fault. The results of the three holes in the central zone were poor but appear to have closed off the main mineralised zone between SD44 and ST01. ST04 in the western zone intersected 2.0m at 3.5g/t Au.

Jervois also drilled five holes (TC01 to TC05) totalling 188m (of which TC01, 04 and 05 lie within EL 42/2010) at the Ti Tree Creek skarn magnetic anomalies, anomalous Bi in soils and IP anomalies from the Mt Lyell survey. Four of the five holes intersected skarn though best result was 1m @ 1.32g/t Au and 0.18% Bi in TC04.

Frontier commenced work on the Stormont prospect in early 2008, completing diamond drillholes SFD001 to SFD016 (for 543.9m). All holes were drilled HQ/NQ. Frontier also carried out further channel sampling in the open cut with 16 samples for 21.8m.

In 2009 Frontier estimated a JORC compliant Inferred Resource for the deposit (at 1.5g/t Au cut-off) of 91,400t @ 4.57g/t Au, 0.30% Bi and 3.52g/t Au for 13,430 oz Au, 277t Bi and 10,340 oz Ag.

In 2011 Frontier drilled a further 31 holes for 872.1m's to upgrade the resource from Inferred to Indicated status. 38.7m's of channel samples were also taken along the northeastern wall of the open cut to aid in this estimate.

This work resulted in the estimation of an Indicated Resource of 84,536t @ 4.38g/t Au and 0.23% Bi for 11,906 ounces of gold and 197 tonnes of bismuth at a 1.5g/t Au cut-off or 157,144t @ 2.78g/t Au and 0.17% Bi for 14,047 ounces of gold and 264 tonnes of bismuth at a 0g/t Au cut-off.

In addition to the resource work a further 8 holes were drilled to the southeast of the resource with better intersections SFD53 1m @ 5.86g/t Au, SFD50 2.8m @ 4.7g/t Au and SFD49 1m @ 2.8g/t Au.

The licence was also included in an ambitious 24skm regional 3D IP survey which covered the Stormont deposit and extended 500m's further west to cover the Western Syncline and Far West helimagnetic anomalies.

The Far West area was also soil sampled and a ground magnetic survey conducted, with anomalous Au and Bi coincident with a linear magnetic high.

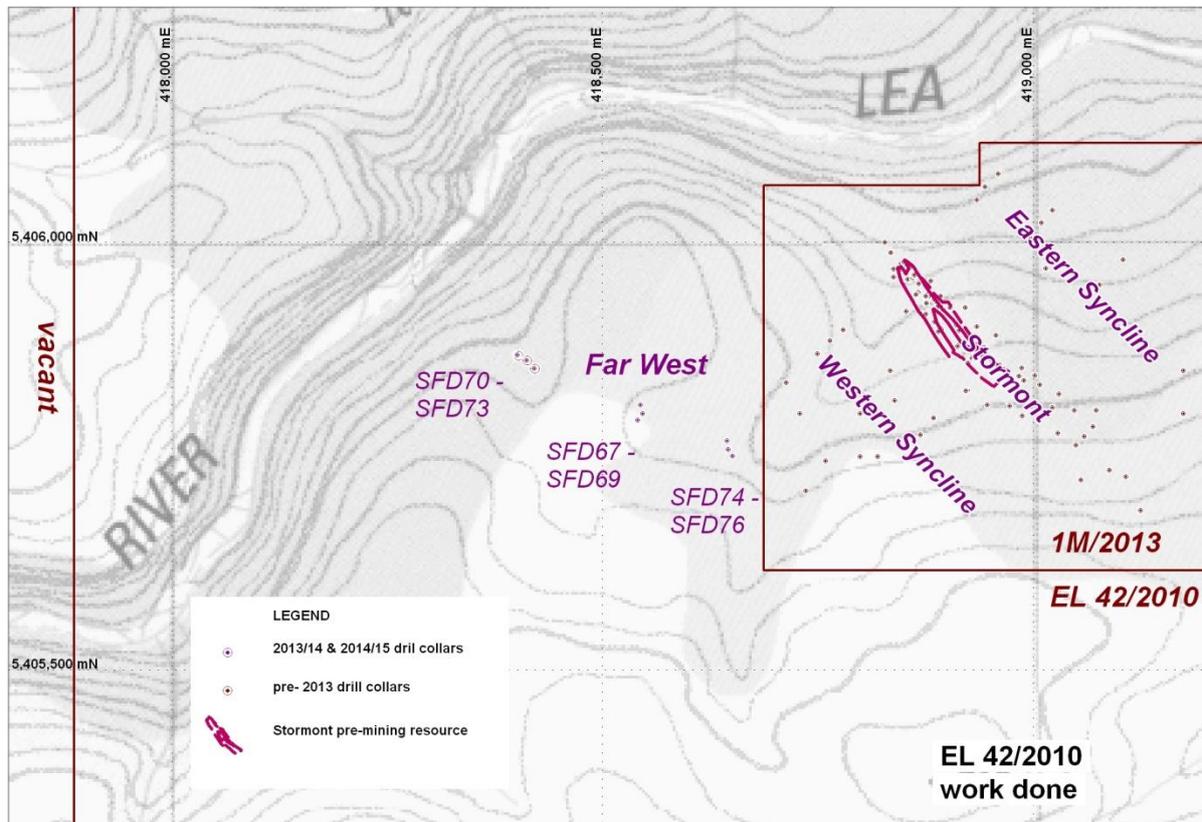
### 3.0 Exploration during the reporting period

#### 3.1 Introduction

The focus of work in EL 42/2010 during the reporting year has been:

- Completion of DP&EMP and granting of ML 1/2013 towards mining the Stormont Au+Bi deposit.
- Assaying core from SFD57 and SFD58 drilled previously into the Western Syncline prospect.
- Drilling 11 holes for 237.3m, i.e. SFD67 to SFD77, into the Far West prospect.
- Lead isotope age dating study by Dr Dave Huston, Geoscience Australia.

(Note: Holes SFD59 to SFD66 were drilled as geotechnical holes (SFD59 and SFD60) within the area of ML 1/2013 prior to its granting or as grade control infill holes (SFD61 to SFD66) after its granting and are not described herein.)



**Figure 3.1: Work done in 2013/14 at Far West prospect. Purple spots are drill collars with all holes at the Far West prospect (i.e. SFD67 to SFD76) drilled in 2013/14.**

#### 3.2 Stormont Au+Bi Mine

A major focus of Torque's work on the Moina project has been on developing the Stormont Au+Bi deposit into a mine. To that end Torque Mining Ltd. signed a JV with BCD Resources to carry out this mining and mill the ore at the Beaconsfield gold plant at Beaconsfield.

That work has involved the preparation of a DP & EMP and the application for a mining lease to cover the deposit and associated mining infrastructure.

At the time of reporting (April, 2014) the mine was in operation having commenced digging in late November, 2013. Figure 3.2 is a photograph of the open cut in operation at this time.



**Figure 3.2: Stormont gold mine open cut in early April, 2013.**

### **3.3 Assays Western Syncline Prospect**

Samples from drillholes SFD57 and SFD58, drilled into the Western Syncline prospect in the 2012/13 reporting year were assayed in the 2013/14 reporting year. These holes now lie within ML 1/2013 but are reported herein for consistency.

Hole locations for SFD57 and SFD58 are shown in figure 3.3. Drillcore assays are included in appendix C and shown figuratively in figures 4.2 and 4.3.

Assaying was carried out in the following way.

Core was not assayed ongoing with drilling as a capital raising was in the offing and results would have invalidated the prospectus.

Some months after completion of drilling skarn sections were assayed for Au by ALS, Burnie, and by Torque's own desktop XRF analyser for a range of other elements.

The accuracy of the in-house XRF results requires some qualification with the methodology as follows.

Samples were split using diamond saw. Half-core samples were sent to ALS in Burnie for crushing and pulverising to generate a pulp. One split of the pulp was analysed for Au (gold) by ALS in Burnie using fire assay with a 30g charge. The other split was returned to Torque who analysed the pulp using Torque Mining Ltd.'s own desktop XRF analyser.

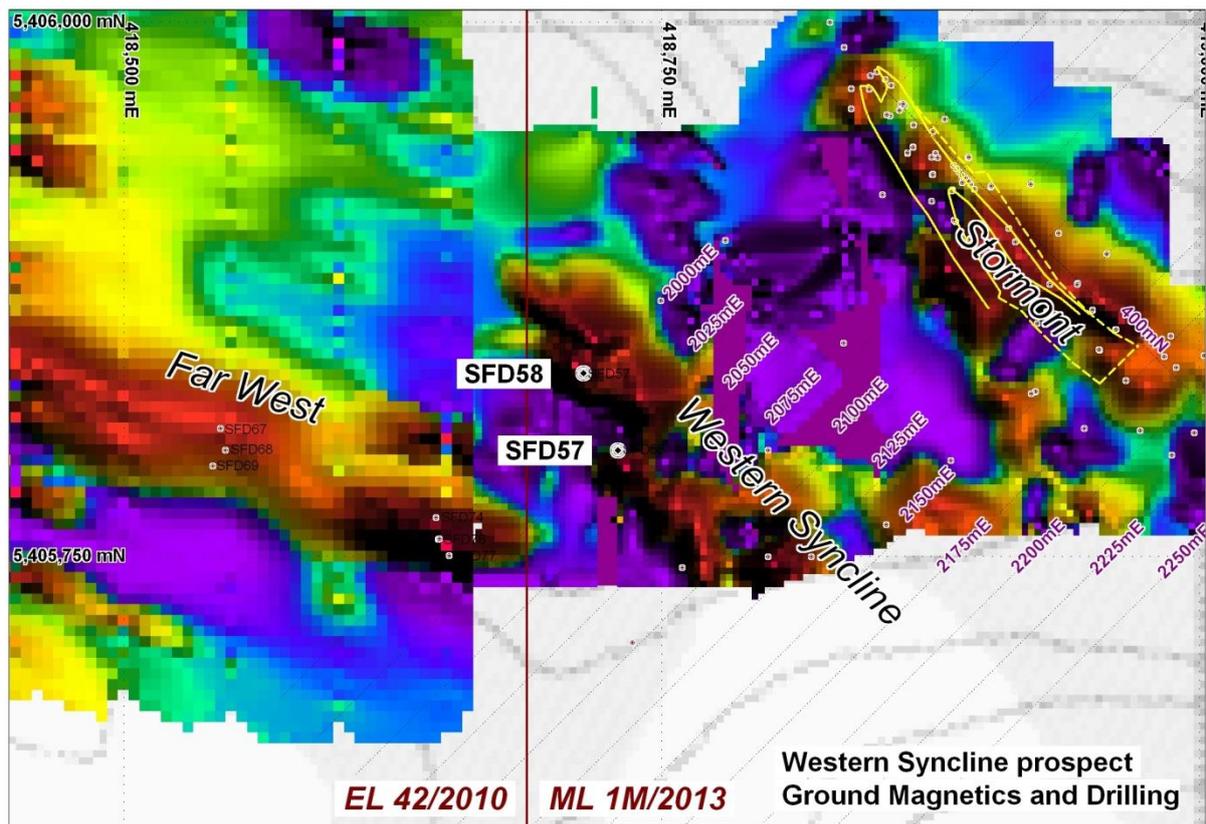
Samples were analysed through the brown paper bag in which they were returned. This generates a raw assay for the sample; however, this raw value is not absolute and requires a form of calibration to determine a relatively accurate value.

This is achieved by analysing a part of the total sample population for the relevant elements using more classical methods e.g. ICP-MS/OES (by commercial laboratory) and comparing these analyses with the XRF generated numbers.

Graphing one method's analyses against the other's i.e. as an xy graph, hopefully generating a linear equation with a high R2 (correlation coefficient) value.

These calibration parameters can then be applied to all other raw XRF assays to generate an adjusted assay value.

Torque did not assay any drillcore samples separately through a commercial laboratory but used already generated calibration parameters determined from when assaying the regional soil survey in 2010/11.



**Figure 3.3: Ground magnetics Stormont - Western Syncline – Far West area showing locations of SFD57 and SFD58 at the Western Syncline prospect. Note position of SFD57 and SFD58 on the Stormont mine grid's 2000mE and 2050mE respectively. Outline of Stormont orebody in yellow.**

### 3.4 Drilling Far West Prospect

#### 3.4.1 Introduction

The principal focus of exploration work in 2013/14 was the drilling of 11 holes for 240.45m's at the Far West prospect. Hole details are summarised in Table 3.1.

The Far West prospect was originally defined by the westernmost magnetics anomaly defined by Jervis (1999) helimagnetics survey over much of EL 42/2010 (and extending eastwards) (see figure 3.4).

In 2011/12 Frontier/Torque included the area as part of the large regional 3D IP survey. A small grid was cut with 50m spaced true north-south grid lines. The resistivity data showed that the Stormont deposit is spatially (2D plan view) associated with a resistivity low, i.e. conductivity high, though 3D modelling shows the source to likely be black shales in the sandstone just below the skarned

sequence. Similar conductivity anomalies occur coincident (plan view) with the Western Syncline and Far West magnetic anomalies.

Apart from the 3D IP survey the grid was also soil sampled and a small ground magnetics survey conducted as well.

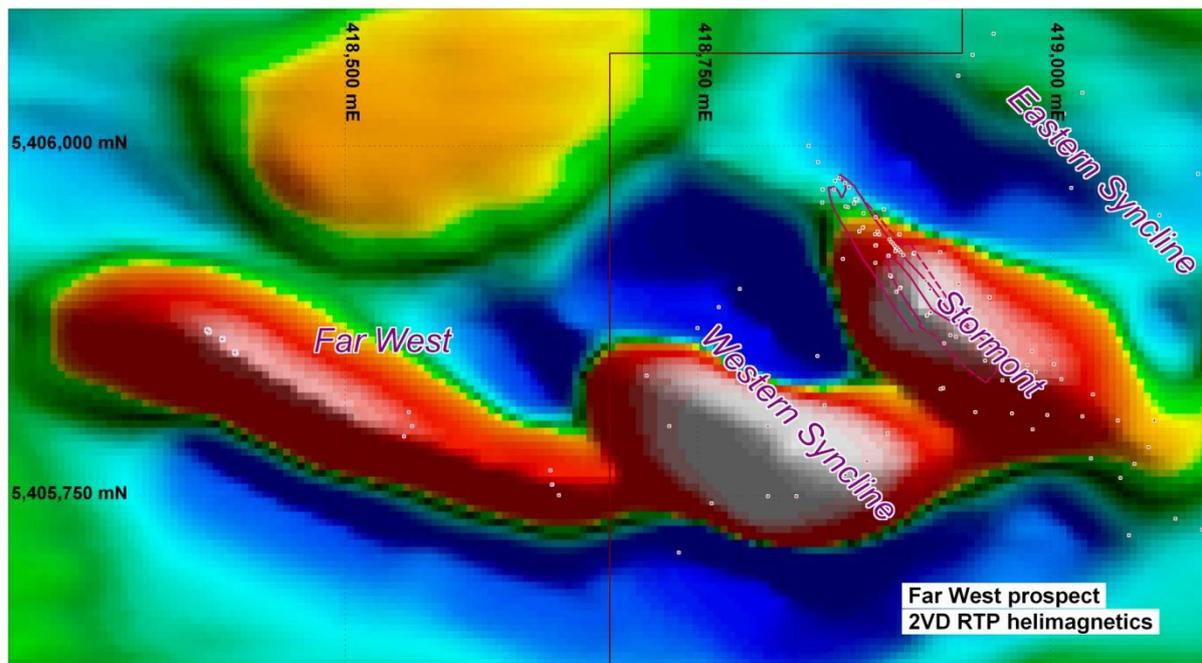
Soil sampling was carried out by hand auger on initially 25m spacing. On two sections further infill 5m spaced sampling was carried out to confirm anomalies. Samples were analysed by ALS, Burnie, for gold with other elements by in-house XRF.

The ground magnetics survey was carried out using a rover only, i.e. with no base station to allow diurnal variation to be subtracted from the raw data. The surveying was undertaken more to locate the position of the magnetic high on the ground rather than determine an absolute strength. Magnetism data was collected every 3m. A hand-held (non-differential) GPS reading was taken and flagging placed at every 10<sup>th</sup> (i.e. 30m) point allowing the point of greatest magnetic intensity to be located on the ground.

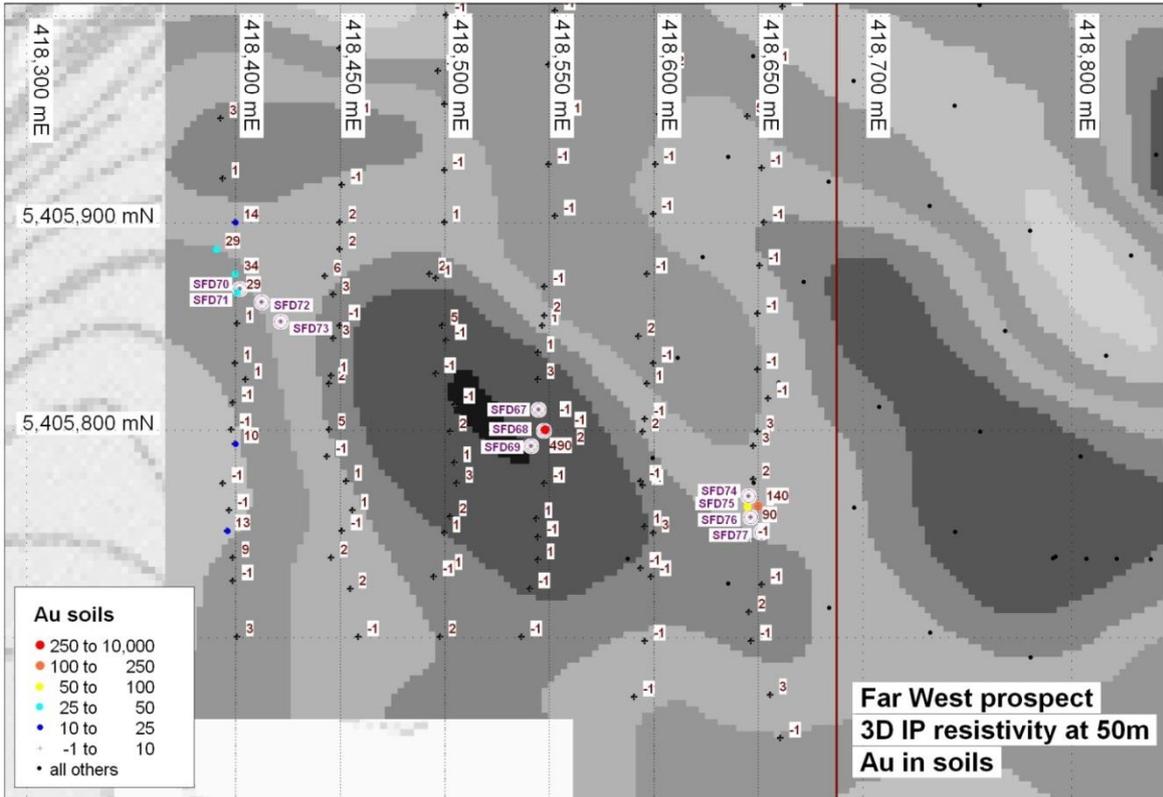
Fortunately the day in which the Far West grid was surveyed was one of little diurnal variation and so the raw Far West grid data has been combined with previous diurnally corrected data for the Western Syncline and Stormont areas and shown in figures 3.3 and 3.6.

The soil survey showed the magnetic anomaly to correspond to anomalous Au to 490, 140 and 90ppb, Bi to 1420, 418 and 351ppm and Pb to 1753, 475 and 318ppm.

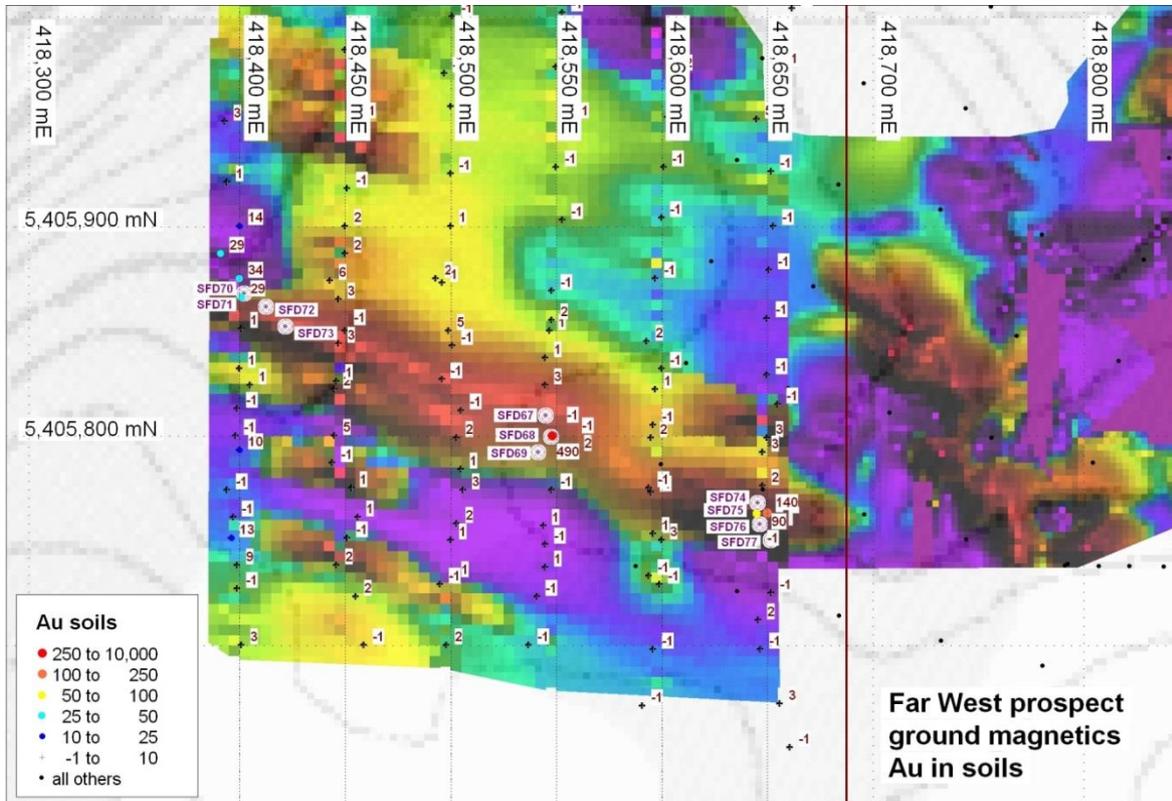
The Far West prospect is summarised in figures 3.4 to 3.6.



**Figure 3.4: 2<sup>nd</sup> Vertical Derivative (Reduced to Pole) helimagnetics image showing anomalies corresponding to the Far West, Western Syncline and Stormont prospects.**



**Figure 3.5: Far West prospect showing 3D IP resistivity at 50m depth, Au in soils and Far West (only) drill collars.**



**Figure 3.6: Far West prospect showing ground magnetics, Au in soils and Far West (only) drill collars.**

### 3.4.2 Drilling 2014

Drilling was carried out on three sections, 418400mE, 418550mE and 418650mE.

The first 3 holes were drilled as a fence on 418550mE to test the strongest conductivity anomaly in the centre of the 300m long linear magnetics anomaly. 4 holes were drilled on each of 418400mE and 418650mE targeted on the coincident magnetics and Au, Bi and Pb anomalous soils.

Hole positions are shown on figure 3.1 and in sections 4.5 to 4.13.

Hole survey details are given in table 3.1.

Hole collars have not been accurately surveyed by differential GPS.

One hole was chosen from each drill section to be a datum with SFD72 the datum on section 418400mE, SFD68 the datum on section 418550mE, and SFD76 the datum on section 418650mE.

The three datum hole collars were surveyed using non-differential GPS with other drillhole collar co-ordinates surveyed from these using tape and suunto compass.

Hole collar co-ordinates are therefore accurate to +/-0.5m accuracy with respect to other holes and the locations of soil samples and magnetic readings, but are +/-8m in absolute terms.

Hole azimuths and dips at the collar were read by suunto compass with a magnetic declination of 14° added. No downhole surveying was conducted but due to the short length of the holes and low feed pressure is likely to be similar to that at the collar.

| hole_id      | depth_m      | Northing (AGD66) | Easting (AGD66)  | RL         | azi_mag    | azi_true   | dip        |
|--------------|--------------|------------------|------------------|------------|------------|------------|------------|
| SFD67        | 22           | 5405810.1        | 418545.2         | 658        | 12         | 26         | -65        |
| <i>SFD68</i> | <i>34.55</i> | <i>5405800</i>   | <i>418547.6</i>  | <i>658</i> | <i>194</i> | <i>208</i> | <i>-60</i> |
| SFD69        | 23.85        | 5405792.5        | 418541.7         | 658        | 198        | 212        | -60        |
| SFD70        | 11.7         | 5405868          | 418402.85        | 649.8      | 5          | 19         | -60        |
| SFD71        | 29.4         | 5405867.4        | 418403.45        | 650.5      | 182        | 196        | -60        |
| <i>SFD72</i> | <i>28.5</i>  | <i>5405862.1</i> | <i>418412.75</i> | <i>654</i> | <i>190</i> | <i>204</i> | <i>-60</i> |
| SFD73        | 26.25        | 5405853          | 418421.45        | 657.4      | 169        | 183        | -60        |
| SFD74        | 10.05        | 5405768.3        | 418645.4         | 653.7      | 0          | 14         | -60        |
| SFD75        | 19.9         | 5405758.2        | 418646.65        | 652        | 165        | 179        | -60        |
| <i>SFD76</i> | <i>10.25</i> | <i>5405758.4</i> | <i>418647.1</i>  | <i>652</i> | <i>331</i> | <i>345</i> | <i>-60</i> |
| SFD77        | 24           | 5405751          | 418651.5         | 650.1      | 160        | 174        | -55        |

No assaying was carried out whilst drilling was in progress with all sampling and assaying after drilling was completed. Drill core was cut and half assayed as per the methodology described in section 3.3 for the Western Syncline samples.

### 3.5 Lead isotope dating study

Six samples of galena bearing core or rock, or sample pulps with elevated lead were analysed for Pb isotopes by Dr Dave Huston of Geoscience Australia as part of his gradually accumulating database of Tasmanian deposits.

Of these two samples were taken from RL 3/2004. Further samples were collected from Round Hill in EL 29/2009, the Stormont resource in EL 42/2010, and just south of EL 29/2009 at Olivers Hill. Samples are listed in table 3.2.

| Table 3.2 Lead Isotope sample locations/descriptions |                                 |                             |
|--|---------------------------------|-----------------------------|
| Sample No.   | Prospect                        | Description                 |
| NC69 23.25m - 23.45m                                 | Higgs                           | visible galena in drillcore |
| NC70 22.8m - 22.9m                                   | Higgs                           | visible galena in drillcore |
| OH3 9.5m   | Olivers Hill (sth. of Tin Spur) | visible galena in drillcore |
| Round Mtn.   | Round Mountain                  | outcropping galena          |
| Stormont 9393  | Stormont                        | Pb elevated pulps 2529ppm   |
| Stormont 9408  | Stormont                        | Pb elevated pulps 3376ppm   |

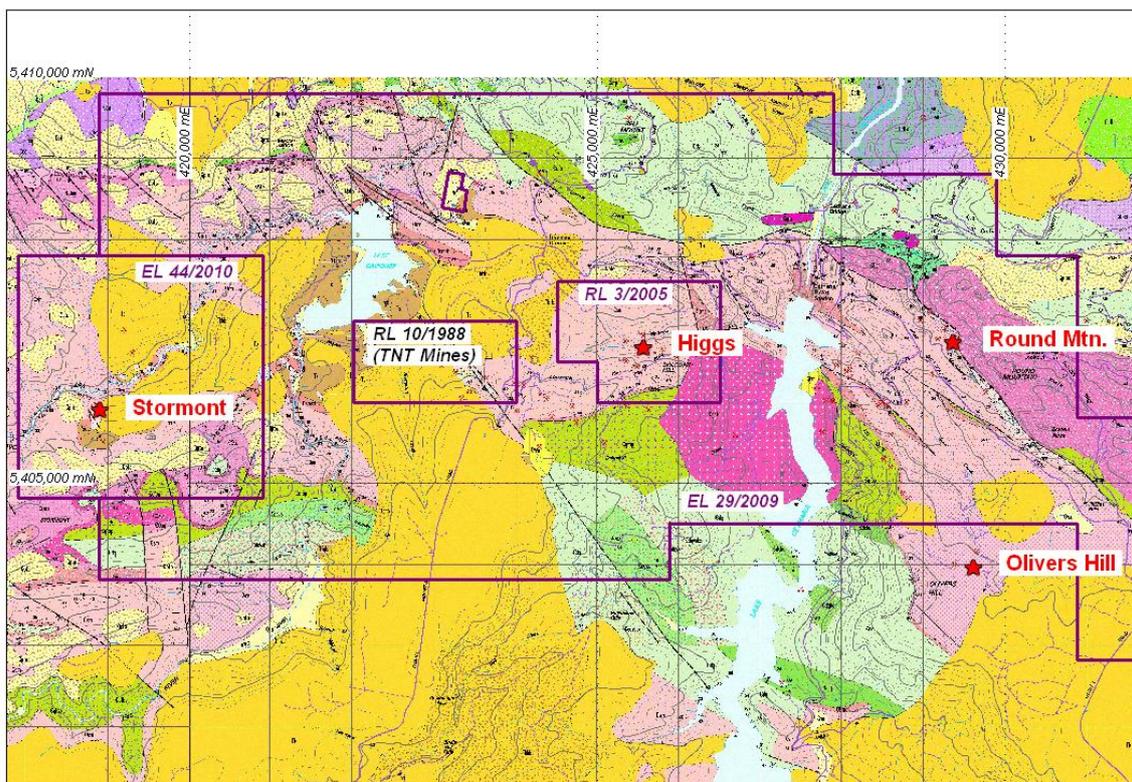


Figure 3.7: Location of prospects from which lead isotope samples have been collected.

#### 4.0 Discussion of results

#### 4.1 Assays Western Syncline Prospect

Assays for SFD57 and SFD58 were received during the 2013/14 year.

SFD57 intersected elevated but low grade Au and Bi with a best of 0.9m @ 0.4g/t Au and 918ppm Bi.

SFD58 also intersected elevated but low grade Au and Bi with bests of 1.8m @ 0.33g/t Au also 6.2m @ 975ppm Bi.

In both cases the holes collared in skarn and given the thickness of skarn intersected (9m in SFD57 and 13m in SFD58) in each hole, it is clear the favourable upper skarn has been lost to erosion.

No further drilling work is recommended on the Western Syncline prospect.

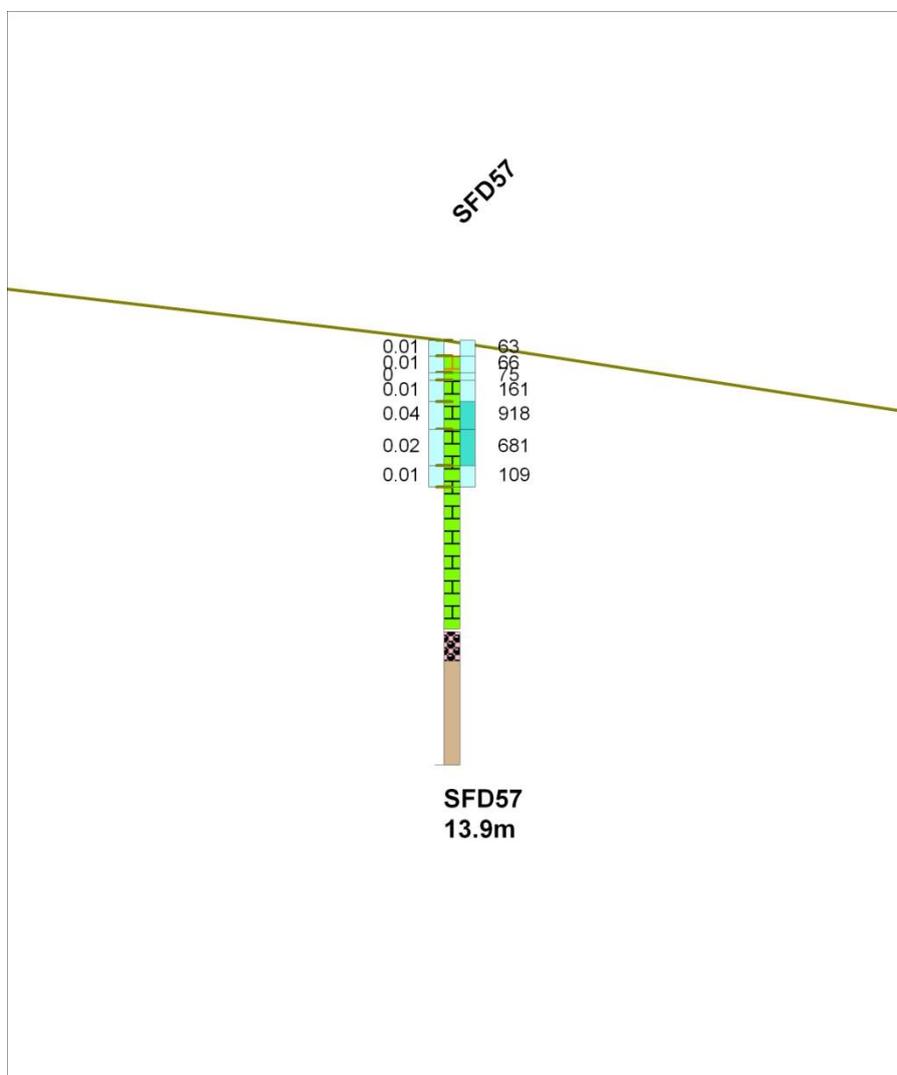
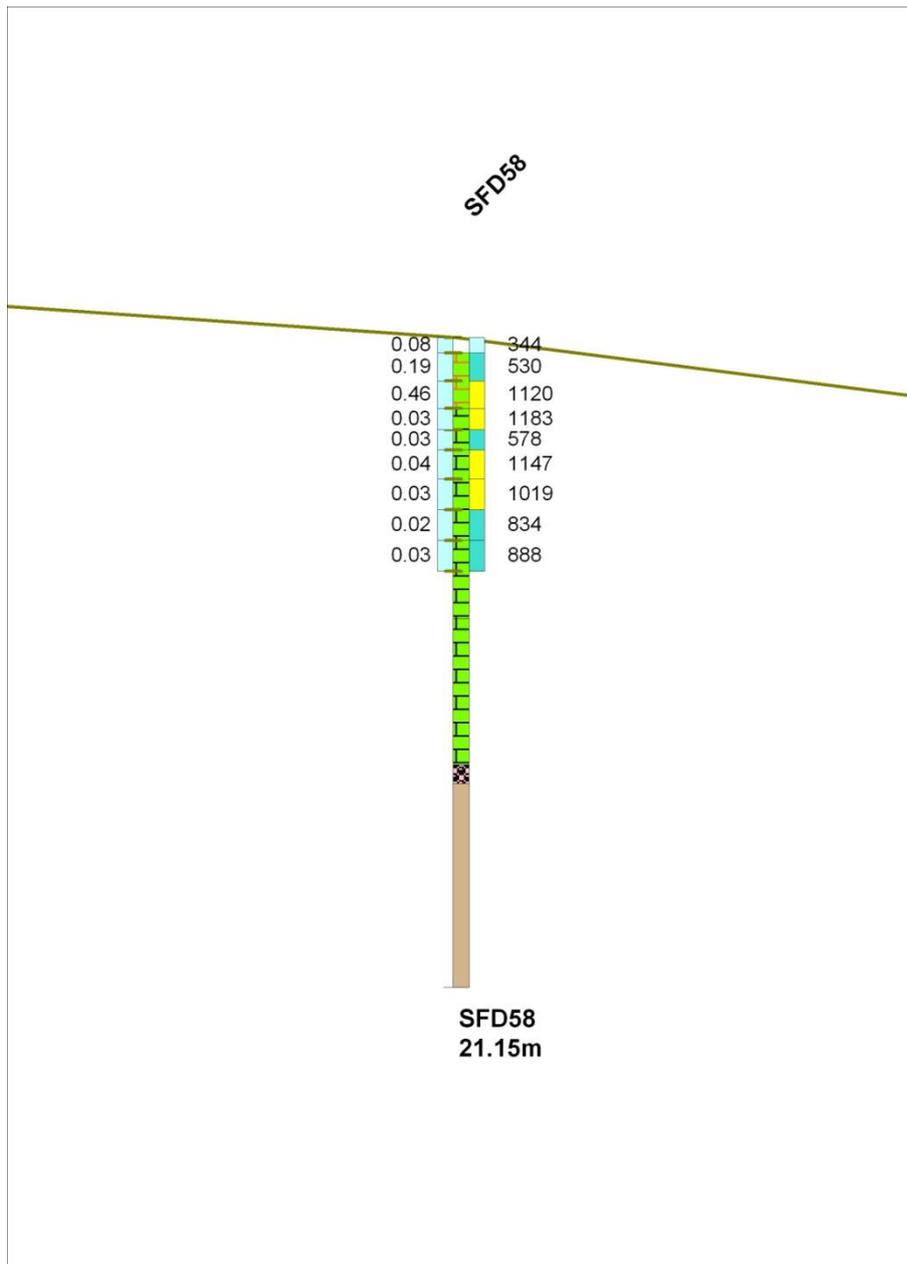


Figure 4.1: Western Syncline prospect SFD57 assay results.



**Figure 4.2: Western Syncline prospect SFD58 assay results.**

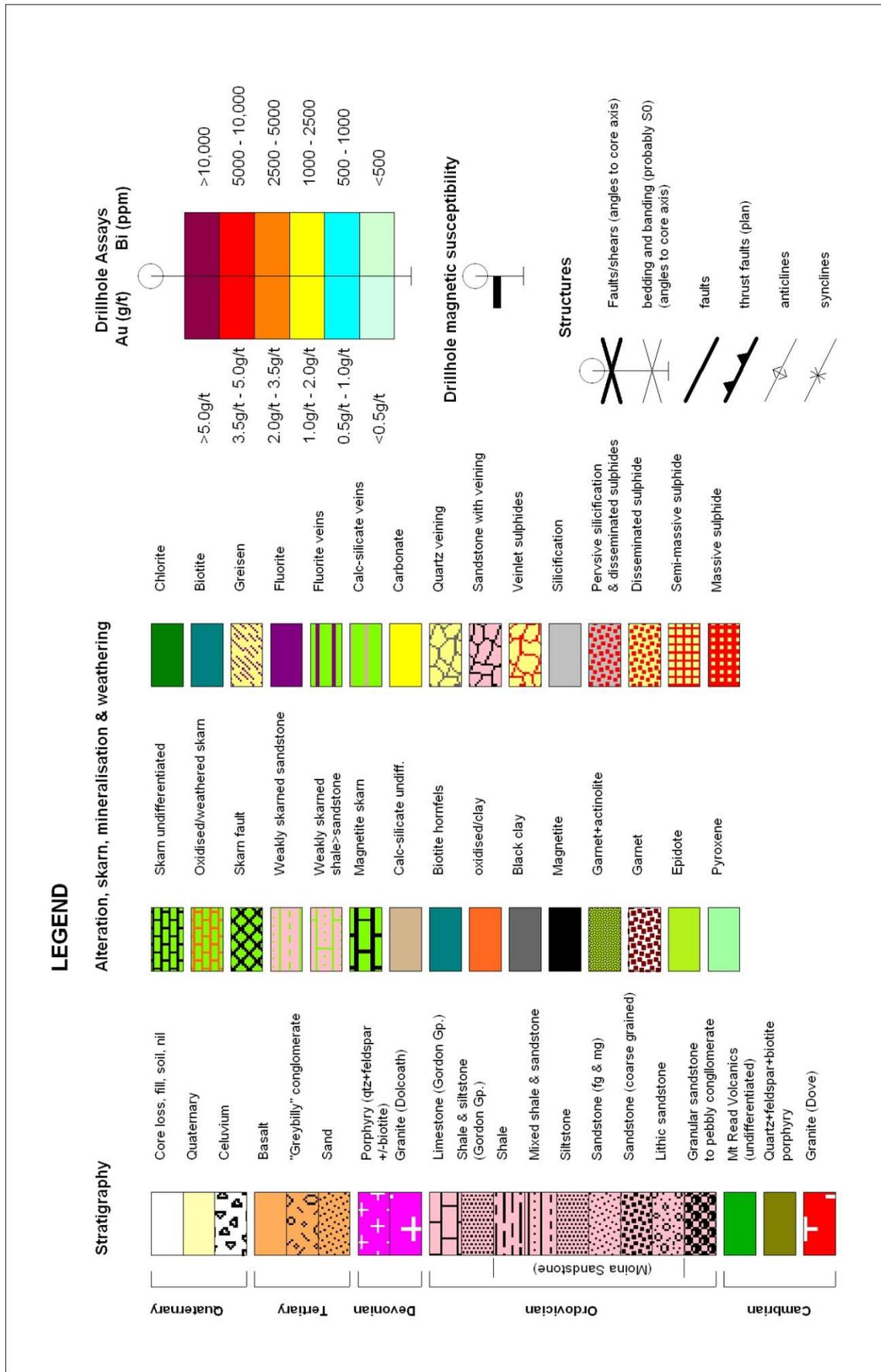


Figure 4.3: Legend for figures 4.1, 4.2 and 4.4 to 4.13.

## 4.2 Drilling Far West prospect

### 4.2.1 Introduction

The 11 holes on three sections all intersected a sequence of variable skarn, significantly including magnetite and actinolite which are favourable indicators for Au+Bi mineralisation, grading down into hornfelsed sandstone. On sections 400mE (i.e. 418,400mE AGD66) and 550mE the skarn is conformably overlain by a sequence of siltstones and shales, calcareous in part, and considered to be the basal unit of the Gordon Limestone.

The magnetite is considered to adequately explain the ground magnetics anomaly.

All holes except the end of SFD70 appear to have intersected a coherent shallowly south-southwesterly dipping block. North drilling SFD70 appears to have passed through a fault into an upthrown block.

The skarn sequence is comparable across sections with an upper actinolite+/-magnetite+/-chlorite+/-garnet zone grading downwards into a more epidote+wollastonite? assemblage.

In most holes the upper actinolite+/-magnetite+/-chlorite+/-garnet zone contains two magnetite rich zones recognised in logging and magnetic susceptibilities.

### 4.2.2 Section 400mE

On section 400mE holes were drilled south-southwesterly in a somewhat staggered pattern along the southern bank of the creek and so the sectional view shown in figure 4.5 is partly distorted.

SFD72 and SFD73 both intersected dark grey siltstone before passing into 9.0 – 13.5m of magnetite +/- actinolite +/- chlorite +/- garnet skarn. In SFD71 and SFD70 the overlying siltstone unit may have been just missed.

Two magnetite rich zones are recognisable in all holes except SFD70 where it has been faulted off. Better assays spatially correspond with these magnetite rich zones.

Upper magnetite zone

- 3.0m @ 0.21g/t Au and 418ppm Bi (SFD70),
- 3.0m @ 0.75g/t Au and 541ppm Bi (SFD71),
- 2.0m @ 0.62g/t Au and 305ppm Bi (SFD72), and
- 3.7m @ 0.04g/t Au and 213ppm Bi (SFD73)

Lower magnetite zone

- 2.0m @ 0.045g/t Au and 111ppm Bi (SFD71),
- 0.5m @ 7.01g/t Au and 4065ppm Bi (SFD72),
- 0.6m @ 1.28g/t Au and 165ppm Bi (SFD73)

The high grade intersection in SFD72, i.e. 0.5m @ 7.01g/t Au and 4065ppm Bi, corresponds to a discrete vein cross-cutting at 40° to core axis. It is also anomalous in Cu, W and As.

There is a suggestion of the skarn thinning southwards. Vectoring in Bi suggests that proximity to the fault is more favourable.

### 4.2.3 Section 550mE

On section 550mE holes intersected dark grey siltstone overlying 6.0 – 9.0m of magnetite +/- actinolite +/- chlorite +/- garnet skarn. Below this the skarn grades into a more epidote+wollastonite? rich assemblage before weakening into recognisable sandstone.

Only an upper magnetite skarn is recognised in logging and magnetic susceptibilities.

Assays are only slightly elevated with best (all in the upper magnetite zone)

- 2.0m @ 0.15g/t Au and 705ppm Bi (SFD69),
- 1.0m @ 0.22g/t Au and 675ppm Bi (SFD68) and
- 5.0m @ 346ppm Bi (low Au) (SFD67)

The centre of the 3D IP conductivity anomaly was not completely intersected, however, shales intersected increasingly towards the end of SFD68 are considered to be the source.

#### 4.2.4 Section 650mE

On section 650mE holes intersected dark grey siltstone overlying 9.5 – 12.5m of magnetite +/- actinolite +/- chlorite +/- garnet skarn, thicker at the southern end in holes SFD75 and SFD77. Below this the skarn grades into a more epidote+wollastonite? rich assemblage before weakening into recognisable sandstone.

Two magnetite rich zones are recognised in holes SFD75 and SFD77. The deeper zone is not seen in SFD76 and SFD74. The sectional view suggests that this may be because these holes did not drill deep enough though skarn intensity is weakening towards the ends of these holes. Alternatively there is a faulted repetition.

Elevated Au and Bi is associated with both magnetite rich zones with the upper zone best

- 4.2m @ 0.24g/t Au and 585ppm Bi (SFD77),
- 4.95m @ 1128ppm Bi (low Au) (SFD75) and
- 3.0m @ 712ppm Bi (low Au) (SFD76),

but the lower zone much weaker with best

- 2.8m @ 221ppm Bi (low Au) (SFD75).

There is a suggestion of improving grades southwards away from the interpreted position of the fault.

It is possible that the fault position as shown is incorrect and in fact lies just south of SFD77 which was drilled looking for such a fault.

#### 4.2.5 Conclusion

Drilling has tested the magnetically anomalous skarn on three sections over a 300m strike length. Whilst ore grade Au and Bi intersections were made these were few and far between and narrow.

Whilst no demonstrative feeder fault was intersected the fault in SFD70 is considered to have played a role in fluid migration.

The skarn sequence ranges from 6m to 13.5m thick perhaps averaging 9m.

On sections 400mE and 650mE two magnetite rich zones/beds can be recognised as is the case in the Stormont deposit 350m to the east.

Au and Bi mineralisation is spatially associated with these magnetite rich zones.

No further drilling is warranted at this prospect.

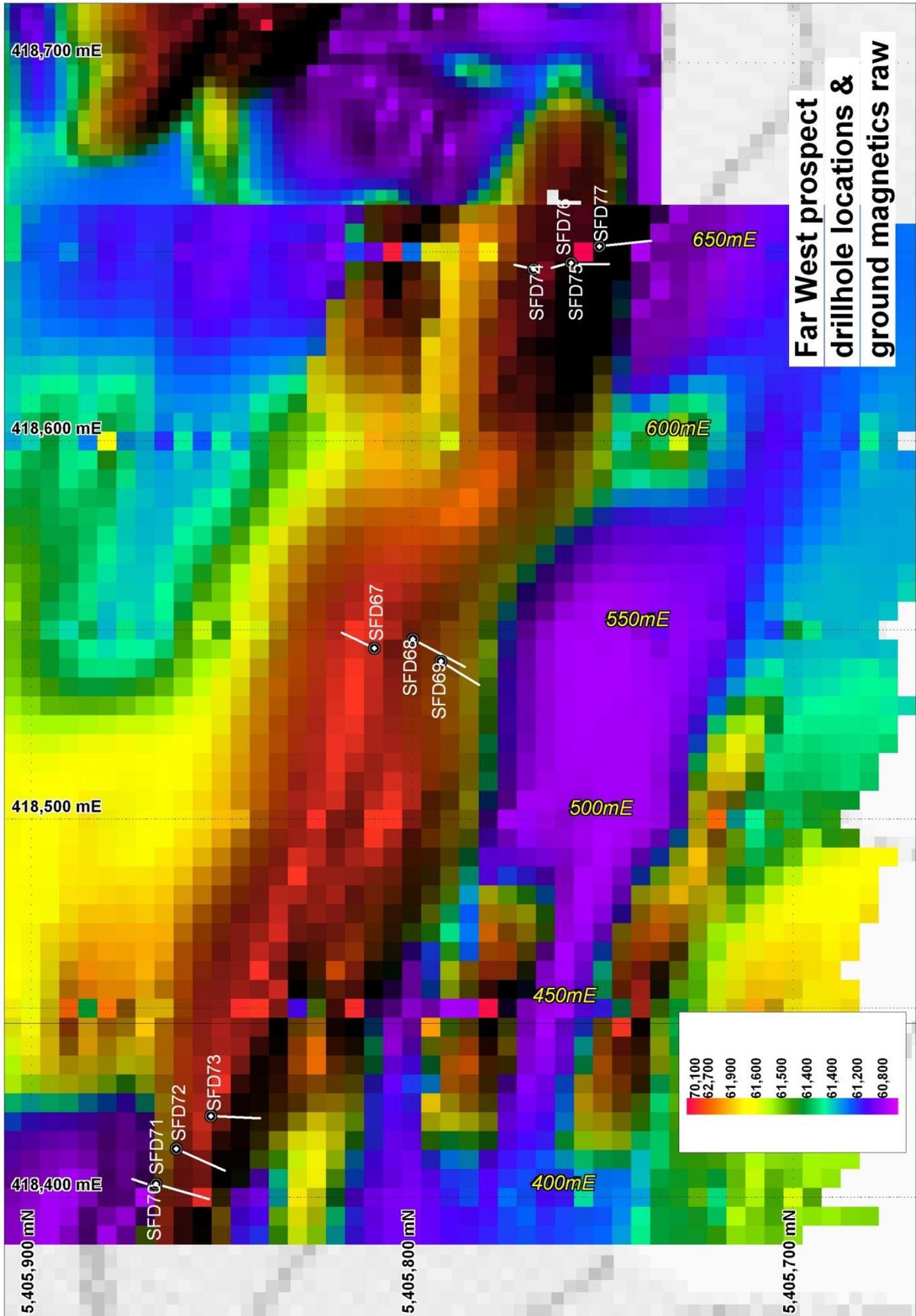
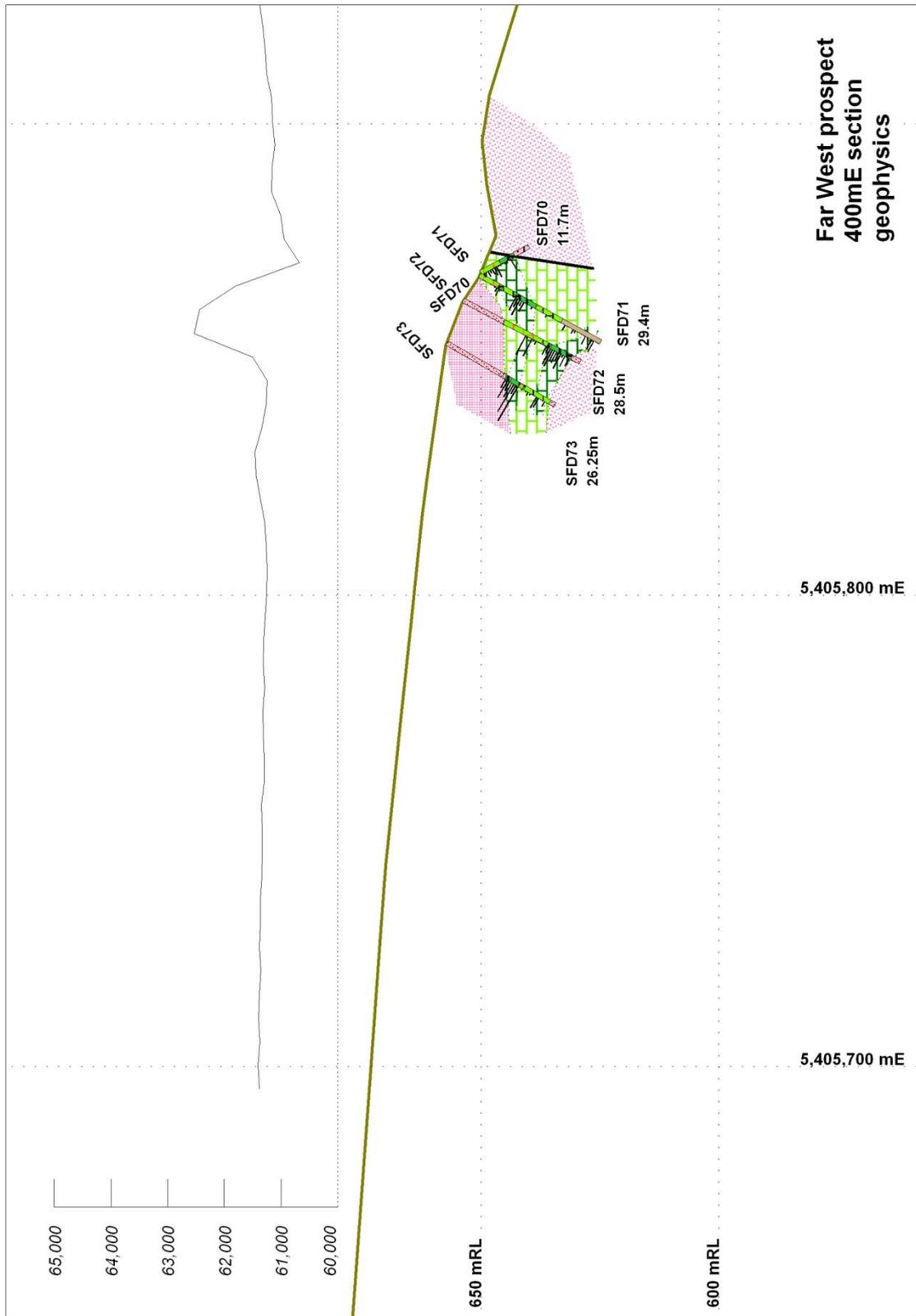
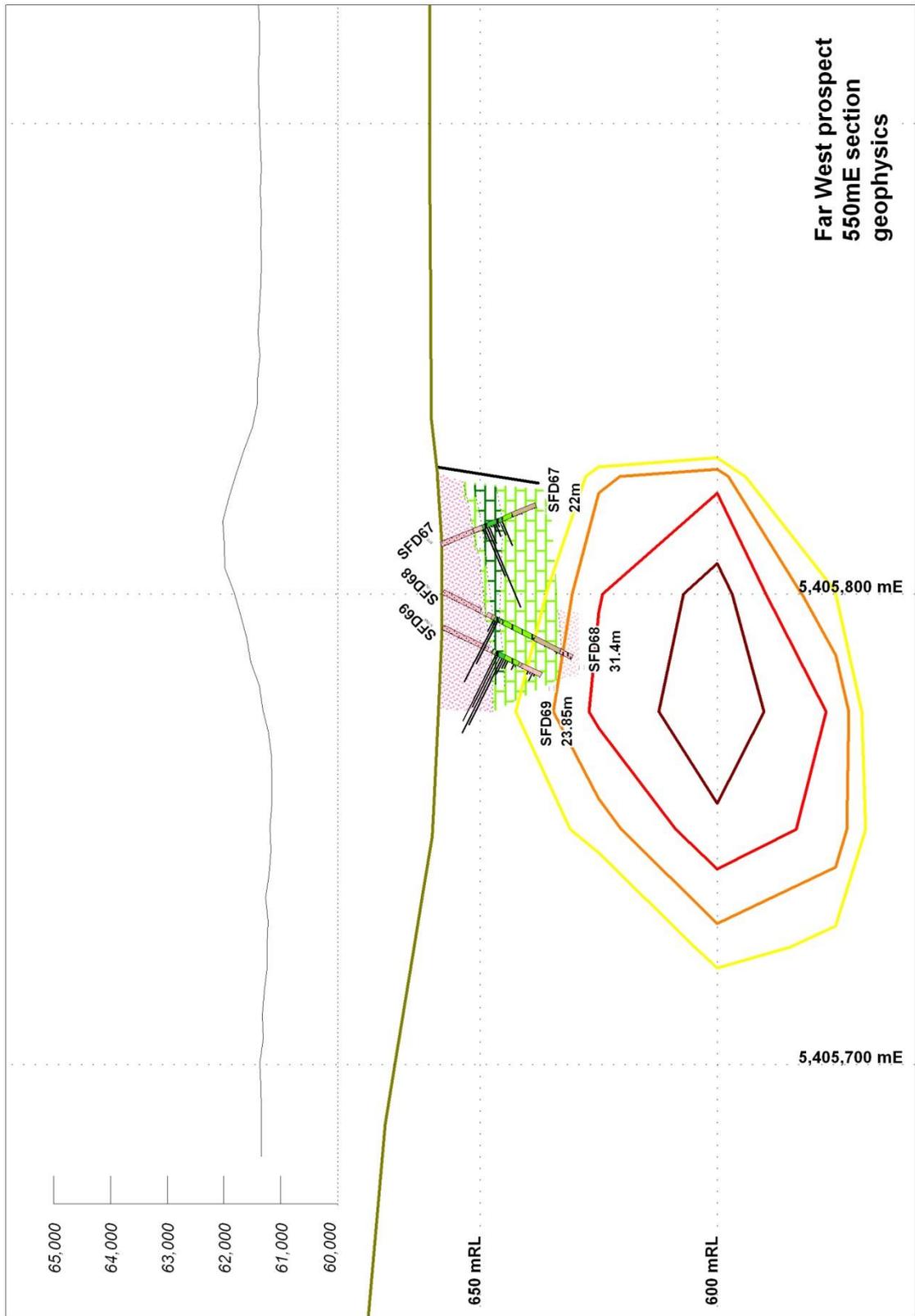


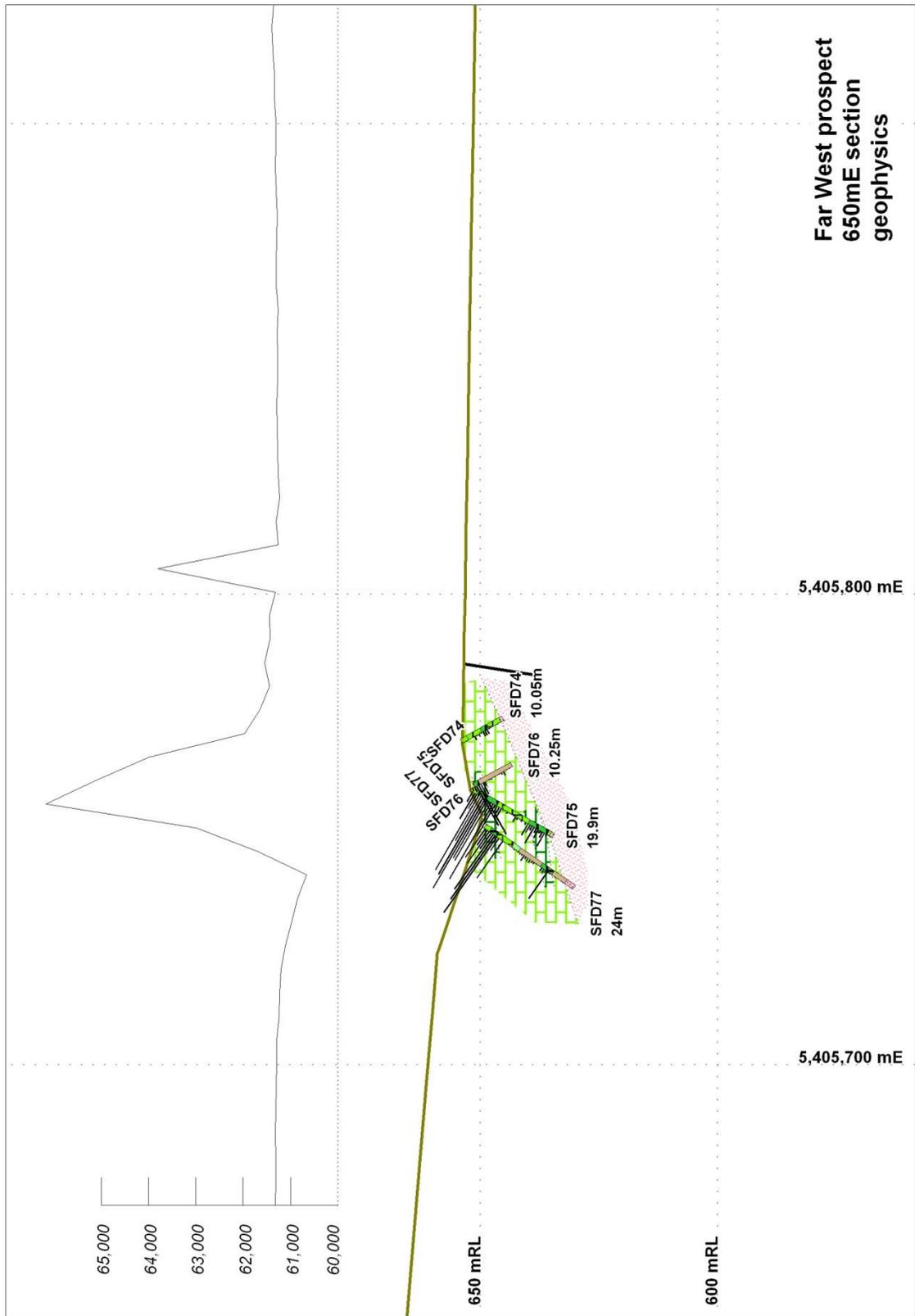
Figure 4.4: Far West prospect. Plan showing drillhole location on raw ground magnetics image.



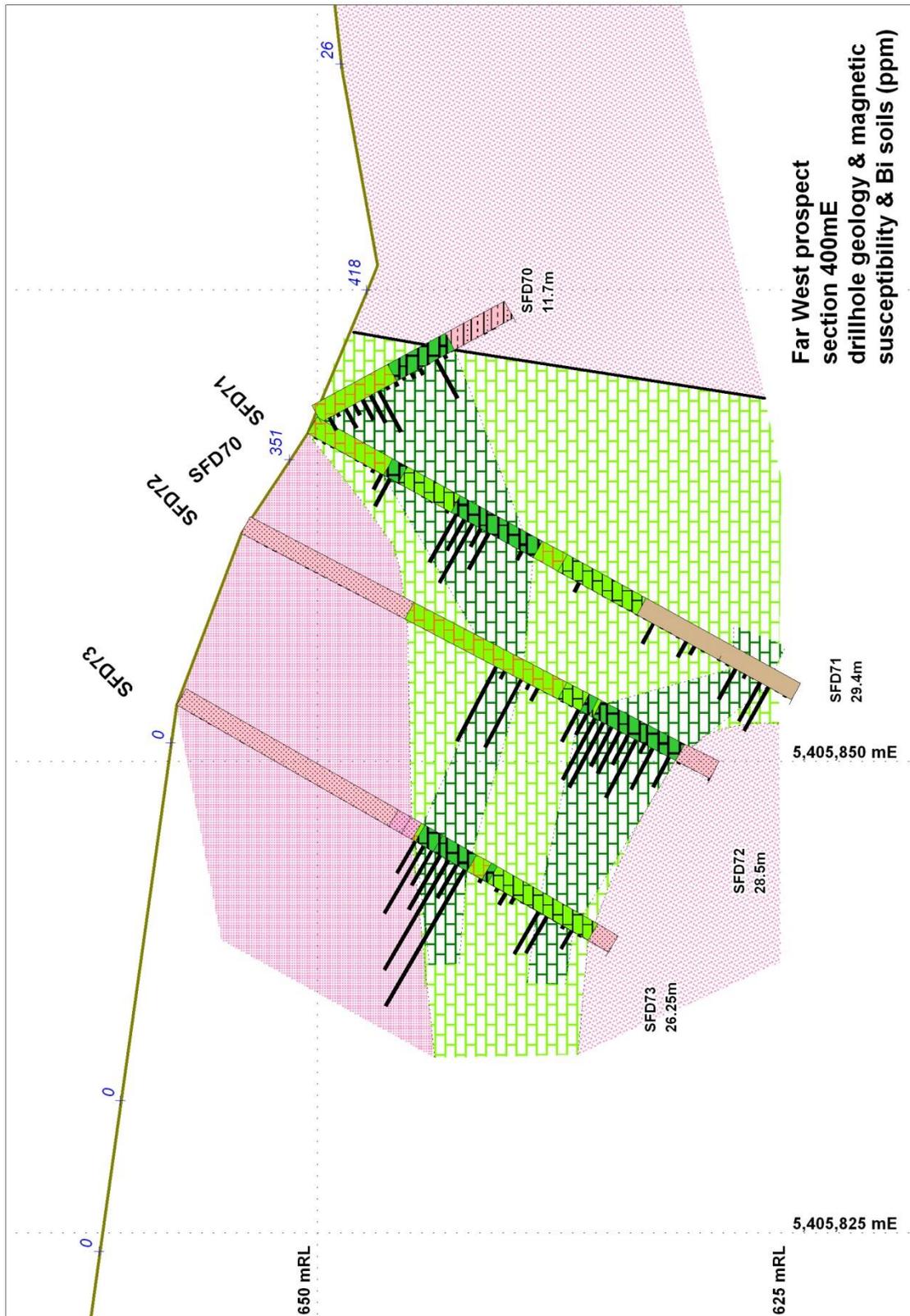
**Figure 4.5: Far West prospect. Section 400mE showing drillholes and drillhole magnetic susceptibility with respect to ground magnetic profile.**



**Figure 4.6:** Far West prospect. Section 550mE showing drillholes and drillhole magnetic susceptibility with respect to ground magnetic profile and 3D IP conductivity anomaly.



**Figure 4.7: Far West prospect. Section 650mE showing drillholes and drillhole magnetic susceptibility with respect to ground magnetic profile.**



**Figure 4.8: Far West prospect. Section 400mE showing drillhole geology and magnetic susceptibility and Bi in soils (blue crosses and assays - ppm - on surface).**

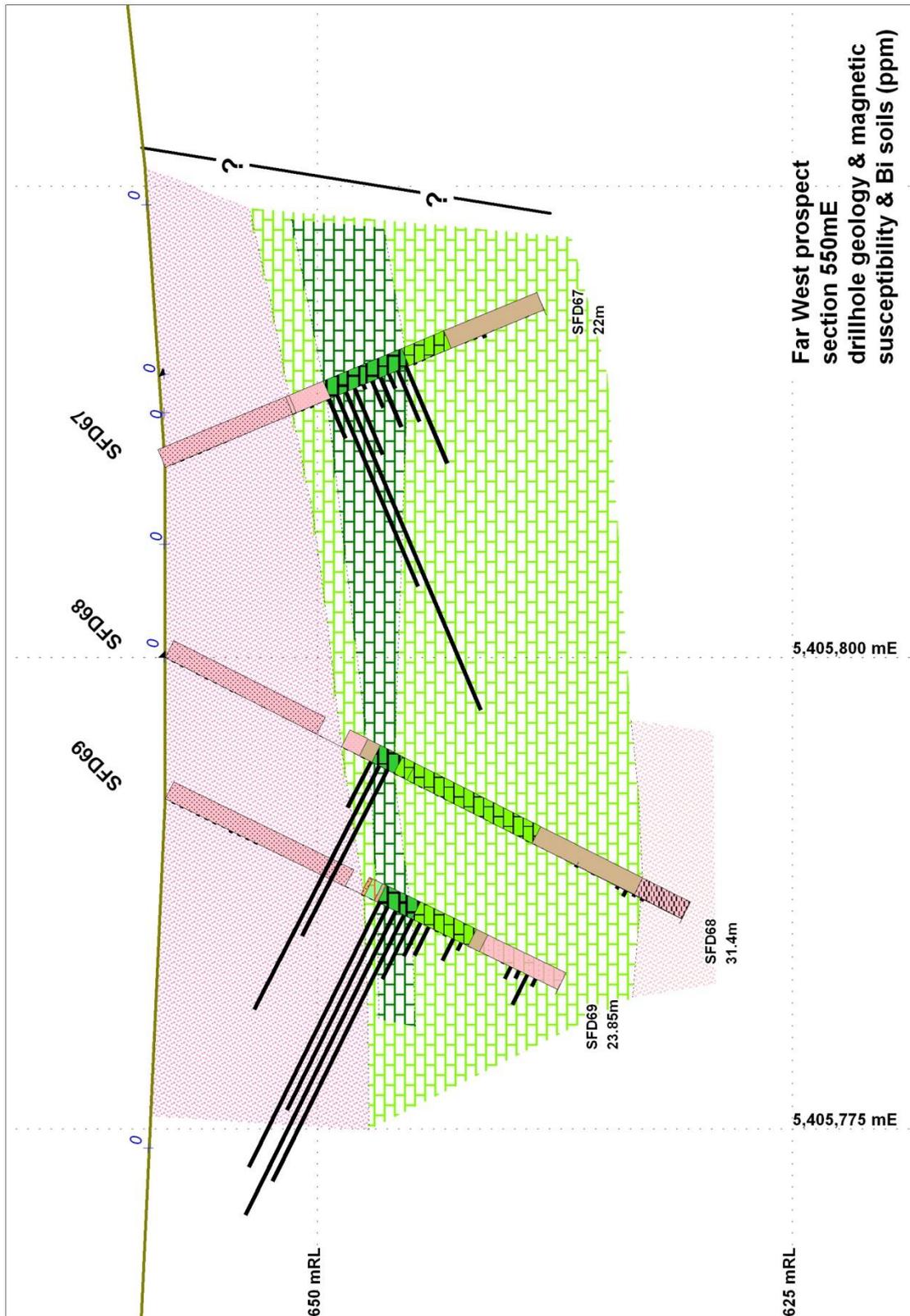


Figure 4.9: Far West prospect. Section 550mE showing drillhole geology and magnetic susceptibility and Bi in soils (blue crosses and assays - ppm - on surface).

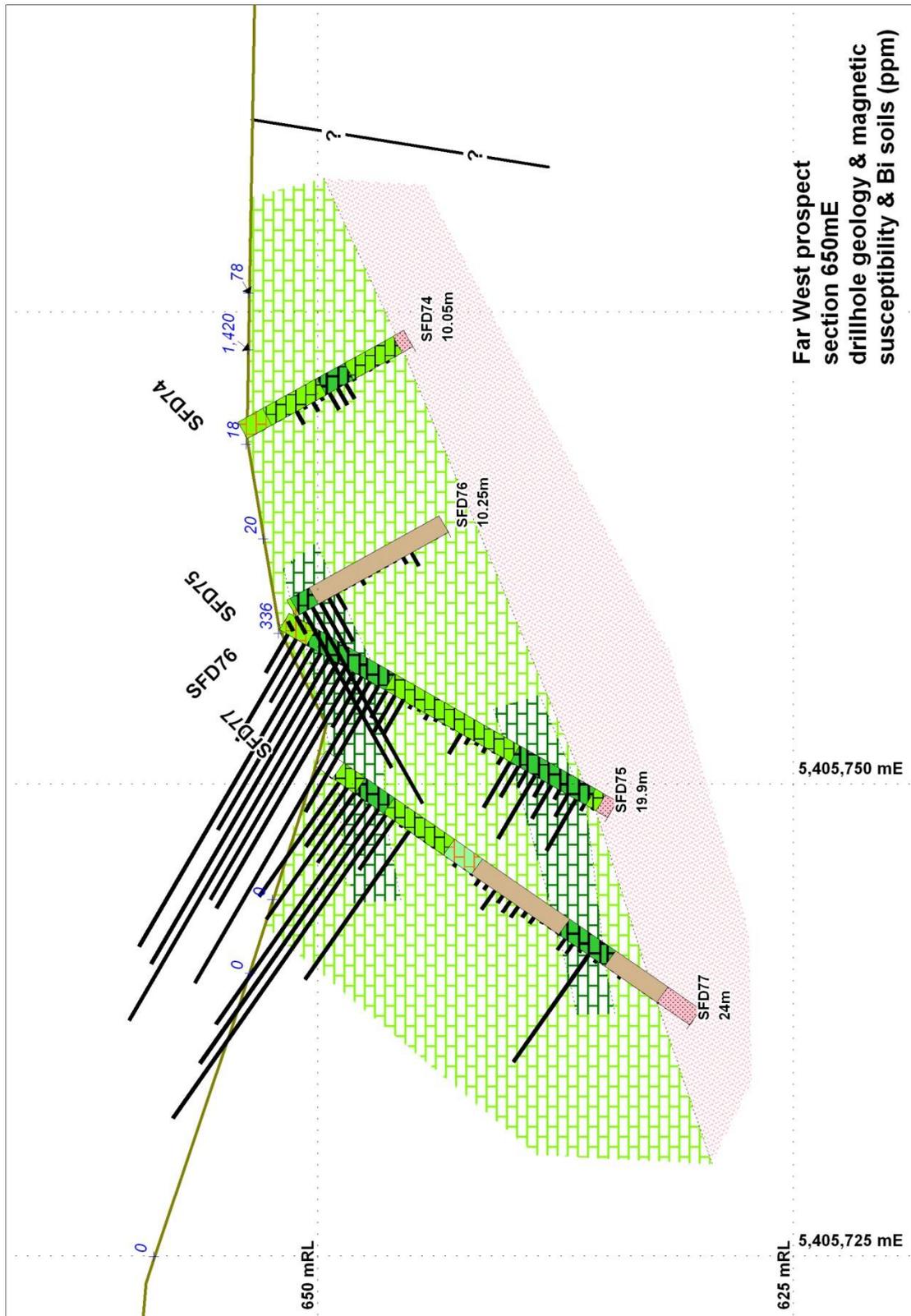


Figure 4.10: Far West prospect. Section 650mE showing drillhole geology and magnetic susceptibility and Bi in soils (blue crosses and assays - ppm - on surface).





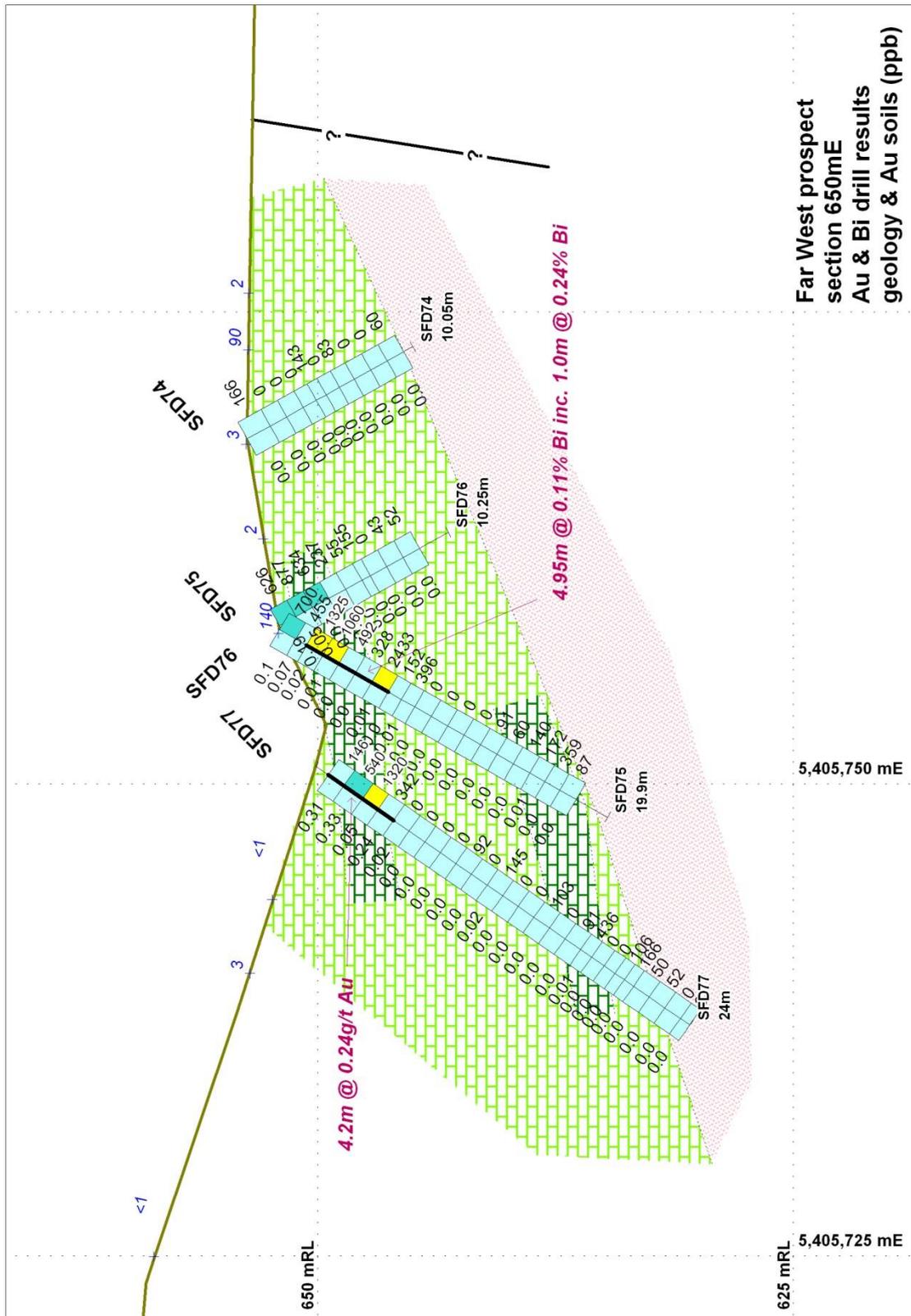


Figure 4.13: Far West prospect. Section 650mE showing drillhole Au and Bi assays and Au in soils (blue crosses and assays - ppb - on surface).

### 4.3 Lead Isotope Age Dating Results

Results of age dating using the lead isotope method are listed in table 4.1 and are presented graphically in figure 4.14.

| 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     |

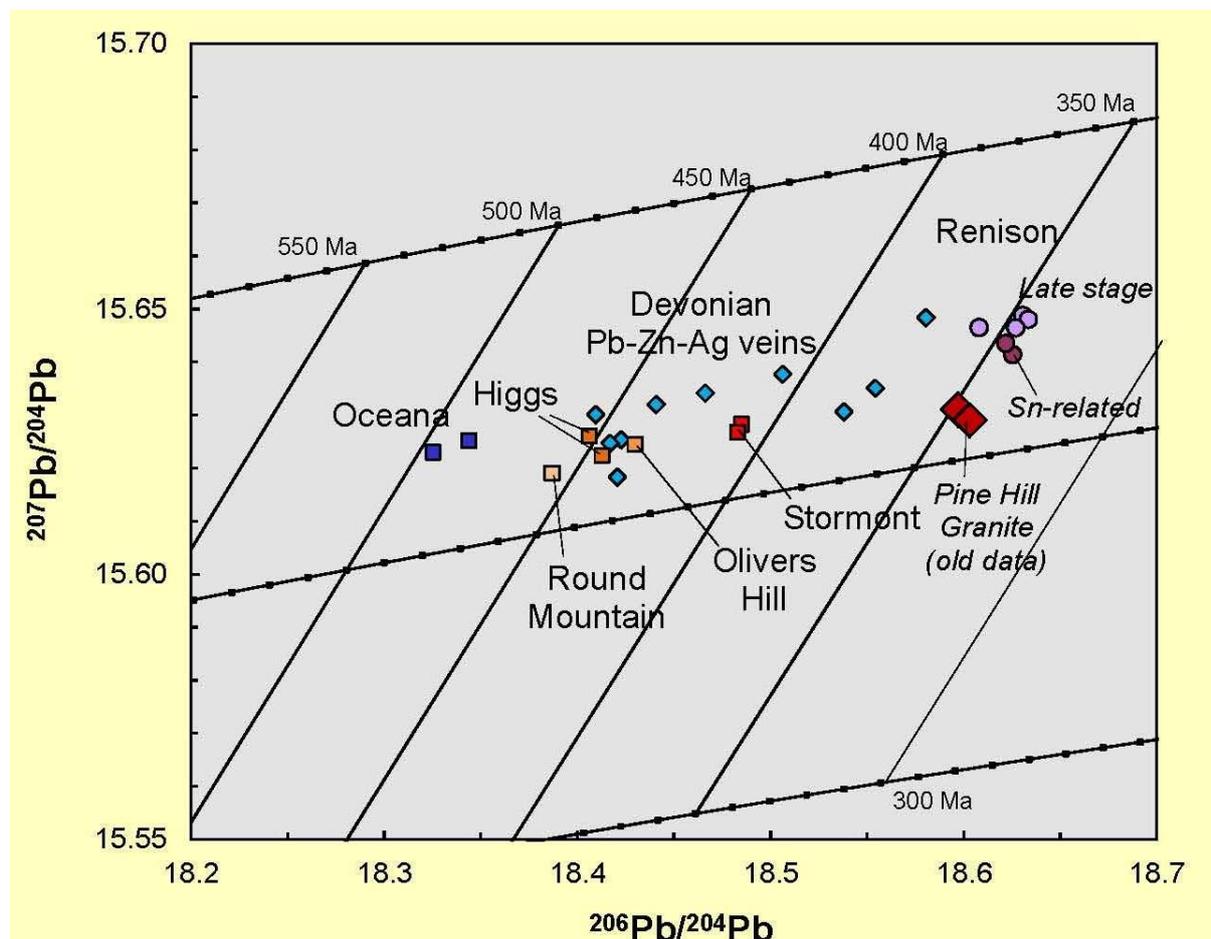


Figure 4.14: Age and lead isotope ratios for Moina project samples.

The similar ages between the three base metal rich occurrences Higgs, Round Mtn. and Oliver's Hill is perhaps unsurprising. Stormont being slightly younger would also fit with the three base metal occurrences being formed early in the granite's emplacement with the mineralisation at Stormont hosted in a retrograde assemblage with cooling.

## 5.0 Conclusions

Mining of the Stormont orebody on the now excised ML 1M/2013 is successfully underway at the time of reporting. Work on this lease is now separately reported.

Assaying of the two Western Syncline holes has confirmed that the empirically more favourable (based on Stormont) upper part of the skarn sequence has been eroded.

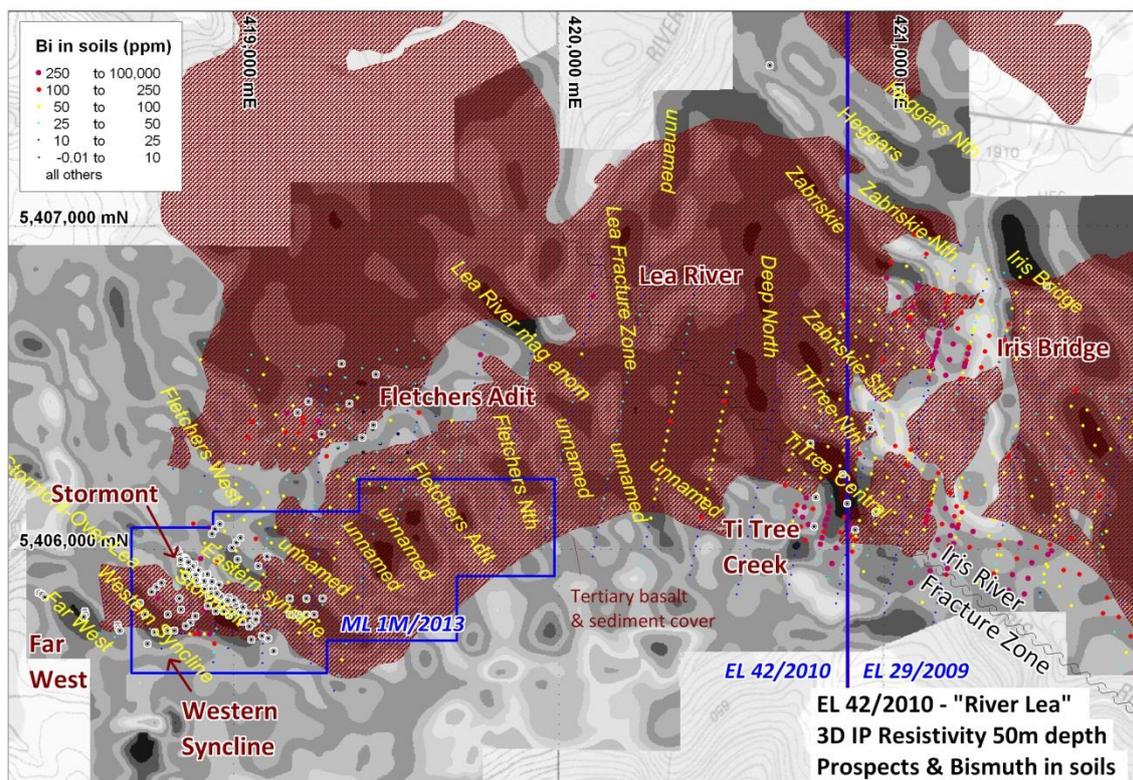
Drilling of the Far West anomaly has shown the gold+bismuth skarn system to continue this far west, and to be preserved (in part) from erosion, but at a lower tenor than desired.

Sufficient work has been completed on these two prospects to the west of Stormont to have adequately tested their potential for further gold +/- bismuth mineralisation.

Prioritisation should now be given to the skarn sequence beneath the Tertiary basalt +/- sediment cover, particularly on the eastern side of the tenement where the Ti Tree Creek prospect disappears under this thin cover and where the northern end of the Iris River Fracture Zone corresponds with the Lea River magnetic anomalies and a swing in the flow of the Lea River.

Previous work on the Ti Tree Creek prospect, which straddles the eastern boundary of EL 42/2010, has shown coincident magnetic anomalies and anomalous bismuth and gold in soils. The 3D IP survey has shown these anomalies to be also coincident (in plan) with linear conductivity anomalies which can be seen trending north-northwesterly beneath Tertiary basalt cover.

Limited drilling has intersected favourable skarn but with gold and bismuth results to date uneconomic.



**Figure 5.1: River Lea showing 3D IP resistivity at 50m depth with conductivity anomalies as darker greys and black, also prospects (maroon text), drillhole collars and, bismuth in soils. Shaded area is thin Tertiary cover.**

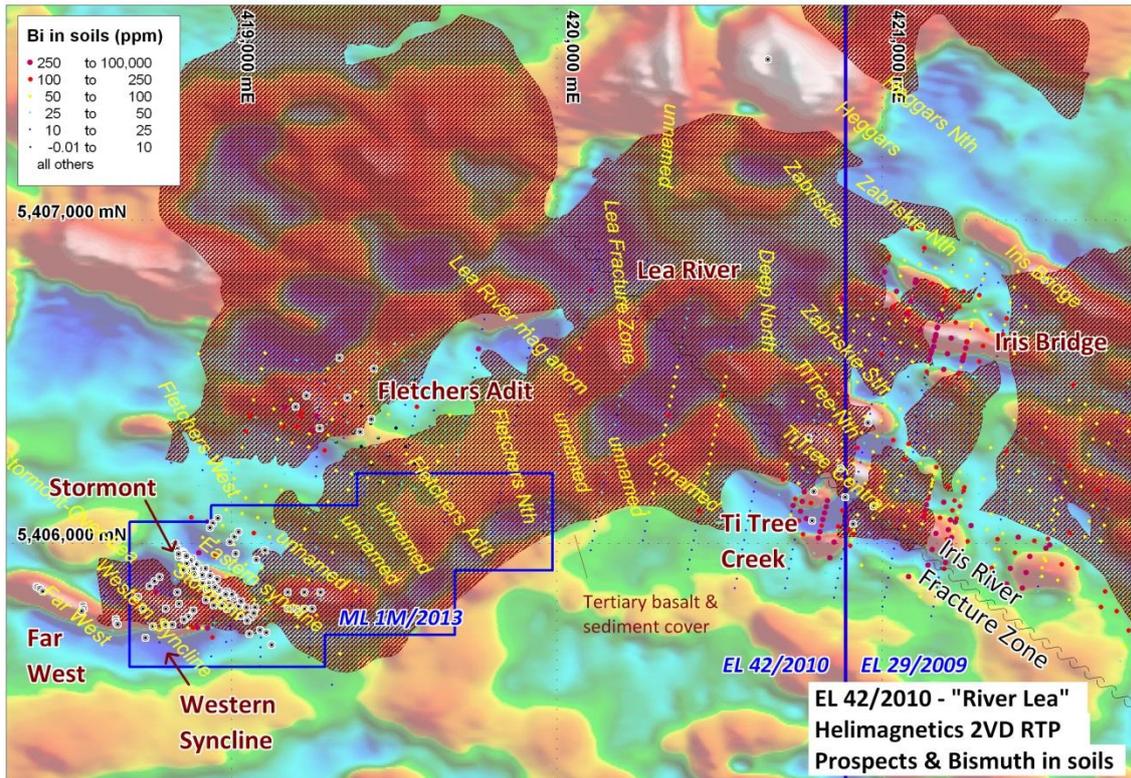


Figure 5.2: River Lea same area as figure 5.1 showing conductivity anomalies and tertiary basalt over 2<sup>nd</sup> vertical derivative helimagnetics.

**6.0 Environmental**



**Figure 6.1: SFD57 Drill hole collar**



**Figure 6.2: SFD58 Drill hole collar**



**Figure 6.3: SFD67 Drill hole collar**



**Figure 6.4: SFD67 Drill Pad**



**Figure 6.5: SFD68 Drill hole collar**



**Figure 6.6: SFD68 Drill Pad**



Figure 6.7: SFD69 Drill hole collar



Figure 6.8: SFD69 Drill Pad





**Figure 6.11: SFD70 and SFD71 Drill Pad**



**Figure 6.12: SFD72 Drill hole collar**



**Figure 6.13: SFD72 Drill Pad**



Figure 6.14: SFD73 Drill hole collar



Figure 6.15: SFD73 Drill Pad



**Figure 6.16: SFD74 Drill hole collar**



**Figure 6.17: SFD74 Drill pad**



Figure 6.18: SFD75 Drill hole collar



Figure 6.19: SFD76 Drill hole collar



**Figure 6.20: SFD75 and SFD76 Drill Pad**



**Figure 6.21: SFD77 Drill hole collar**



**Figure 6.22: SFD77 Drill Pad**

## 7.0 Expenditure

|              |                  |
|--------------|------------------|
| Geology      | \$103,583        |
| Drilling     | \$90,542         |
| Admin        | \$6,909          |
| <b>Total</b> | <b>\$201,034</b> |

## 8.0 References

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