

Zeb's Minerals Pty Ltd
ABN 53 167 761 113

Annual Report

On

Exploration Licence 10/2014

For the period

July 2016 – June 2017

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For

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Foreword

Function of this Report

This Annual Report has been prepared as a public document for submission to Mineral Resources Tasmania (MRT). The report provides a summary of the exploration activities undertaken by Zebs Minerals Pty Ltd within Exploration Licence 10/2014 (EL 10/2014) during the reporting period July 2016 - June 2017.

Datum

GDA 1994, MGA zone 55 has been used for this report unless stated otherwise.

Distribution: Zebs Minerals Pty Ltd x 2
Mineral Resources Tasmania x 1

Executive Summary

Zebs Minerals Pty Ltd holds the licence to EL10/2014 granted in July of 2014 for a period of 5 years and has the rights to ML 1/1976, an existing mining lease which expires in 2019. It has also been granted three more EL's contiguous to the existing one.

Contained within these leases are the Murray's Reward mine, the single largest producer of copper historically and the balance of the 35km strike length of the Balfour copper trend. This trend has been known since the early 1900's and worked as well as explored off and on by various individuals and companies over the last 100-plus years. High grade copper is known and has been mined at and near surface at numerous locations along this trend.

The Company has undertaken historical data research and contracted consultants GHD to complete multiple geophysical studies to help locate the most prospective area to commence work. A diamond drill program was lodged with MRT and approved and the first hole completed.

Results of the first hole were disappointing in that it failed to intersect any ore grade material. It did however, add to the understanding of the area and was completed through what appears to be a large alteration halo.

Further geophysical work was undertaken in the form of a downhole EM survey during this reporting period. Upon completion of the survey and interpretation by Mitre Geophysics in conjunction with the companies in house geophysicist, it was determined that no massive sulphide body existed within a distance of approximately 100m radius of the drill hole.

The company will now reassess the data gathered to date and apply this to current thinking to come up with the next step in the program.

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1 Introduction

1.1 Purpose of This Document

This document fulfils the role of an Annual Technical Report on the exploration activities carried out on EL 10/2014 during the reporting period July 2016 to June 2017 as required under Section 28 of the Mineral Resources Development Act 1995.

1.2 Licence Location and Operations

1.2.1 Mineral Exploration Area

The Exploration area consists of Four Exploration licences and One Mining lease as given in the table below and is located approximately 49km due south of the town of Smithton in North Western Tasmania.

Project	Licence	Location	Area sq km	Date granted	Period remaining
Balfour	ML1/1976	Balfour	.005	01 Jan 1977	3 years
Balfour	EL10/2014	Balfour	219	01 July 2014	2 years
Balfour	EL12/2015	Balfour	247		4.5 years
Balfour	EL13/2015	Balfour	248		4.5 Years
Balfour	EL14/2015	Balfour	244		4.5 Years

1.2.2 Site Location

Access to the Project is via the Bass Highway to Smithton from Burnie and then on to Balfour via the Western Explorer Highway and the Balfour track. Access to the tenements is good with historical tracks throughout the tenements still in usable condition. The old highway, pre-Western Explorer, supplies access through most of the tenement from the northern edge through to the middle portion of the tenement ending near to the South Mine.

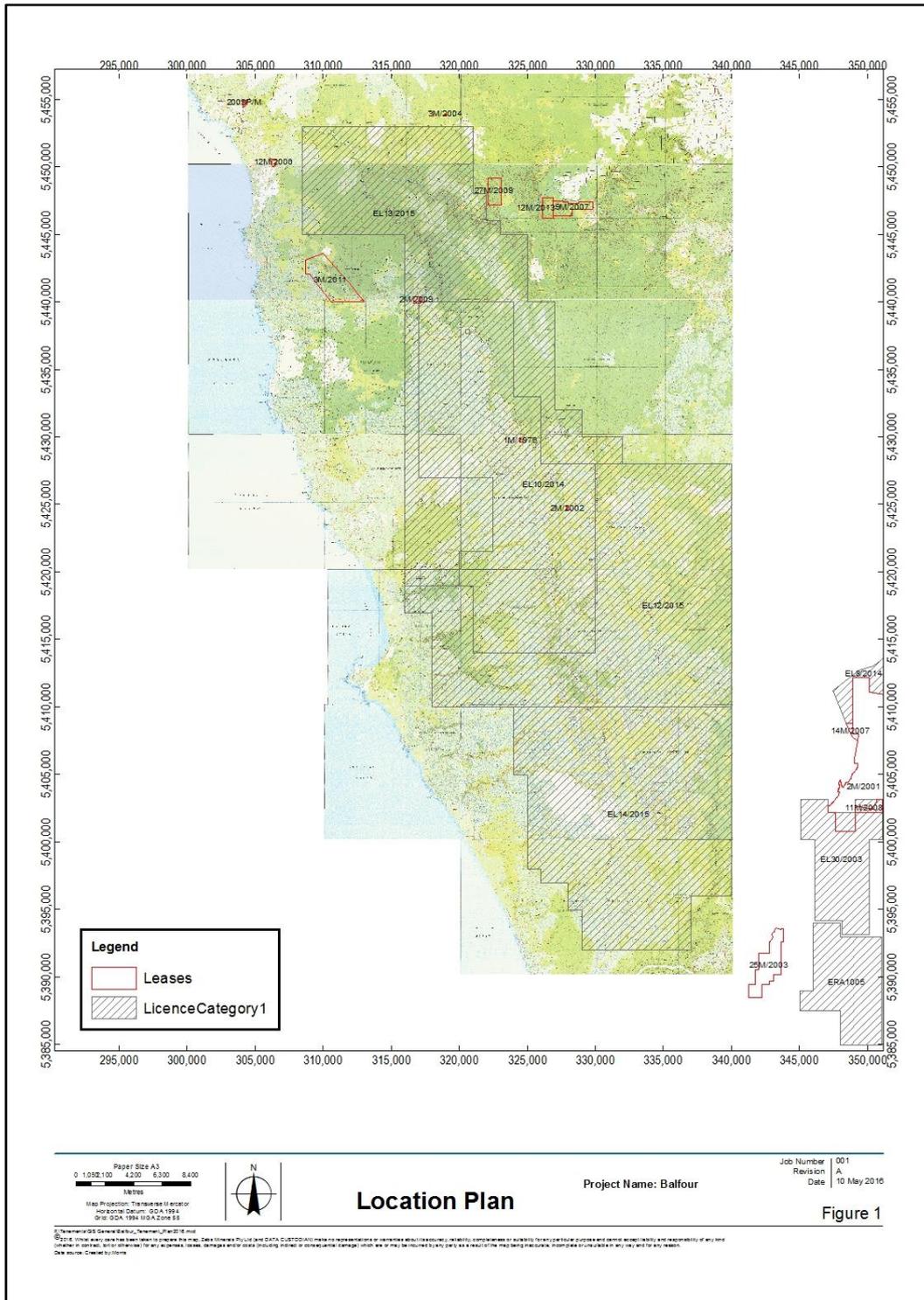


Figure 1 Location Plan of the Balfour Project Area

1.2.3 Exploration Licence Tenure

The tenement, EL 10/2014 was granted to Zebs Minerals Pty Ltd on 1 July 2014 for a period of five years and applies to all Category 1 minerals. The licence covers 219 square kilometres and excluded areas include:

- Any land owned or leased by the Commonwealth of Australia;
- Mining Leases;
- Retention Licences; and
- Crown reservations.

The current land tenure in and around EL 10/2014 is provided in figure 2 below.

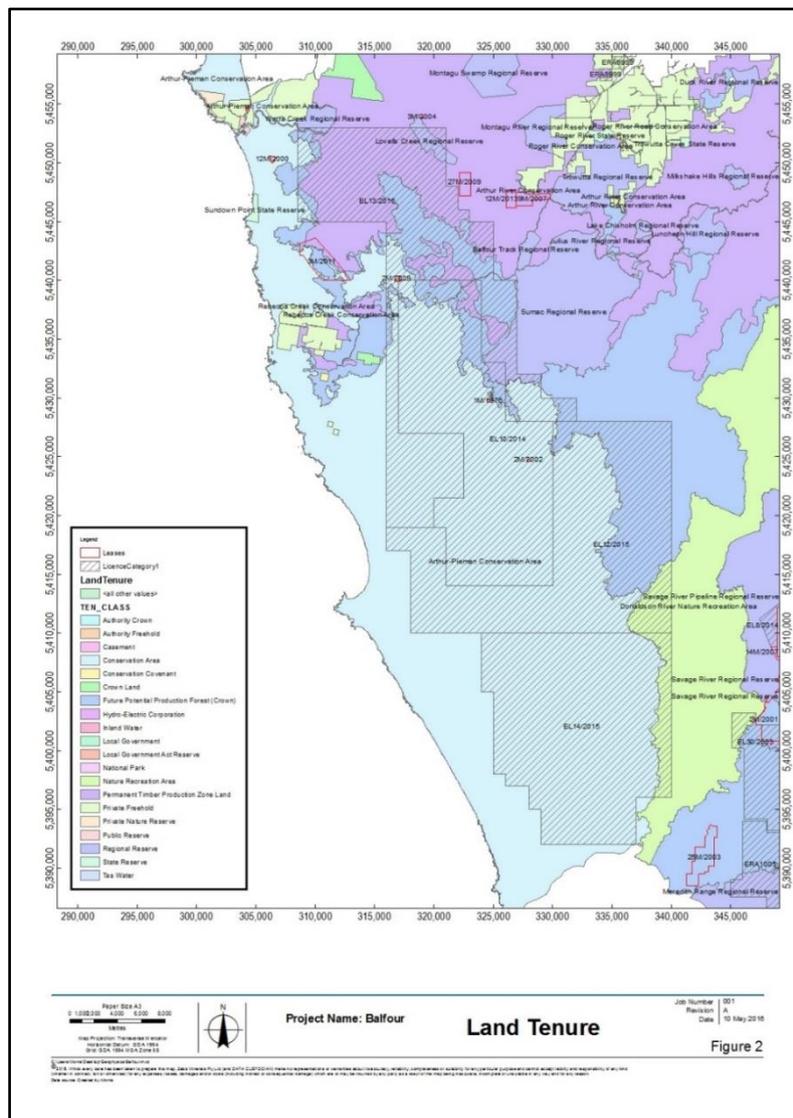


Figure 2 Land Tenure Plan

1.2.4 Historical Setting

The first mineral discovery in the Balfour region occurred in the early 1880's with the discovery of alluvial Tin. Tin was worked on a small scale within several workings in and around the area to later be known as Specimen Hill. Alluvial tin was worked for a period of some twenty years prior to the discovery of copper in Cassiterite Creek in 1901 (Ward, 1911). Once discovery of copper was made the majority of future prospecting in the area for many years was centred on copper with only minimal tin prospecting and mining continuing over the period up until the 1980's.

Copper was prospected in the area extensively from 1901 to the early 1920's when the copper price dropped. Mining began in earnest in 1906 and peaked around 1917. The Murray's Reward mine (now within ML 1/1976) did not start production until 1910. The Murray's Reward mine is recorded as the largest producer in the Balfour field and along with the Balfour Central continued mining until around 1917, producing a recorded 6,380 tonnes of copper during its operating life. Thereafter, mining in Balfour was sporadic with only two other periods of recorded production being 1929 to 1941 with production of 3.8 tonnes of copper and most recently in 1990 where the lease holder at the time extracted 133 tonnes from a small open pit cut into the top of Murray's Reward (Taheri, J. & Bottrill, R.). The copper recovered was sold to Copper Mines of Tasmania in Queenstown at an average grade of 25% Cu (M. Lann, pers. Comm.).

Prospecting and mining was extensive over an area of approximately 17km in length during its peak in the Balfour field.

1.2.5 Geological Setting

Geologically, the area consists of thick sequences of near vertical sedimentary material of Proterozoic age with minor patches of remnant overlying Tertiary basalt and sediments. Devonian Granite intrusions occur near the coast and are inferred to underlie the sediment package to the west. The area has been subjected to numerous episodes of structural deformation over time giving place to the faults and fractures required for fluid movement. The Tin and Tungsten of the Specimen Hill area was derived from the mineralising fluids generated during the intrusion of the granites. This same episode was the catalyst for the remobilisation and concentration of the copper, seen at surface and mined historically, which is predominately confined to a series of cross cutting faults along the main structural trend. The structural feature which dominates the area is the northwest-southeast trending Balfour thrust fault which has a strike length of approximately 35kms. The Balfour copper trend can be traced along this structure from the Mt Balfour copper mine in the north to the South Mine at the south of the trend at the least, with the potential to extend through to the Toner River and Interview River areas.

2 Summary of Previous Work

2.1 Previous Mining and Exploration

2.1.1 Copper

Copper was first discovered in the Balfour region in 1901 in Cassiterite Creek whilst exploring for alluvial tin. This discovery point and the ground around eventually became the Murray's Reward Mine. Since initial discovery copper has been explored for and mined on a small scale up to the late 1940's. The first modern exploration specifically for copper in the area didn't occur until the late 1960's. Information regarding the efforts of specific explorers has been covered in previous annual reports and is a matter of record with Mineral Resources Tasmania and as such will not be covered here.

Zeb's Minerals Pty Ltd – 2014-2017

Since acquiring the tenements Zeb's has focused on data research and acquisition. The company also spent time on the ground, re-locating old workings and making determinations on how best to progress the project.

It was determined that reassessment of the geophysical data available would provide the most relevant information with respect to the location of any deep seated target and GHD were contracted as consultants, to assess and report on the existing geophysical data. After the review of existing data by GHD it was determined that there was sufficient usable data available and that re-interpretation of the data and re-running of the data with current more powerful software was warranted. Zeb's proceeded to have GHD undertake the re-interpretation which was completed in three stages and reported in the 2014 annual technical report.

Upon completion of the studies, GHD was able to supply the company with a model of the likely targets. It was decided to proceed with a drill program to test what was considered the most constrained and probable anomaly once GHD completed their assessment. A 16 hole diamond drill program was planned to test the geophysical anomalies at depth and submitted to MRT for approval. The company made the decision to commence drilling the anomaly which showed the most potential closest to the existing mining lease.

Diamond drill hole 15BA001DD was commenced on the 28th August 2015 and completed in October 2015 at a depth of 863.4m. The results of the drilling, along with the assays, were reported in the previous year's annual technical report.

3. Current Exploration, 2016 – 2017

3.1 Geology

Further reconnaissance work was carried out across the tenement focussing on existing historical mines ground checking information gleaned from historical reports.

The majority of work centred on that portion of the tenement where the recent drilling had been completed. Two East/West lines were completed to aid in the location of any outcrop that might be indicative of that found at Murray's reward mine. A small exposure of vertically standing black shales was located in a creek south from the area of concentrated effort. The small outcrop exhibited quartz veining along bedding planes containing pyrite. The area warrants further work and it is anticipated that further lines will be covered to add to the geological understanding in this area.

After consideration of results from the drilling program it was decided to defer further drilling until completion of a down hole EM survey to delineate any nearby potential mineralised zones. The survey was completed in January 2017 with equipment purchased by Zebs Minerals Pty Ltd and under the supervision of a consultant geophysicist. Initial results were less than encouraging, however, final analysis and interpretation of the geophysical data collected was undertaken by Mitre Geophysics in conjunction with the company's own in house geophysicist. The results of which are summarised in the following section and the report appended to this annual report.

3.2 Geophysics

During the term, a downhole EM (DHEM) survey was conducted down 15BA001DD by the company. The survey was conducted using Zebs EMIT DigiAtlantis acquisition system. On-site training was provided by Bradley Morgan, Geophysicist for Core Geophysics. The data was processed and interpreted by Tyler Williams under the guidance of Mitre Geophysics consultants who together produced a report on the findings of the survey (Appendix 1).

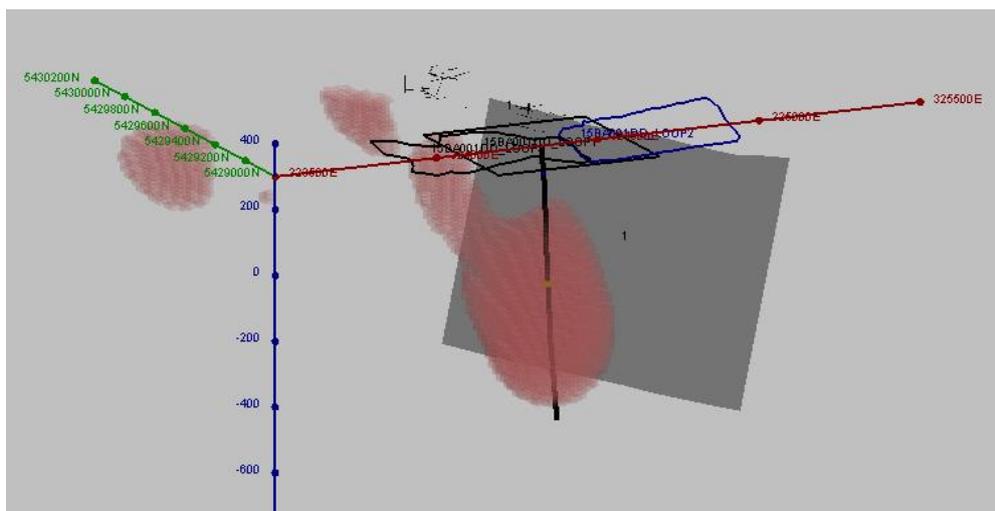


Figure 3. Perspective view showing 15BA001DD intersected the interpreted gravity anomaly and the three overlapping transmitter loops utilised in DHEM surveys

15BA001DD was targeted on an interpreted gravity high (GHD, 2015) and is regarded as having adequately tested the interpreted high. The gravity anomaly was thought to be related to ore grade copper sulphide mineralisation.

As the orientation of the target was poorly constrained, three overlapping transmitter loops were utilised to minimise the risk of missing a conductor due to poor coupling.

No significant copper intersections were noted in the drill logs. No prospective responses were identified by the DHEM survey. It is concluded that no ore grade copper mineralisation is present within a ~100m radius of the hole.

A thorough review of legacy geophysical data is to be completed before any further geophysical exploration is conducted. It is anticipated that specific recommendations will arise from this review.

4 Discussion

The company took the decision to commence exploration near to the main historical deposit at Murray's Reward at a point marginally further to the southwest of the old mine, based primarily on the outcome of several geophysical studies. This area was indicated as potentially the most promising for the discovery of a large copper bearing body. The diamond drill hole completed failed to intersect a massive sulphide body. It did however intersect, throughout most of the hole, a pervasive alteration zone consisting of chlorite and pyrite. There were minor traces of Copper, Lead, Zinc and Tin associated with minor quartz veining at varying depths in the hole but nothing of significance was intersected.

The DHEM survey once completed and analysed confirmed no near hole deposits. Current theory is that the drill hole intersected the outer fringe of an alteration zone but further work must now be undertaken, before recommencement of the drilling program, to gain a better understanding as to what the data is indicating.

5 Environment

Environmental disturbance on EL 10/2014 during the term was minimal. All travel by vehicles was kept to existing tracks. Any other movements were on foot. To complete the downhole survey, loops were required to be laid out in specific configurations. Most of the area consisted of relatively flat to rolling hills of button grass, grasses and small scrub. Wires were pulled manually from roads to the extent required. Transmission equipment was located on or beside existing tracks minimising impact. The receiver was mounted on a tracked vehicle and used the same track into the drill hole as the drill equipment had used. It made one trip in and one out. Men and equipment were moved around the area via tracks primarily by CanAm side by side atv's to aid in reduction of any adverse impact during the survey. The area continues to be an active exploration area with any remedial work that may be required planned to occur once active exploration activities are completed in the area.

6 Recommendations

- Continue assessment of current geological concepts in light of new data gathered.
- Re-assess current drill plan and modify as required.
- Continue drill program with the view to completing a downhole EM survey on each hole.
- Re-assess geophysical data and interpretation with aid of new data.
- Assess value in completing an aerial VTEM survey over the entire strike length of the tenement package.

7 Expenditure

EL10/2014 Expenditure for the four quarters for 2016/2017 is presented below.

Table 1: Expenditure for 4 quarters

2016	Q3	\$ 325,599.00
	Q4	\$ 99,850.00
2017	Q1	\$ 141,500.00
(approx)	Q2	\$ 13,000.00
Total		\$ 579,949.00

8 References

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Appendix 1

**INTERPRETATION OF DHEM SURVEY DOWN 15BA001DD,
BALFOUR PROSPECT, EL10/2014
WEST TASMANIA**

**INTERPRETATION OF DHEM SURVEY DOWN
15BA001DD, BALFOUR PROSPECT, EL10/2014
WEST TASMANIA**

Report for:

ZEBS MINERALS
PTY LTD

by

T. Williams and Dr J. Bishop (Mitre Geophysics)

15th June, 2017

Summary

DDH 15BA001DD was drilled to a total length of 863.4m, targeted on an interpreted subtle gravity high at the Balfour Prospect in EL10/2014, West Tasmania (GHD, 2015). The hole intersected predominately metasediments for its entire length. Specific Gravity measurements were taken at ~4m intervals for the entirety of the hole and no significant differences in density were observed. The hole was on target and is regarded as having adequately tested the interpreted gravity high.

A DHEM survey was carried out down 15BA001DD in January 2017 to look for any potential ore-grade copper mineralisation within, say, a ~100m radius of the drill hole. No prospective responses have been identified.

This report contains the details of the DHEM survey. No recommendations for further work are given here; however, it is anticipated that these will be specified in a compilation and review of the legacy geophysical data for Balfour, which will be completed later this year.

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Figure 11. The exponential decay from the model overburden (in red) is compared with the observed decays for selected A component data, loop 1 (in black). A decay analysis shows a good fit to a power law, $t^{-1.13}$, which is acceptably close to the $t^{-1.5}$ decay from a uniform half space to conclude that the observed response is not due to a target conductor..... 10

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1. Introduction

Mining of copper and tin at Balfour date back to the early 1900s. There have been several exploration campaigns since then, including some this century. Callaghan (2011) provides a good summary of the previous work and notes that whilst there is little probability of a near surface (<200m deep) orebody, there has been little if any exploration at depth.

Zebs Minerals Pty Ltd (Zebs, the Company) holds EL10/2014 (Figure 1) which together with other Zebs' licences (EL13/2015, EL12/2015 and EL14/2015) covers the approximately 35 km long mineralised trend of the Balfour Shear. The 863.4m long DDH, 15BA001DD, is the first hole to test this zone at any significant depth.

This report presents the results and interpretation of a downhole electromagnetic (DHEM) survey down 15BA001DD.

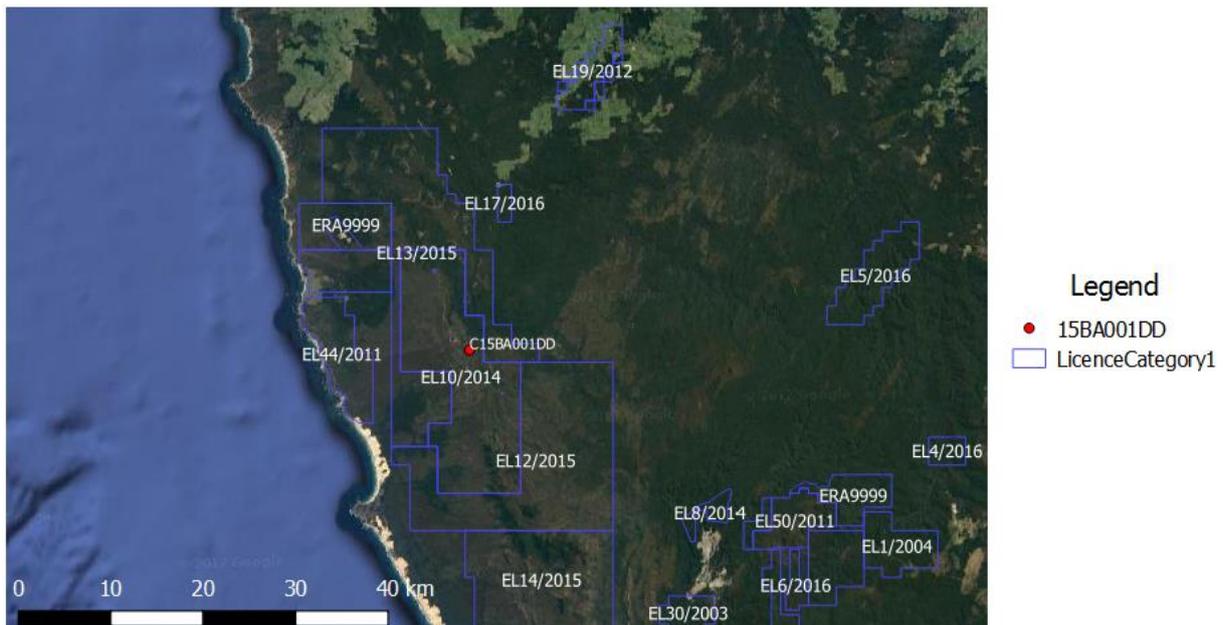


Figure 3. EL 10/2014 covers a long NW trending shear zone which can be seen in the surface topography. The zone is host to a number of base metal (primarily copper) mineral occurrences. The collar location of 15BA001DD (indicated) lies just outside the old mining township of Balfour, close to Murrays Reward open cut.

2. Survey Methodology

Zebs Minerals' EMIT DigiAtlantis acquisition system was used for the survey. Three overlapping transmitter loops (Figure 4) were employed to minimise the possibility of missing a conductor due to poor coupling.



Figure 4. Three different loops were used for the DHEM survey. The 'collar loop', loop 1 position is idealised, since the GPS coordinates are missing at the time of writing this report (the implications of which are discussed in section 3)

The acquisition parameters are summarised in Table 1 and Figure 5 below: -

Table 1

Receiver Specification	
Instrument Type	DigiAtlantis System (Panasonic Toughbook and DigiAtlantis Controller)
Sensor	DigiAtlantis 3D Probe (triaxial fluxgate magnetometer)
Measured Components	A (axial); U (orthogonal to A in the (local) plane of the hole trace; V (orthogonal to A and U, such that $\mathbf{U} \times \mathbf{V} = \mathbf{A}$)
Measurement Units (B-Field)	pT/A (pico Teslas per Amp)
Transmitter Specification	
Transmitter	EMIT SMARTx4

Current Source	6 kVa Diesel Generator
Nominal Output	20 - 40 Amps / 120 - 180 Volts
Loop size	500 x 500m
Waveform	Square Wave 50% Duty Cycle
Base Frequency	8Hz (and varied for training purposes)

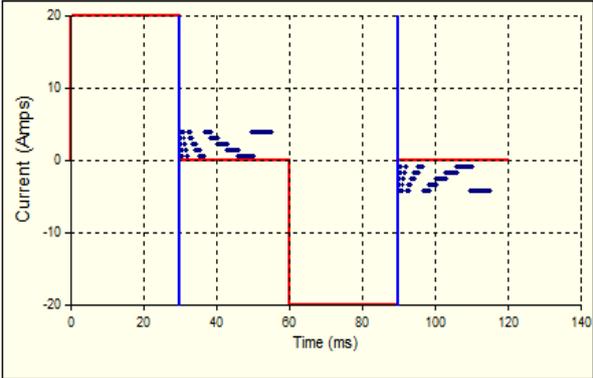


Figure 5. Transmitter waveform (50% duty cycle square wave) - Turn off (i.e. Ramp) time: 12 usecs. Current amplitude 20amps.

3. Results and Interpretation

No prospective responses were identified and the observed profiles can be adequately explained as being largely due to a weakly conducting (5 S) overburden.

Figure 7 and Figure 5 give plan and perspective views (respectively) of the near-vertical 15BA001DD, the three transmitter loop positions (with Loop 1 idealised), .dxfs of the Balfour Fault and old workings at Murray's Reward and (more northern) Central Mount Balfour, and the gravity highs (red) based on interpretations of unconstrained inverse modelling and structural enhancement processing by GHD in 2015.

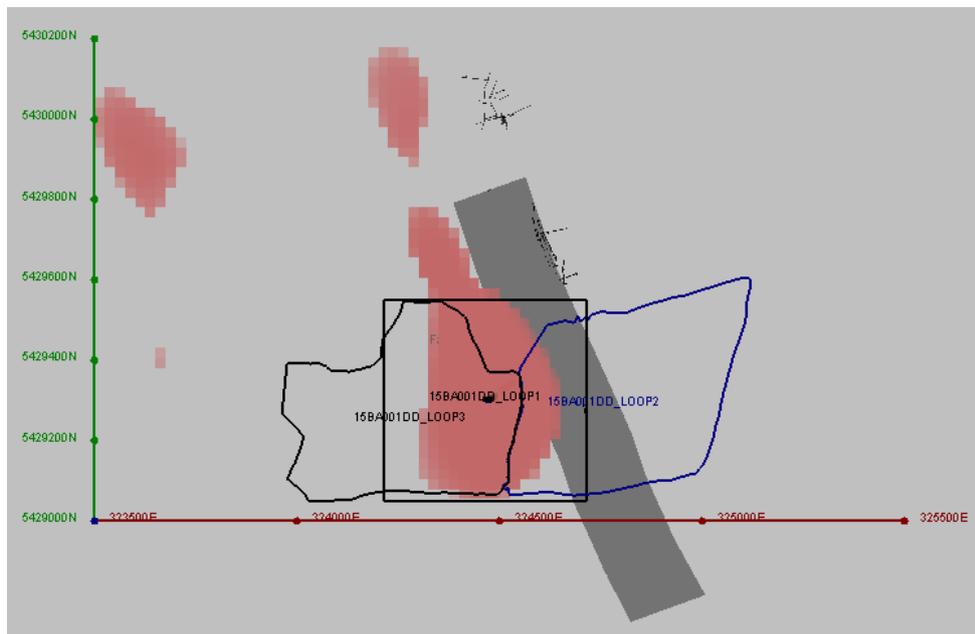


Figure 7. Plan view of the hole collar and the three transmitter loops (Loop 1 idealised,) plus .dxfs representing the Balfour Fault (grey), interpreted gravity anomalies (red) and Murray's Reward and (more northern) Central Mount Balfour mine workings (black)

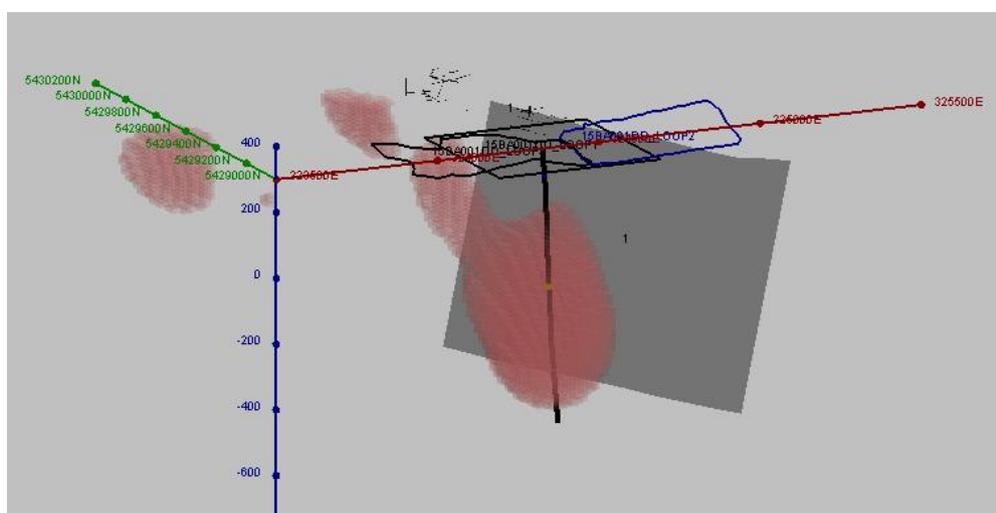


Figure 7. Perspective view shows that 15BA001DD intersected the interpreted gravity anomaly

Figure 9 compares the observed AUV data (in black) with the calculated response from the modelled overburden response (in red) for Loop 1. The overall match indicates that the gross features of the observed data can be attributed to overburden.

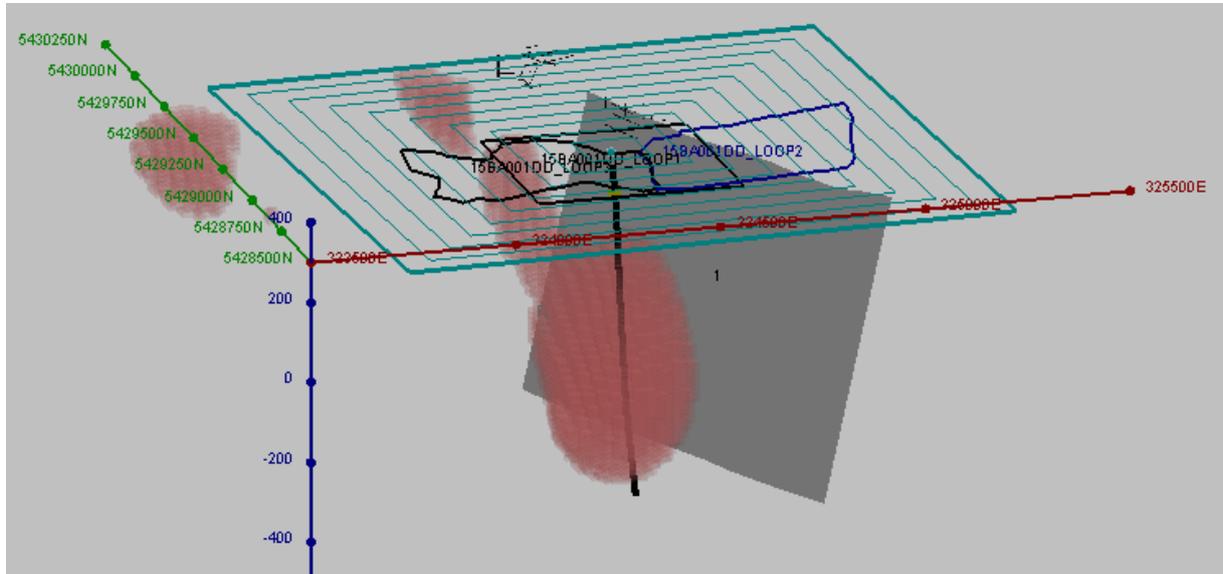


Figure 9. Perspective view of 15BA001DD displaying the overburden plate which provides a satisfactory fit to the observed data

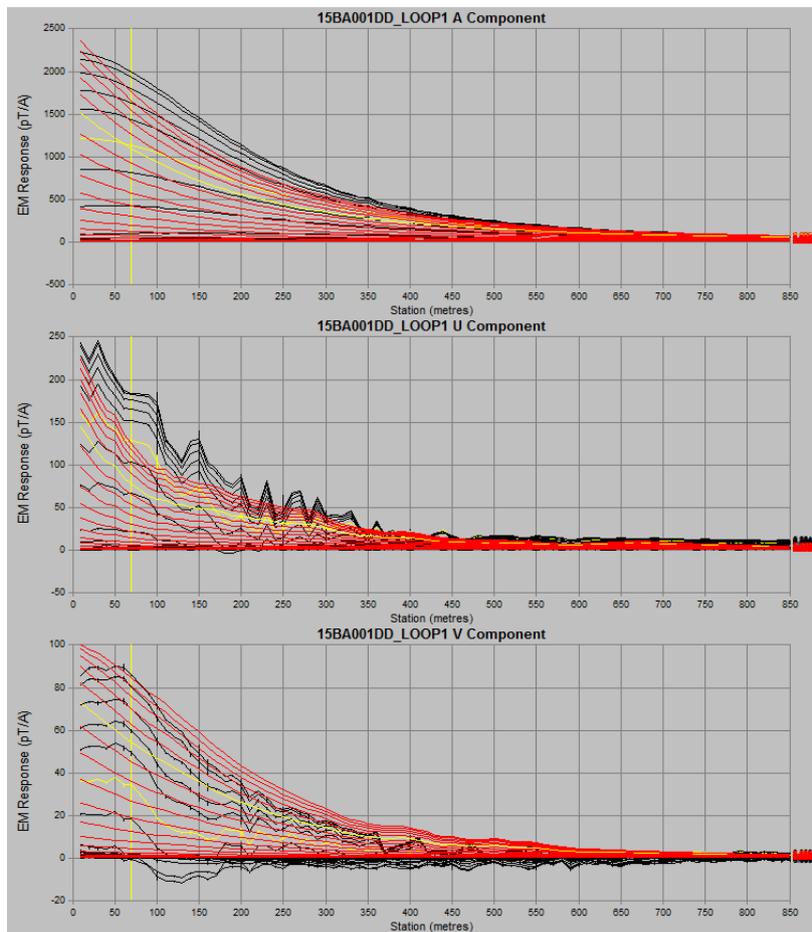


Figure 9. Loop 1 modelled overburden response (red) and observed data (black) for each of the three components A,U and V.

However, the overburden does not fit the intermediate to late-time observed data, especially for the axial component which decays relatively slowly (Figure 10). One possibility for such behaviour might be a distant conductor: i.e., the axial data could be exhibiting a ‘temporal response’ but not a ‘spatial response’ since the conductor is too far away from the hole. However, a target conductor, even a large one, will exhibit an exponential decay, whereas a conductive earth (modelled as a uniform conductive half space) will have a power law decay: $t^{-1.5}$ for B field measurements (or $t^{-2.5}$ for dB/dt.)

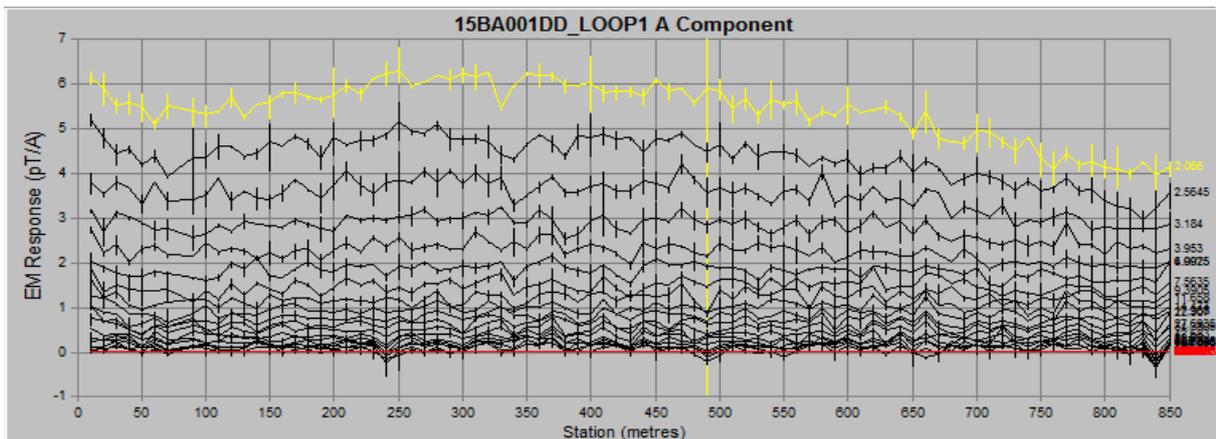


Figure 10. Channels 15-29 (ie, time interval 2.07ms to 42.68ms) for A component, loop 1 data, showing a relatively slow decay. A decay analysis (Fig. 3-6) shows this is due to an unconfined conductor (half space/fault).

Analysis of some representative observed decays from the loop 1 axial data indicates that they fit a power law rather than an exponential decay (Figure 9); i.e., the observed response is due to an unconfined conductor(s) such as a half space or shear zone and not to a prospective target.

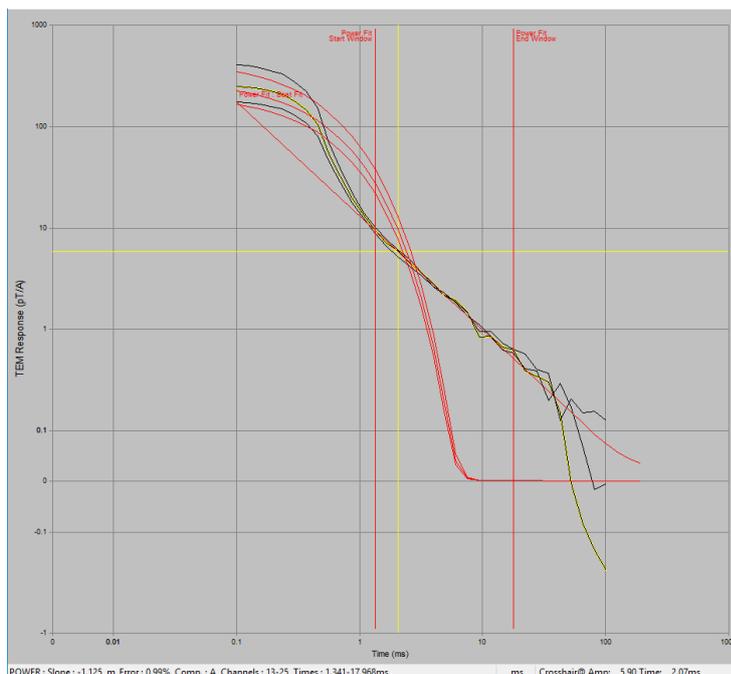


Figure 11. The exponential decay from the model overburden (in red) is compared with the observed decays for selected A component data, loop 1 (in black). A decay analysis shows a good fit to a power law, $t^{-1.13}$, which is acceptably close to the $t^{-1.5}$ decay from a uniform half space to conclude that the observed response is not due to a target conductor.

It was noted above that for this modelling, the GPS coordinates for Loop 1 had not been retrieved from the hand-held GPS unit used to collect the data and an idealised loop of just the four proposed vertices was used for the modelling. This was later compared with an 'inferred loop' which more closely matched the likely actual loop. Inferred loop 1 took its northern and southern sides from loops 2 and 3, with the eastern and western sides remaining idealised. Comparison shows an observable but not significant difference in the model responses from these two loops since the topography is reasonably flat in this area.

Little was known about the potential orientation of mineralisation in 15BA001DD since no other holes had penetrated so deeply and any mineralisation in the vicinity might or might not be conformable. As a result, three overlapping loops were designed to couple well with mineralisation in any orientation. The observed responses from Loops 2 and 3 (Figure 10 and Figure 13 respectively) were, as with Loop 1, largely attributed to overburden.

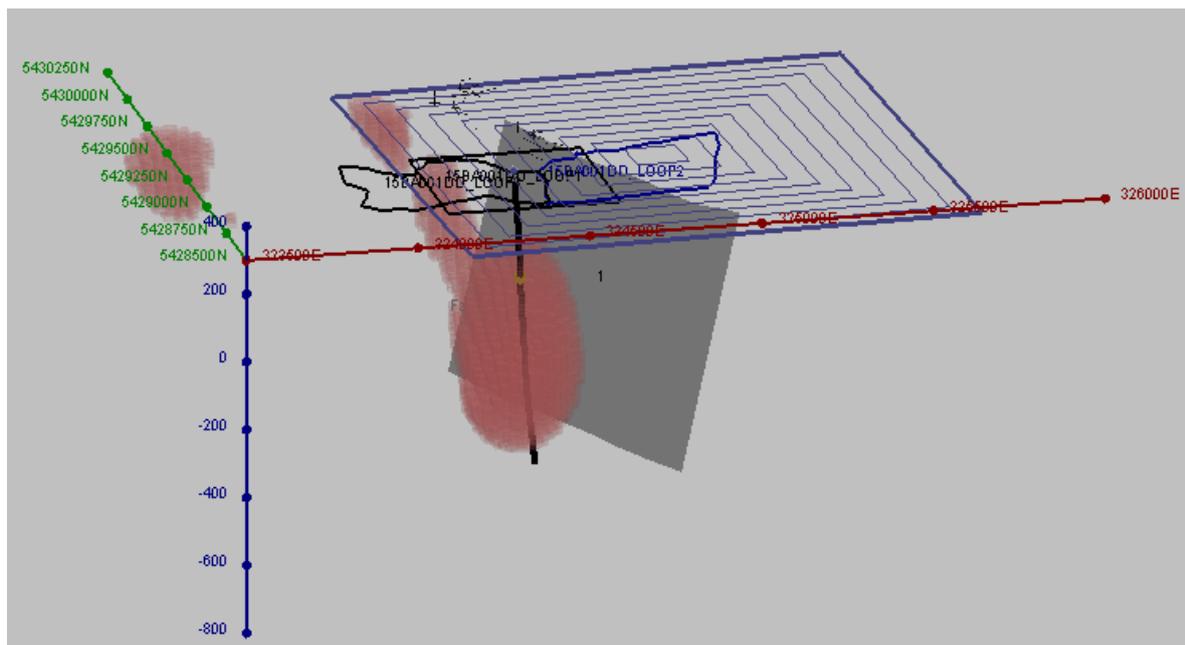


Figure 12. Perspective view of 15BA001DD showing modelled overburden corresponding to Loop 2

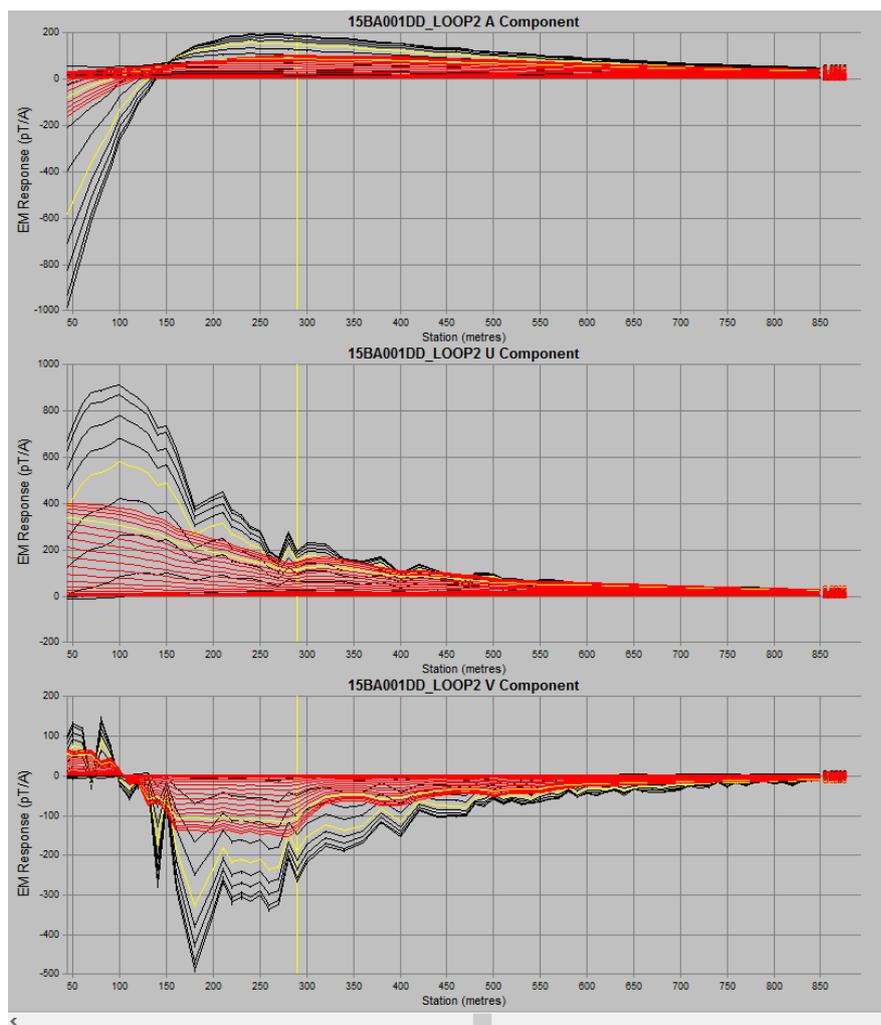


Figure 13. Loop 2 modelled overburden response (red) and observed data (black) for each of the three components (A,U and V)

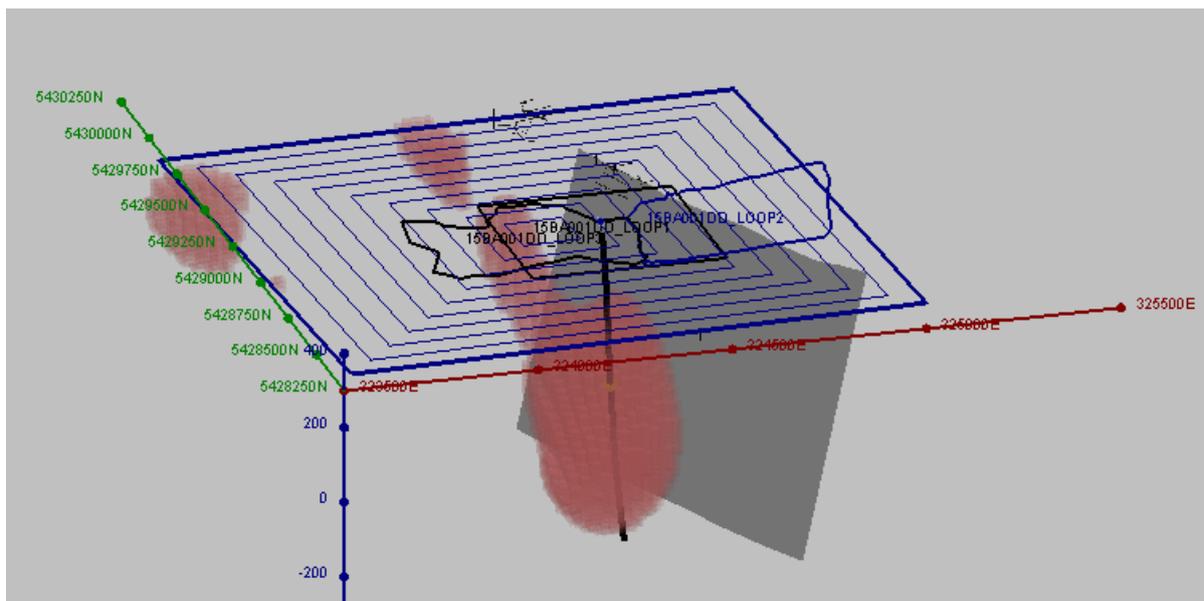


Figure 15. Perspective view of 15BA001DD showing modelled overburden corresponding to Loop 3)

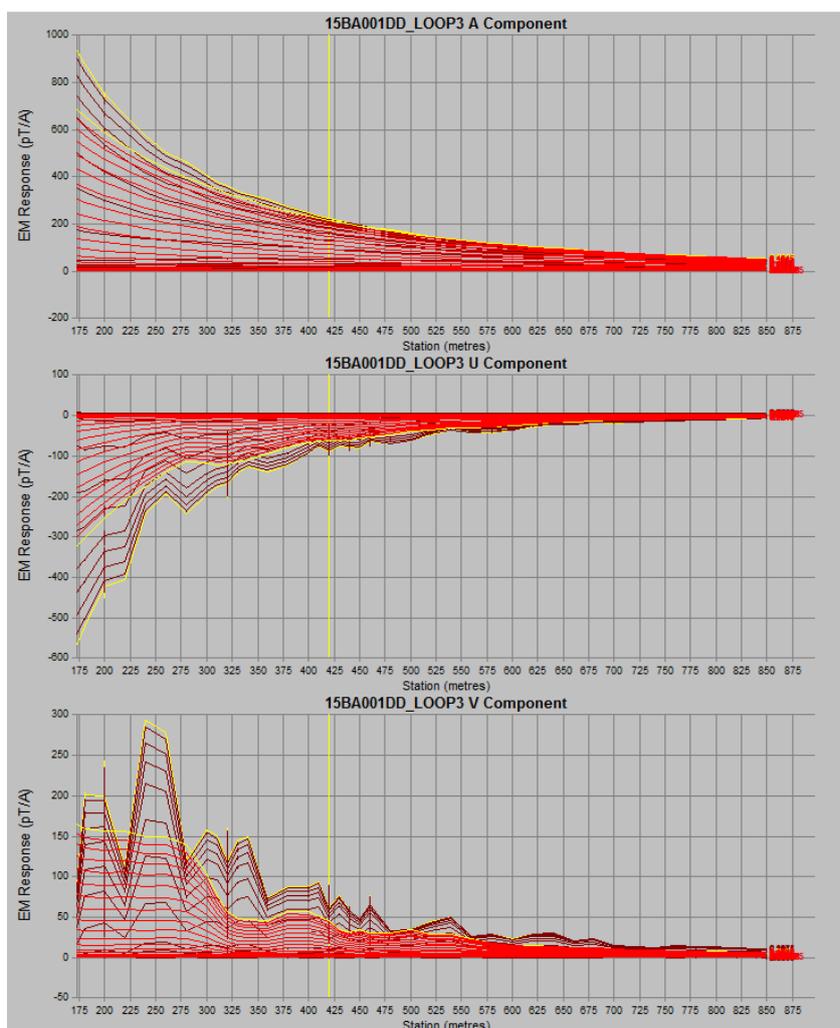


Figure 15. Loop 3 modelled overburden response (red) and observed data (black) for each of the three components (A,U and V)

4. Conclusions and Recommendations

The target of ore-grade copper mineralisation (ranging from 1-3% up to ~35% Cu as occurs at Murray's Reward) would be expected to be moderately to very conductive. The DHEM results suggest there is no such target within say 100m of 15BA001DD.

This is only the first deep drill hole into the Balfour Shear Zone and the area must still be regarded as highly prospective. It is anticipated that specific recommendations will arise from a thorough review of the legacy geophysical data, and it is likely that these would include deep-seeking geophysical surveys such as, for example, AMT.

It is however, worth commenting here on the targeting of 15BA001DD. The *Interview Granite* which outcrops on the west coast has been interpreted to top out at less than 2km below surface at Balfour. This granite (along with Tasmania's other Carboniferous-Devonian granites) is significantly less dense than the country rocks and produces a marked gravity low where outcropping or sub cropping. Callaghan (2011) comments on both a regional gravity low and a local gravity low in the vicinity of Balfour.

The 'unconstrained (inverse) modelling' reported in GHD's 62721 report (GHD, 2015b) has presumably not used any previous knowledge; specifically, the depths to the underlying granite as shown, eg, in Bottrill and Taferi (2003). And the later 2D forward modelling, (GHD, 2015c), which extends below 2kms, does not include any granite in the model suite.

Effective gravity modelling requires determination (and subtraction) of a background regional level. This is usually done subjectively and we suggest that the gravity 'high' interpreted by GHD (2015b & c) is the result of an incorrectly determined regional; i.e., rather than a gravity high along the shear zone, there is actually a gravity low on its western flank. Hence the reason for the lack of any significant variation in SG down 15BA001DD.

It is also worth noting that mineralisation buried at depths of below, say, 200m would be unlikely to produce a recognisable gravity response. As an example, it is arguable whether Tasmania's >16Mt Hellyer massive sulphide deposit, which topped out at ~90m, had a recognisable gravity response. Thus, the lack of a gravity response should not be taken as an indication of lack of prospectivity; rather a confirmation that any target here is likely to be deep.

5. References

Bottrill, R.S. and Taheri, J., 2003. Ground truthing of Western Tasmanian Regional Minerals Program geophysical data in the Balfour-Temma area. MRT Geological Survey Record 2003/18.

Callaghan, T., 2011. E127/2007 and EL40/2007 Prospectivity Review, 2011 Balfour District. Report for Balfour Management Pty Ltd.

GHD, 2015a. Balfour area prospectivity review: Structural enhancement setting.

GHD, 2015b. Balfour area prospectivity review: Potential field unconstrained modelling.

GHD, 2015c. Balfour area prospectivity review: 2D forward modelling.