

EXPLORATION LICENCE EL 11/2012,
GLADSTONE, NE TASMANIA

ANNUAL REPORT
FOR THE YEAR ENDED
NOVEMBER 2016

LICENSEE:
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ABSTRACT

Exploration License (EL) 11/2012 (“Cape Portland Gold Project”) covers 47 square kilometers of ground over historical goldfields at Cape Portland, near the township of Gladstone in northeast Tasmania. EL11/2012 is currently held 100% by Kingfisher Exploration Pty Ltd who acquired the mineral rights during 2015 from the previous holder.

The exploration model for Cape Portland Gold Project at EL11/2012 is for low tonnage, high grade, structurally controlled, orogenic style quartz-sulphide-gold vein and associated stockwork and disseminated gold mineralisation. The type model is Victorian- (Bendigo) and New Golden Gate- (Tasmania) style turbidite-hosted orogenic gold deposits. Near-surface mineralisation exists in the project area and it is considered that there is potential for small open pit-able operations with later underground development on high-grade lodes. These styles of gold deposits are high grade, and offer potential for clustered, small-footprint, short-start up, economically attractive mines. Capital costs are low relative to reward.

Recent studies indicate that based on geological, structural, tectonic and metallogenetic similarities, northeastern Tasmania can be interpreted to represent a lateral equivalent of the turbidite-dominated fold-thrust belt of the western Lachlan Orogen in central Victoria that is host to one of the largest orogenic gold provinces in the world with a total of 80 million ounces (Moz) mined since 1851. The turbidite belts in northeastern Tasmania are host to extensive orogenic style gold mineralisation and numerous historical goldfields, however, unlike central Victoria, the goldfields of northeastern Tasmania are significantly under-explored with very little modern gold exploration and limited deep drilling below near surface lodes.

The Gladstone-Cape Portland district is probably one of the least explored and forgotten goldfields of Tasmania and until recently had never been drill-tested. A new structural interpretation of the area developed by the Licensee suggests that known historical gold mines in the Gladstone-Portland goldfield are situated on or adjacent to district-scale NNE-trending axial planar structures and intersections with NW trending structures. These structures had, until this year, never been explored beyond the immediate historical mine areas and represent a significant opportunity for discovery of new gold deposits across the goldfield.

Field work during 2016 has confirmed gold being present at the Blue Bell and Grand Flaneur historic deposit areas and has identified gold at Windy Hill prospect. Windy Hill was an area targeted utilizing the new structural model interpreted by the Licensee in 2015. This work has helped to validate the model and encourage its continued use to target areas within similar structural settings.

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1.0 INTRODUCTION

This report identifies work completed by Kingfisher Exploration on EL11/2012 over the 12 months ending 1st November, 2016 (the Reporting Period). Work on the prospect area mainly focused on raising funds to enable more aggressive and proactive exploration programs to be developed and undertaken. The collation of local data sets into a more regional context was beneficial in preparing and presenting the areas regional prospectivity to potential investors.

Limited field activities were undertaken during the reporting period. Mapping and sampling was continued and investor site visits undertaken.

Kingfisher Exploration Pty Ltd (KFE) acquired EL11/2012 from the previous holder, Mr S. Westbrook, during the previous, 2016 reporting period.

All maps and location coordinates contained within this report are presented in GDA94 datum format.

1.1 LOCATION, ACCESS & TENURE

Exploration License (EL) 11/2012 covers 47 square kilometers of ground over historical goldfields at Cape Portland, near the township of Gladstone in northeast Tasmania, Australia (Figure 1). It covers ground between Gladstone, Rushy Lagoon, Musselroe Bay and Cape Portland (Figure 2). The area comprises topographically low-lying, undulating coastal plains and grazing land with sparse vegetation cover allowing for relatively easy application of modern exploration techniques. Access to the area is via all-weather sealed roads to Gladstone and then public and private gravel roads inside the EL.

Land tenure of EL11/2012 is predominantly (<90%) Private Land over the Rushy Lagoon Station, with minor areas of Public Reserve, one small mining lease at the Cinderella Hill quarry and minor Conservation Area zones bordering the Musselroe River in the east part of the EL. EL11/2012 is situated within the legislated North East Strategic Prospectivity Zone (Tasmanian Mining (Strategic Prospectivity Zones) Act 1993).

EL 11/2012 license details are listed in Table 1.

<i>Project</i>	<i>Tenement</i>	<i>Holder</i>	<i>Status</i>	<i>License Expiry Date</i>	<i>Area (Ha)</i>	<i>Area (km2)</i>
Portland	EL 11/2012	KFE	Granted	02 Nov 2017	4700	47.0

Table 1. EL 11/2012 license details.

<i>Point ID</i>	<i>Easting</i>	<i>Northing</i>
a	587000	5476000
b	587000	5474000
c	586000	5474000
d	586000	5469000
e	593000	5476000
f	593000	5476000

Table 2. Coordinates defining the EL 11/2012 tenement boundary as shown in Figure 2. Datum used is Map Grid of Australia 1994 (MGA94), Zone 55, GDA94.

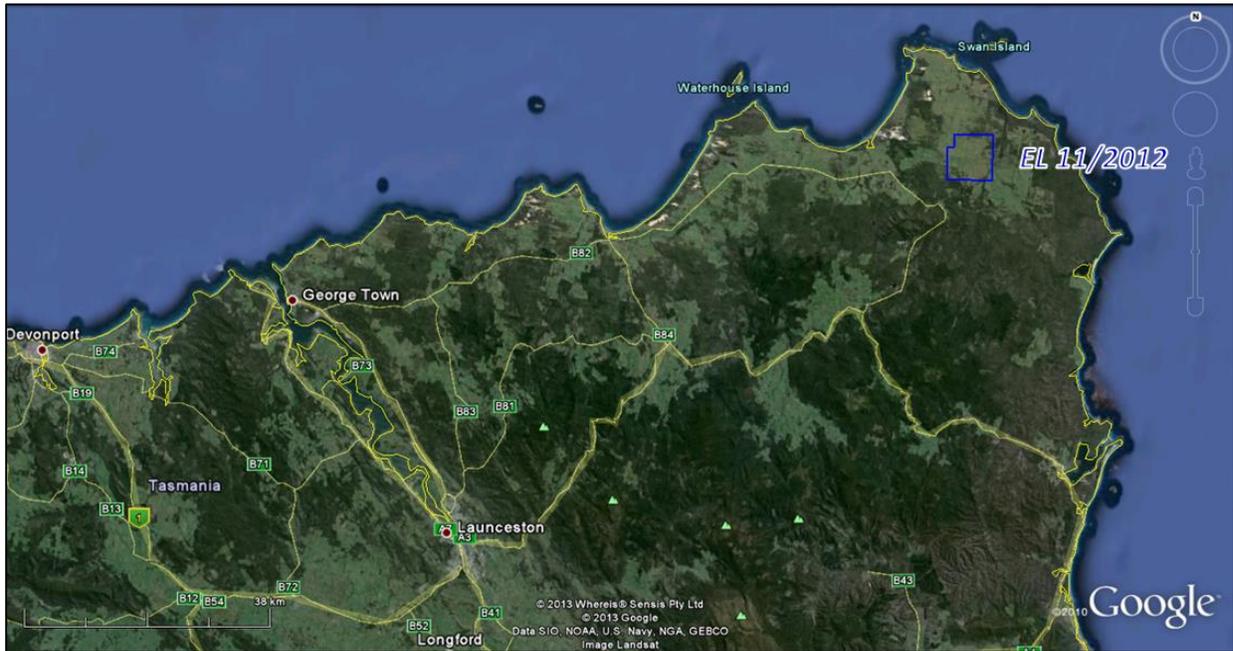


Figure 1. Google Earth satellite image showing the location of EL 11/2012 in northeast Tasmania.

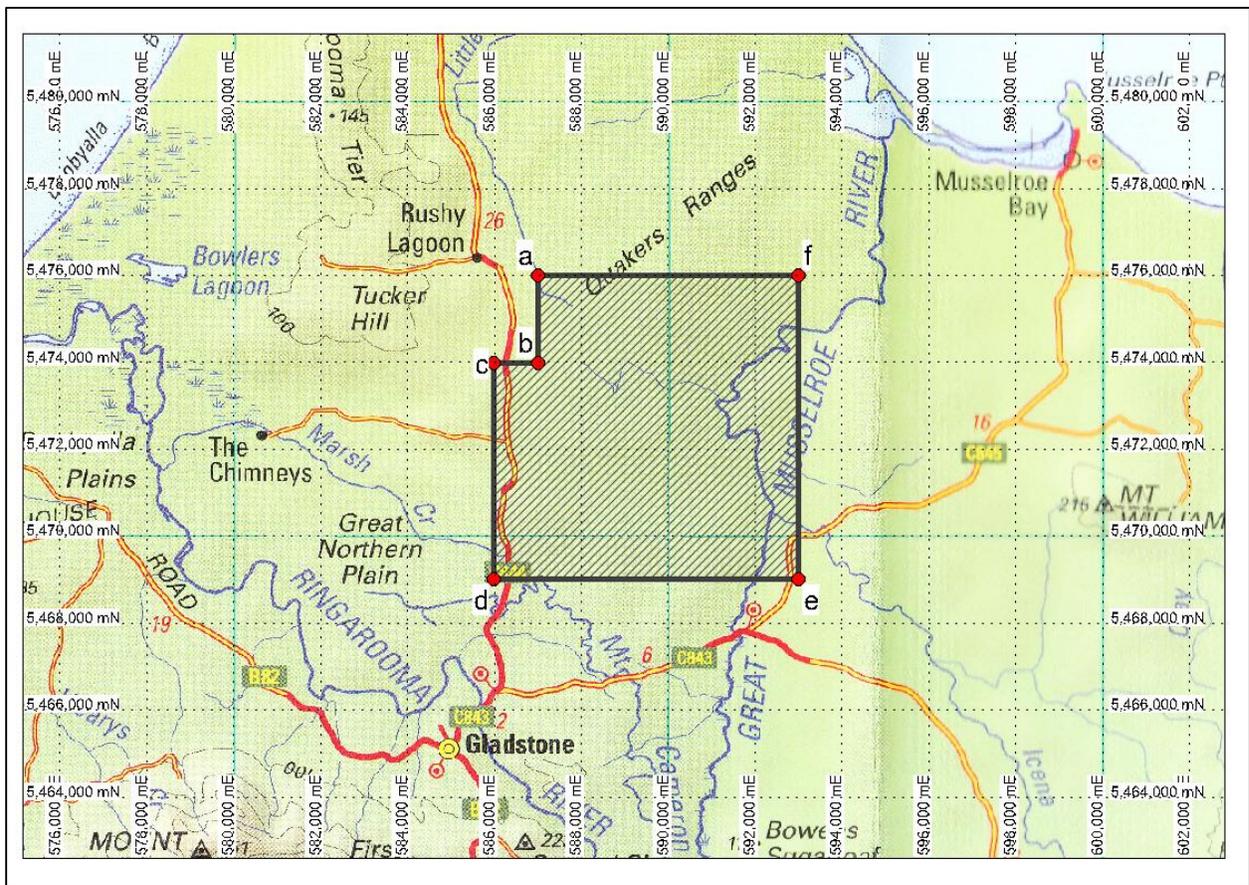


Figure 2. Location plan showing EL 11/2012 area. Datum used is Map Grid of Australia 1994 (MGA94), Zone 55, GDA94.

1.2 REGIONAL GEOLOGY

The Paleozoic geology of northeastern Tasmania comprises a 5 to 7 km thick, deformed sequence of Ordovician-Silurian (to early Devonian) aged turbidites known as the Mathinna Supergroup (or “Mathinna Beds”). Rocks of the Mathinna Supergroup were folded and metamorphosed to sub- to mid-greenschist facies during the Early to Middle Devonian. Several extensive S- and I-type granitoid batholiths (namely the Scottsdale, Blue Tier and Eddystone Batholiths) intruded the Mathinna Supergroup during Late Devonian times (around 400 Ma to 375 Ma). The granitoids area surrounded by narrow metamorphic aureoles indicative of intrusion at a high crustal level. The Mathinna Supergroup and granitoid rocks are unconformably overlain by flat-lying Permo-Triassic rocks of the Parmeener Supergroup which are intruded by sills of Jurassic dolerite. The Parmeener Supergroup rocks are typically unmineralised. Exhumation and weathering during the Tertiary was accompanied by widespread basaltic volcanism.

The Mathinna Supergroup rocks in northeastern Tasmania are host to over 600 gold prospects and deposits, the most significant of which are Beaconsfield (3.25 Mt @ 19.0 g/t Au), the New Golden Gate mine (0.51 Mt @ 15.6 g/t Au) and Pinafore Reef, Lefroy (0.97 Mt @ 10.1 g/t Au). Most of the deposits are orogenic-mesothermal vein-style and occur in clusters along regional NNW trends (see Figure 5). Intrusion-related gold is noted to occur in the Lisle-Golconda goldfields area and is currently of exploration interest. Significant Sn-W deposits are associated with S-type granites and northeastern Tasmania was also a historical tin mining region.

Orogenic style gold mineralisation in northeastern Tasmania is attributed to deformation, folding and peak orogeny in the Early to Middle Devonian, at about 390 Ma, with most of the vein deposits formed between 385 Ma and 395 Ma (Bierlein et al. 2005). An earlier phase (420-430 Ma) of gold mineralisation during the Silurian has also been noted in some deposits.

Based on geological, structural, tectonic and metallogenetic similarities, northeastern Tasmania has been interpreted as a lateral correlate of the turbidite-dominated fold-thrust belt of the western Lachlan Orogen in central Victoria that is host to the World-Class Stawell, Bendigo and Melbourne Zone goldfield districts (Bierlein et al. 2005).

1.3 LOCAL GEOLOGY

Historical gold workings in the Gladstone-Portland district comprise gold-bearing quartz-sulphide vein lodes hosted within deformed and metamorphosed turbidite slates and quartzite of the Mathinna Supergroup sediments (Figure 3). Devonian granitoids enclose the Mathinna Group rocks to the south and west (Blue Tier Batholith), and north and east (Eddystone Batholith). Jurassic dolerite dominates the northwest part of the coastline outside of the EL. The Mathinna Beds are steeply dipping, striking approximately NNE and consists of interbedded lithic arenite and quartzite, siltstone and pelite, with hornfelsing in metamorphic aureoles around granitoid bodies.

Aeromagnetic and radiometric surveys flown over the Gladstone-Portland district have been quite successful in resolving local- and district-scale structural trends within the Mathinna Beds and boundaries with the Devonian granitoids and associated hornfelsing. Significant variation in the magnetic properties of the Mathinna sediments has allowed for magnetite-bearing sandstone-rich units to be delineated as magnetic-high rocks. The magnetic images clearly show different stratigraphic units in the Mathinna Beds and indicate close to tight folding of the turbidite sequences along a NNE axial planar trend and slight plunge towards the north. District scale NNE to N-S trending axial plane shear and cross-cutting NW-SW trending faults are apparent in the magnetics and appear to be major structural controls on the location of the known historical gold mines.

The structural resolution in the geophysical images has allowed a new structural interpretation for the Gladstone-Portland goldfield district. The new interpretation indicates that known historical gold mines in the goldfield are situated on or adjacent to major district-scale structures. Most of these structures have not been explored beyond the historical prospects.

1.4 EXPLORATION RATIONALE

The exploration model for Cape Portland Gold Project (EL11/2012) is for low tonnage, high grade, structurally controlled, orogenic style quartz-sulphide-gold vein and associated stockwork and disseminated gold mineralisation. The type model is Victorian- (Bendigo) and New Golden Gate- (Tasmania) style turbidite-hosted orogenic gold deposits. Near-surface mineralisation exists in the project area and it is considered that there is potential for small open pit-able operations with later underground development on high-grade lodes. These styles of gold deposits are high grade, and offer potential for clustered, small-footprint, short-start up, economically attractive mines. Capital costs are low relative to reward.

Recent studies indicate that based on geological, structural, tectonic and metallogenetic similarities, northeastern Tasmania can be interpreted to represent a lateral equivalent of the turbidite-dominated fold-thrust belt of the western Lachlan Orogen in central Victoria (e.g. Bierlein et al, 2005) that is host to one of the largest orogenic gold provinces in the world with a total of 80 million ounces (Moz) mined since 1851 (Figure 4). The turbidite belts in northeastern Tasmania are host to extensive orogenic style gold mineralisation and numerous historical goldfields (Figure 5). However, unlike central Victoria, the goldfields of northeastern Tasmania are significantly under-explored with very little modern gold exploration and limited deep drilling below near surface lodes.

The Gladstone-Portland district is probably one of the least explored and forgotten goldfields of Tasmania and until recently had never been drill-tested. A revised structural interpretation of the area suggests that known historical gold mines in the Gladstone-Portland goldfield are situated on or adjacent to district-scale NNE-trending axial planar structures and intersections with NW trending structures. These structures have never been explored beyond the immediate historical mine areas and are considered to represent a significant opportunity for discovery of new gold deposits across the goldfield.

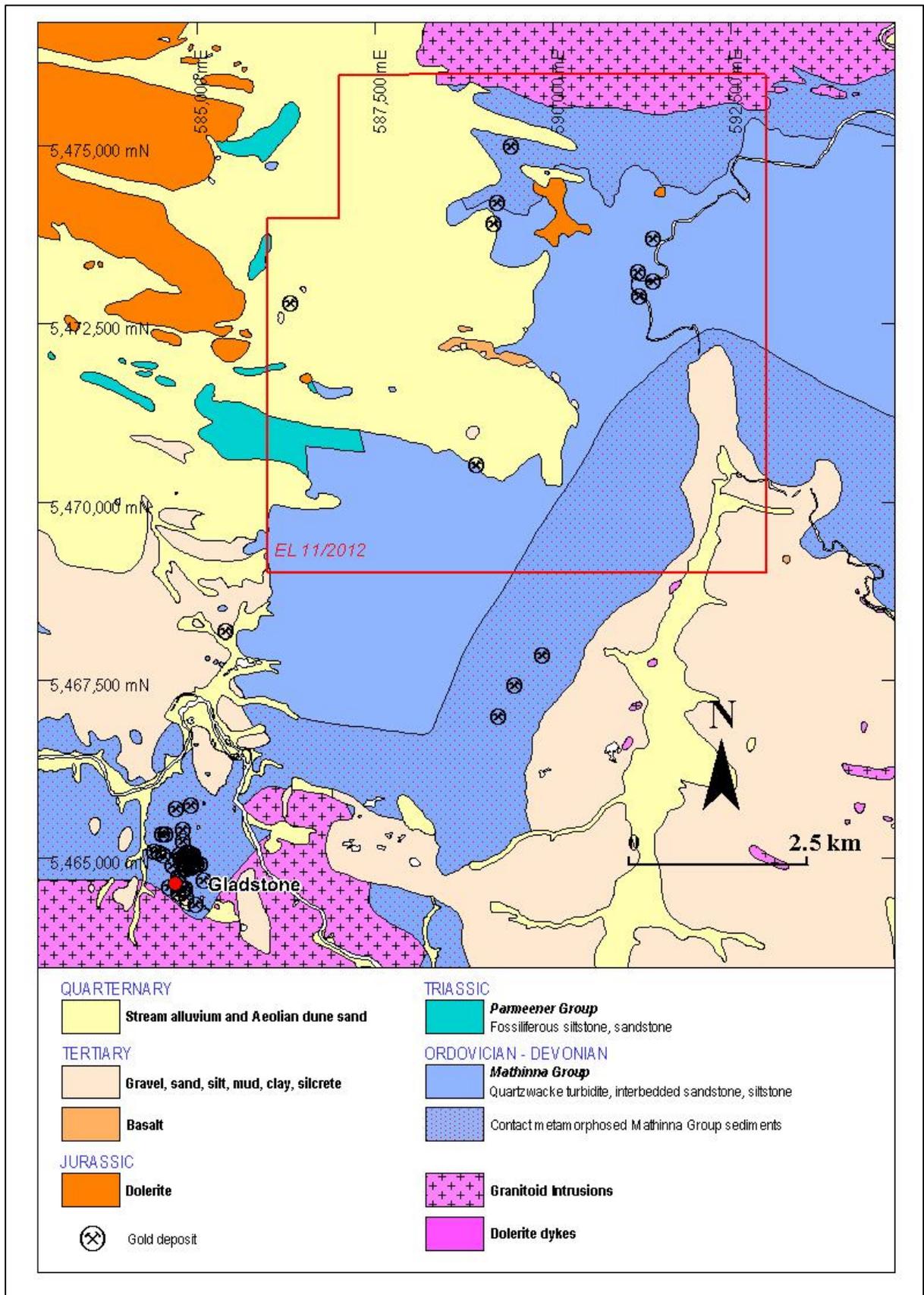


Figure 3. Geology map of the Gladstone-Portland goldfields area.

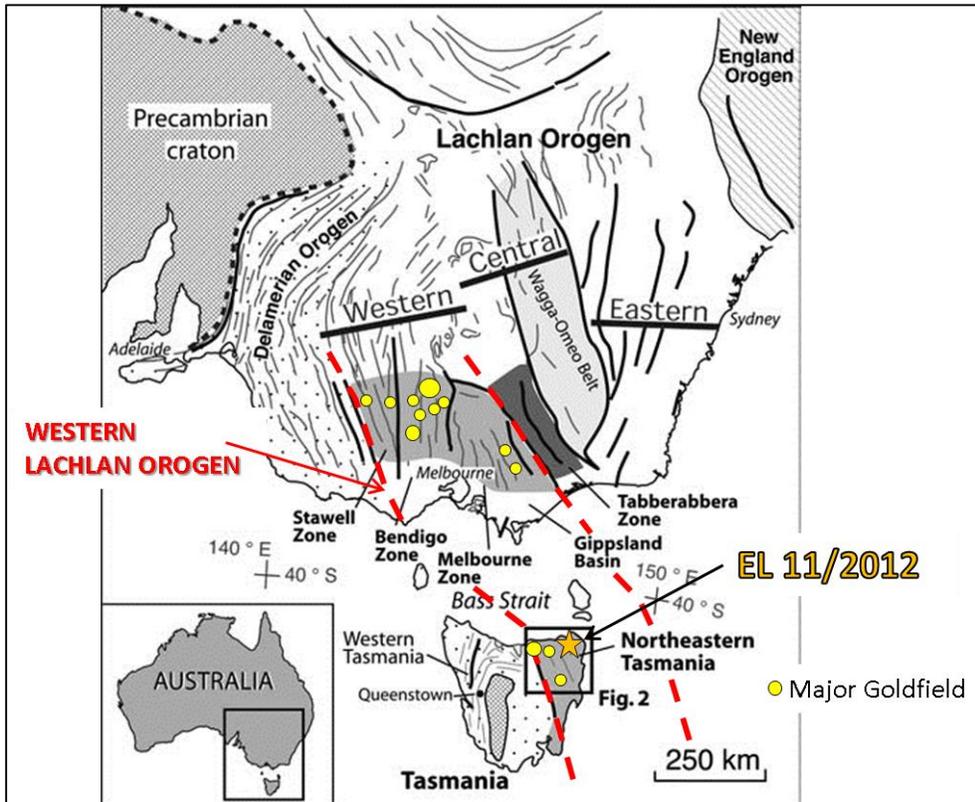


Figure 4. Map illustrating the inferred tectonic correlation between northeastern Tasmania and the western zone of the Lachlan Orogen in Victoria (modified after Bierlein et al, 2005).

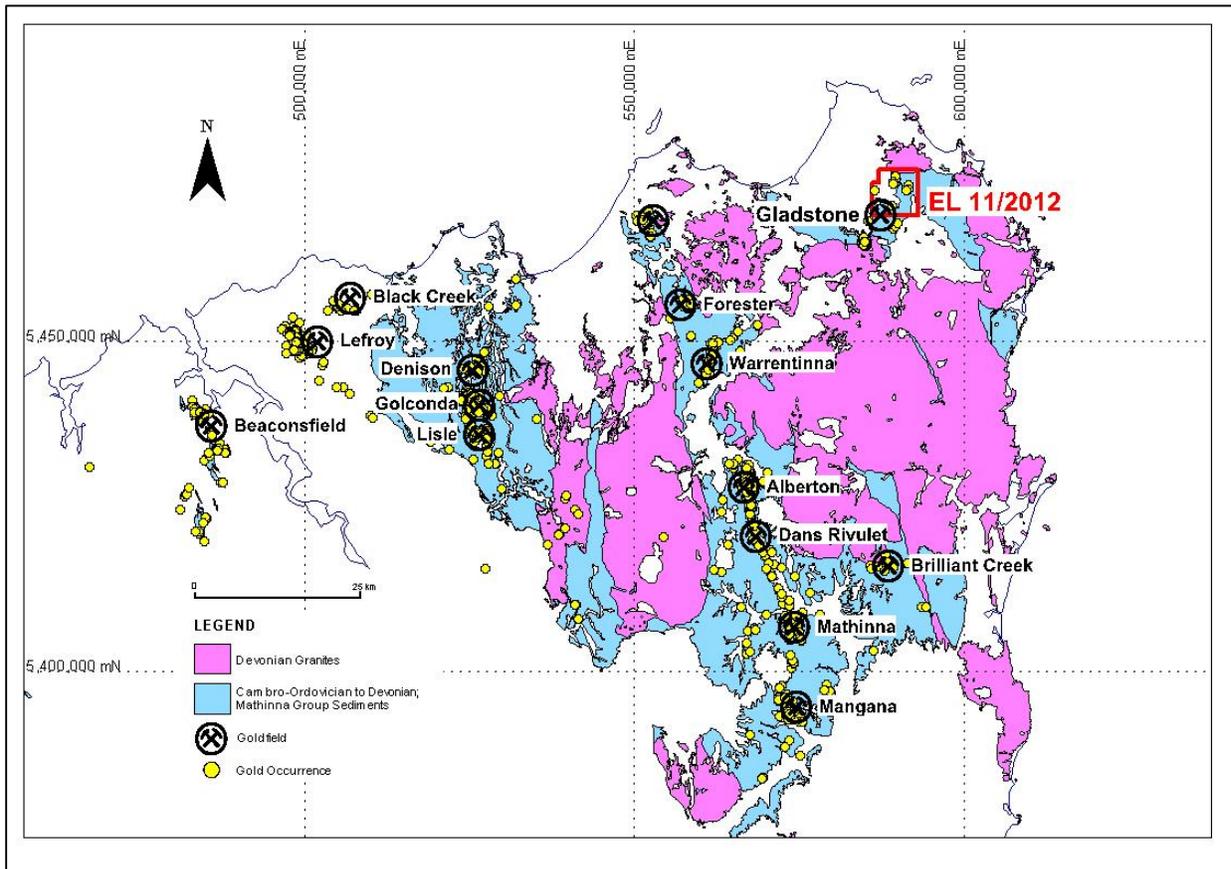


Figure 5. Map showing the goldfields of northeastern Tasmania with simplified Ordovician to Devonian geology.

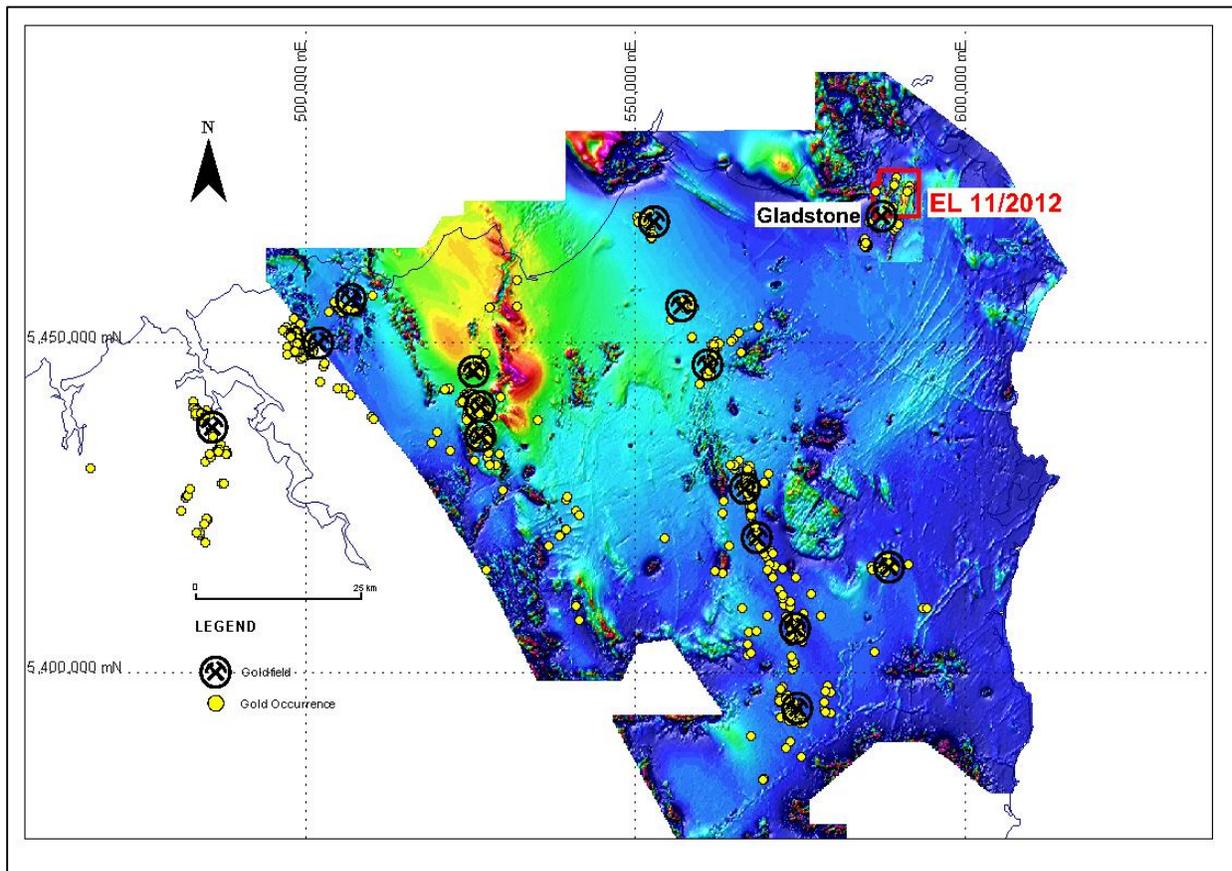


Figure 6. Regional magnetics image (TMI) and goldfields of northeastern Tasmania. Geophysics Data Source: 2007 Northeast Tasmania survey (MRT Survey ID: netas2007, Tasmanian Geological Survey).

2.0 EXPLORATION COMPLETED THIS REPORTING PERIOD

The previous years data collation and new structural interpretation of the region has enabled Kingfisher to better highlight the areas prospectivity and present the material to potential investors. Promoting and attracting investment into the project was the main activity undertaken during this reporting period. As a result of these efforts, Kingfisher is currently involved in advanced funding discussions with an investment partner that has previously provided funding to Kingfisher projects in Tasmania. As part of these discussions, Kingfisher may also be looking at expanding its foot print in the North Eastern region of Tasmania.

Two small mapping and sampling field programs were conducted within the reporting period. These programs aimed to investigate areas of historic mineralization and production centres and, relating to Kingfishers new structural interpretation, investigate along strike and where the interpreted NNE and NW cross structures intersect. Outcrop is rare outside of the known historic mineral occurrence areas.

Assay results were received for 23 samples during the reporting period. Samples were taken from Blue Bell and Grand Flanue historic deposit areas as well as the Windy Hill prospect. Significant assay results are listed in Table 3. A map identifying the location of significant results with structural interpretation and TMI magnetic image are seen in Figure 7. Appendix 1 contains ALS assay certificates for all results received.

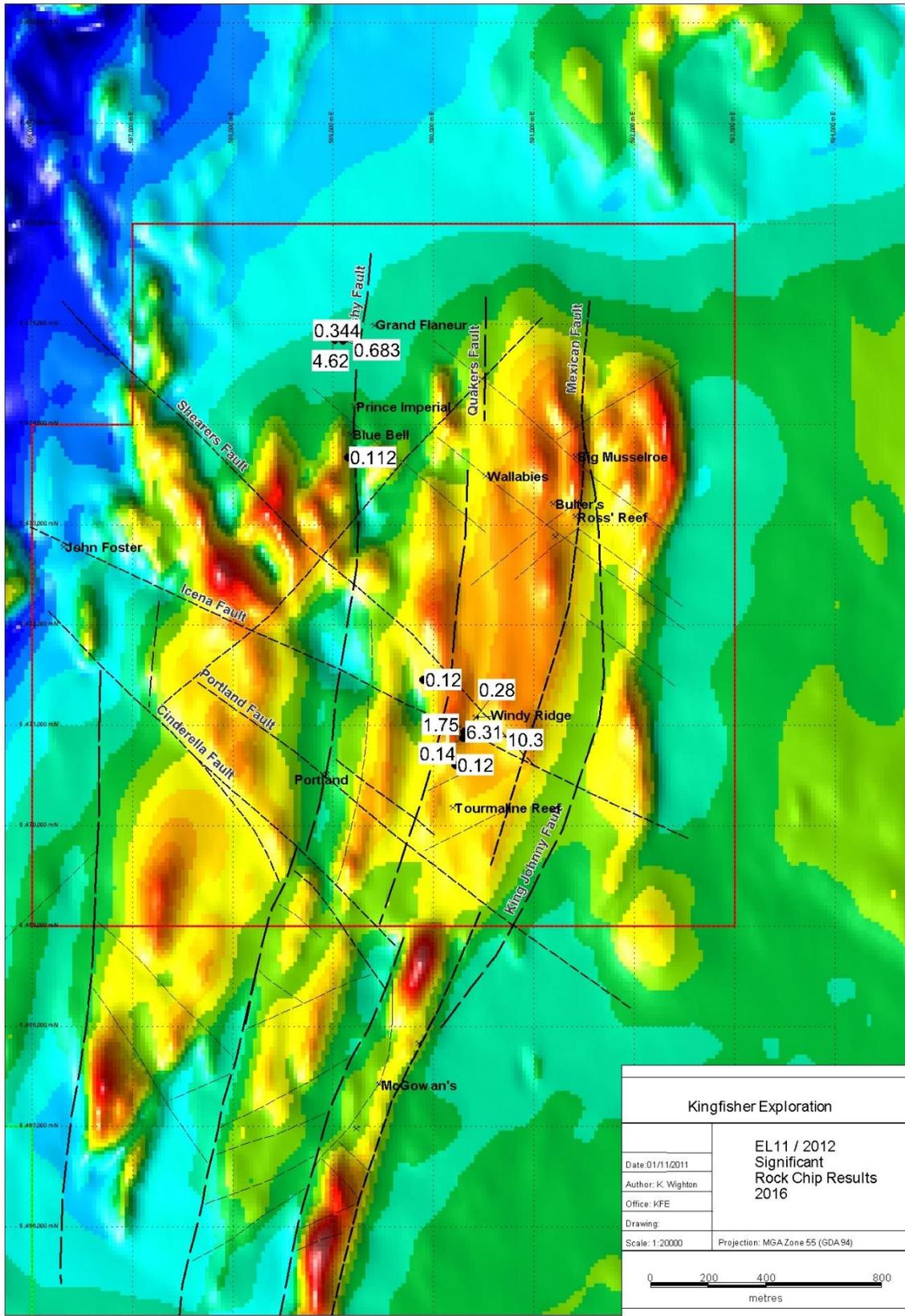


Figure 7. Significant gold in rock chip samples (g/t Au) from 2016 field work programs with structural interpretation and magnetics image (TMI).

Sample ID	Sample Type	Easting	Northing	RL	Assay g/t Au	Area
PG001	rock	589148	5473673	48	0.112	Blue Bell
PG005	rock	589098	5474838	63	0.683	Grand Flanuer
PG006	rock	589015	5474843	63	0.344	Grand Flanuer
PG007	rock	589011	5474845	63	4.62	Grand Flanuer
WRR001	rock	590309	5470936	61	1.16	Windy Ridge
WRR002	rock	590305	5470933	62	6.31	Windy Ridge
WRR005	rock	589896	5471455	40	0.12	Windy Ridge
WRR008	rock	590292	5470876	45	0.14	Windy Ridge
WRR010	rock	590217	5470602	48	0.12	Windy Ridge
PG004	rock	590325	5470935	64	10.3	Windy Ridge
WRR015	rock	590328	5470932	64	1.75	Windy Ridge

Table 3. Rock grab sample results. Datum used is Map Grid of Australia 1994 (MGA94), Zone 55, GDA94.

3.0 DISCUSSION OF RESULTS

Kingfisher is encouraged by the results of the limited number of samples taken during the year. Anomalous, > 0.1 g/t Au was returned in over half of the samples submitted with >0.3 g/t gold detected in 7 out of the 23 samples assayed. The highest grade assay received of 10.3 g/t Au is from the Windy Hill prospect. Positive results were also received from Blue Bell and the Grand Flanuer prospect areas. All samples are rock chips from exposed historic mining spoil and adjacent sub-crop and float.

3.1 WINDY HILL

The Windy Hill prospect was identified as a key target area through the new structural interpretation. Windy Hill is located ~80m NNE of the Tourmaline reef mineral occurrence. Both of these areas lie in between the regionally prominent Mexican and Quaker north striking structural trends. The Windy Hills prospect sits within an intersection between these structures and the interpreted WNW striking Icena fault. Samples returning 10.3g/t Au, (PG004) and 1.75 g/t Au (WRR015) are from quartz vein material with disseminated and clustered pyrite and arsenopyrite mineralization. Samples that returned 1.16 g/t Au (WRR001) and 6.31 g/t Au (WRR002) both came from quartz veined sandstone. Other weakly anomalous samples returning > 0.1 g/t Au are from highly silicified sandstones and weathered brecciated iron oxide stained float. Grade distribution between samples in this region is unsurprising given the style of mineralization targeted. Future exploration work will include vein characterization studies in order to gain a better understanding of the gold bearing vein system and structural controls.

Identifying mineralization in both the main quartz vein host as well as the surrounding sandstone host rock has upgraded Windy Hill. These results increase the prospectivity of this area and provide additional weight to other prospect areas identified within a similar structural architecture.

3.2 BLUE BELL

Blue Bell was the first gold load to be discovered and worked in the Gladstone area. Mineralization at Blue Bell is reported to be hosted in narrow quartz vein reefs that strike east / west and dip steeply to the south. The only drilling campaign over Blue Bell was conducted in 2008 and drilled mostly vertical holes with best result being 2m @ 1.6 g/t Au from 11m with widespread anomalous gold (>0.1 g/t Au) received in most drill holes.

One 2016 grab sample (PG001), of iron oxide stained quartz vein material, found adjacent to old workings, returned 0.112 g/t Au. This sample adds to the areas wide spread anomalous gold in the 0.1 g/t range that was identified by previous RC drilling.

Considering drill holes in the Blue Bell area were either vertical or drilled to the south and it is considered that these would not have effectively tested a steeply south dipping vein lode system as is indicated in the literature.

Although this is not an outstanding result, Kingfisher sees the 1km+ anomalous gold trend from Blue Bell, through Prince Imperial and onto Grand Flaneur worth further investigation.

3.3 GRAND FLANEUR

The Grand Flaneur Mine is located 1.4 km NNE of the Blue Bell mine and is interpreted to occur along the same NNE trending axial planar structure and the Blue Bell and Prince Imperial mines. Mineralisation at Grand Flaneur comprises arsenopyrite-pyrite, gold-bearing fissure quartz veins. Limited RC drilling in 2008 targeted steep to sub-vertical, east dipping grey siltstone beds plus larger vein sets with a similar dip and trend to the originally mined reef. Several encouraging results were returned from that drilling program including 1m @ 17g/t Au; 1m @ 1.6 g/t Au and 5m @ 0.55 g/t Au.

Three samples were taken from Grand Flaneur during the reporting period with each of them returning anomalous grade gold. PG005, a pyritic quartz vein returned 0.683 g/t Au, while PG007 returned 4.62 g/t Au. Both of these samples came from float near-by to the old workings and validate historic accounts. Sample PG006 is of an iron oxide stained, quartz veined sandstone and assayed 0.34 g/t Au. This indicates the potential for gold within the main quartz veined load as well as adjacent host wall rock.

Grand Flaneur is presenting as a priority exploration target. There has been no deeper drilling at the prospect and Kingfisher believe that with additional positive surface results that extend the strike coverage, that deeper drilling may be warranted.

4.0 CONCLUSIONS

Field work programs continue to return anomalous to mid - range gold from rock chip sampling within the tenement area. Although limited, the 2016 work program helped to validate some past production areas and these prospects will be followed up in 2017. The Windy Hill target area, generated from use of the new structural model, indicates the models validity in identifying additional areas of investigation and will be used as a key exploration tool going forward.

Significant work during the year was directed at attracting funding to advance exploration activities on the project. These discussions are on-going; Kingfisher are expecting a positive outcome within the foreseeable future.

5.0 ENVIRONMENT

There were no environmental issues identified during the reporting period. Field activities did not require any remedial work.

6.0 EXPENDITURE

Exploration expenditure over the reporting period for EL11/2012 is summarized in Table 4.

	<i>ITEM</i>	<i>EXPENDITURE (AUD)</i>
1.	GEOSCIENTIFIC COSTS: <div style="text-align: right; margin-right: 20px;"> Geology \$ 5500 Geochemistry \$ 500 Geophysics \$ 0 Remote Sensing \$ 0 </div>	
2.	DRILLING AND GRIDDING COSTS <div style="text-align: right; margin-right: 20px;"> Gridding \$ 0 Drilling \$ 0 </div>	
3.	LAND ACCESS COSTS	\$ 0
4.	REHABILITATION COSTS	\$ 0
5.	FEASIBILITY STUDY COSTS	\$ 0
6.	OTHER COSTS <div style="text-align: right; margin-right: 20px;"> Rental Fees \$ 2610 </div>	
7.	ADMINISTRATION COSTS <div style="text-align: right; margin-right: 20px;"> Legal \$ 0 Administration \$ 300 </div>	
	Total Expenditure	\$ 8910

Table 4. Exploration expenditure during the period 01/11/2015 to 01/11/2016.

7.0 REFERENCES

Bierlein, F.P., Foster, D. A., Gray, D. R., Davidson, G. J. (2005). Timing of orogenic gold mineralisation in northeastern Tasmania: implications for the tectonic and metallogenetic evolution of Palaeozoic SE Australia. *Mineralium Deposita* 39: 890-903.

Westbrook, S. 2015. Exploration license EL 11/2012, Gladstone, NE Tasmania. Annual report for the year ended 01 November 2015.

APPENDIX 1

ROCK SAMPLE ASSAY SHEETS

