

**Torque Mining Ltd
Annual Report on Exploration in
RL3/2005 – “Narrawa”
May 2014 to April 2015**

**Grant MacDonald - B.Sc. (Hons)
Exploration Manager
Torque Mining Ltd
134 Beveridges Lane,
Hagley, Tasmania 7292**

ABSTRACT

Exploration for the year period between May 2014 and April 2015 consisted of planning for upcoming drilling in the Narrawa Creek Valley targeting 3D IP anomalies and as such this report contains no new data..

Table of Contents

	Page No.
1.0 Introduction	1
1.1 Exploration Rationale	1
1.2 Geology	1
1.3 Location and access	2
1.4 Land status and usage	2
1.5 Tenure	2
2.0 Review of Previous Work	3
2.1 Prior to current tenement	3
2.2 During current tenement RL 3/2005	3
2.2.1 Higgs Resource Modelling and Estimation	3
2.2.2 Regional soils and magnetics enhancement	3
2.2.3 3D IP	4
2.2.4 Higgs Historical Underground and Surface Channel Sampling	6
2.2.5 Higgs Resource infill drilling	8
2.2.6 West Higgs drilling	11
2.2.7 Three Sisters drilling	13
2.2.8 Channel sampling – Packetts, West Packetts, Squib Open cut and NC4 prospects	15
2.2.9 Lead isotope age dating	15
3.0 Exploration completed during the reporting period	16
4.0 Discussion of Results	17
5.0 Conclusions	18
5.1 Potential	18
5.2 Higgs/West Higgs style Pb + Zn +/- gold and/or gold alone in pyrrhotite/ pyrite association	18
5.2.1 Higgs	18
5.2.2 West Higgs	19
5.2.3 East Higgs	19
5.2.4 Narrawa Reward	19
5.2.5 Hugo Skarn east conductivity anomaly	19
5.3 Three Sisters lode/greisen style W +/- Mo +/- Bi	20
5.4 Narrawa Creek chargeability anomaly	20
6.0 Environment	21
7.0 References	22

Figures

1.1	RL 3/2005 Narrawa licence outline topography, drainage and access. Map datum is AGD66 zone 55.	2
2.1	Large scale cross-section looking true west showing correspondence of Higgs resource (maroon outline in upper central figure) and resistivity low blue (= conductivity high).	4
2.2	RL 3/2005 “Narrawa Creek” area showing 3D IP survey conductivity trends as defined by resistivity at 50m depth (closer spaced Narrawa Creek grid data).	5
2.3	RL 3/2005 “Narrawa Creek” area showing 3D IP survey conductivity trends (black dashed lines with black names) as defined by resistivity at 50m depth (closer spaced Narrawa Creek grid data) superimposed on Jervois helimagnetics 2VD RTP colour image showing the Three Sisters magnetics anomalies and the Packetts anomaly.	6

2.4	Higgs historical channel samples – significant results. Colours of text refer to historical lode number. Legend in 2.5. Datum is AGD66.	7
2.5	Legend for following drill sections and plans.	9
2.6	Plan view Higgs prospect showing new DDH's NC54 to NC71, Higgs resource outline (red), old workings and channel samples with both drillholes and channel samples showing Au on LHS of drill trace and Pb + Zn on the RHS of drill trace. Legend in 2.5.	10
2.7	West Higgs section 5737.5mE +/- 6.25m showing drillholes gold and lead+zinc assays. Also shows West Higgs conductivity anomaly and surface channel samples. Legend in 2.5.	12
2.8	Three Sisters prospect showing drilling with W and Mo assays on drill trace as histograms, previous anomalous W and Mo intersections, old workings, W, Mo and Au soil anomalies, superimposed on colour enhanced, RTP 2VD helimagnetics image. Legend in 2.5.	14
5.1	Hugo Skarn extended conductivity anomaly at 250m depth superimposed on 2VD magnetics. Granite and porphyry dykes in pink crosses.	19
5.2	Narrawa Creek chargeability anomaly at 200m depth with drill collars to date. Granite and porphyry dykes in pink crosses.	20

Tables

2.1	2012-14 Higgs drilling better intersections	8
2.2	West Higgs drilling better intersections	11

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 Devonian aged 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. Conceptually the area may have potential for Y, Nb and rare earths (La, Ce, Nd, Pr and Sm).

Specifically work in the 2012-2014 period:

- Initially tested the margin of the Dolcoath Granite with its coincident anomalous magnetics, 3D IP conductivity and Au, W, Mo and Bi in soils with drill targets essentially open ended.
- Drilling then shifted to the Higgs Au+Pb+Zn+Ag prospect to obtain infill grade and width information and metallurgical samples between existing sampling and deeper drilling.
- Finally coincident anomalous Au in soils and 3D IP conductivity were drill tested at the West Higgs prospect looking for Higgs style mineralisation along strike across a fault.

Torque holds two small but Indicated Status resources in the district, one being the Narrawa (Higgs) Au+Zn+Pb+Ag resource centred on the old Higgs workings, the other being the Stormont Au+Bi resource on EL 42/2010 which has just been mined out by a BCD Resources/Torque Mining Ltd. JV..

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).

1.3 Location and access

RL 3/2005 "Narrawa" lies in Tasmania's central north and is accessed by the bitumen Cradle Mountain Road which passes through the western edge of the licence.

The licence occupies the valley of the east flowing Narrawa Creek which drains into the Lake Cethana hydro impoundment and the ridgelines north and south (see figure 1.1).

Access within the licence is by a rough 4WD track which runs from the Cradle Mountain Road to the gravel 2WD Dolcoath Hill Road.

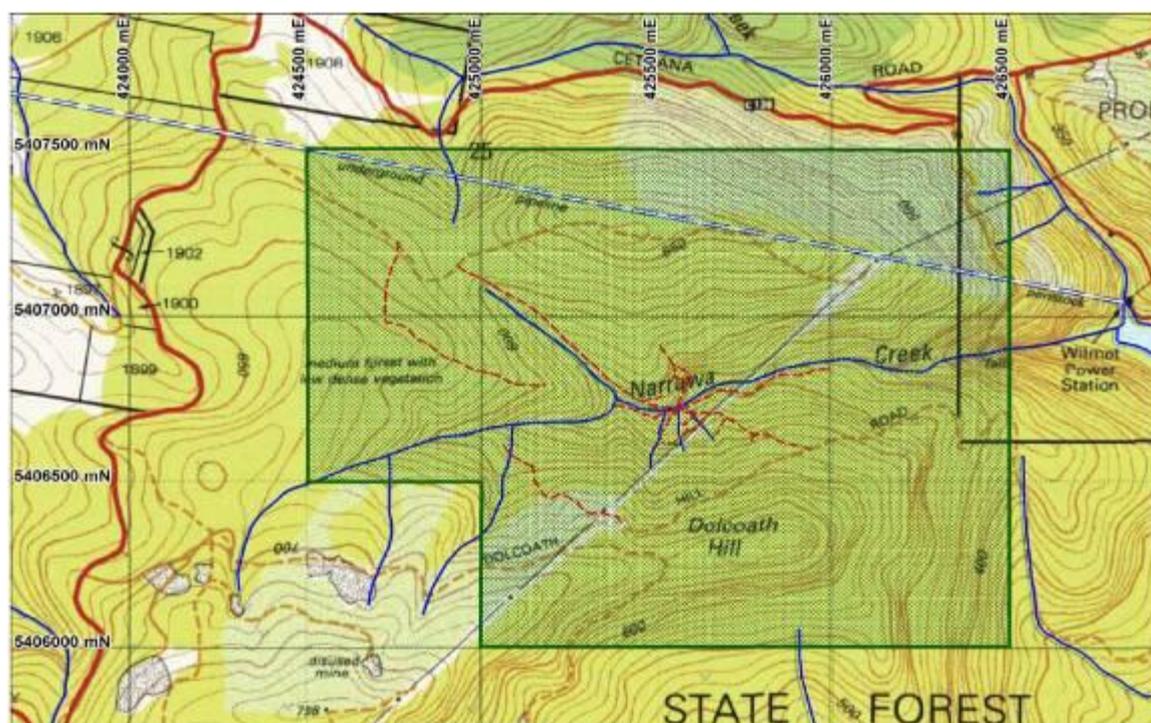


Figure 1.1: RL 3/2005 Narrawa licence outline topography, drainage and access. Map datum is AGD66 zone 55.

1.4 Land status and usage

The area is completely state forest and is covered by dry sclerophyll forest, commonly with a low dense bauera/tea-tree understory making foot access somewhat difficult. The area has been previously logged.

1.5 Tenure

RL 3/2005 was first granted to Frontier Resources on 13th May, 2005. The License was transferred to Torque Mining Ltd on 4th May 2012. On 13th May 2013 the licence was renewed for a further two year period finishing on 13th May 2015.

2.0 Review of Previous Work

2.1 Prior to current tenement

A brief summary of previous exploration is outlined below.

Old workings in the district date from the late 19th century into the 1930's with some production into the 1960's.

Pre-1965 the area of RL 3/2005 "Narrawa Creek" was included in much larger tenements with much more regional focus. In 1965 the Mt. Lyell Mining and Railway Co. included the area in EL 8/65. Apart from gridding and soil sampling over the Sayers and Blacks area just east of RL 3/2005 their work was more regional in focus. The licence was relinquished around 1972/73.

During the rest of the 1970's and into the early 1980's the border between Asarco's EL 7/73, soon to be JV'd with CRAE, and Comalco's EL 7/74 ran north-south through the area of RL 3/2005 dividing it in two. The major body of work carried out in the area was in 1981/82 when CRAE gridded, sampled (soil and rock) and geophysically surveyed the Narrawa Creek valley on their newly cut grid. This work resulted in the drilling of DD82DG1, 2 and 3.

Following the relinquishment of these two licences the Narrawa Creek area was pegged in 1985 as EL 45/1985 by Mr C.H. Whitehead who almost immediately JV'd the tenement with Goldfields Exploration Ltd who explored the area for gold, resampling the CRAE grid and drilling ND1, 2 and 3.

In the early 1990's the area was included in EL 20/92, a JV between Goldstream Mining N.L. and Titan Resources N.L. who drilled NC1 to NC12

Following compulsory relinquishment of half of EL 20/92 which saw the Narrawa Creek area dropped, Jervois Mining N.L. pegged the area under EL 30/97. Jervois drilled NC13 to NC17.

In 2003 Tasgold (a previous incarnation of Frontier) pegged the old EL 30/97 and remaining EL 20/92 (just relinquished) ground as EL 29/2003. Holes NC18 to NC28 were drilled into the Higgs resource.

In 2005 Frontier were required to relinquish most of EL 29/2003 retaining the Stormont prospect area under RL 4/2005 and the Narrawa Creek area under RL 3/2005.

2.2 During current tenement RL 3/2005

2.2.1 Higgs Resource Modelling and Estimation

From 2005 to 2008 Tasgold (then Frontier) drilled a further 25 holes, NC29 to NC53, largely into the Higgs resource.

In 2008 Frontier calculated a resource for the Higgs (referred to as "Narrawa" in their work) with a total (Indicated and Inferred) resource 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).

2.2.2 Regional soils and magnetics enhancement

After a hiatus due to the effects of the GFC exploration recommenced in the Moina area in late 2010 with the processing and enhancement of existing high resolution geophysics and the collection of 214 soil samples as part of a regional 1271 sample 100m x 50m soil sampling programme.

This work defined a 1.3km long Au soil anomaly with the 220m long Narrawa resource only occupying part of strike. Coincident structures and/or magnetics characterize parts of this zone. Significantly and extensively anomalous W, Mo and Bi characterize the margins of the granite.

2.2.3 3D IP

In 2011 RL 3/2005 was included in a large scale 3D IP survey conducted over ~24 square kilometres of Frontier's Moina Project, extending from Round Mountain east of Lake Cethana to Stormont, west of Lake Gairdner.

The survey was broken in part into a series of grids. RL 3/2005 was surveyed by the 100m - 125m spaced Narrawa grid as well as the deeper seeing more regional 250m spaced East Moina grid.

The 3D IP was highly successful in defining a number of anomalies which warrant further follow-up. In particular the survey revealed;

- A correspondence between Higgs mineralisation and a west-northwest linear resistivity low i.e. conductivity high (Higgs conductivity anomaly) (see figure 2.1).
- Further clear potential for further Higgs style gold+base metal skarn along the west-northwest striking conductivity trends (see figure 2.2).
- Around the granite margin there is an apparent spatial correspondence between a series of three helimagnetic anomalies referred to here as the Three Sisters and 3D IP conductivity anomalies, in areas of anomalous Au, W, Bi, and Mo in soils (see figure 2.3).

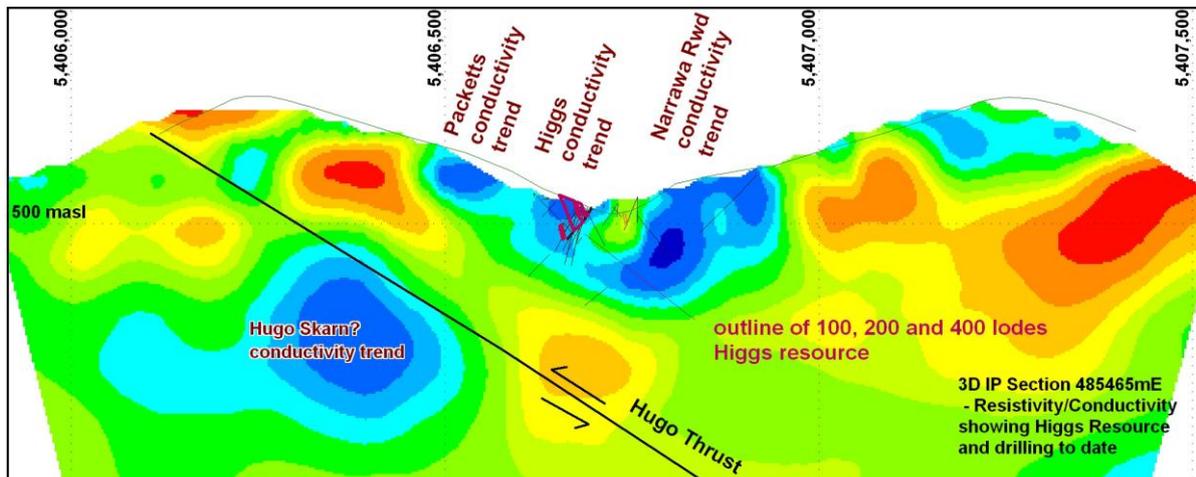


Figure 2.1: Large scale cross-section looking true west showing correspondence of Higgs resource (maroon outline in upper central figure) and resistivity low blue (= conductivity high). Note also Packetts and Narrawa Reward conductivity trends near surface and the Hugo Skarn conductivity anomaly (anomaly lies along strike from TNT Mines Hugo Skarn deposit) beneath the Hugo Thrust Fault.

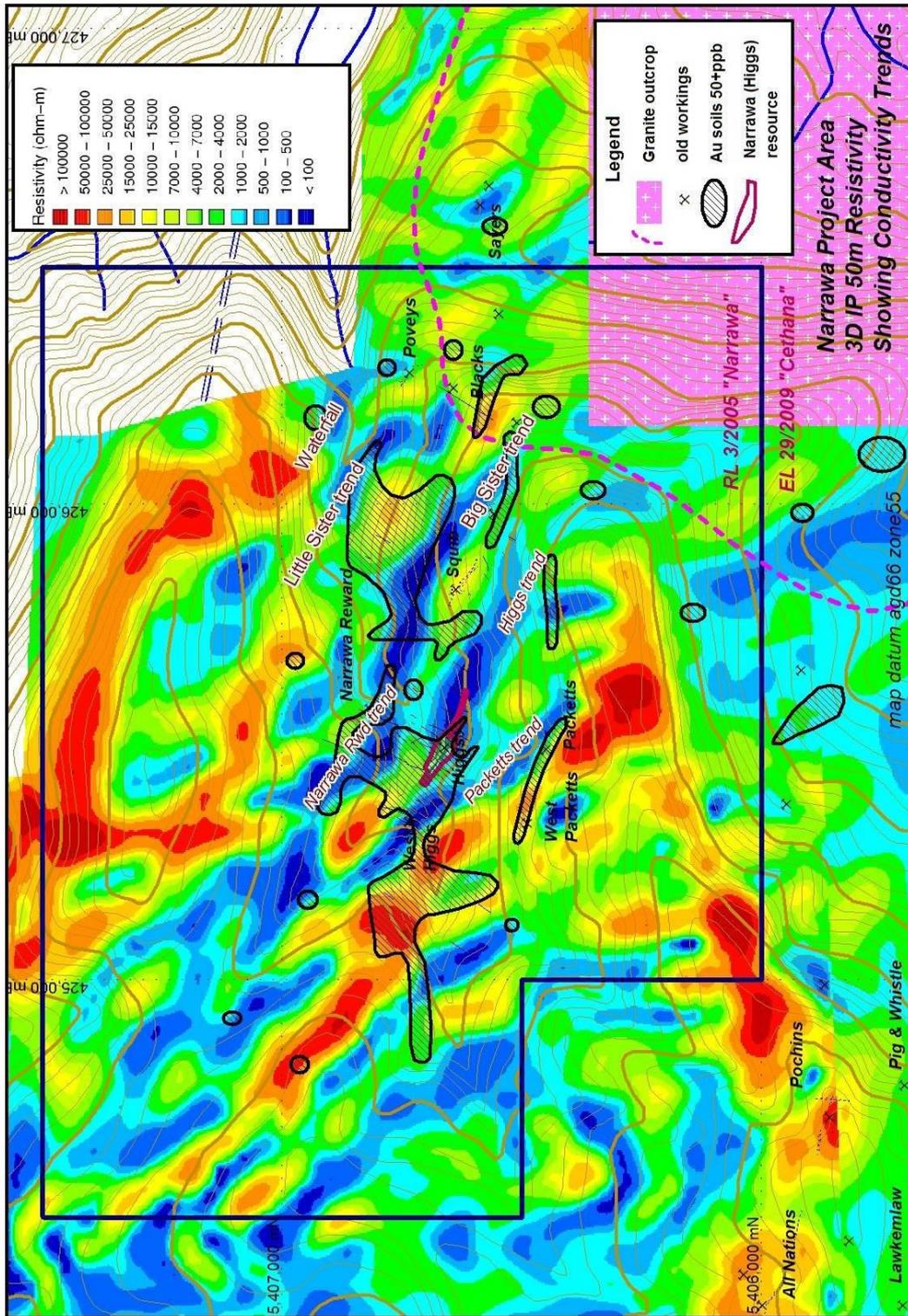


Figure 2.2: RL 3/2005 "Narrawa Creek" area showing 3D IP survey conductivity trends as defined by resistivity at 50m depth (closer spaced Narrawa Creek grid data). The Higgs anomaly swings north-northwesterly through the West Higgs workings (and then heads towards the Bell Mount alluvial goldfield). The Narrawa reward anomaly is coincident with the gold and base metal Narrawa Reward workings. Other anomalies remain untested. Gold soil anomalism shown as black hatched area.

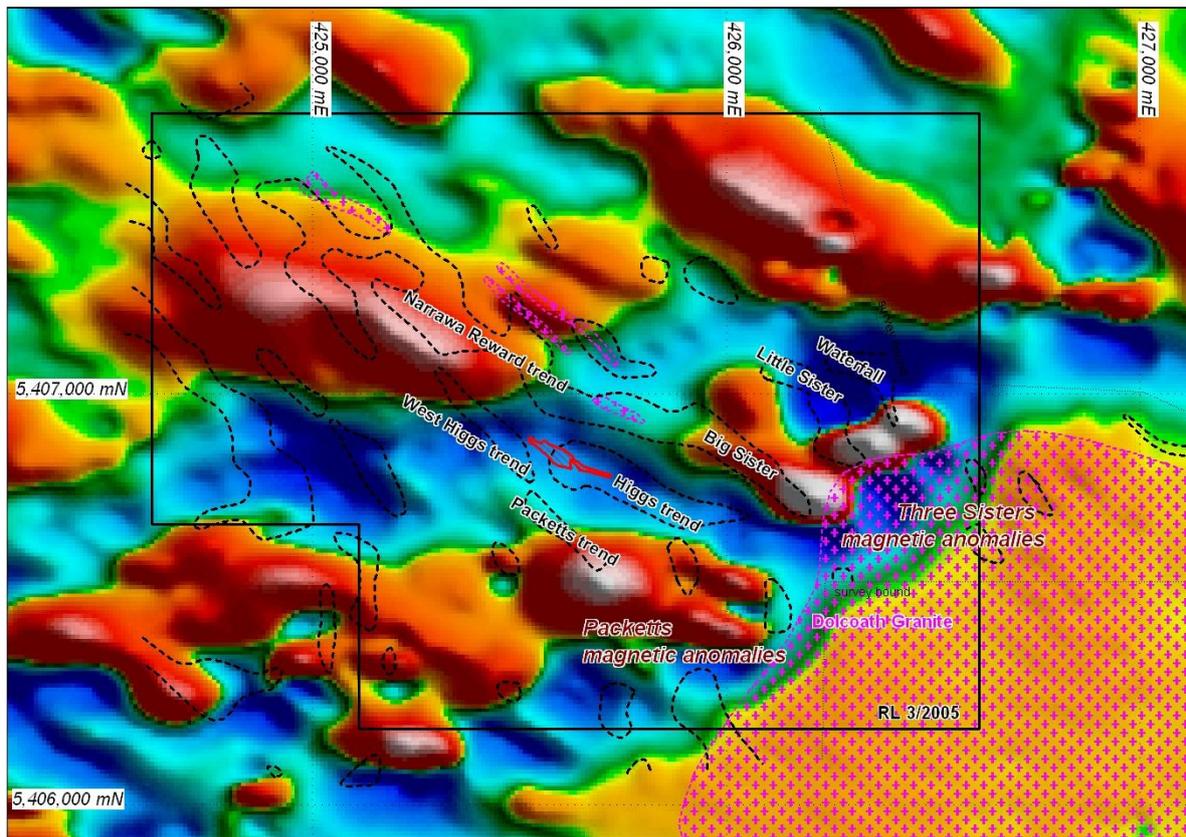


Figure 2.3: RL 3/2005 “Narrawa Creek” area showing 3D IP survey conductivity trends (black dashed lines with black names) as defined by resistivity at 50m depth (closer spaced Narrawa Creek grid data) superimposed on Jervis helimagnetics 2VD RTP colour image showing the Three Sisters magnetics anomalies and the Packetts anomaly. Dolcoath Granite as pink crosses with dashed pink outline, also granitic dykes shown. Higgs resource as maroon outline shown as reference.

2.2.4 Higgs Historical Underground and Surface Channel Sampling

The Higgs Mine had been reported on by government geologists on three occasions by F. Blake in 1937, K.G.W. Keid in 1947 and by R. Jack in 1961. Both Keid and Jack detail sampling undertaken by both the government geologists themselves during their visit and sampling undertaken by the proprietor.

That data had not been included in the previous resource estimate and so was compiled in preparation for a new resource estimate..

Goldfields also undertook extensive channel sampling in 1987 (Roberts, 1987).

Better results from all channel sampling work are shown in figure 2.4.

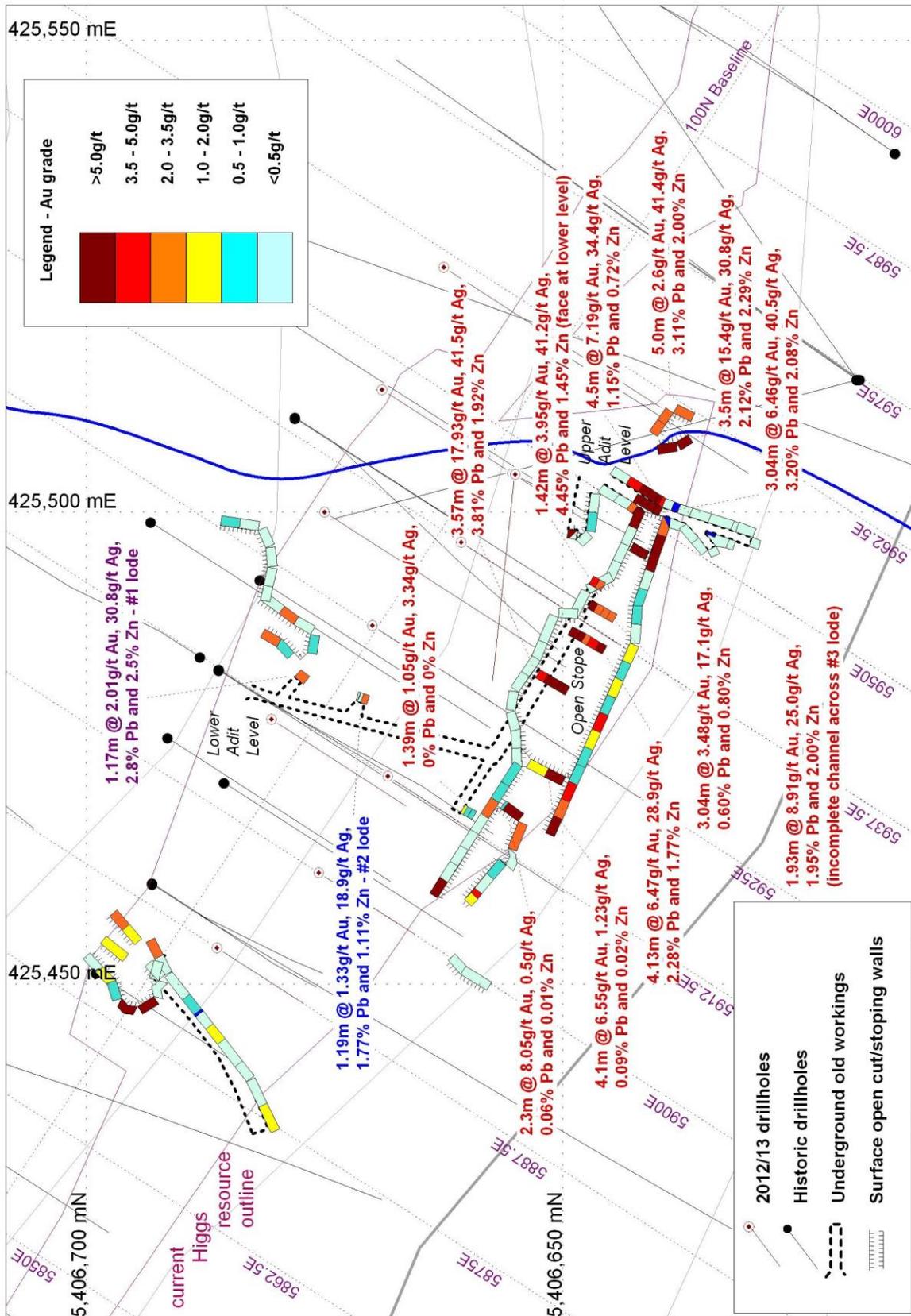


Figure 2.4: Higgs historical channel samples – significant results. Colours of text refer to historical lode number (defined earlier in text). Legend in figure 2.5. Datum is AGD66.

2.2.5 Higgs Resource infill drilling

In 2012 four holes (NC54, NC55, NC56 and NC57) were drilled in and around the existing Higgs resource as part of a programme to add to the knowledge of the existing resource and potentially upgrade some of the Inferred resource to Indicated status, and in part to test the newly acquired Poltock man-portable rig. After 4 holes were completed the programme was deferred with drilling moving to other untested targets.

The first 3 holes were drilled with the Poltock rig. Hole NC57 was drilled with Frontier's own skid mounted rig (capable of drilling NQ to 400m).

Holes NC54 and NC55 were problematic with significant core loss and rubble falling into the hole. These two holes acted as "learners" for Frontier's drillers and were not sampled. No significant mineralisation aside from some disseminated pyrite in siltstone was intersected though it is possible that significant sections of core loss represent better mineralised zones.

Drilling (8 holes for 290.9m) at Higgs recommenced in 2013 with NC64, NC65 and NC67 to NC71 drilled on 12.5m sections on the Higgs drilling grid. NC66 was drilled obliquely across the mineralised lodes in order to maximise recovery of material for metallurgical testwork.

Drilling focussed on targeting the main lode between the previous deeper intersections and surface/near surface channel samples. Mineralised intersections confirmed the presence of the #1, #2 and #3 (or main) lodes (biotite+sulphide altered beds) with the #3/main lode zone at depth actually consisting of 2 separate lodes hereby categorised as the main lode upper and lower.

Better results are listed in Table 2.1. Holes are shown in plan view on figure 2.6.

Table 2.1: 2012-14 Higgs drilling better intersections

Hole_ID	from (m)	to (m)	interval (m)	Au g/t	Ag g/t	Pb %	Zn %
NC64	3.35	3.7	0.35	2.95	65	3.61	3.51
NC64	14.65	18	3.35	1.74	10.8	0.98	1
NC65	6.65	7.4	0.75	5.37	67	5.7	11.3
NC65	11.85	15.65	3.8	2.72	16.8	2.44	3
NC66	2.3	3.1	0.8	13.7	81	3.79	1.42
NC66	11.9	12.45	0.55	6.8	94	9.3	14.7
NC66	19.4	26	6.6	0.21	17.5	1.61	1.83
NC66	29.6	37.2	7.6	0.72	41	4.16	4.01
NC68	3.4	4.05	0.65	1.65	23.7	3.66	5.08
NC68	9.4	9.95	0.55	6.02	30.7	3.85	3.74
NC68	14.6	17.7	3.1	10.05	33.3	3.25	5.03
NC68	21.55	25.3	3.75	2.66	25.7	3.03	4.63
NC69	18.3	18.95	0.65	2.04	21.9	2.22	3.05
NC69	21.65	35.3	13.65	0.66	38.2	3.14	3.23
NC70	17	18.1	1.1	0.24	36	3.75	4.79
NC70	20.4	24	3.6	0.34	36	4.12	5.02
NC70	26.6	33.8	7.2	0.75	77.5	7.16	11.3
NC71	10.3	12.1	1.8	0.1	18.7	1.13	1.41
NC71	16.4	17.5	1.1	0.2	27.4	2.94	4.18
NC71	20.5	22.55	2.05	0.25	42.3	4.52	7.1
NC71	27.1	33.1	6	0.56	62.7	5.93	9.44

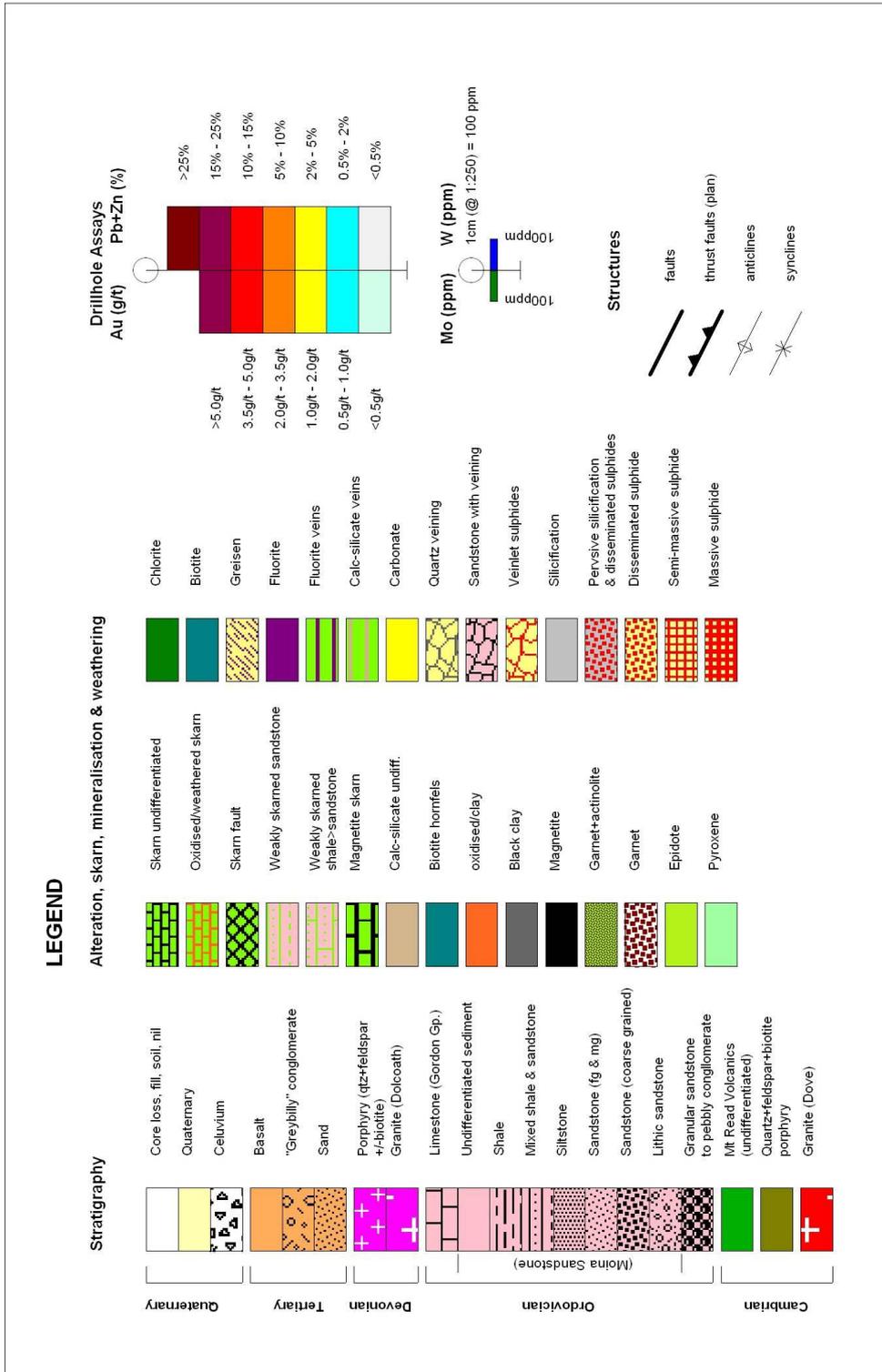


Figure 2.5: Legend for sections and plans

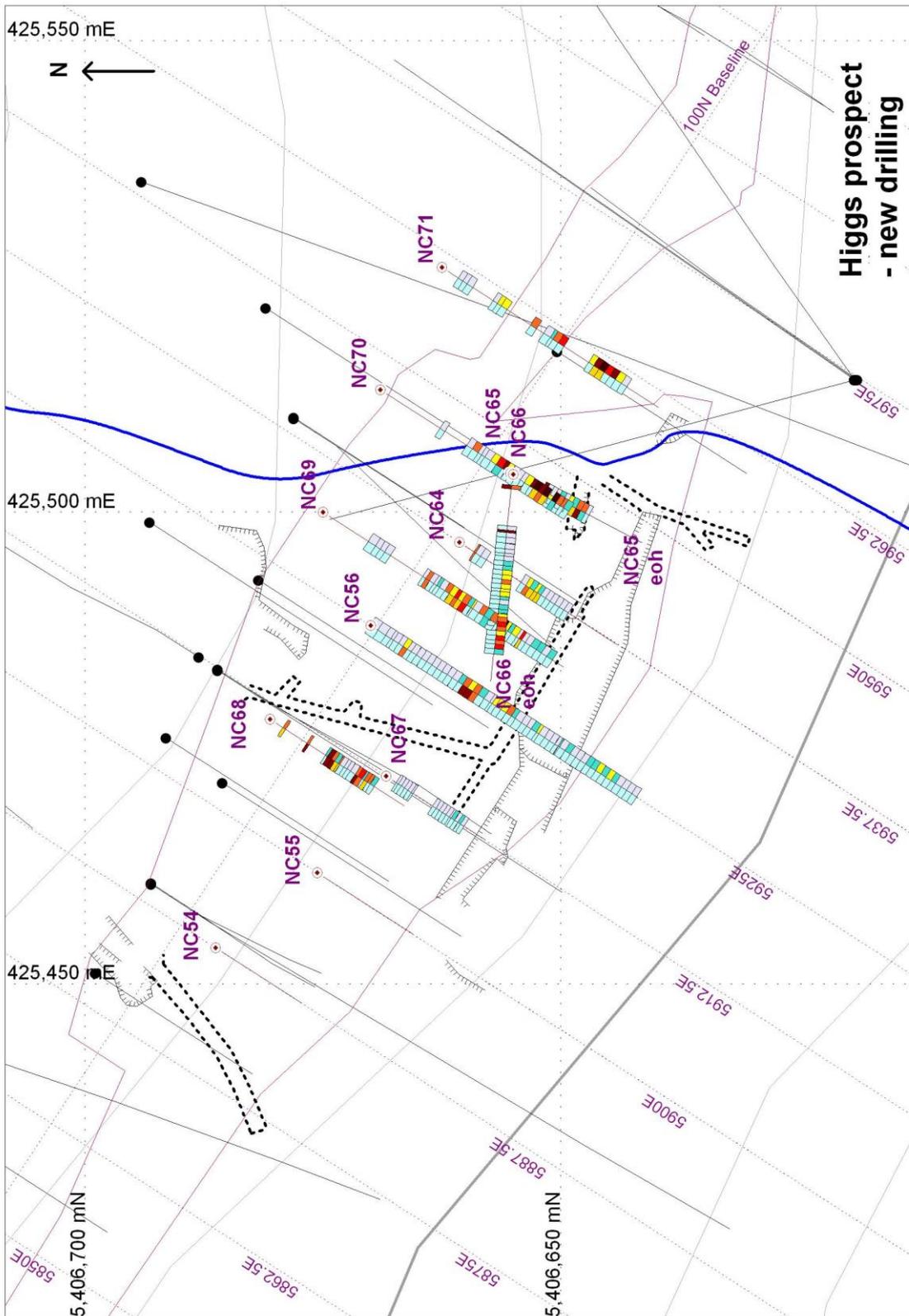


Figure 2.6: Plan view Higgs prospect showing new DDH's NC54 to NC71, Higgs resource outline (red), old workings and channel samples with both drillholes and channel samples showing Au on LHS of drill trace and Pb + Zn on the RHS of drill trace. Legend in figure 2.5.

2.2.6 West Higgs drilling

The West Higgs prospect lies on steep slopes on the western side of a moderately incised gully, interpreted to represent a cross-fault, with Higgs workings lying on the east. Two small adits and some surface scratchings did not discover anything of great significance but channel sampling by GFEL in the 1980's revealed 16.8m @ 8.5g/t Au and 18.7m @ 6.34g/t Au though these were of surface ferruginous material (and thus probably surface enriched) and taken largely along strike.

Two holes were drilled at West Higgs (see figure 2.7). The first hole NC72 was angled beneath the anomalous channel samples. This hole was drilled at -50° (using TT56) for the full length but began to struggle with drag on the rods and was stopped at 47.15m.

Both holes were collared from the same location with NC72 at -50° and NC73 at -82.5°.

NC72 intersected pyritic sandstone and lesser biotite hornfelsed sandstone to 44.5m then biotite hornfels +/- galena+sphalerite below 44.5m to 47.15m. It was tentatively planned to return to hole with TT46 after NC73 (did not happen).

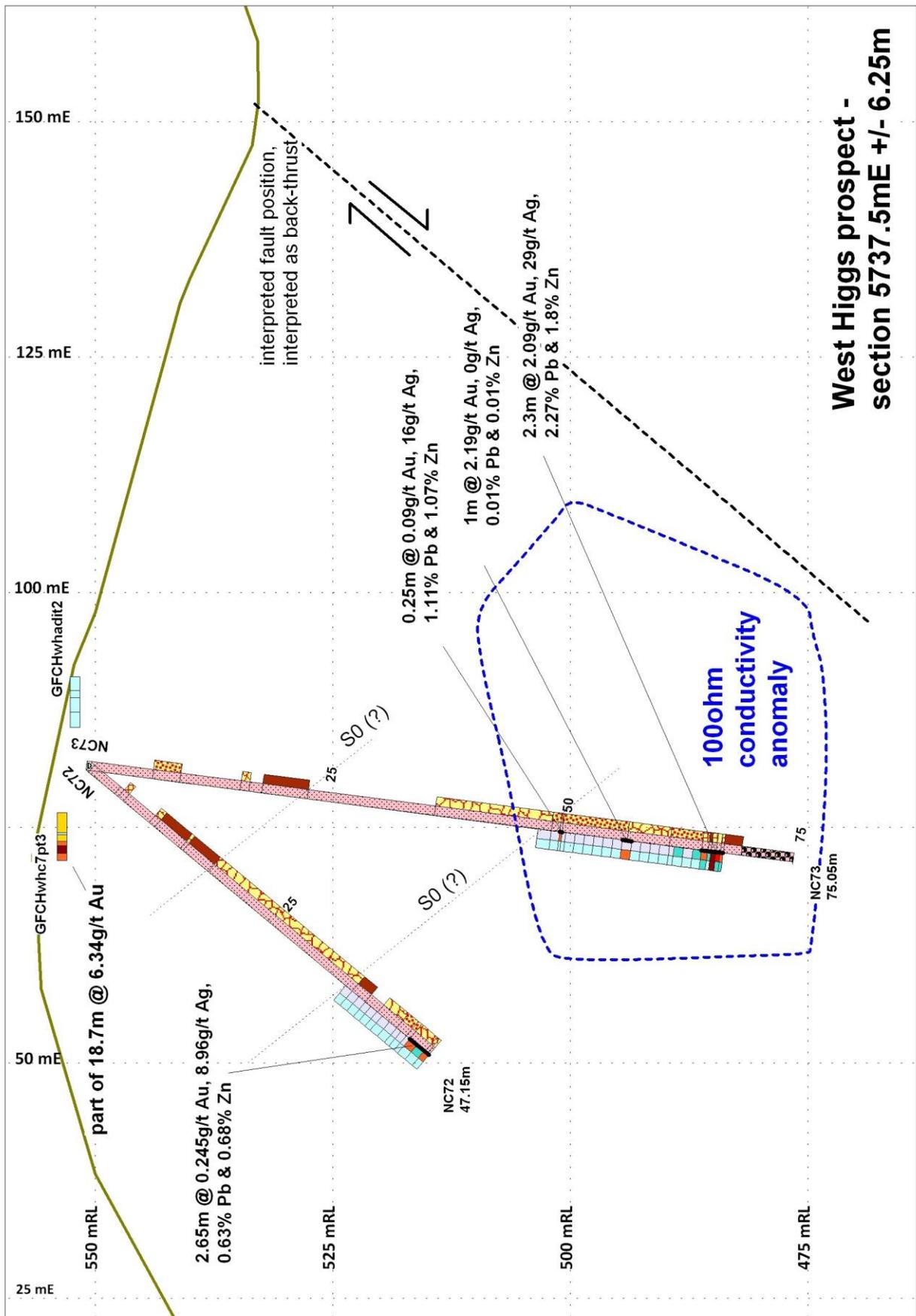
NC73 was drilled vertically from the same collar position.

It was recognised that bedding is dipping to the north at around 70° and that this would place the favourable sequence in correspondence with the West Higgs conductivity anomaly at ~50m+ depth below this position.

The hole intersected the biotite hornfelsed unit at 49.5m to almost the end of the hole. Coarser grained base metal sulphide zones were intersected in a number of positions within this zone.

Table 2.2 West Higgs drilling better intersections

Hole_ID	from (m)	to (m)	interval (m)	Au g/t	Ag g/t	Pb %	Zn %
NC72	44.5	47.15	2.65	0.245	8.96	0.63	0.68
NC73	50.3	50.55	0.25	0.09	16	1.11	1.07
NC73	56.95	57.95	1	2.19	0	0.01	0.01
NC73	65.35	67.65	2.3	2.09	29	2.27	1.8



**West Higgs prospect -
section 5737.5mE +/- 6.25m**

Figure 2.7: West Higgs section 5737.5mE +/- 6.25m showing drillholes gold and lead+zinc assays. Also shows West Higgs conductivity anomaly and surface channel samples. Legend in figure 2.5.

2.2.7 Three Sisters drilling

The Three Sisters prospect is defined by the three discrete magnetic anomalies on the northwestern margin of the Dolcoath Granite outcrop (best seen in figure 2.3). It should perhaps also extend to the south to include the Packetts anomalies which are of similar style and position with respect to the granite.

Aside from the anomalous magnetism the granite margin here is characterised by coherent anomalous W, Mo, Bi and Au in soils, old workings on lode style quartz +/- W +/- Mo +/- Bi veins running almost east-west to west-northwest such as Blacks, Sayers and the Squib workings, and surface trench samples and drill intersections up to

- 80.2m @ 0.06% W inc. 6.0m @ 0.153% W (DD82DG3); also
- 0.6m @ 0.55% Bi and 0.5m @ 0.29% Bi (DD82DG3)
- 6.6m @ 0.317% W inc. 0.65m @ 1.04% W (NC53)
- 0.3m @ 9.22% Mo (NC61)
- 1.0m @ 0.6% W and 0.5m @ 0.828% W (NC62)
- 4.0m @ 0.12% W (Squib channels)

Previous drillholes at the Three Sisters had intersected hornfelsed Moina Sandstone, granite dykes and variably geisenised and/or k-feldspar altered granite along the contact between the Moina Sandstone and Dolcoath Granite.

Three TT56 diamond drill holes NC60, NC61 and NC62, were drilled with the Poltock rig at the Three Sisters prospect with coincident Au, W, Sn, Bi and Mo soil anomalism and magnetism and conductivity anomalies.

Gold results were generally low with 3.85m (from surface) @ 0.59g/t Au and 0.4m @ 2.15g/t Au (from 30.6m) in NC60. Apart from these results the best Au were 0.18 and 0.12g/t Au in NC61 and 0.13g/t Au in NC62.

Apart from a 0.3m wide quartz+molybdenite vein intersected in NC61 which assayed 0.3m @ 9.2% Mo and 632ppm Bi (W was below detection limit) all W, Mo and Bi assays were low with best results

- NC60: W to 166 and 45ppm, Mo to 147 and 126ppm and Bi to 143 and 84ppm
- NC61: W to 119 and 122ppm, Mo to 135ppm and Bi to 47ppm
- NC62: W to 885 and 338ppm, Mo to 491 and 121ppm and Bi to 251 and 204ppm

NC63 targeted the zone at depth where the magnetic source would extend into the granite. The drillhole intersected hornfelsed Moina Sandstone with occasional porphyry or granite dykes to 65.75m then variably generally weakly k-feldspar altered or greisenised granite with occasional visible wolframite, molybdenite and/or bismuthinite along the greisen selvages. Unfortunately best results were separate 1m intervals of 719ppm W and 624ppm Bi.

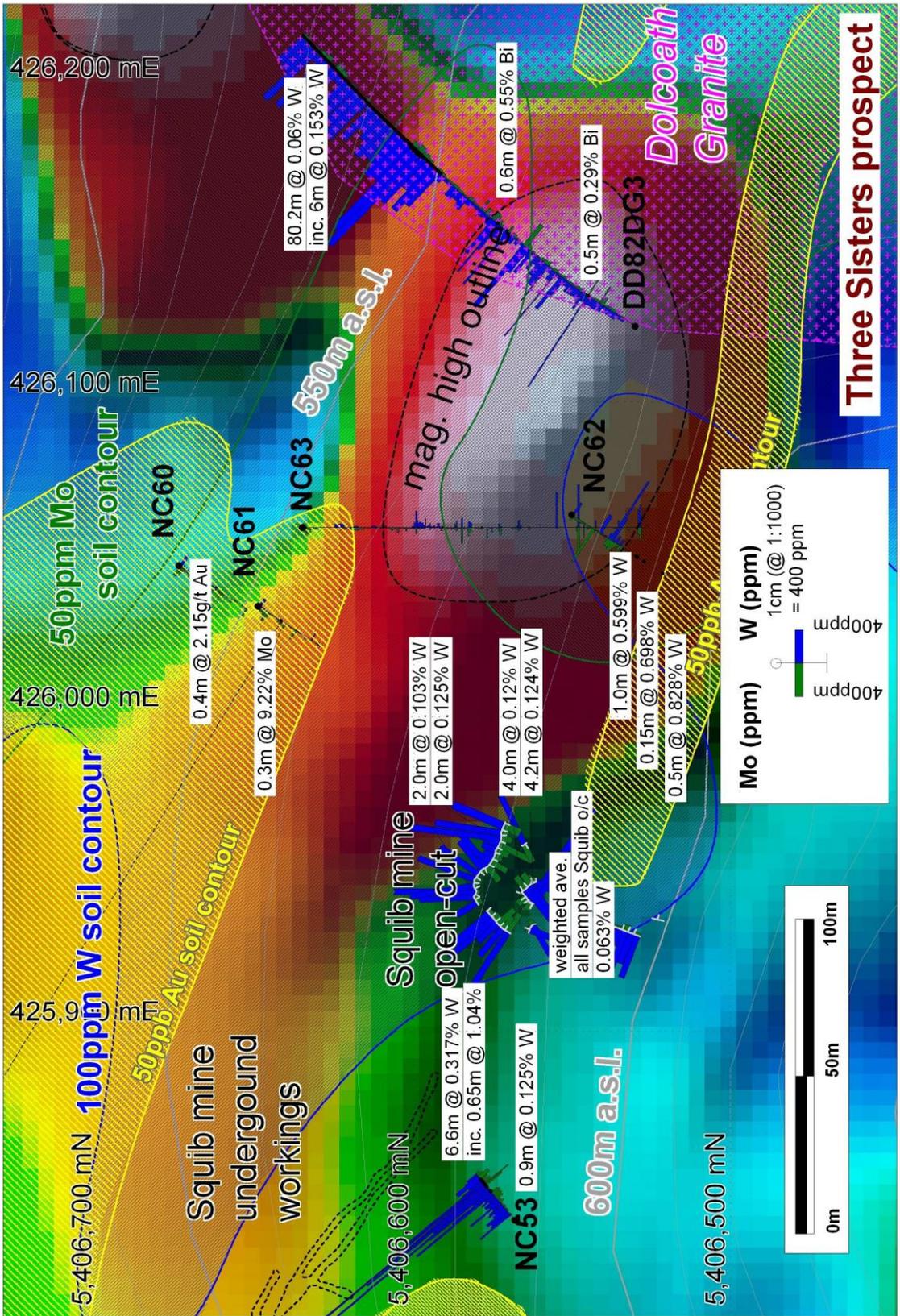


Figure 2.8: Three Sisters prospect showing drilling with W and Mo assays on drill trace as histogramms, previous anomalous W and Mo intersections, old workings, W, Mo and Au soil anomalies, superimposed on colour enhanced, RTP 2VD helimagnetics image. Legend in figure 2.5.

2.2.8 Channel sampling – Packetts, West Packetts, Squib open cut and NC4 prospects

Channel sampling was conducted at three prospects, Packetts and West Packetts, Squib open cut, and along the road-cut near the collar of NC4. Samples were collected at nominal 2m intervals by geology pick.

Results were generally low with best intervals

- PCH1; 0.0m to 9.0m, 9.0m @ 0.06g/t Au and 0.18% Pb
- PCH2; 0.0m to 2.0m, 2.0m @ 0.7g/t Au and 0.26% Pb
- PCH5; 3.0m to 5.0m, 2.0m @ 0.77g/t Au

At the Squib open cut 39 channel samples for 76.3m in 8 continuous channel samples were collected along exposed faces of the old open cut.

Au assays were elevated but only weakly with best result 0.29g/t Au (repeating at 0.33) with next best values 0.08g/t Au. W values were elevated but not sufficiently with best 1434, 1354 and 1253ppm with an overall mean of 622ppm, i.e. 0.06%.

At the NC4 prospect 12 channel samples for 24m in 2 continuous channel samples named NC4CH1 and NC4CH2. All samples are anomalous with only one sample below 0.5g/t Au (i.e. 0.36g/t Au) such that intervals are;

- NC4CH1; 0.0m to 10.0m, 10.0m @ 0.96g/t Au and 0.13% As
- NC4CH2; 0.0m to 12.0m, 12.0m @ 1.99g/t Au and 0.087% As

2.2.9 Lead isotope age dating

Six samples of galena bearing core or rock or sample pulps with elevated lead from the Moina project area 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.

Pb isotopic dating of the Higgs mineralisation showed that it is Middle Devonian in age and coeval with similar Pb rich mineralisation at the Round Mountain/Hill and Oliver's Hill prospects, to the east of Lake Cethana, and slightly older than the Stormont Au+Bi skarn. The time correlation between Higgs and Round Mountain/Hill suggests a similar genesis and reinforces the prospectivity of the Higgs host sequence along strike.

3.0 Exploration completed during the report period

No fieldwork was completed during the reporting year. An in-house review of exploration data was undertaken by director Denis O'Neill but no reports of plans were produced from this work.

4.0 Discussion of Results

The in-house review confirmed the potential of the licence area and reinforced the approach being undertaken.

5.0 Conclusions

5.1 Potential

Though small RL 3/2005 covers a significant part of the Moina mineralised province with significant occurrences of Au, Pb, Zn, Ag, W, Bi and Mo.

In particular the area is demonstrably prospective for an

- earlier phase of stratiform Pb+Zn+/-gold and/or (alternatively)gold alone in a pyrrhotite/pyrite association in beds of altered/mineralised favourably reactive/porous sediments of the Higgs/West Higgs style;
- later lode /greisen style W +/- Mo +/- Bi inside the margin of the granite (greisen) and extending in a north-northwesterly orientation in Moina Sandstone as veins, <0.5m thick, and (less commonly) associated with porphyry dykes.

Recent exploration has targeted both styles with drilling at both Higgs and West Higgs for the former, and at the Three Sisters prospect on the granite margin for the latter.

There is also potential for Intrusive Related Disseminated Gold as per Morrison, Reed and Turner (2003). Extensive Bi anomalism supports this target model as do occurrences of gold in sandstone e.g. at Packetts and West Higgs. This style is considered by Morrison, Reed and Turner (2003) to most likely be in similar favourable structural settings around the granite margin as the other styles.

5.2 Higgs/West Higgs style Pb + Zn +/- gold and/or gold alone in pyrrhotite/pyrite association

5.2.1 Higgs

Historical research on underground sampling has provided considerable confidence to the resource database in the area previously unrepresented. In particular they show a robust main lode 3-4m thick with reasonably consistent grades.

Drilling around the Higgs workings has both (1) better defined the Higgs resource and (2) provided sample material for metallurgical testwork. It has produced some excellent grades with up to 7.2m @ 0.75g/t Au, 77.5g/t Ag, 7.16% Pb & 11.3% Zn in NC70 (26.6m to 33.8m) and 3.1m @ 10.05g/t Au, 33.3g/t Ag, 3.25% Pb & 5.03% Zn in NC68 (14.6m to 17.7m).

It has shown continuity and grade of the upper of the two main lodes up-dip but has shown that the lower of the two dies out up-dip.

Reasonably extensive drilling to date below the thrust fault has not located any offset mineralisation and it is considered more likely that the basal thrust acted as a feeder structure rather than that the lodes are necessarily offset by it.

A new resource has not been calculated but a preliminary appraisal says that the new drilling results appear to have reduced the overall tonnage but increased grades, but by as yet indeterminate amounts.

As a mining proposition the mineralisation may be modelled as a bulk tonnage gold deposit with lead, zinc and silver credits or as a smaller, discrete, lead, zinc and silver resource with gold credits.

Drilling has shown the resource to be robust between sections 5912.5mE and 5962.5mE with some confidence. At the western end of the Higgs resource DDH's NC54 and NC55, drilled early in the piece with the newly acquired Poltock rig, did not have good enough core recovery for inclusion in any resource. Unfortunately the core which was recovered is poorly mineralised. It may be useful at some stage to redrill one of these holes but it does appear that significant mineralisation at Higgs does not extend to these holes.

5.2.2 West Higgs

DDH's NC72 and NC73 at West Higgs, to the west of the Higgs workings, have established that base metal +/- gold in biotite hornfels style mineralisation does continue along strike to the west-northwest from Higgs. This zone remains open ended to the northwest. It is interpreted that the gully along the northeastern side of West Higgs represents the same basal thrust fault which bounds Higgs. It is also recognised that the zone trends to the Bell Mount goldfield area.

5.2.3 East Higgs

At the eastern end it does appear that holes NC56 and NC16 were drilled off the Higgs trend as defined by both lithology and the Higgs conductivity trend and there is a zone here of ~500m of strike which has been inadequately drill tested.

5.2.4 Narrawa Reward

The Narrawa reward trend (seen in section in figure 2.1 and in plan in 2.2) remains largely un-drill tested. Channel samples along the old Narrawa reward adit walls assayed 32m @ 2g/t Au and DDH NC02 intersected 2.4m @ 2.53g/t Au, 60.6g/t Ag, 0.58% Pb and 1.03% Zn.

5.2.5 Hugo Skarn east conductivity anomaly

The Hugo Skarn east (?) conductivity anomaly (seen in section view in figure 2.1) remains un-drill tested. This anomaly lies at a depth of 200m to 400m and lies along strike from the Hugo Skarn resource on RL 10/88, summarised by Newnham (1997) as ~250kt @ 5-6% Zn and 1g/t Au.

The Hugo Skarn deposit is obscured by a north dipping thrust, the Hugo Thrust, which must continue eastwards into RL 3/2005 and appears to correspond with a zone of elevated magnetism which may be due to skarn at depth.

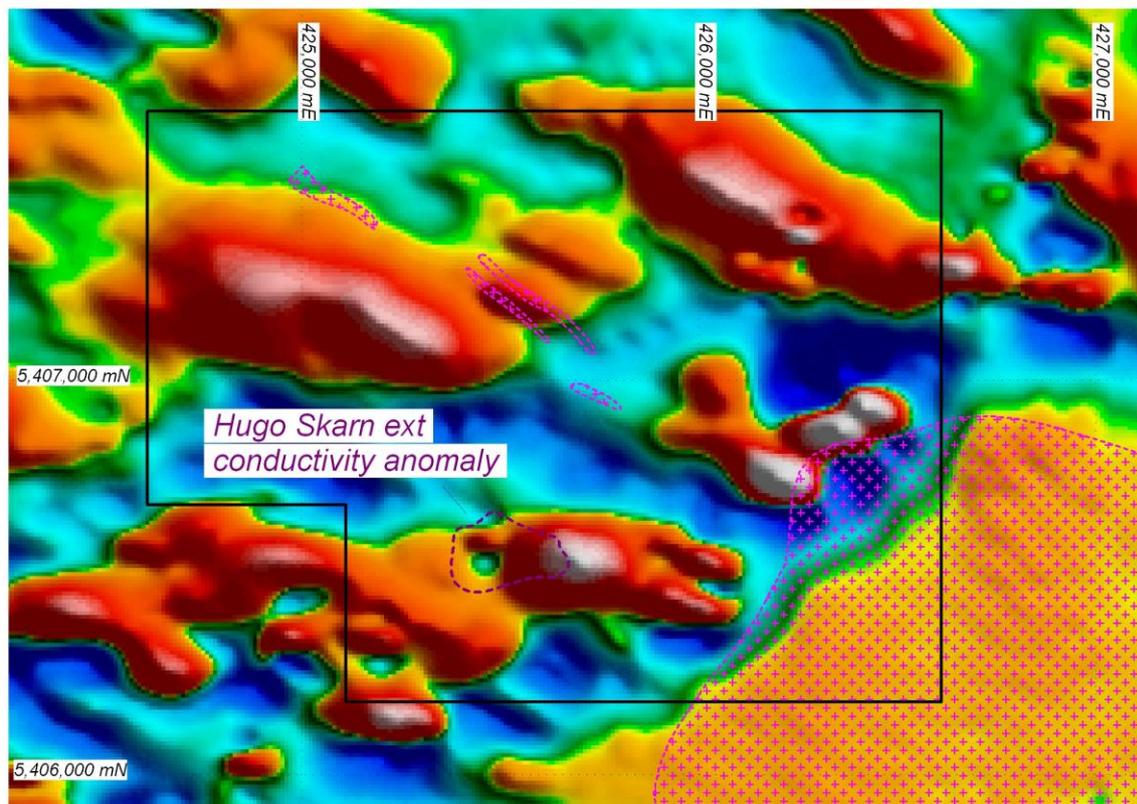


Figure 5.1: Hugo Skarn extended conductivity anomaly at 250m depth superimposed on 2VD magnetics. Granite and porphyry dykes in pink crosses.

5.3 Three Sisters lode/greisen style W +/- Mo +/- Bi

The drilling at the Three Sisters prospect to date has improved the understanding of the geology markedly and there still remains potential for a W, Mo and/or Bi resource in this area. Drilling should continue to target the magnetic low zones between magnetic highs and in particular test the country between the Three Sisters and Packetts anomalies.

5.4 Narrawa Creek chargeability anomaly

No work has addressed the source of the Narrawa Creek chargeability anomaly (see figure 5.2) nor any of the chargeability anomalies in the licence area where there is potential for a disseminated gold deposit. Whilst non-auriferous pyrite outcrops in a number of locations in the Moina district, in a number of locations this pyrite is associated with significant gold grades e.g. Higgs and West Higgs.

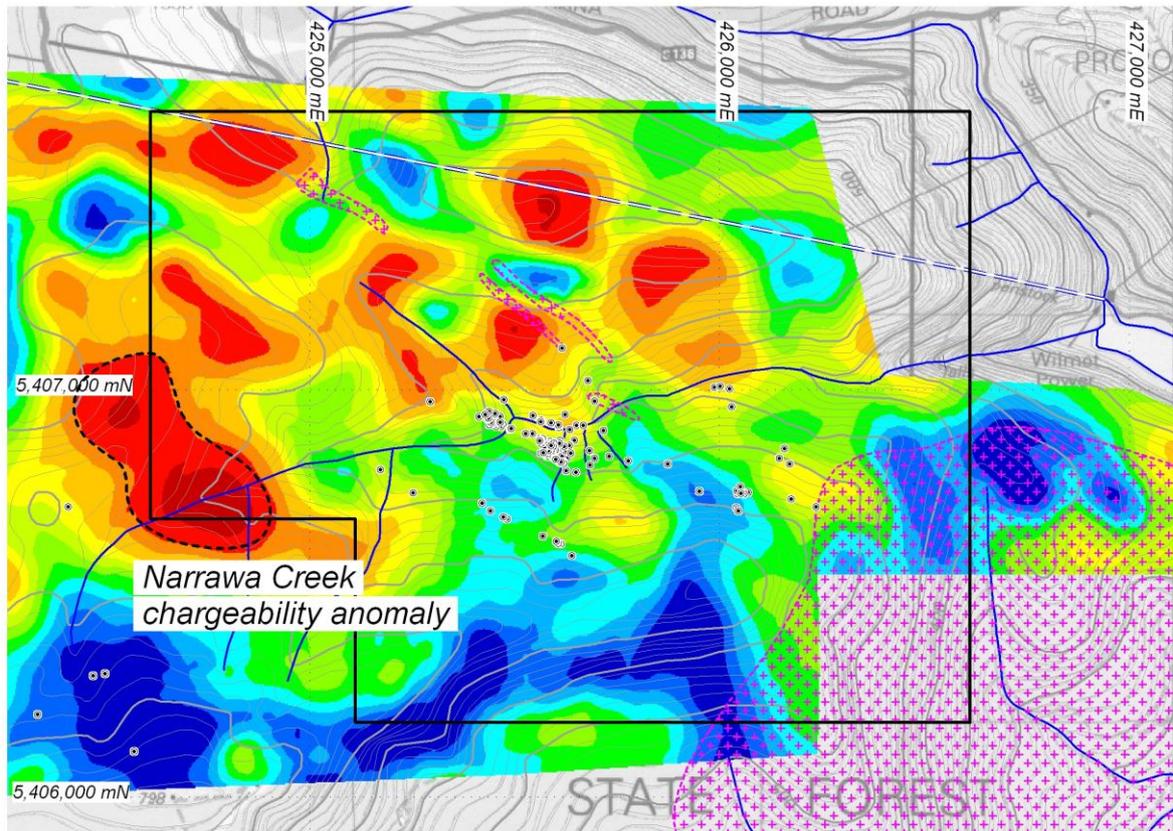


Figure 5.2: Narrawa Creek chargeability anomaly at 200m depth with drill collars to date. Granite and porphyry dykes in pink crosses.

6.0 Environment

No fieldwork was undertaken during the year. Natural regrowth of drill sites from previous drilling programmes continues satisfactorily.

7.0 References

- Askins, P. W. (1980) E.L. 7/74 Tasmania, Report on All Investigations, Tin Spur-Olivers Hill- Devonian Areas; Commonwealth Aluminium Corporation Ltd (TCR 80_1430)
- Black, L. P.; McClenaghan, M. P.; Korsch, R. J.; Everard, J. L.; Foudoulis, C. (2005) Significance of Devonian–Carboniferous igneous activity in Tasmania as derived from U-Pb SHRIMP dating of zircon. *Australian Journal of Earth Sciences* 52:807–829.
- Blake, F. (1937) Higgs Gold Mine, Narrawa Creek. Tas. Geol. Survey; Typewritten reports, 1937 (unpublished) UR1937_088_91
- Jack, R.H. (1961) Gold Mine, Narrawa Creek, Moina; Economic and General Geology TR5-102-104
- Jennings, I.B. (1958) The Round Mount District; Geological Survey Bulletin 45 (GSB45)
- Jennings, I. B. (1963) One Mile Geological Map Series.K/55-6-45. Middlesex. Explanatory Report Geological Survey Tasmania.
- Keid, H.G.W. (1947) The Sunrise Mine. Narrawa Creek, Moina, Tas. Geol. Survey; typewritten reports, 1947 (unpublished) (UR1947/125-135)
- MacDonald, G. Farrell, J. (2011). RL 3/2005 annual report on exploration activity. Unpub. Rep. for Frontier Resources Ltd.
- MacDonald, G. (2012) Annual Report on Exploration RL3/2005 – “Narrawa” April 2011 to April 2012. Unpublished report for Frontier Resources Ltd (RL032005_201204)
- MacDonald, G. (2014) Combined annual reports for May 2012-April 2013 and May 2013 to April 2014. Unpublished report for Torque Mining Pty Ltd.
- Morrison, K. C. Reed A. R. and Turner N. J. (2003) The Dolcoath Granite: A gold exploration target. Mineral Resources Tasmania Tasmanian Geological Survey Record 2003/16 (UR2003/16)
- Newnham, L. A. (1993) EL 20/1992 annual report on exploration activity. Unpub. Rep. for Goldstream NL. (TCR 93_3484)
- Newnham, L. A. (1997) Summary Report Compiled upon Termination of Joint Venture Agreement - Moina Area (Hugo Skarn) - RL10/1988 Geotech International Pty Ltd, Goldstream Mining NL, Newnham Exploration and Mining Services (TCR 04_5043)
- Purvis, J. G. (2000) Second Progress Report – Dolcoath EL 37/97. J. G. Purvis and Associated Proprietary Ltd.; Jervis, Tasmanian Company Report (TCR00_4423).
- Reid, A. M. (1919) The mining fields of Moina, Mt Claude, and Lorinna; Geological Survey Bulletin 29 (GSB29)

