

EL 06/2015
HENTY ROAD, TASMANIA

SECOND ANNUAL REPORT
FOR THE YEAR ENDED
25 AUGUST 2017

LICENSEE:
KINGFISHER EXPLORATION PTY LTD
A.C.N 169 842 728

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KINGFISHER
EXPLORATION PTY LTD

EXECUTIVE SUMMARY

EL06/2015 is located approximately 10 kilometers southwest of Zeehan on the West Coast of Tasmania. It was granted by Mineral Resources Tasmania to Kingfisher Exploration Pty Ltd (Kingfisher) on 24th August 2015. The EL covers 67 square kilometers of ground that is considered prospective for base metal, primarily Zn-(Pb-Ag), deposits of Mississippi Valley Type (MVT), Irish-type, and SEDEX style.

Considerable exploration work carried out in the project area by several previous explorers since the 1980's includes geological mapping, surface geochemistry sampling, costeaning and pitting, geophysical surveys (including airborne magnetics, gravity, electromagnetics and IP), drilling (13,500+ meters of aircore drilling and around 11,000 m of diamond core drilling), metallurgy, mineralogy, petrography, resource assessment and scoping studies. This has resulted in a vast amount of data contained in historical exploration reports and Kingfisher's first and second year exploration efforts have largely involved collating, digitising and modelling this data. While still ongoing the review work has resulted in identifying a number of high-priority exploration target areas that will be the focus of forward field exploration activities including a planned and MRT-approved drilling program at the Grieves Siding prospect.

A revised (non-JORC) resource estimate was calculated for shallow (<200m) mineralisation at the Grieves Siding prospect and indicates a current total near-surface resource potential of around 2.2 Mt grading 8.2% Zn, which includes 1.9 Mt grading 8.7% Zn comprised of primary (bedrock) mineralisation. This represents a significant resource increase from previous estimations and improves the potential viability of the project dramatically. 3D geological modelling of the mineralisation has resulted in an improved understanding of combined stratigraphic and structural controls to mineralisation.

This report documents Kingfisher Exploration's second year exploration activities, for the year ending 25th August, 2017.

TABLE OF CONTENTS

1	INTRODUCTION	4
1.1	LOCATION, ACCESS & TENURE	4
1.2	EXPLORATION RATIONALE	4
2	REGIONAL GEOLOGY	7
3	LOCAL GEOLOGY	11
3.1	MT ZEEHAN / PROFESSOR RANGE CONGLOMERATE	11
3.2	MOINA SANDSTONE	11
3.3	SILTY TRANSITION UNIT	12
3.4	GORDON LIMESTONE	12
3.4.1	Ugbrook Formation	12
3.4.2	Myrtle Formation	13
3.4.3	Black Jacks Formation	14
3.5	ELDON GROUP	15
3.6	STRUCTURE.....	16
4	MINERALISATION AND ALTERATION	19
4.1	MINERALISATION.....	19
4.1.1	Basal Siderite Zone (BSZ)	19
4.1.2	Silty Transition Zone (STZ) Mineralisation	20
4.1.3	Lower Dolomite Zone (LDZ) Mineralisation	22
4.1.4	Middle Dolomite Zone (MDZ) Mineralisation	22
4.1.5	Upper Dolomite Zone (UDZ) Mineralisation.....	23
4.1.6	OTHER MINERALISATION TYPES.....	24
4.2	ALTERATION	25
5	PREVIOUS EXPLORATION	27
5.1	RESOURCE ESTIMATES	28
6	EXPLORATION COMPLETED	32
6.1	COLLATION AND REVIEW OF PRE-EXISTING DATA.....	32
6.2	GRIEVES SIDING 3D MODEL.....	32
6.3	INDEPENDENT GEOLOGIST'S REPORT.....	35
6.4	GRIEVES SIDING DRILLHOLE PLANNING	35
6.5	EXPLORATION TARGETING.....	36
7	DISCUSSION OF RESULTS	42
8	CONCLUSIONS AND RECOMMENDATIONS FOR FUTURE WORK	43
9	ENVIRONMENT	43

10	EXPENDITURE.....	44
11	REFERENCES.....	45

LIST OF FIGURES

Figure 1.	Location plan showing EL 06/2015 area.....	6
Figure 2.	Schematic Late-Proterozoic-Cambrian tectonic evolution of western Tasmania.....	9
Figure 3.	Regional geology of the Zeehan area.	10
Figure 4.	Summary of Late Cambrian to Ordovician lithostratigraphy in the Zeehan region (Burrett, 1995).....	17
Figure 5.	Geology map of the Henty Zinc Project area.	18
Figure 6.	Plots showing an example of various lithogeochemical data used to discriminate between STZ and BSZ mineralisation, from drillhole ZG107.	22
Figure 7.	Local stratigraphic column showing the position of primary carbonate hosted zinc mineralisation.	24
Figure 8.	(a) typical metal zonation in stratiform An-Pb-Ag deposits.....	27
Figure 9.	Cross Section GXS-4, Grieves Siding.	31
Figure 10.	View of the Grieves Siding 3D model showing the Central and North domains.	33
Figure 11.	View of the Grieves Siding 3D model showing the Central and North domains.	34
Figure 12.	Cross-section view of the Grieves Siding 3D model showing outlines of the modelled 500ppm Mn and 2.5% Fe isosurface wireframes with downhole Zn, looking east.....	34
Figure 13.	View of modelled Fe and Mn isosurface wireframes, Grieves Siding.	35
Figure 14.	View of the Grieves Siding 3D model showing the Central and North domains.	36
Figure 15.	Cross-Section through the Grieves Siding 3D model showing high-grade drillhole intercepts in the Central Zone domain.....	37
Figure 16.	Representative section through Grieves Siding.....	38
Figure 17.	View of the Grieves Siding 3D model, looking south, showing deep exploration target zones adjacent to the Greives Fault zone.	39
Figure 18.	Schematic cross-section through the Professor Sub-Basin showing pre-folded geological set-up and identified stratiform Zn-(Pb-Ag) mineralisation targets.	41

LIST OF TABLES

Table 1.	Grieves Siding primary (bedrock) ore zone resource estimate calculation figures	29
Table 2.	Resource estimates for Grieves Siding Deposit.	30
Table 3.	Summary of key exploration target prospects, EL06/2015.....	40
Table 4.	Exploration expenditure on EL06/2015 during the reporting period.....	44

LIST OF APPENDICES

Appendix I.	Geological Modelling Report – Grieves Siding Project.
Appendix II.	Independent Geologist’s Report on the Henty Zinc Project Tasmania.
Appendix III.	Appendix 1 to IGR – JORC Table 4.
Appendix IV.	Appendix 2 to IGR – Grieves Siding Drillhole Data.

1 INTRODUCTION

This report is the second Annual Report for EL06/2015 located approximately 10 km south of Zeehan on the Henty Road, in Western Tasmania, granted to Kingfisher Exploration Pty Ltd (Kingfisher) on 24th August 2015. EL06/2015 covers 67 square kilometers of ground that is considered prospective for base metal, primarily Zn-(Pb-Ag), deposits of Mississippi Valley Type (MVT), Irish-type, and to a lesser extent SEDEX styles.

The area of interest has undergone significant previous exploration resulting in the identification of at least 15 base metal prospects and preliminary delineation of resources, the largest of which is at Grieves Siding. Despite the area being highly prospective for the discovery of base metal deposits, there has been no significant exploration completed since the early 2000's.

This report documents exploration activities carried out between the dates 25 August 2016 and 25 August 2017 (the Reporting Period).

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

1.1 LOCATION, ACCESS & TENURE

EL6/2015 was granted to Kingfisher Exploration on 29th August 2015. The 67-square kilometre licenced area is located approximately 10km south of Zeehan (**Error! Reference source not found.**). The tenement is easily accessed by the Henty road, a sealed highway that dissects the project area between Zeehan and Strahan. The Queensberry Track crosses and provides 4WD access to the eastern part of the Grieves Siding area. Several other smaller dirt or gravel tracks constructed and utilized by previous explorers provide access to other individual prospect areas. Many of these tracks require four-wheel drive access or are currently inaccessible due to infestation of thick strands of gorse weed, particularly leading to and surrounding the Myrtle prospect area.

The area comprises topographically flat, low lying button grass plain in areas of limestone bedrock, flanked by steep sided hills covered with light scrub. The Professors Range runs south-east / north west through the area forming a prominent topographic high. Land tenure of the area is split between Regional Reserve to the south-east and Managed Informal Reserve to the north-west.

1.2 EXPLORATION RATIONALE

The main exploration target model for the licensed area is for medium to large tonnage Irish-style carbonate-hosted Zn-Pb-Ag deposits within the Ordovician Gordon Limestone. The area is also considered prospective for SEDEX and Devonian Zeehan style carbonate-hosted Zn-Pb-Ag vein and replacement deposits.

Kingfisher has revised its global exploration target to >5 to 15 Mt averaging >7% Zn, including a near-surface (<200m) resource target of 3-5 Mt grading 7-10% Zn.

The Gordon Limestone was deposited over a large area at the close of a major period of tectonic and volcanic activity that produced the metal-rich Cambrian Mount Read Volcanics.

During and immediately before carbonate deposition the tectonic regime was still unstable as evidenced by rapid changes in stratigraphic thickness of Late Cambrian and Ordovician strata. It is considered that cooling Middle Cambrian volcanic-hydrothermal systems (the Mt Read Volcanics) may have continued to emit metals into the system, and these could have been focussed by basement irregularities and syn-sedimentary basin-forming faults. Lead isotope studies indicate a Cambrian source for the Ordovician carbonate-hosted deposits at Oceana and Grieves Siding lending support to this theory which adds significant new prospectivity to the Ordovician limestone sequence.

Although there remains strong evidence to continue a concerted exploration focus for primary base metal sulphide mineralization within the tenement there has been an increase in attention and research into the prospectivity and treatment options of Zn-carbonate or “Zn-oxide” mineralogy. A significant amount of mineralogy at the Grieves Siding Deposit is reportedly of Zn-carbonate mineralogy and this has commonly discouraged previous explorers from further developing the Grieves resource. Kingfisher is currently considering a range of new developing technologies for the treatment of Zn-carbonate ores. Besides this, there is evidence that the higher-grade parts of the system may become sulphide dominant with depth / proximal to source feeder structures.

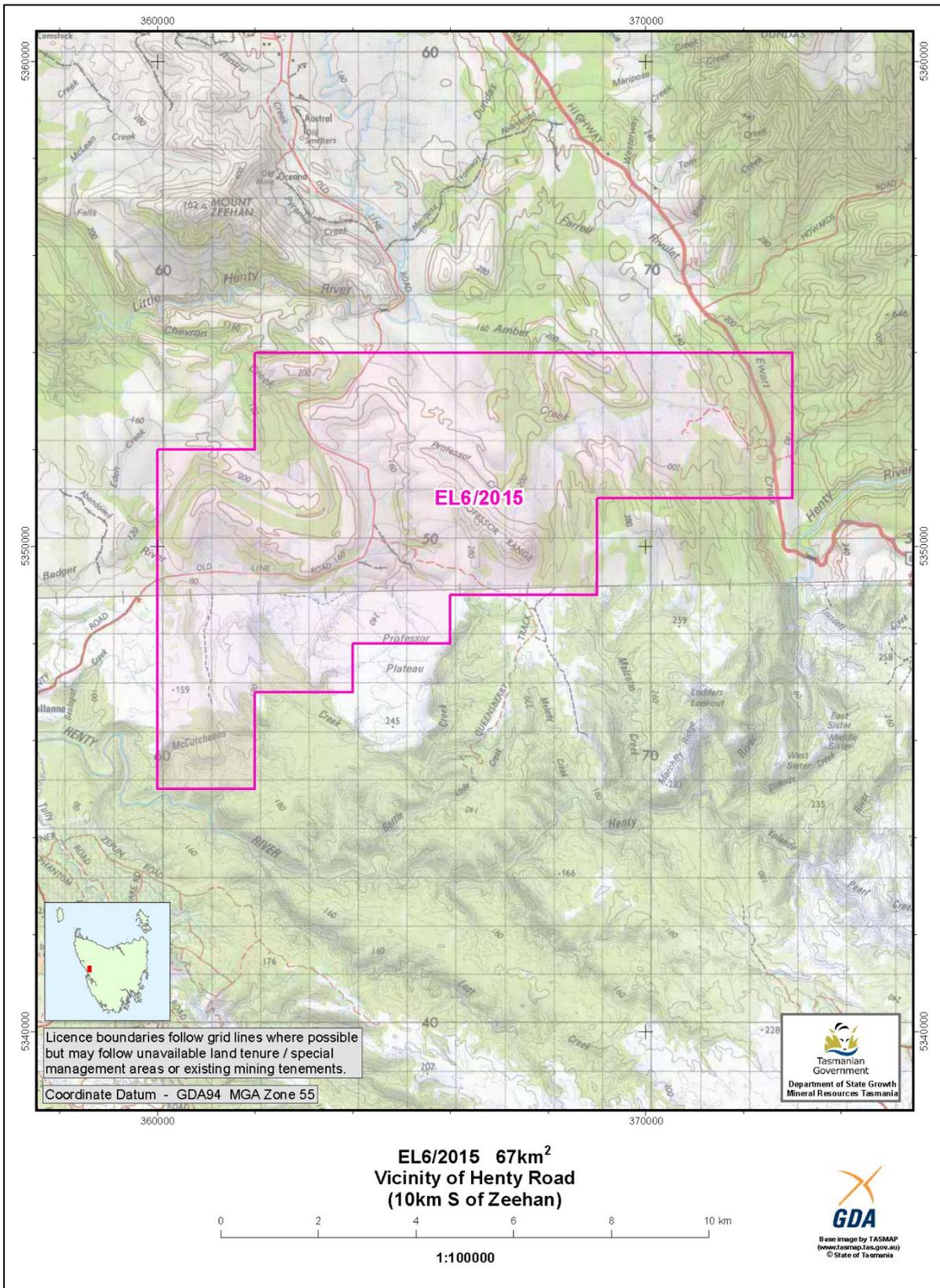


Figure 1. Location plan showing EL 06/2015 area. Datum used is Map Grid of Australia 1994 (MGA94), Zone 55, GDA94.

2 REGIONAL GEOLOGY

The geological history of western Tasmania between the Late Neoproterozoic (circa 600 Ma) and the Early Ordovician (circa 490 Ma) as described by Crawford and Berry (1992) records a cycle of continental rifting and associated ocean opening basins (circa 600 Ma), subduction (starting circa 515 Ma), and arc-continent collision, with important post-collisional extension and basin forming, magmatism (500 Ma) and associated VMS mineralisation, exhumation of under-thrust Neoproterozoic continental crust, and molasses deposition (Crawford et al, 2003) (Figure 2) into probable back-arc extensional basins. This was followed by sag phase deposition of shallow-marine platform sequence carbonate and fine grain siliciclastic sediment sequences through to Early Devonian times. Orogeny during the Early to Middle Devonian resulted in widespread folding and metamorphism of the earlier formed rocks and was closely followed by extensive granitoid intrusion.

Basement geology of much of the western Tasmania region consists of metamorphosed Precambrian siliciclastic rocks of the Tyennan Block, now dominated by massive quartzite sequences. The Tyennan Block rocks were intruded by dolerite/microgabbro dykes and sills around 570-600 Ma, which following metamorphism are now represented by mainly amphibolites and lesser eclogite.

A major episode of rifting of the continental crust during the Late Precambrian to Early Cambrian (circa 600 Ma) affected much of eastern Gondwanaland and produced a thin passive continental margin transected by rift basins along the modern-day western Tasmania (Crawford and Berry, 1992). Advancement of rifting probably extended to breakup and ocean opening around 570 Ma (Crawford, 2005) forming a volcanic passive margin along south-eastern Australia, facing an actively opening basin to the east. At around 515-520 Ma, a boninitic intra-oceanic island arc developed on this opening ocean basin followed by arc-continent collision, subduction and ultramafic allochthon emplacement (circa 515 Ma). This allochthon emplacement event was the first phase of the Tyennan Orogeny, a complex, multistage deformation event recorded by widespread major thrusts throughout western Tasmania.

Post-collisional extension saw the development of a rift phase graben basin (or rather a series of basins and sub-basins) – the Dundas Trough (Crawford and Berry, 1992), a northerly trending, 20-30 km wide mid-Middle Cambrian “trough” (basin) flanked by the Precambrian basement regions. Basal Dundas Trough sediments consist of 3500 m of conglomeratic flysch sequences with local ultramafic detritus. The Middle to Late Cambrian Mount Read Volcanics (MRV) formed on the eastern-most part of the Dundas Trough, and interfinger westward within the Dundas Trough sequences. The 10-15 km wide MRV belt consists of interbedded, subaerial to subaqueous felsic, intermediate and mafic volcanics which host a number of world class polymetallic volcanogenic massive sulphide deposits (Including the Mt Lyell, Rosebery, Hellyer and Que River deposits).

Cessation of volcanism and regional uplift through major reverse faulting and upright open north-trending folding during the mid-Late Cambrian to Early Ordovician saw the rapid deposition of Precambrian basement derived coarse siliciclastic molasses and sediments of the Denison/Owen Group onto the Dundas Trough and unconformably overlying the MRV. The Owen Group conglomerate and correlates commonly rests with angular and/or erosional unconformity on the older Dundas Trough units, forming the base of the Denison Group. It

consists of siliciclastic shallow marine to fluvial pebble to boulder conglomerates and quartz sandstones, typically as coarse conglomerate composed of metaquartzite clasts. Variations recorded in the thickness and grain size of the Owen Conglomerate and correlates suggest that deposition occurred as a series of continental alluvial fans formed as piedmont deposits around the margins of the uplifted Tyennan basement block in fault-controlled graben (basin) structures (Corbett and Turner, 1989).

The presence of worm castings, burrows, brachiopods and gastropods in the upper Owen sediments indicates a transition to a marine environment in the Late Cambrian to Early Ordovician and marks the onset of a period of quiescence and shallow water platform sedimentation that lasted until Middle Devonian times. The Owen Conglomerate and correlates are overlain by a unit of well-sorted sandstone of the Pioneer Sandstone and correlates (including the Moina Sandstone, representing the upper units of the Denison Group but recently reassigned to the base of the overlying Gordon Group).

Conformably overlying and/or interfingering with the Pioneer Sandstone is the Ordovician to Silurian aged Gordon Group carbonates (Gordon Limestone) comprising a sequence of transgressive shallow marine to peritidal platform limestone and dolomitised limestone with minor interbedded siliciclastic/argillaceous units. The Gordon Group has a measured thickness of up to about 1.8 km in central-southern and is widely distributed across western Tasmania. It represents the thickest and most stratigraphically continuous Ordovician carbonate sequence in the southern hemisphere. The internal stratigraphy of the Gordon Limestone is discussed in more detail in Section 1.3 Local Geology.

Carbonate-hosted stratiform sulphide mineralisation and an associated breccia unit in the Zeehan area indicate local syn-sedimentary faulting and possible carbonate replacement or exhalative activity (Taylor and Mathison, 1990). The carbonates also became an important host for skarn mineralisation associated with Late Devonian-Early Carboniferous granite intrusions.

The Gordon Group carbonates are overlain concordantly, but locally with disconformity by the shallow marine siliciclastic quartz sandstone and mudstone sequences of the Silurian to Early Devonian Eldon Group sediments. The lower part of the Eldon Group succession is dominated by shallow-marine quartz sandstone (Crotty and Florence formations and correlates); the upper by a thick, shelf-facies shale unit with minor limestone (Bell Shale and correlates).

The Denison, Gordon and Eldon Groups, together the Wurawina Supergroup, were folded together in Early to Middle Devonian time resulting in low grade metamorphism and regional north-northwest trending open folds with steep reverse faults (Tabberabberan Orogeny). Devonian granitoids with K-Ar ages ranging from 332 to 367 Ma intruded the sequence.

The folded and intruded rocks of the Wurawina Supergroup are overlain with angular unconformity by the Parmeener Supergroup shallow marine and glaciomarine rocks of Late Carboniferous to Triassic age which preceded Jurassic dolerite dyke and sill intrusion. A widespread unconformity representing a pre-Permian landscape, known as the Henty Surface, occurs in the West Coast Range. Mesozoic and Cenozoic structures are related to the breakup of Gondwana and were followed by Tertiary basaltic activity. Further glaciation

in the Pleistocene added to the modern-day topography, otherwise Holocene alluvial deposits can be found on the modern day surface.

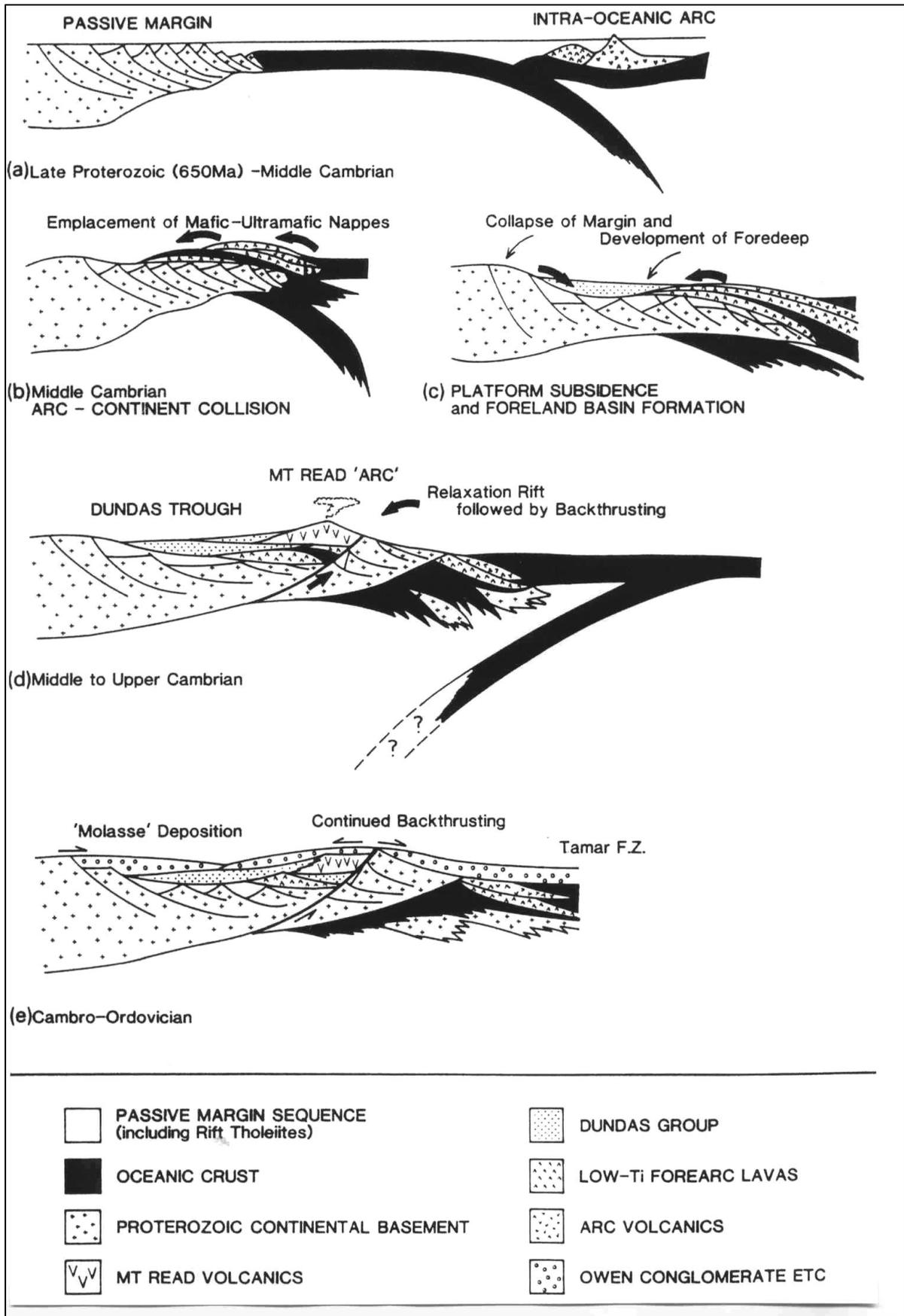


Figure 2. Schematic Late-Proterozoic-Cambrian tectonic evolution of western Tasmania from Crawford and Berry (1992).

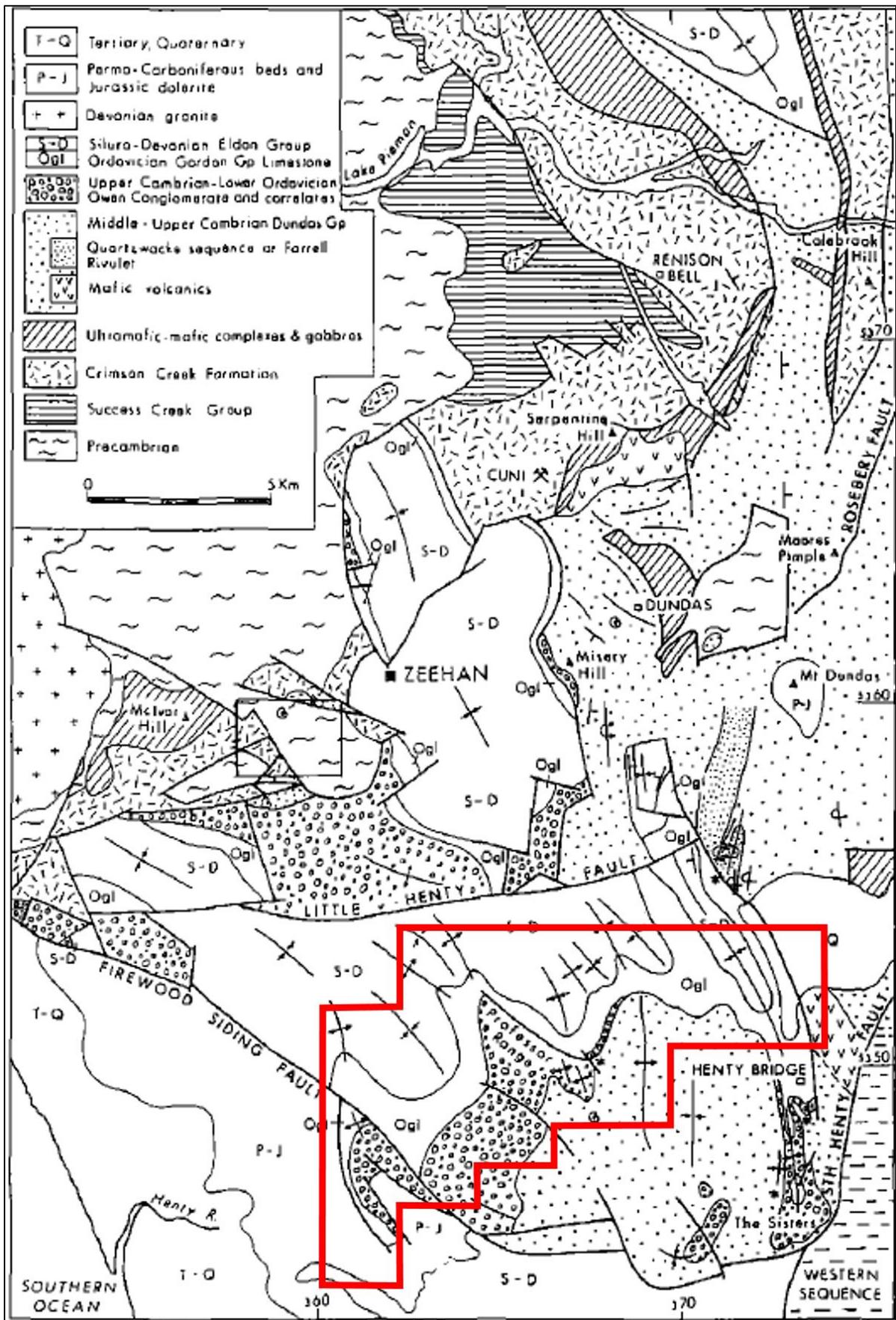


Figure 3. Regional geology of the Zeehan area. EL06/2015 shown as red polygon.

3 LOCAL GEOLOGY

The local scale geology of the Henty Zinc Project (EL06/2015) area represents a sequence of the Wurawina Supergroup rocks comprising Dundas Group and Denison Group (Mt. Zeehan Conglomerate and Moina Sandstone) siliciclastic rocks in the south, younging stratigraphically northwards through the Owen Group carbonates (Owen Limestone) and overlying Eldon Group siliciclastics. The sequence is folded and north-plunging along northwest trending fold axes and also faulted by regional to district and local scale structures along the same trend; including the prominent Professor Range the Firewood Siding Faults. The general younging-northwards trend in stratigraphy is terminated north of the project area by the east-west trending Little Henty Fault which juxtaposes the upper Eldon Group rocks (south of the fault) against older Denison and Dundas Group rocks (north of the fault) suggesting south directed thrusting.

The Ordovician stratigraphic nomenclature of Burrett (1995) for the Zeehan area has been adopted for use in describing the stratigraphy of the project area and also combined with CRA terminology that has been largely adopted by previous explorers. Figure 4 shows a stratigraphic column for the main units of interest within the project area. Figure 5 shows the geology of the project area based on combined stratigraphic nomenclature of Burrett (1995) and that developed by previous explorers (namely CRAE). Major rock units are described below.

3.1 MT ZEEHAN / PROFESSOR RANGE CONGLOMERATE

A siliciclastic sandstone-siltstone-conglomerate sequence of Late Cambrian age is present underlying the Ordovician carbonates throughout the Professor Range-Henty River area in EL6/2015. The lower part of the sequence is flysch-like in character, with abundant green to grey siltstone. Overlying this, disconformably in places, is a unit of pebble-cobble conglomerate and sandstone, up to 300 m thick, showing some cross-bedding and indications of shallow-water deposition. This is overlain by the thick (up to 1000 m+) upper sequence of Moina Sandstone (described below).

Seymour and Claver (1995) considered the thick accumulations of siliciclastic pebble to cobble conglomerates at Mt Zeehan (Mt Zeehan Conglomerate) to be alluvial fan deposits, probably deposited in a separate small basin distinct from the main areas of deposition of the Owen Group in the West Coast Range area. Palaeocurrent and provenance data indicate that the conglomerate detritus at Mt Zeehan was derived from the northwest, and is of different character to that in the conglomerates of the Professor Range which was derived from a northeasterly to easterly direction.

3.2 MOINA SANDSTONE

The Early to Middle Ordovician siliciclastic Moina Formation (Moina Sandstone), being a correlate of the Pioneer Sandstone, is the uppermost unit of the Denison Group, conformably overlying the Mount Zeehan / Professor Range Conglomerate. It is characterised by well-sorted siliceous sandstone with localized conglomerate beds, cross-bedding, ripple marking and intensely bioturbated beds. It is generally strongly silicified to quartzite, often becoming a pink silicic quartzite.

It is interpreted to be a littoral to sublittoral marine sequence at the base of the Gordon Limestone, deposited during a period of shallow water sedimentation (Banks, 1989). It overlies slope or basinal deposits and shallow marine alluvial fans (Mt Zeehan Conglomerate).

The thickness of the Moina Sandstone varies regionally, with a general trend of increasing thickness to the southwest. In the Zeehan and Professor Range area (Henty Zinc Project area), the sandstone displays a dramatic thickening from 360 m at Mt Zeehan to 1.5 km west of the Professor Range – thickening towards the Firewood Siding Fault. This fourfold increase in thickness (about 100m/1km) from Mt Zeehan to the Professor Range suggests active syndepositional downfaulting of the basin in the project area during the late Cambrian to early Ordovician. The Mt Zeehan Conglomerate unit (basal to the Moina Sandstone) is also noted as being markedly thicker in the project area, north of the Firewood Siding Fault at the Professor Range, also suggesting activity on that fault during the late Cambrian and early Ordovician.

3.3 SILTY TRANSITION UNIT

The boundary of the Moina Sandstone and the Gordon Group carbonates is marked by a siltstone-mudstone transitional zone (the “Silty Transition Unit”) that may vary in thickness from 1 m up to 30 m thick. This unit is regarded by Burrett (1995) and here as the topmost part of the Moina Formation siliciclastics and the base of the Gordon Group is defined as the start of clearly discernible carbonates (Ugbrook Formation). However, it should be noted that this boundary is often arbitrary due to common interdigitation of the Silty Transition Unit with the carbonates and/or alteration and replacement of limestones by siderite and mineralisation.

X-ray diffraction analysis of the transitional zone sediments at Grieves Siding shows a high abundance (60%) of a kaolinite group mineral interpreted as dickite.

3.4 GORDON LIMESTONE

The average thickness of the Gordon Limestone in the project area around 500 to 700 m. Generally, the limestone is a mixture of clean calcsiltite/calculutite with argillaceous calcsiltite/calcarenite, all deposited in a shallow marine environment.

Past workers (Burrett and Ellis) have identified distinct lithotypes for stratigraphic logging and basin interpreting purposes. This involved recognising depositional environments and depth of water during deposition. Carbonate deposition occurred on a mini-platform with 4 main depositional environments recognised: (i) intertidal-supratidal flats, (ii) lagoonal and restricted lagoonal, (iii) intertidal-subtidal bars and shoals, (iv) shallow to medium subtidal open shelves and platforms. Distinctive laminated units periodically occur and these represent shallowing intratidal sequences. Carbonate sedimentation occurred in a tropical environment with an Ordovician seawater temperature between 23 and 25° C (Rao, 1990).

3.4.1 Ugbrook Formation

The Ugbrook Formation forms the base of the Gordon Group, succeeding the siltstones of the Silty Transition Unit by alternating thin micrites, argillaceous micrites, biomicrites and shales/mudstones, sometimes with calcarenites, siltstones and sands. The alternating units are centimetre to decimeter in scale, forming repetitive sequences up to 20 m thick and are

commonly bioturbated and nodular (due to sedimentary boudinage). The sequences are strongly pelloidal and show a subtidal fauna dominated by corals, gastropods and brachiopods. Comminuted shells are common and asaphid trilobites are also recorded. Several sections have developments of biocalcarenites and/or biosparites composed mainly of crinoidal debris. It often contains ooids, oncoids, corals and comminuted shell debris that can exhibit a sparry matrix representing onco-biosparite and oosparite lithofacies (Glover, 1996). These units are likely to correlate to the Oolite Unit of CRAE.

Lithofacies of the Ugbrook Formation were deposited in a subtidal and protected subtidal lagoons formed behind migrating carbonate bars (Burrett, 1995).

The Ugbrook Formation at Grieves Siding averages 100 m in thickness, reaching a maximum thickness in the north of 230 m, and a minimum of 50 m in the south (Glover, 1996). The thickness of the formation is often obscured by pervasive hydrothermal dolomitisation and siderite alteration, signifying a halo to stratiform Zn-(Pb-Ag) mineralisation.

Calcarenite of the Silty Transition Unit interfingers with the Ugbrook Formation sporadically throughout the Grieves Siding area, intensifying towards the south where the Ugbrook Formation thins (Glover, 1996).

3.4.2 Myrtle Formation

The Myrtle Formation consists of between 40-170m of micrites, biomicrites, dolomitised micrites and minor calcarenites and shales deposited as upwardly shallowing tidal flat cycles known as Punctuated Aggradational Cycles (PACs) due to response to changing sea level (Burrett, 1995). The Myrtle Formation contains 15 recognised PACs, 20 to 160 m thick, making it a useful marker unit. However, not all 15 PACs are typically represented at any one place and broad correlation between the individual PACs may be unreliable. Faulting stylotisation, dolomitisation, tidal channel crosscut, and poor core recovery can all act to conceal PACs.

PACs are meter-scale upwardly shallowing units separated by surfaces marked by abrupt change to deeper facies. PACs represent sedimentation produced over relatively long period (tens of thousands of years) of base-level stability punctuated by geologically instantaneous relative base-level rises of at least basin-wide extent (Goodwin & Anderson, 1985). Minor scouring and rip-up clasts are seen on such boundaries. A typical PAC sequence consists of subtidal mudstones and argillaceous micrite grading into bioturbated micrites, pale micrites, intertidal microbial laminated micrites and domal stromatolites. They often terminate in "birdseye" diamictites with some terminating in red beds (Glover, 1996). These indicate oxidation in a very shallow, possibly exposed peritidal environment.

It has been suggested (Burrett, 1995) that faulting could have ended the Ugbrook Formation deposition by producing significant shallowing and thus allowing the formation of the Myrtle Formation PACs. Alternatively, faulting assisted or caused the stabilisation of carbonate bars allowing the development of the PAC sequence (Glover, 1996). With a transgressive sea level and stabilised offshore carbonate bar, the Ugbrook Formation was soon covered with argillaceous micrites calcisiltites and biomicrites as the carbonate factory kept up (Glover, 1996).

The Laminated Micrite Unit of CRAE terminology can be correlated to part of the Myrtle Formation. It is described as comprising of banded and stylonitic fine grained calcarenite and micrite. Sometimes the laminae consist of argillaceous material. The individual laminated units have an upper thickness limit of generally <3m.

3.4.3 Black Jacks Formation

The Myrtle Formation is succeeded by the Black Jacks Formation which consists of alternating micrites and shales with some biomicrites, calcarenites and calcisiltites. It is divided into lower and upper units, separated by the Lords Siltstone member.

Deposition of the Black Jacks sediments was largely below wave base with graded units and shell lags being produced by periodic storms (Glover, 1995). This represents a significant deepening event that ended deposition of the Myrtle Formation. It is suggested that movement along basinal faults (Firewood Siding Fault?) could have caused this deepening. Radiometric age determinations of faults show multiple movements relevant to the deposition sequence at Grieves Siding (Glover, 1995), providing evidence that faulting is likely to have initiated and ceased sedimentation of some stratigraphic formations. The probability of mineralisation being related to such fault activity is significant.

3.4.3.1 Lower Black Jacks Formation

The Lower Black Jacks Formation contains two peritidal members comprising calcarenites, minor sparites, biomicrites, argillaceous micrites, mudstones, and nodular limestones and includes two PACs labelled Black Jacks 1 (BJ 1) and Black Jacks 2 (BJ 2). It contains some silty interbeds and shows weak dolomitisation.

3.4.3.2 Lords Siltstone Member

The Lords Member (Lords Siltstone) conformably overlies the Lower Black Jacks Formation. It is a thin (1-20 m) generally non-calcic siltstone-shale-sometime sandstone unit that marks a major break in the sedimentological regime not only in the Zeehan sub-basin but also throughout the whole Gordon Limestone basin, and is thought to represent a significant but short lived tectonic event. It is often underlain by a coarse bioclastic calcarenite to calcirudite unit of the Lower Black Jacks Formation which can be locally hydrothermally dolomitised and mineralised. The Lords Siltstone appears to form a cap and partial host to the sulphide zinc mineralisation at the Myrtle prospect.

In drillcore the Lords Siltstone is noted as predominantly dark grey to green, commonly bioturbated, micaceous siltstone and fine sandstone. The lower contact often contains angular rip-up clasts of limestone with a sharp upper contact into carbonate.

At Grieves Siding, the Lords Siltstone forms a discontinuous but traceable topographic ridge. It often supports dense and varied heathland vegetation that conceals outcrop. The siltstone is commonly fossiliferous, containing abundant trilobites, brachiopods, ostracods, bivalves, and bryozoan.

The Lords Siltstone member is correlated to the Siltstone Unit of CRAE.

3.4.3.3 Upper Black Jacks Formation

The Upper Black Jacks Formation is partially to completely dolomitised limestone. The dolomitisation is characteristic by being vuggy. Where undolomitised, the sequence consists of pale, argillaceous and bioturbated micrites and alternating biomicrites. It contains subtidal to intertidal fauna especially corals, stromatoporids and large oncoids. The sequence represents shallow subtidal conditions returning after the Lords event. An Upper Peritidal Member was identified by Burrett (1995) that contains up to 5 PACs and is likely to represent deposition on a short lived peritidal flat before the resumption of shallow subtidal deposition. The development of the peritidal flat may have been fault related as it suddenly appears without shallowing of lithofacies or biofacies (Glover, 1996).

The Upper Black Jacks Formation is correlated to the Upper Dolomite unit of CRAE. Drilling indicated the unit varies between 25 – 100 m in thickness.

The top of the dolomite unit is usually represented by a black clay zone which can range in thickness from 5 to 30m. This clay is thought to be weathered dolomitised limestone caused by water flow through the overlying porous Crotty Quartzite. Progressing down sequence this vuggy dolomite gives way to a similar pervasive dolomite but without the vugs. This suggests that there may have been two phases of dolomitisation, either a diagenetic reflux dolomite followed by hydrothermal fluid introduction or two phases of hydrothermal fluid introduction corresponding to the Ordovician Benambran Orogeny and the Devonian Tabberabberan Orogeny.

At the Firewood Siding prospect, the Upper Black Jacks dolomite unit has undergone localized intense siderite alteration which may be either the result of hydrothermal fluid flow or possibly the oxidation of pyrite due to supergene processes.

3.5 ELDON GROUP

The Silurian Crotty Quartzite forms the base of the Siluro-Devonian Eldon Group and consists of a series (max. 490 m) of massive to thinly bedded, white, medium to coarse grained friable sandstones interspersed with finer grained white to light grey siltstones. It has a disconformable basal contact with the underlying carbonates and a gradational conformable upper contact with the Amber Slate.

The disconformity has been correlated by Pitt (1962) to the Late Ordovician Benambran Orogeny which signifies the beginning of uplift that rapidly spread clastic material over the Gordon Group carbonate sequence.

At Grieves Siding the typical Crotty Quartzite is a relatively homogeneous, well bedded unit consisting of quartz sandstones, quartz pebble conglomerates and minor mudstones.

The overlying sequence to the Crotty Quartzite comprises the Amber Slate (240m), Keel Quartzite (120m), Austral Creek Siltstone, Florence Quartzite (490m) and the Bell Shale (420m). This is a series of fining up siliciclastics (due to basin deepening) that ultimately terminated with the deep basinal mudstones of the Bell Shale.

3.6 STRUCTURE

The Wurawina Supergroup sequence are folded around anticlinal and synclinal axes that trend NW and plunge to the north. A number of NW trending faults cut the sequence.

Some of the larger faults, including the Firewood Siding and Professor Range Faults appear to have a basement relationship, dividing the area into sub-blocks, and are interpreted to represent original basin-forming faults. In a model developed by KFE, the two faults are interpreted to form the western (Firewood Siding Fault) and eastern (Professor Range Fault) boundaries of a locally developed sub-basin (Professor Sub-Basin) into which the Late Cambrian rift-phase siliciclastic conglomerates/sandstone and then Ordovician sag-phase carbonates were deposited.

The Professor Range Fault trends northwest along the Professor Range into the Myrtle prospect area where it is represented by a zone of intense cleavage, shearing and folding. It degrades into a series of tight fold axes in the overlying Silurian sediments.

The Firewood Siding Fault is a fault of regional significance. It trends northwest across the Baura, Rose Valley and Firewood Siding prospect areas with an apparent dextral offset of the Moina Sandstone of 1.5 km.

Numerous smaller northwest trending faults appear to be related to the larger faults and possibly responsible for forming 2nd and 3rd order basins which have been interpreted in the Grieves Siding and Myrtle prospect areas. They clearly offset the basal contact of the Gordon Limestone but appear to also extend into the upper carbonate sequences and possibly dying out in the overlying Eldon Group siliciclastics. At least some of these faults are associated with mineralisation, e.g. the Grieves Fault at Grieves Siding.

The east-west trending Little Henty Fault terminates the generally northwards young folded sequence to the north of the tenement with the down-throw apparent on the south side. It is uncertain if the steep-angled fault has normal or reverse movement.

Structural complexity increases in fold hinges, particularly if proximal to major structure propagation. This is apparent at the Myrtle and Grieves prospects. Parkinson (1994) speculated that the NW-trending Professor Range Fault that separates the Gordon Limestone from the Mt Zeehan Conglomerate along the Professor Range could be crucial in controlling the location of mineralisation in the Myrtle-Professor Range area. He noted the important observation of a marked change in thicknesses of Ordovician clastics from the Grieves – Myrtle (west) side of the Professor Fault to the Amber Creek (east) side from about 1000 m down to perhaps less than 100m. This suggests that the Professor Range area was a Cambrian basement high due to either simple topographic variation, or by growth faulting on the syn-sedimentary Professor Fault. In either event the result is the same; a Cambrian basement high against which the Ordovician clastics pinched out. Mineralisation may have been introduced along these Ordovician syn-sedimentary faults, or forced into the pinch outs by basin dewatering. Both scenarios provide potential for mineralization source and transport to favourable host stratigraphy and or contact zones where economic accumulations of metals may be concentrated.

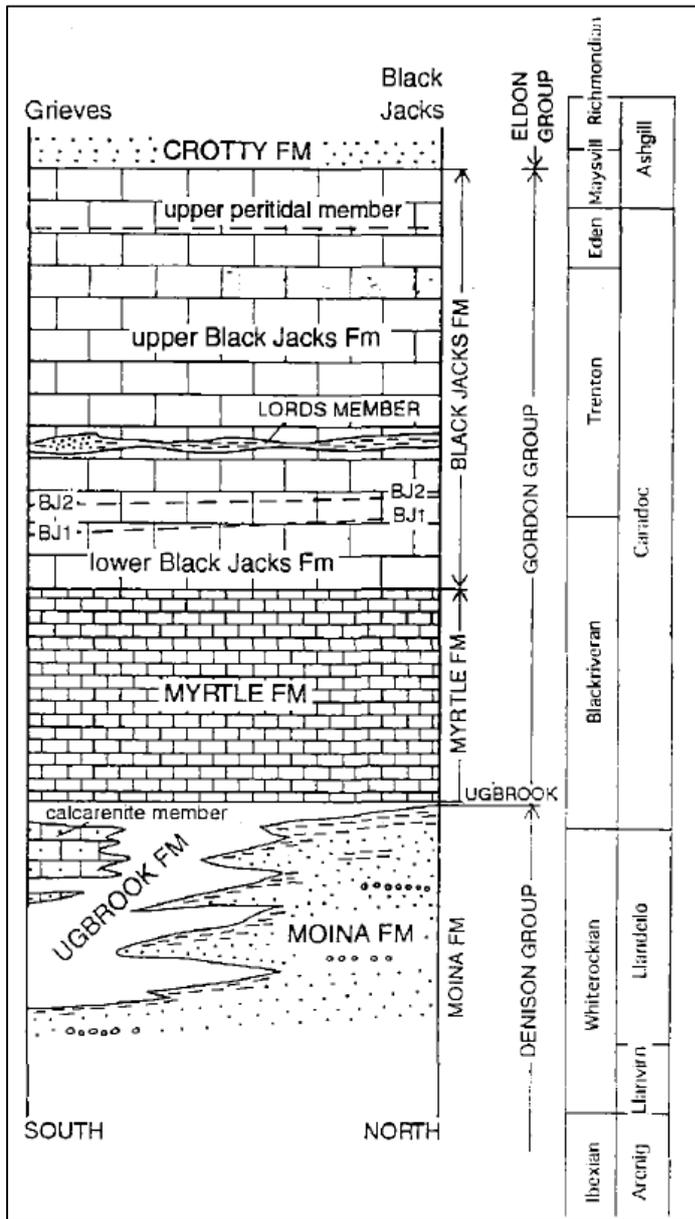


Figure 4. Summary of Late Cambrian to Ordovician lithostratigraphy in the Zeehan region (Burrett, 1995).

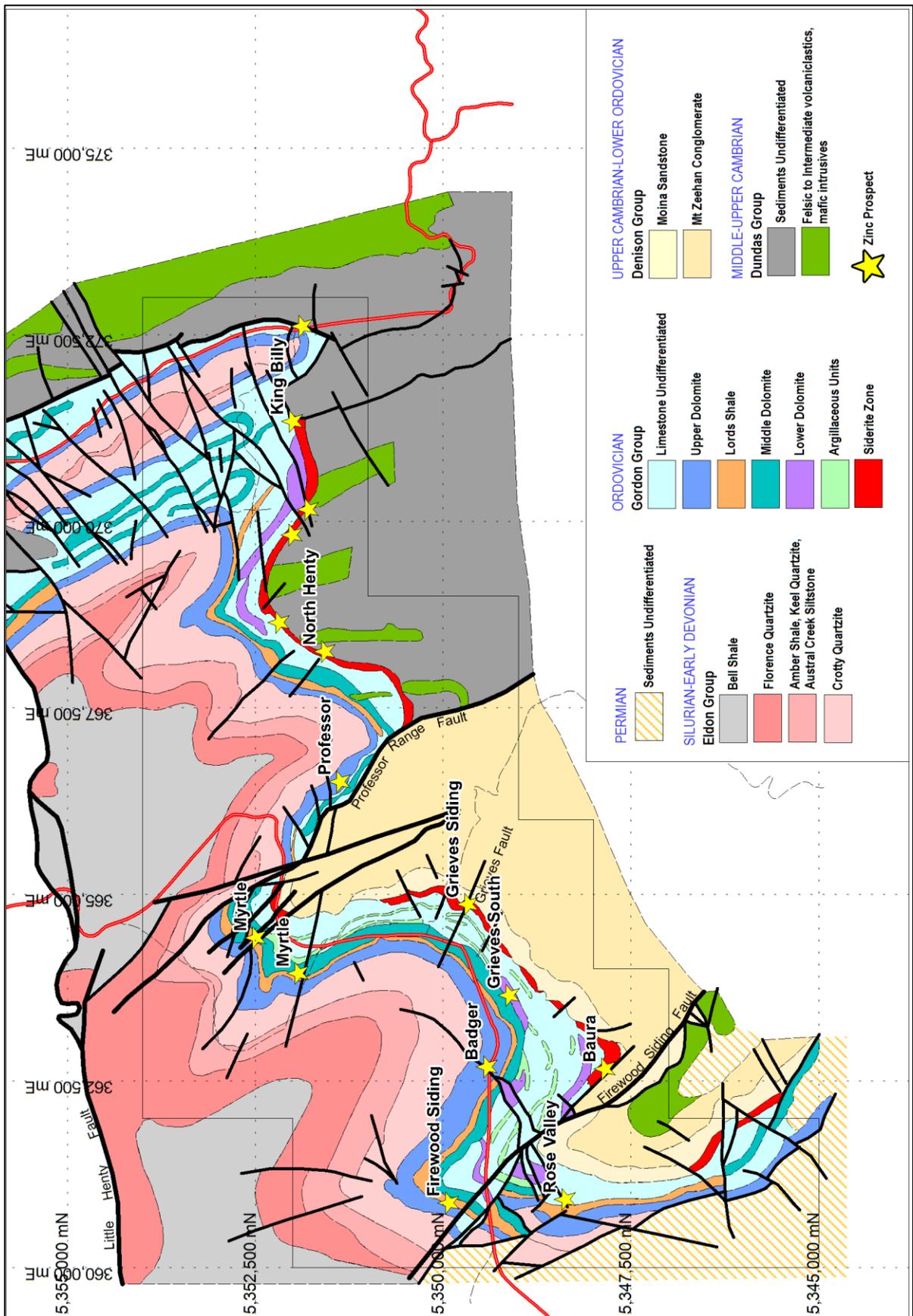


Figure 5. Geology map of the Henty Zinc Project area.

4 MINERALISATION AND ALTERATION

4.1 MINERALISATION

Numerous mineralisation styles are recognised within the Gordon Limestone at the Henty Zinc Project, EL06/2015. Primary stratiform zinc-lead mineralisation occurs at five main stratigraphic levels (Figure 7) within the Gordon Limestone in the project area:

4.1.1 Basal Siderite Zone (BSZ)

Basal Siderite Zone mineralisation occurs at the base of the Gordon Limestone, above the Silty Transition Unit, and is characterised by mixed zinc sulphide-“oxide” (Carbonate) mineralisation hosted within a zone of intense siderite alteration up to 30 m thick. The siderite alteration grades outwards (away from mineralisation) into ankerite-siderite and then outer hydrothermal ferroan dolomite alteration.

Mineralisation of this style has an alteration halo that is both visually and geochemically distinct. This halo, characterised by vuggy, broken or massive recrystallised Fe-Mn-Zn-carbonates (siderite) and Fe-rich clays, may extend laterally several hundreds of meters beyond the main zinc mineralisation, and thus presents a considerable vector for exploration targeting of the mineralised core zones. Lateral alteration geochemistry is reflected by elevated to anomalous Fe-Mn-As-Zn, while vertically (stratigraphically) above the mineralised core alteration may present as halo of elevated Zn <± As values.

At the Grieves Siding deposit, mineralogy of the BSZ mineralisation is complex with a mixture of zincian siderite, smithsonite, hemimorphite and sphalerite-galena in the siderite zone, and a Zn-clay with sphalerite-galena in the clay zone. Comb and cockade textures are common throughout the LSM with colloform growth-banded sphalerite spherules also common (Glover, 1996). These textures are indicative of open-space filling and minor carbonate replacement.

Zn-Carbonate or “Zn-oxide” mineralisation commonly forms a significant component of the BSZ. It is massive gray grey to light brown in colour and comprised of fine grained intergrowths of calcite, siderite, dolomite, smithsonite, rhodochrosite, and magnesite. Dolomitisation and siderite overprint typically obscures original carbonate textures and in many intersections the Zn-carbonate mineralised zone is partly decomposed to a distinctive grey-brown clay, which retains high zinc grades up to 37.4 % Zn.

Paragenetic studies on the Grieves Siding deposit by Glover (1996) suggest early diagenetic dolomitisation with overprinting by hydrothermal dolomitisation associated with mineralisation. Dolomitisation was followed by siderite deposition and pyrite/marcasite infilling with sphalerite and galena precipitated almost contemporaneously, followed by repeated sphalerite dissolution and precipitation producing botryoidal colloform sphalerite spherules. Minor barite, chalcopyrite, covellite and a late phase calcite occurred throughout the BSZ. Late sulphide oxidation and remobilization of HCO₃⁻ resulted in the precipitation of smithsonite, rhodochrosite and magnesite. Hemimorphite was precipitated last, cross-cutting and replacing all other minerals.

The Grieves mineralisation is both stratiform and controlled by structure, with the thickest and/or richest ore located proximal to the Grieves Fault. There is some evidence to suggest

that the sulphide (sphalerite) content increases with proximity to the fault and this is consistent with SEDEX and Irish type stratiform Zn-(Pb-Ag) mineralisation. Given that the stratigraphy is now folded and plunging to the northwest, the high-grade ore zones against the faults should also be plunging along and down the faults. Previous exploration efforts generally failed to target these plunging high-grade zones but instead followed mineralisation laterally away from the faults (distally away from the feeder structures).

Tear (1997) suggested that the preferred stratigraphic horizon for zinc mineralisation at Grieves Siding is the dolomitised Oolite Unit. However, there is insufficient detail in historical drilling logs to confirm this.

The mineralization at Grieves is very different from the Devonian vein style of the Zeehan Field to the north. It has a lead isotope signature plotting towards the edge of the Cambrian field, and well outside that attributed to Devonian Mineralisation. This suggests a Late Cambrian source for the lead and that the mineralisation metals were derived from the underlying Cambrian volcano-sedimentary units of the Dundas Trough. The fluids may have been warmed by the still cooling Dundas Trough and related igneous activity. The mineralization appears to be syn-depositional and it has been hypothesized that the Grieves Fault was a controlling feature in channeling fluids.

Fluid inclusion studies by Glover (1996) suggest a low salinity (3.5 wt %), low temperature (150°C) fluid was responsible for mineralisation. The temperature of homogenization is consistent with MVT and Irish type deposits, however, the low salinity fluids at Grieves differs from these deposits types and may possibly be explained by a lack of evaporites.

The stratiform character, replacement style of alteration/mineralisation, intense Fe-Mn alteration, and reasonably predictable geometry has been suggested as similar to the Navan (Ireland) and Reocin (Spain) large Zn-Pb deposits. Siderite is a common alteration mineral associated with mineralisation at the SEDEX style Century zinc deposit.

Preliminary metallurgical testing of the primary Basal Siderite Zone mineralisation at Grieves Siding by CRAE indicates that the mixed sulphide-oxide ore mineralogy may be amenable to pre-concentration by gravity method. The preliminary test results showed that 87% of zinc minerals were recoverable for a pre-concentrate grade of 22% Zn. Higher grades may be expected with improved liberation. From such a pre-concentrate there may be opportunity to produce separate sulphide- and oxide-concentrates using modern flotation techniques. Extensive siderite alteration is associated with sulphide zinc mineralisation at the world-class Century mine in northern Queensland and flotation processes were successfully able to separate out a zinc-sulphide concentrate there.

4.1.2 Silty Transition Zone (STZ) Mineralisation

STZ mineralisation occurs directly below the BSZ mineralisation in the Grieves Siding area. It was previously included within the BSZ but is now classified as a separate zone due to review during the reporting period that suggests it has distinct stratigraphic, mineralogical and litho-geochemical characteristics compared to the overlying BSZ mineralisation.

A review of drillhole lithology logs showed that the STZ mineralisation is hosted within carbonaceous siltstone, shales and lesser sandstones of the Silty Transition Zone unit, directly overlying the Moina Sandstone and underlying the Gordon Limestone hosted BSZ.

Drillhole logs document that it is hosted within black pyritic carbonaceous shales (typically altered to clay (CRAE Black Clay Unit) and ferruginous/gossanous clays (CRAE Ferruginous Clay Unit). The ferruginous clays are likely to be an oxidised version of the black clays (pyritic shale) due to enhanced weathering/oxidation/ferruginisation occurring along the contact with the permeable Moina Sandstone.

The STZ mineralisation hosts Zn as well as significant Pb and Ag grades, particularly at its base, directly overlying the Moina Sandstone, which distinguishes it from the overlying BSZ mineralisation (dominated by Zn-only grades). It appears to occur in locations adjacent to the Grieves Fault and underlies the thickest and highest-grade parts of the BSZ mineralisation. This zonation with Pb-Ag-rich mineralisation of the STZ occurring adjacent to the Grieves Fault and underlying the thickest/highest-grade BSZ supports a model for the Grieves Fault acting as a feeder fault. This is typical for Irish style and SEDEX deposits where Pb-rich ore is located adjacent to normal syn-sedimentary faults which acted as fluid conduits (Large et. al., 2002). Recognition of this metal zonation provides a key vector towards economic mineralisation and is likely to play an important role in ongoing exploration targeting at the Henty Zinc Project.

An example drillhole is ZG107, which intersected high-grade BSZ and STZ mineralisation proximal to the Grieves Fault zone and returned intercepts of:

- **BSZ:** 7.15m @ 14.1 % Zn, 0% Pb from 123.95m;
- **STZ:** 33.8m @ 7.7% Zn+Pb from 131.1m, including:
 - 8m @ 6.7% Zn from 131.1m
 - 8.35m @ 13.9% Zn, 8.5% Pb (22.35% Zn+Pb) and 22g/t Ag from 154.55m.

At Grieves Siding the STZ mineralisation also shows elevated Cu and low Mn when compared to the overlying BSZ mineralisation. Lithochemical differences that support the STZ mineralisation being non-carbonate hosted include decreased Ca and Mg content (typically <0.1ppm Ca), and increased Al, K and Ba. Figure 6 shows various downhole lithochemical data for drillhole ZG107 illustrating the various differences between the STZ and BSZ mineralisation.

It is noteworthy that numerous historical Pb-Ag-rich workings (United Silver Lead, East Amber, North Henty and Silver Lead Reward prospects) are located to the east of the Professor Range, hosted in Cambrian Denison Group siliciclastics that directly underlay Gordon Group carbonates with widespread anomalous zinc and siderite alteration.

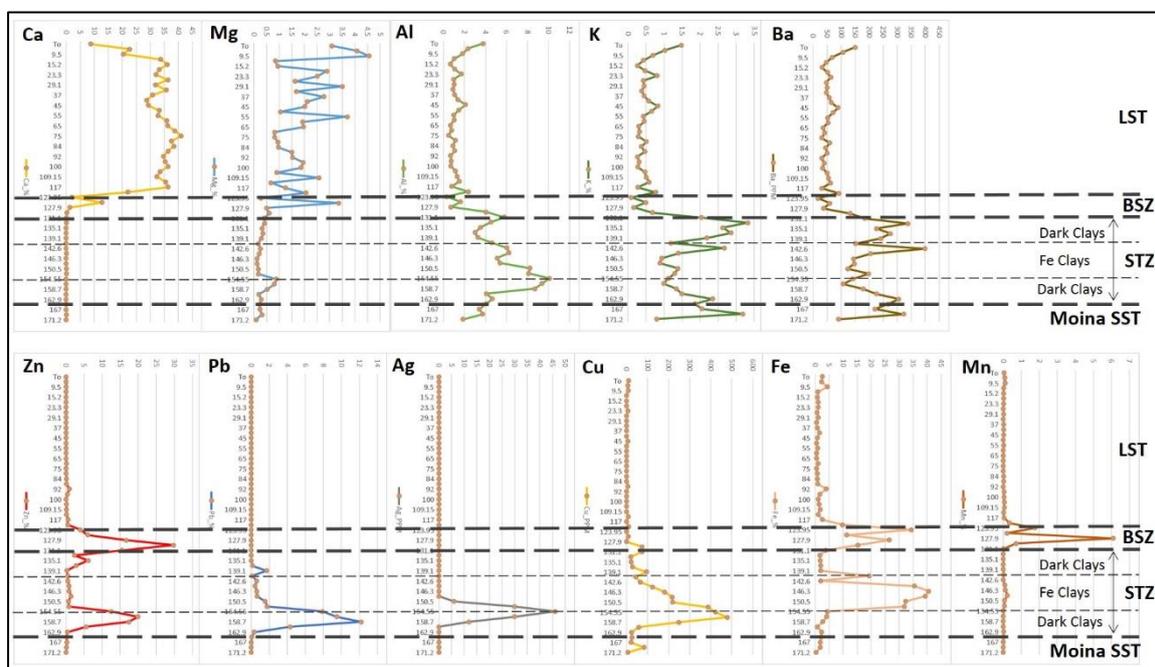


Figure 6. Plots showing an example of various lithochemical data used to discriminate between STZ and BSZ mineralisation, from drillhole ZG107.

4.1.3 Lower Dolomite Zone (LDZ) Mineralisation

Mineralisation of the Lower Dolomite Zone occurs in dolomitised limestone of the upper Myrtle Formation, below the contact with the Lower Black Jacks Formation. It occurs at the South Grieves within EL06/2015 and also speculated to occur at a similar stratigraphic level at the Oceana deposit near Zeehan (2.6 Mt @ 7.7% Pb, 2.5% Zn).

The mineralisation at South Grieves is described as breccia-hosted sphalerite-galena mineralisation, locally forming massive sulphide and has a possible stratiform linear aspect. Siderite alteration is associated with the LDZ sulphide mineralisation suggesting similar ore forming fluids/processes to the BSZ mineralisation.

At Oceana lead-zinc mineralisation occurs as two parallel lodes in steeply east dipping calc-siltites, calcarenites and syn-sedimentary breccias. Mineralisation comprises stratabound semi-massive galena and sphalerite, locally with semi-massive pyrite, associated with an intense, pervasive hydrothermal siderite alteration. The mineralised body is split into two sections by the obliquely dipping cross-cutting Oceana Mine Fault with the northern limit truncated by the Oceana Fault.

4.1.4 Middle Dolomite Zone (MDZ) Mineralisation

Middle Dolomite Zone mineralisation at the Henty Zinc Project occurs near the Lords Siltstone member (generally below the siltstone). It is stratabound and often occurs within a brecciated (possibly syn-sedimentary), dolomitized and/or siderite altered limestone. Examples of this style of mineralisation occurs at the Grieves and Myrtle prospects.

Mineralogy includes fractures pyrite in calcite veins, isolated massive marcasite, and galena, sphalerite and pyrite with pervasive dolomitisation of the Lower Black Jacks Formation. At Grieves there is very little indication of proximity to mineralisation as there is virtually no alteration outside the breccia zone itself.

Massive marcasite located proximal to black matrix breccias have been noted in trenches below the contact of the Lords Siltstone in the northern and north-western Grieves Siding area. The breccias apparently become more silicified to the west and south towards the Badger, Firewood Siding and Rose Valley prospect areas.

4.1.5 Upper Dolomite Zone (UDZ) Mineralisation

The upper stratabound mineralisation (UDZ) occurs near the contact between the Upper Black Jacks Formation (CRAE Upper Dolomite Unit) and the overlying Crotty Quartzite. Mineralisation is not closely bound to the upper quartzite contact, but may "wander" up to 100m stratigraphically below the contact. Low-grade but widely anomalous zones from the Firewood Siding, Grieves, Badger and Professor Range prospects are examples of this mineralisation type. The West Lode at the Mariposa deposit (0.4 Mt grading 5.51% Pb, 1.25% Zn, 59.3 g/t Ag) also occurs in this stratigraphic position.

UDZ mineralisation in the Henty Zinc Project area appears characterised by widespread but low-level Zn in the 0.1% to 2% Zn range. To date, none of the prospects tested has revealed a higher-grade core, although given that only limited drilling has targeted this stratigraphic level, it is entirely possible high-grade cores may exist. Limited mineralogy studies suggest all Zn to be as sphalerite.

Air-core drilling shows the near-surface mineralised zones to be comprised of clays and decomposed carbonate. Rare fresher material is usually a granular recrystallised dolomite and ferroan-dolomite. Intense siderite alteration characteristic of the lower Grieves-style mineralisation, is apparently absent in the upper mineralisation. Alteration associated with the upper stratabound mineralisation has not been studied in any detail.

At Mariposa, the West Lode occurs as a strata-parallel vein or replacement zone with disseminated galena and sphalerite hosted within limestone. The mineralisation occurs some 50 m below the contact with the overlying Crotty Quartzite, potentially at the base of the dolomitised Upper Black Jacks Formation. It measures 340 m long and extends down-dip for 100 to 200 m with a true width ranging between 1 and 6 m (Tear, 2006).

The upper dolomite zone style may be occurring within karstic structures formed by Ordovician weathering before deposition of the Crotty Quartzite. This setting could be considered as possibly analogous to the Bleiberg or Cracow-Silesia style deposits.

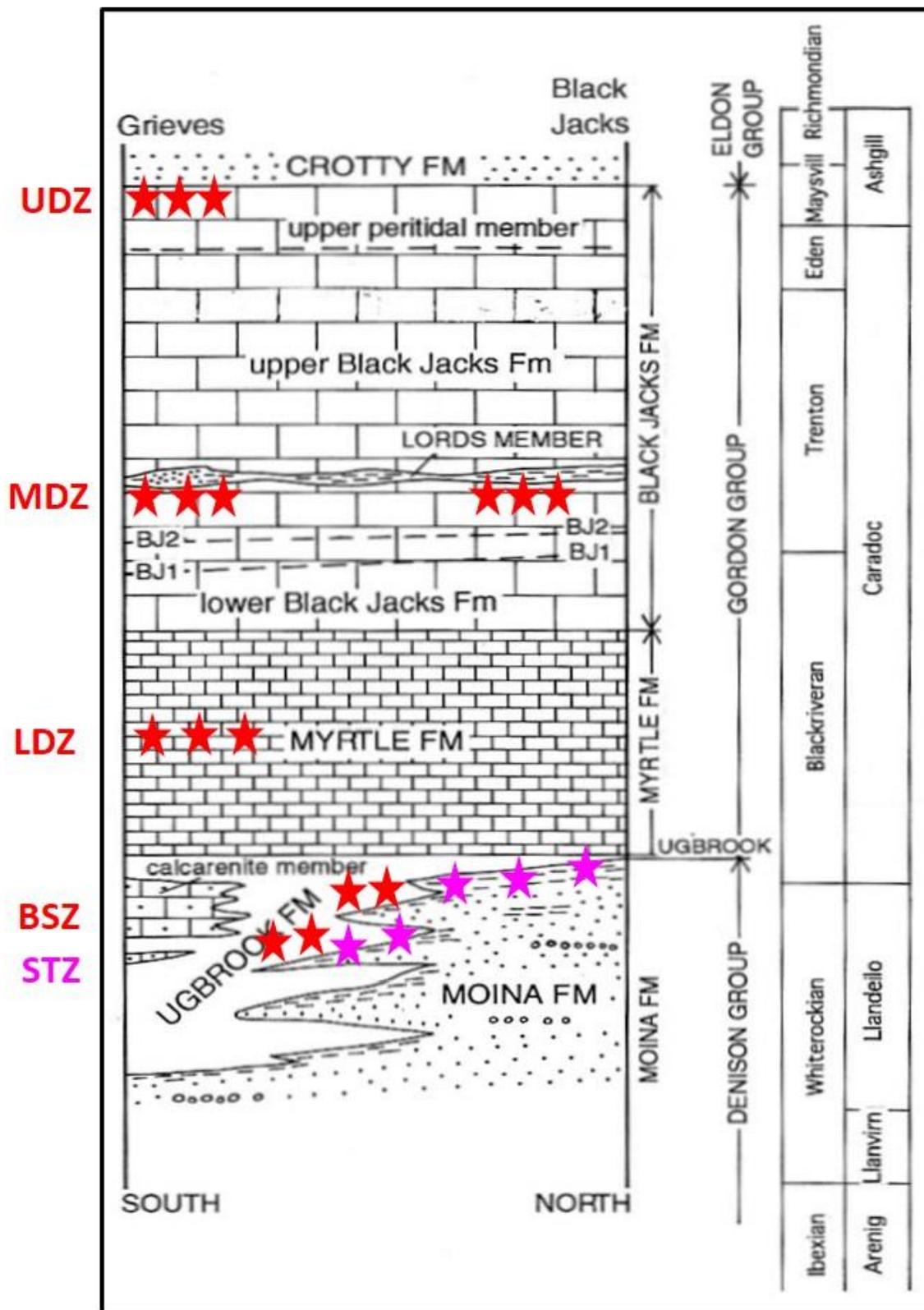


Figure 7. Local stratigraphic column showing the position of primary carbonate hosted zinc mineralisation. BSZ – Basal Siderite Zone, STZ – Silty Transition Zone, LDZ – Lower Dolomite Zone, MDZ – Middle Dolomite Zone, Udz – Upper Dolomite Zone.

4.1.6 OTHER MINERALISATION TYPES

Surficial Clay Hosted Mineralisation

The surficial clay hosted mineralisation occurs as accumulation of predominantly ultra-fine sphalerite disseminated in decomposed carbonate that typically occupies the trace of

underlying primary stratabound mineralisation. Depth of the Zn-rich clays and decomposed carbonates averages 10 to 20 m but have been reported up to 100 m at Oceana.

While a thin layer of decomposed carbonate is typically widely developed over large areas of the Gordon Limestone, this layer only thickens and becomes substantially Zn-rich as the primary mineralisation is approached. Clay thickness and Zn grade may therefore be useful vectors towards primary mineralisation zones. At Grieves Siding the surficial Zn-clay is geochemically distinct from the underlying primary mineralisation with generally higher sulphur values and significantly less Fe and Mn.

Geochemically barren peat and gravels up to 5 m thick typically overly the clays over all of the project area.

Late-Stage Structurally Controlled Mineralisation (Zeehan Style)

Structurally controlled mineralisation may occur at any stratigraphic level. It appears to be late-stage filling of brittle fractures. Alteration of wall-rocks is absent, and the gangue to mineralisation may be pure calcite. Mineralisation within the structures is patchily distributed. Ore minerals are coarse-grained sulphides. Devonian deformation is the likely cause of the fracturing and mineralisation. Potential deposit size is considered small, although the presence of discordant mineralisation may indicate a nearby stratabound source.

4.2 ALTERATION

Moody (1994) theorised a zoned hydrothermal alteration system associated with the carbonate-hosted base metal mineralisation in the Zeehan sub-basin based on aircore/diamond core logging, petrographic and mineralogical studies and observations from the Grieves Siding, Firewood Siding, Myrtle, Mariposa, Sunny Corner, Bannockburn and Pyramid prospects. The Oceana deposit in the same district is noted to have similar alteration characteristics. The alteration and lithogeochemical zonation in the Zeehan Sub-basin show many close similarities to other stratiform Zn-Pb-Ag deposits in Australia (Figure 8) and provide a useful vector in assisting exploration efforts in locating high-grade Zn-(Pb-Ag) mineralisation in the district although it should be noted that character of the alteration may vary according to primary lithology, porosity and limestone facies distribution.

Alteration characteristics defined by Moody (1994) include:

- Zonation from unaltered or "calcite-dominated" limestones to altered "dolomitised" limestones which include an outer dolomite zone (weak alteration), ankerite-dolomite zone (moderate alteration) and siderite-ankerite zone (intense alteration) associated with increasing Zn-Pb-Ag mineralisation.
- Disseminated or pervasive carbonate mineral species become more Zn, Mg, Fe and Mn rich as alteration intensifies.
- Hydrothermal maturation of organic material to pyrobitumen and/or mobilisation of hydrocarbon material is associated with alteration and mineralisation.
- High grade zinc-lead mineralisation is spatially associated with intense hydrothermal zincian-manganoan-magnesian siderite, ankerite and local illite-sericite alteration, and volume decrease creating pore space.
- Disseminated, vein and replacement style zinc, lead, silver, iron and rare copper sulphides and barite mineralisation increase with increasing alteration.

Areas of silicification have also been identified, although it is currently not understood if these are an indicator of proximity to zinc mineralisation. Black matrix breccias and silicified dolomite breccias have also been observed, generally with increasing proximity to the Firewood Siding Fault.

The pattern of increasing alteration and Zn-(Pb-Ag) mineralisation includes (Moody 1994):

Un-mineralised: limestones typically display weak dolomitisation and diagenetic silica alteration. Organic matter is less thermally mature than in altered limestones associated with zinc mineralisation.

Dolomite zone: Involves subtle fine grained pervasive dolomitisation and recrystallisation characterised by weak/slow reactivity to dilute HCl. This process may have involved some introduction of carbonate into some less carbonatic facies, minor vein/fracture-hosted Zn-Pb mineralisation and possibly an increase in bituminous stylolites (? due to calcite dissolution).

Ankerite-Dolomite zone: This includes increased and coarser recrystallised dolomite alteration and introduction of fine-medium grained sparry ferroan dolomite and ankerite. Dolomite and ankerite veining and brecciation increase approaching high grade base metal mineralisation. This zone is associated occasionally with development of saddle dolomite lined voids, destruction of primary textures or fabrics and minor disseminated and vein-hosted pyrite±galena±sphalerite±chalcopyrite±marcasite.

In the ankerite-dolomite and dolomite zones, field discrimination between ankerite and dolomite is not precise. Visual indicators for this pervasive dolomite ankerite mineralisation include bone or cream coloured veins and/or oxidation of exposed limestones or cut surfaces to a cream colour. In fresh samples the altered limestones in this zone become inert or very weakly reactive to dilute HCl. An increase in specific gravity and veining/fracturing may be noticeable. Blocky rhombs of bone/opaque ankerite or dolomite can be observed under 10x and 25x magnification.

Siderite-Ankerite zone: Characterised by intense, pervasive iron-carbonate (siderite and ankerite±dolomite) alteration and replacement (completely obliterating primary textures), local intense solution and fracture-controlled brecciation, colloform banded carbonate replacement, sparry colourless calcite, rare barite veining, pervasive and vein/open-space sphalerite-galena-(pyrite) mineralisation. Limestones in this zone may also decompose to a poorly consolidated puggy carbonaceous material (yellow or brownish when zinc mineralised). This alteration is most obvious in the silty-sandy clastic and oolitic limestone facies. In black lutites or black matrix breccias the alteration and very fine grained high-grade zinc carbonate & sulphide mineralisation may be very difficult to separate with the naked eye. Higher grade mineralisation is indicated by inertness to dilute HCL, breccia texture in some samples, and oxidation of core or chips to a chocolate brown colour on exposed surfaces.

Organic material/bituminous material in fractures and brown organic staining is more common immediately peripheral to the iron-carbonate alteration zones. Thermal alteration of organic material to pyrobitumen is intimately associated with zinc carbonate and sulphide mineralisation. At least two generations of stylolite development are present with an early set developed along bedding and later "post" stylolite steeply cross cutting the- earlier set. The

post stylolites contain- pyrobitumen and locally traces of pyrite- and sphalerite suggesting later deformation linked timing of some of the sphalerite mineralisation. The association of hydrothermal maturation of organic matter to pyrobitumen observed both in core and thin section, demonstrate alteration and zinc-lead-silver mineralisation are associated with a thermal anomalism.

Strongest alteration zones are commonly located immediately above the Moina Sandstone and immediately beneath the Crotty Quartzite, but may occur at several levels in the stratigraphy. The alteration is apparently asymmetric and may correspond to an alteration-mineralising front/migration pathway. Boundaries between the alteration zones may also be sharp.

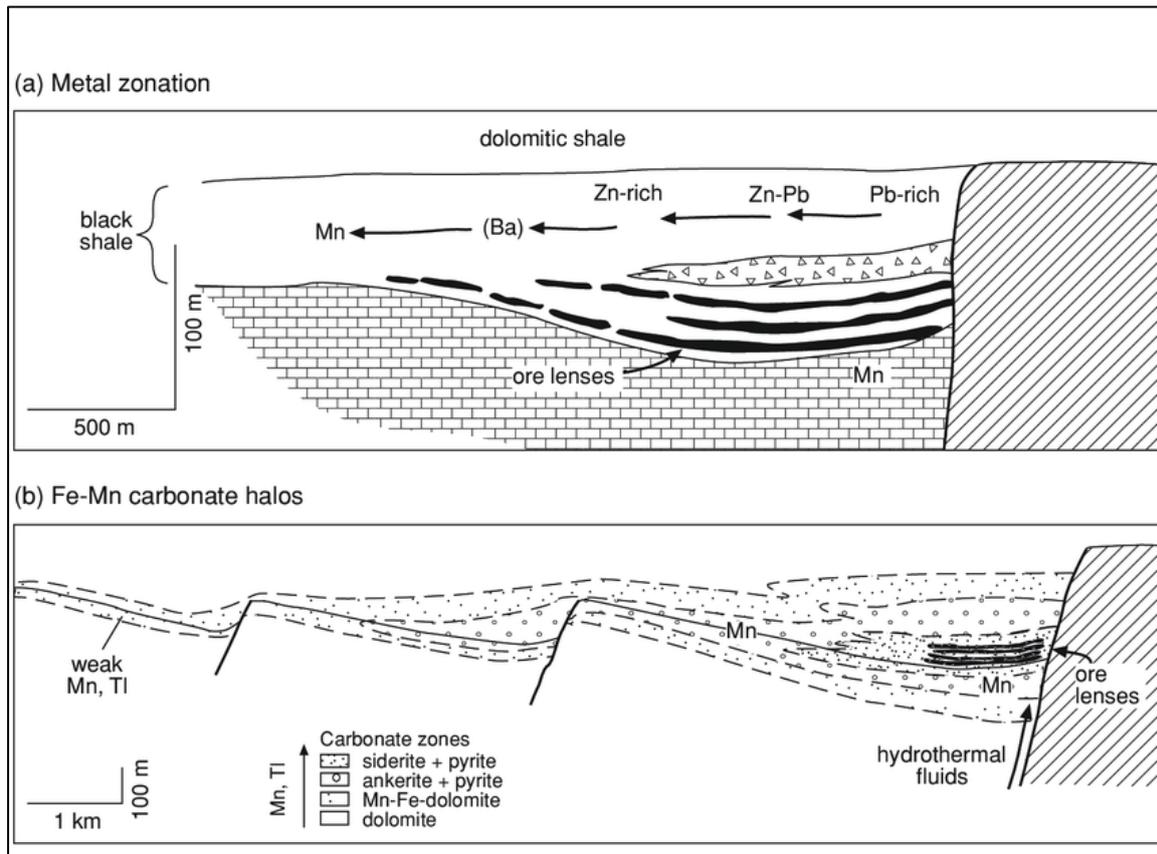


Figure 8. (a) typical metal zonation in stratiform An-Pb-Ag deposits; (b) schematic of pattern of carbonate lithogeochemical halos related to some Australian deposits. From Large et al. (2002).

5 PREVIOUS EXPLORATION

The tenement area has been subjected to considerable exploration efforts by several previous companies. Extensive data sets have been generated including geology, geochemistry, airborne magnetics, gravity, and electromagnetics surveys, drilling and metallurgical test work. Previous workers have generally abandoned the area as a result of low commodity prices, target size, corporate restructuring or change of corporate direction rather than lack of exploration results.

The general area of the Zeehan basin was subject to considerable exploration effort from the mid 1980's through the mid 1990's with sporadic efforts since. Initially the main explorers were Amoco and EZ followed by CRAE. Mathison & Taylor (1987) reviewed the geology of the Oceana Mine, a carbonate hosted Zn-Pb-Ag deposit mined in the late 1950's and concluded it had many similarities to the Irish Style carbonate hosted. This led to detailed

exploration around the mine by an EZ/Amoco joint venture which confirmed the style and estimated a resource of 2.45Mt @ 9% Pb and 4% Zn.

The search then expanded to cover the wider historical Zn-Pb-Ag Zeehan mineral field which hosts numerous small-scale deposits and prospects hosted in the Ordovician carbonates. CRAE acquired a dominant position in 1991 with a JV with Major Mining whose interest was later acquired by Allegiance Mining NL. CRAE discovered the Grieves Siding prospect and estimated a near-surface 0.7 Mt @ 8% Zn resource. CRAE also discovered the Myrtle prospect and estimated a resource there of about 0.5 Mt @ 2-3% Zn. CRAE restructured and terminated their program abruptly in May 1996.

Allegiance held the Grieves Siding deposit area under a retention licence for some time before turning their full attention to the Avebury nickel deposit. Noranda acquired much of the carbonates south of Zeehan in 2001 including some of the area within this EL application. Having discovered interesting targets and drilling some holes without great success they too abruptly abandoned the field due to corporate restructuring.

South Eastern Resources Pty Ltd (SER), a wholly owned subsidiary of Icon Resources Ltd acquired the area around the Grieves Siding deposit during early 2005 (EL47/2004). SER's main focus was on exploration of the Grieves deposit and carried out geophysical and metallurgical studies, excavator and auger sampling, and resource assessment work. SER engaged AMC consultants to review previous exploration work and resource estimates at Grieves. SER abandoned the area seemingly after being discouraged by the difficult metallurgy of the Grieves near-surface zinc mineralisation. Little or no exploration was done on the prospective surrounding targets or on the deeper bedrock hosted mineralisation at Grieves.

The recent history (post the mid-1990's) of the tenement area is of limited follow up outside of the immediate Grieves Siding deposit area, where quality zinc targets remain inadequately tested.

5.1 RESOURCE ESTIMATES

Resource estimates have been carried out by previous explorers for the Grieves Siding and Myrtle deposits. Most resource estimates have focused on the surficial clay mineralisation at Grieves with little attention given to the deeper mineralised zone there. Newnham (1999b) calculated a non-JORC Potential Resource estimate of 294,000 tonnes grading 5.3% Zn for the surficial clay mineralisation at Grieves. This was later revised to a JORC-compliant Inferred Resource of 409,000 tonnes grading 3.9% Zn by Burrows (2005) and then again by Purvis (2006), based on more accurate bulk density data, to 283,000 tonnes grading 4.5 % Zn, 0.4% Pb.

Newnham (1999b) and Burrows (2005) used a density factor of 1.7 dry tonnes to the cubic meter for their in-situ surficial clay deposit resource calculations at Grieves Siding. This was later revised by Purvis (2006) to 1.4 based on bulk density measurements made by Ammtec on clay samples from five test pits.

The resource potential of the deep "primary" mineralisation at Grieves Siding appears to have been largely ignored by previous explorers with Newnham (1998) providing the only resource estimate of 650,000 to 750,000 tonnes grading 7 to 9% Zn defined in two resource blocks

(North and South Blocks) divided by the Greives Fault (cut-off grade of 4% Zn applied). Newnham considered that modest potential exists for further primary resources down-dip of his resource blocks.

CRAE estimated a resource at Myrtle of about 0.5 Mt @ 2-3% Zn. No information relating to how they arrived at the estimated has been sourced to date.

In 2015/16 Kingfisher Exploration revised the Grieves Siding resource estimate by using sectional interpretations (see Figure 9) and applying the sectional influence area method where there was sufficient data to allow reasonable geological interpretation and confidence in geological continuity of mineralisation (Westbrook & Wighton, 2016). Table 1 shows the calculated sectional resource volumes, tonnages and grades for the Grieves Siding primary (bedrock) ore. Table 2 shows the calculated potential inferred resource tonnages for the primary ore, surficial Zn-clay Inferred Resource (after Purvis, 2004) and the total estimate resource potential at Grieves Siding.

In a recent independent review, Cummins (2016) established a JORC-compliant Exploration Target for the Grieves Siding deposit of **1.45 to 2.34 Mt** at a grade range between **4.6 and 10.5% Zn**.

Block No.	Cross Section ID	Sectional Area (m²)	Strike Length Influence (m)	Volume (m³)	Est. Bulk Density	Tonnes	Estimated Weighted Avg. Grade (% Zn)
Block 3	GXS1	260	100	26000	2.7	70,200	8.25
Block 3	GXS2	254	100	25400	2.7	68,580	7.2
Block 3	GXS3	782	100	78200	2.7	211,140	3.3
Block 1	GXS4 Upper	2,444	80	195520	2.7	527,904	7.2
Block 1	GXS4 Lower	911	80	72880	2.7	196,776	10.7
Block 1	GXS5 Upper	1,275	80	102000	2.7	275,400	19.8
Block 1	GXS5 Lower	626	80	50080	2.7	135,216	5.5
Block 2	GXS6	671	100	67100	2.7	181,170	7.7
Block 2	GXS7	1,050	80	84000	2.7	226,800	5.4

Table 1. Grieves Siding primary (bedrock) ore zone resource estimate calculation figures showing conversion from the defined sectional Area (m²) to Volume (m³) by factoring for the length of influence along strike (midpoint between sections), and then to tonnages by multiplication with the estimated bulk density. "Upper" and "Lower" for sections GXS4 and GXS5 refer to the upper and lower ore lodes.

Zone	Block	Tonnage	Estimated Weighted Avg. Grade (% Zn)
Grieves Primary	Block 1	1,135,296	10.7
Grieves Primary	Block 2	407,970	6.4
Grieves Primary	Block 3	349,920	5.1
Grieves Primary (Bedrock) Total (Potential Resources)		1,893,186	8.7
Grieves Surficial Total (Inferred Resources)		283,000	4.5
Grieves Total (Inferred and Potential Resources)		2,176,186	8.2

Table 2. Resource estimates for Grieves Siding Deposit. Potential Resources are classified as non-JORC Inferred. The Surficial resource estimate is for the surficial clay hosted Zn from (Purvis, 2004).

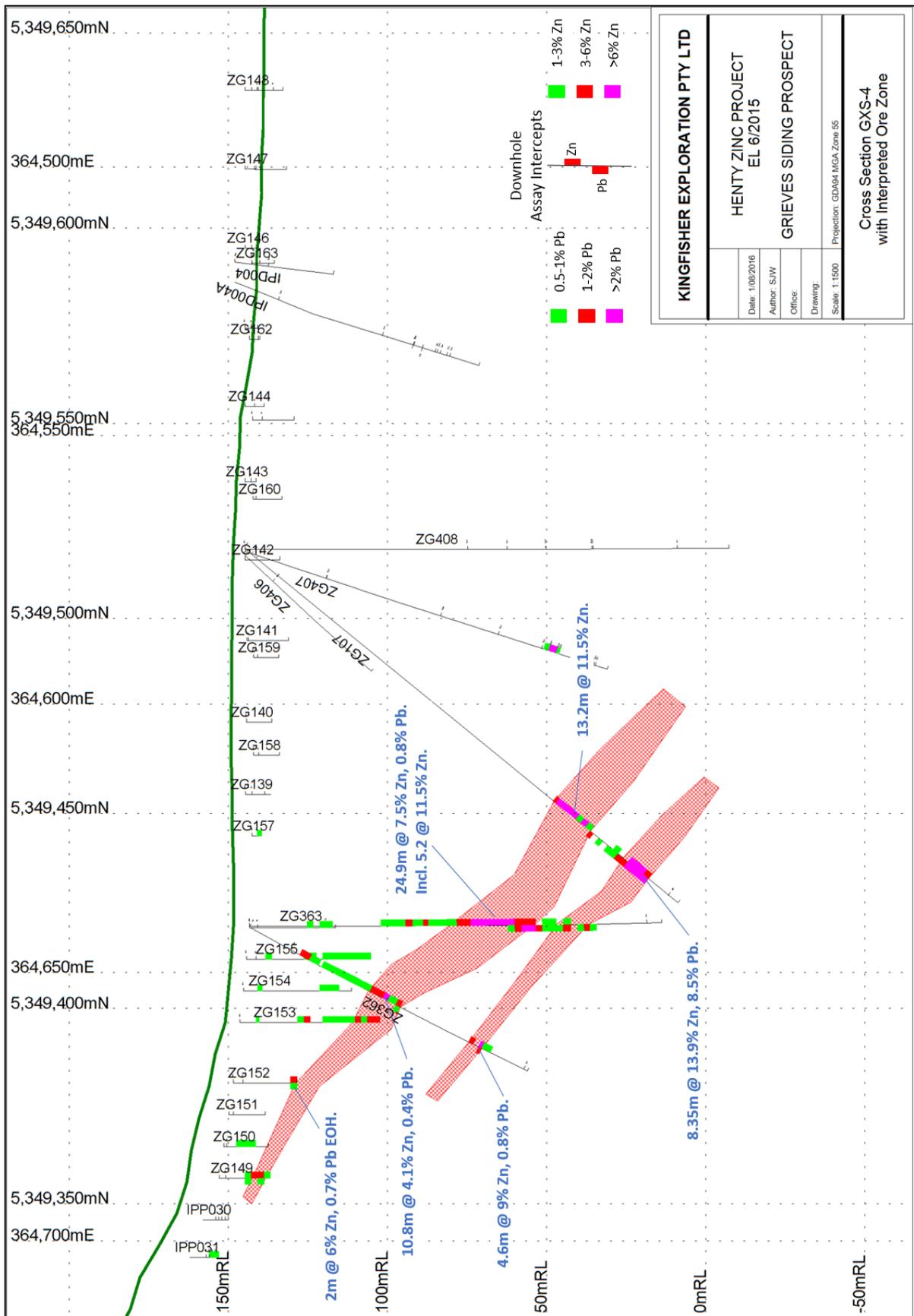


Figure 9. Cross Section GXS-4, Grieves Siding. Example section showing the sectional interpretation method used by Kingfisher to estimate the resource potential at Grieves Siding (see Westbrook & Wighton, 2016).

6 EXPLORATION COMPLETED

Exploration activity undertaken during the second year of tenure of EL06/2015 included:

- Continued collation, digitisation and review of pre-existing data, mineralisation and alteration styles and genetic models;
- 3D modelling of stratigraphy, mineralisation, alteration and geochemistry for the Grieves Siding deposit;
- Independent Geologist Report completed on the project area with a JORC Exploration Target estimate for the Grieves Siding deposit;
- Field reconnaissance visits, validation of historical drill hole collars at Grieves Siding (where possible), assessment of access, logistical and possible environmental issues;
- Planning and approvals for a metallurgical and resource drilling program at Grieves Siding deposit;
- Preliminary assessment of metallurgical/processing methods for Grieves Siding sulphide-carbonate zinc ore;
- Development of a conceptual genetic and exploration model, exploration targeting.

6.1 COLLATION AND REVIEW OF PRE-EXISTING DATA

Collation of historical exploration data continued with a focus on digitising and validating detailed drillhole logs from previous drilling at Grieves Siding in preparation for 3D modelling and drillhole targeting. This involved manual data entry from old hand-written logs into an Excel database.

An outcome of the Grieves Siding data review was the identification of the Silty Transition Zone (STZ) style mineralisation as being a separate zone to the Basal Siderite Zone (BSZ) carbonate hosted mineralisation (discussed above in Section 4.1.2). The STZ mineralisation is hosted within carbonaceous shales/siltstones and contains significantly higher Pb-Ag grades than the overlying BSZ. The carbonaceous host rocks put the STZ mineralisation as possibly analogous to SEDEX styles, although this requires further assessment. The occurrence of the high-grade Zn-Pb-Ag STZ style mineralisation is spatially coincident with the thickest and highest-grade BSZ mineralisation located adjacent to the Grieves Fault zone.

6.2 GRIEVES SIDING 3D MODEL

Kingfisher Exploration engaged Datgeo Sdn. Bhd. (a Malaysian based/Australian managed geological, mining and resource consultancy) to complete 3D modelling of basement lithology, key structures, mineralisation, alteration and geochemistry for the Grieves Siding deposit area using Leapfrog software (based on drillhole data). The model was used to identify likely extensions to mineralisation and for planning of resource infill and extension drilling. Notes on the methods and outputs of the geological modelling are included in Appendix I (New, 2017).

The modelling work focused on the bedrock hosted mineralisation at Grieves. Surficial clay hosted mineralisation was excluded from the model as this is currently not considered a viable resource due to limited tonnage and difficult metallurgy and added unwanted complexity to the modelling.

Drillhole data was initially subdivided (domained) into surficial and bedrock zones. Logging data did not provide sufficient detail alone to differentiate between these zones but a combination of Mn and Fe (lows) plus S (highs) could generally distinguish the surficial clay from bedrock. The surficial-bedrock boundary was developed by sectional interpretations. The defined bedrock domain was then further sub-domained via various faults in the Grieves Siding area (Figure 10). The main Grieves Fault was interpreted to be a “fault zone”, some 20 to 40 m wide, and having a top and bottom surface based on drilling lithology and geochemistry data. The North and South Faults were given general attitudes based on surface maps, topographic features and some drillhole lithological data. The sub-domains defined by the faults were named the North, Central, and South Zones.

Following sub-domaining, the top of the Moina Sandstone and BSZ surfaces was modelled for the Central and North zone domains (Figure 10, Figure 11). The Moina Sandstone surface was mostly modelled using drillhole lithological data with geochemistry used to confirm the logs. The top of the BSZ was more complex with the lithological data generally consistent with geochemistry but in places the boundary was placed using geochemistry alone. The surfaces were not able to be traced reliably in the South domain due to a lack of deep drilling and so were not modelled.

Bedrock mineralisation (BSZ-STZ mineralisation) was modelled with isosurface wireframes created for zinc (Zn) at cut-offs of 0.3%, 1.0% and 3.0% Zn independently in the Central and North bedrock domains (Figure 10, Figure 11). Lead (Pb) was similarly wireframed.

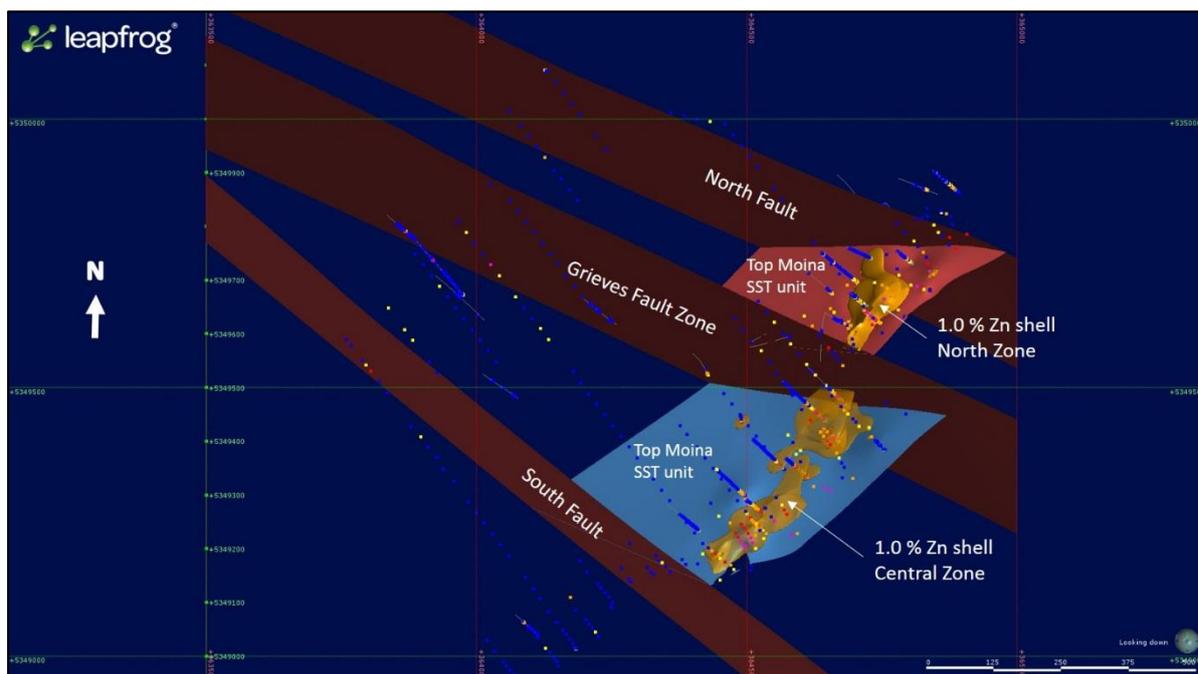


Figure 10. View of the Grieves Siding 3D model showing the Central and North domains, modelled top of the Moina Sandstone in each domain, modelled faults, and 1% Zn cut-off isosurface wireframes. Downhole Zn intercepts also shown.

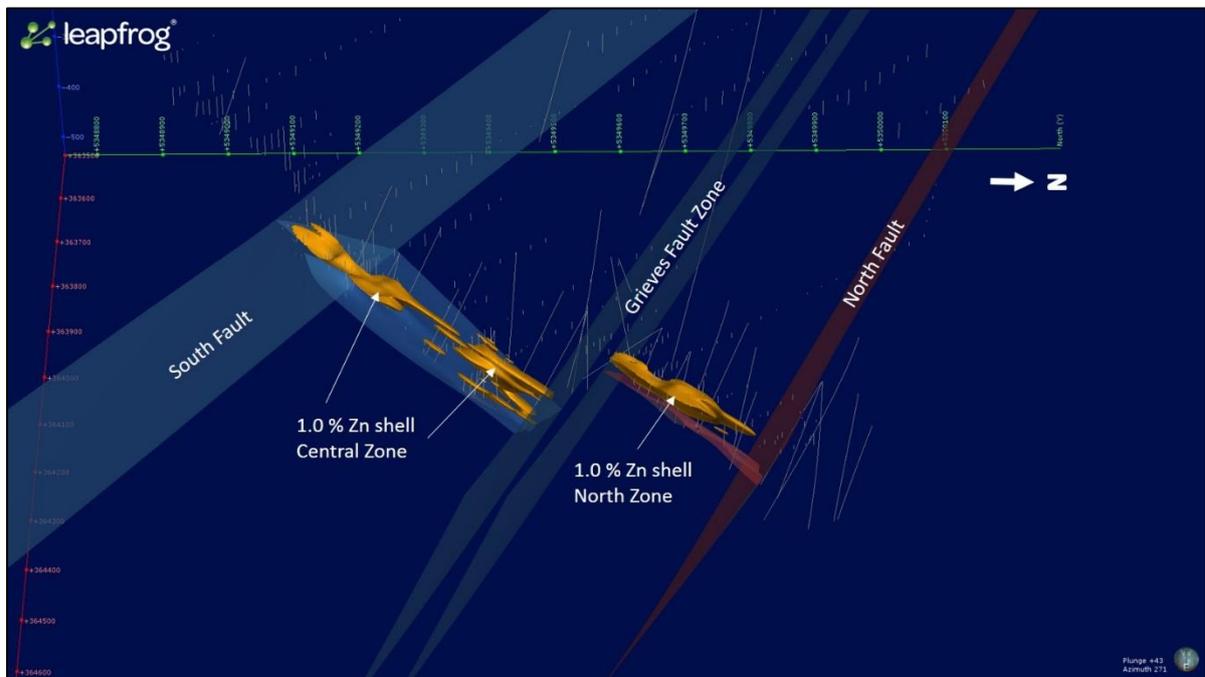


Figure 11. View of the Grieves Siding 3D model showing the Central and North domains, modelled top of the Moina Sandstone in each domain, modelled faults, and 1% Zn cut-off isosurface wireframes. Downhole traces also shown.

Siderite alteration was modelled using iron (Fe) and Manganese (Mn) as indicator elements (these are significantly enriched in the BSZ) (Figure 12, Figure 13). Global (non-dominated by faults) isosurface wireframes were created for Mn at different cut-off values of 200ppm, 500ppm and 1000ppm Mn. Fe was similarly wireframed at cut-off values of 2.5%, 5.0% and 10% Fe. The Mn and Fe modelled wireframes show extensive stratabound siderite alteration associated with the BSZ zinc mineralisation and is a key exploration tool for ongoing exploration targeting (Figure 13). Comparison of the Mn and Fe wireframes was able to discriminate zinc mineralisation in the BSZ (high Fe, high Mn) from mineralisation in the lower STZ (ferruginous clay zone in Figure 12) (high Fe, low Mn).



Figure 12. Cross-section view of the Grieves Siding 3D model showing outlines of the modelled 500ppm Mn and 2.5% Fe isosurface wireframes with downhole Zn, looking east.

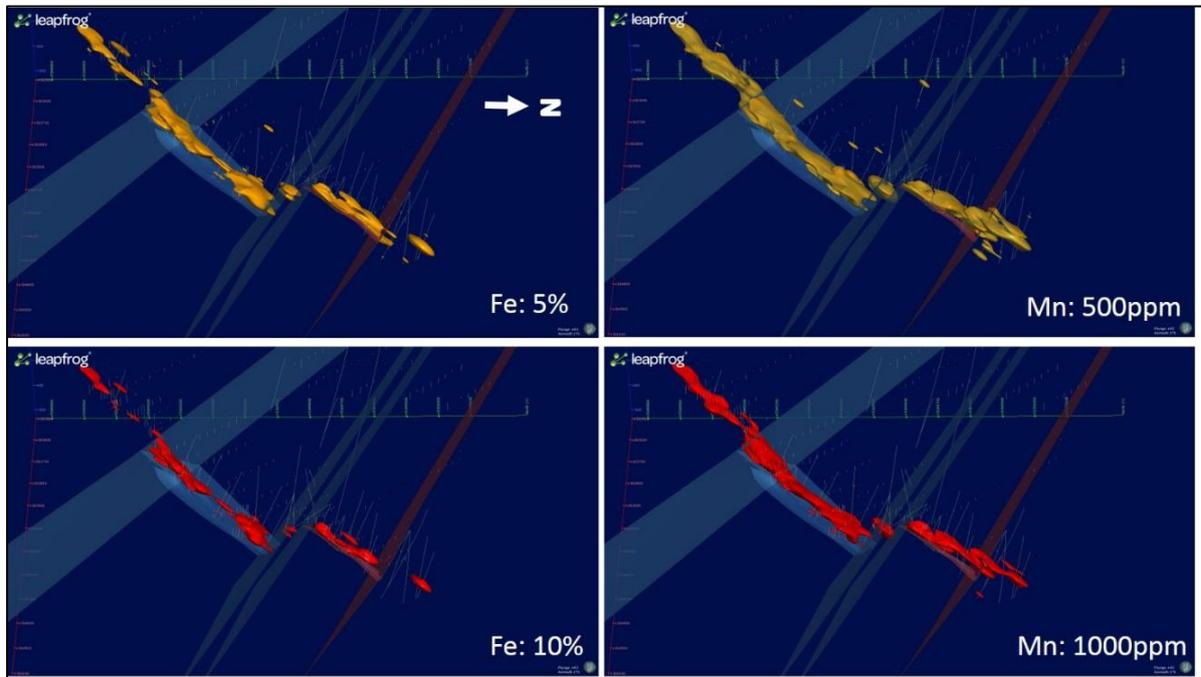


Figure 13. View of modelled Fe and Mn isosurface wireframes used to indicate the extent of siderite alteration, Grieves Siding.

6.3 INDEPENDENT GEOLOGIST'S REPORT

An Independent Geologist's Report (IGR), completed by Westoria Capital Pty Ltd (Westoria) was commissioned by Metsol Pty Ltd (previous Farm-in/JV partner on EL6/2015) to review the EL as a requirement for Metsol to list on the ASX. The IGR is attached as Appendix II.

Westoria established a JORC-compliant Exploration Target for the Grieves Siding deposit of **1.45 to 2.34 Mt** at a grade range between **4.6 and 10.5% Zn**.

6.4 GRIEVES SIDING DRILLHOLE PLANNING

A resource infill and extension drilling program was designed for the bedrock mineralisation at Grieves Siding based on the 3D modelling results (discussed above). A total of 58 drillholes for 6,720m were planned on a nominal 50x50m drillhole spacing over the Grieves Central and North mineralisation domains (Figure 14). These holes were then reduced to a 37-hole Phase 1 program for a total of 3,635 m. The proposed Phase 1 drilling is designed to test the main modelled mineralised zones around 250 m either side of the Grieves Fault zone with drillholes mainly targeting shallow (<200m depth) BSZ and STZ mineralisation.

Following a change to the initial drilling budget, the proposed Phase 1 drillholes were further prioritized down to around 12 drillholes to focus on initial metallurgical infilling drilling around the highest-grade zones and where existing access tracks required minimal environmental disturbance. The 12-hole drilling program was approved by MRT on 12th April 2017, being valid for one year.

A decision was made to delay drilling until the 2017/18 summer period.

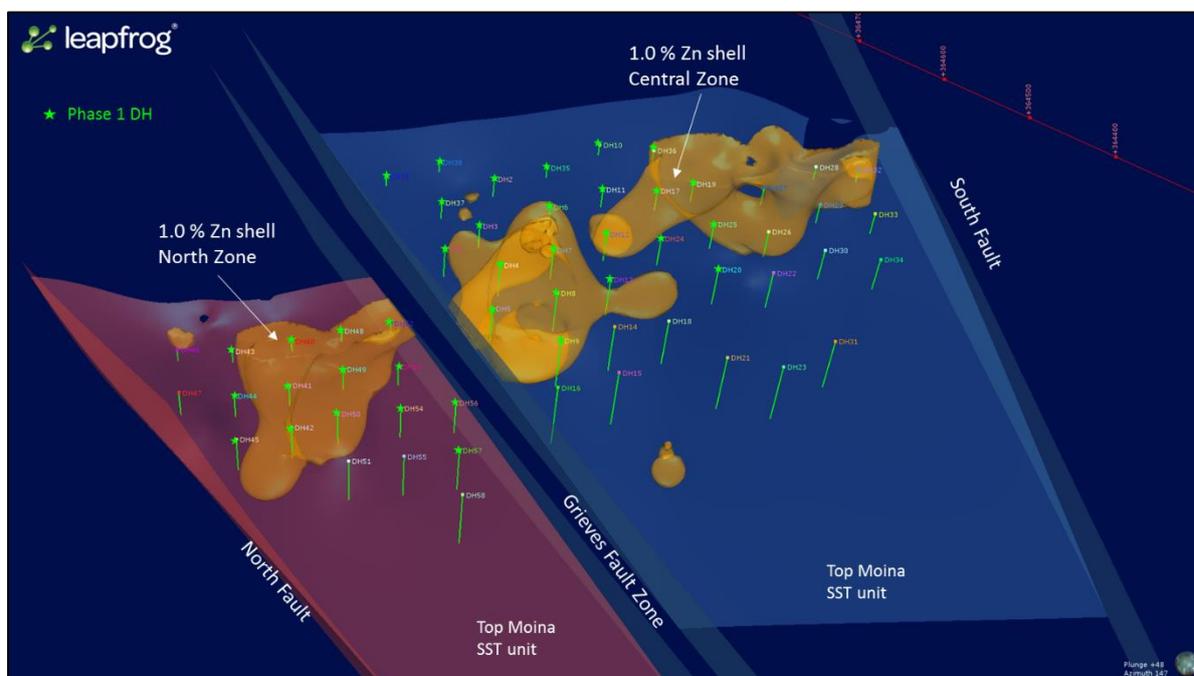


Figure 14. View of the Grieves Siding 3D model showing the Central and North domains, modelled top of the Moina Sandstone in each domain, modelled faults, 1% Zn cut-off isosurface wireframes, and planned resource infill and extension drillholes (green).

6.5 EXPLORATION TARGETING

Table 3 shows a summary of key exploration targets identified within EL06/2015. Figure 18 shows a schematic cross-section through the Professor sub-basin showing the interpreted pre-folded geological set up and identified exploration targets. Current priority targets include the Grieves Siding, Myrtle, South Grieves, and Firewood Siding prospect areas. These are discussed in more detailed in Westbrook & Wighton (2016).

Ongoing review of historical data and exploration models during the reporting period has continued to improve on the exploration targets and has also highlighted the potential for discovery of a significant stratiform Zn-(Pb-Ag) resource in the project area.

Detailed review and 3D modelling of the historical Grieves Siding drilling data confirms that highest grade and thickest mineralisation occurs adjacent to the Grieves Fault zone (Figure 15). Mineralisation at Grieves is both stratiform and controlled by structure. There is some evidence from drillhole logs to suggest that the sulphide (sphalerite) content increases with proximity to the fault and this is consistent with SEDEX and Irish type stratiform Zn-(Pb-Ag) mineralisation styles. Given that the stratigraphy is now folded and plunging to the north-northwest, the high-grade ore zones against the Grieves Fault should also be plunging along and down the fault. Previous exploration efforts generally failed to target these plunging high-grade zones but instead followed mineralisation laterally away from the faults (distally away from the feeder structures). Deep drillholes from previous exploration at Grieves Siding indicate that the Basal Siderite Zone mineralisation and alteration zone extends down-plunge (north) for at least 1 km to a vertical depth of 400 m from surface e.g. drillhole ZG1007 intersected 4.8 m grading 1.9 % Zn and 0.4 % Pb from 723.5m downhole (Figure 16). 3D modelling has confirmed that the trace of the Grieves Fault is likely to be close to the deep ZG1007 intercept and is almost coincident with a significant, mineralised intercept in the LDZ mineralisation zone (possible down-plunge extension of near-surface mineralisation at the South Grieves prospect). It is therefore considered that a significant exploration target exists located 150-200m either side of the Grieves Fault zone, following the plunging high-grade

mineralisation (identified near surface) adjacent to the fault, coincident with the favourable stratigraphic zone/s (Figure 17).

Separation of the basal mineralised zone at Grieves into lower (Silty Transition Zone - STZ) and upper (Basal Siderite Zone - BSZ) zones is also significant. The STZ is hosted within pyritic, carbonaceous shale and siltstones, displaying possible SEDEX affinity, and commonly shows elevated to economic grades of Pb-Ag with Zn compared to the BSZ which normally only has Zn grades with trace to below detection Pb-Ag. The two zones also display distinct lithogeochemical characteristics, further supporting the distinction.

Of exploration targeting importance is the location of high-grade Zn-Pb-Ag mineralisation in the STZ located adjacent to the Grieves Fault and also coincident with the thickest and highest-grade zones of the BSZ. This zonation with Pb-Ag-rich mineralisation of the STZ occurring adjacent to the Grieves Fault and underlying the thickest/highest-grade BSZ supports a model for the Grieves Fault acting as a feeder fault. This is typical for Irish style and SEDEX style deposits where Pb-rich ore is located adjacent to normal syn-sedimentary faults which acted as fluid conduits. Recognition of this metal zonation provides a key vector towards economic mineralisation and is likely to play an important role in ongoing exploration targeting at the Henty Zinc Project.

It is noteworthy that numerous historical Pb-Ag-rich workings (United Silver Lead, East Amber, North Henty and Silver Lead Reward prospects) are located to the east of the Professor Range, hosted in late Cambrian siliciclastics that directly underlay Gordon Group carbonates with widespread anomalous zinc and siderite alteration. There are largely unexplored. The occurrence of mafic dykes in the siliciclastics near these prospects is also of interest in terms of conceptual drivers for convection and additional metal sources.

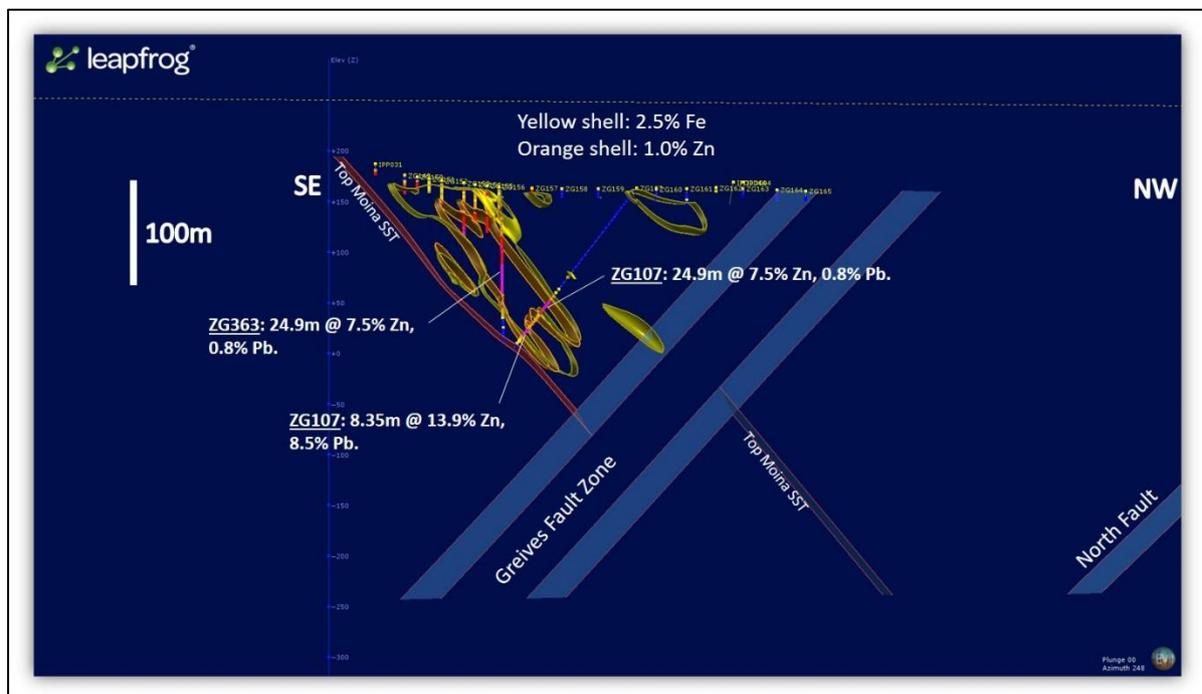


Figure 15. Cross-Section through the Grieves Siding 3D model showing high-grade drillhole intercepts in the Central Zone domain (south of the Grieves Fault) adjacent to (30-50m) the Grieves Fault zone.

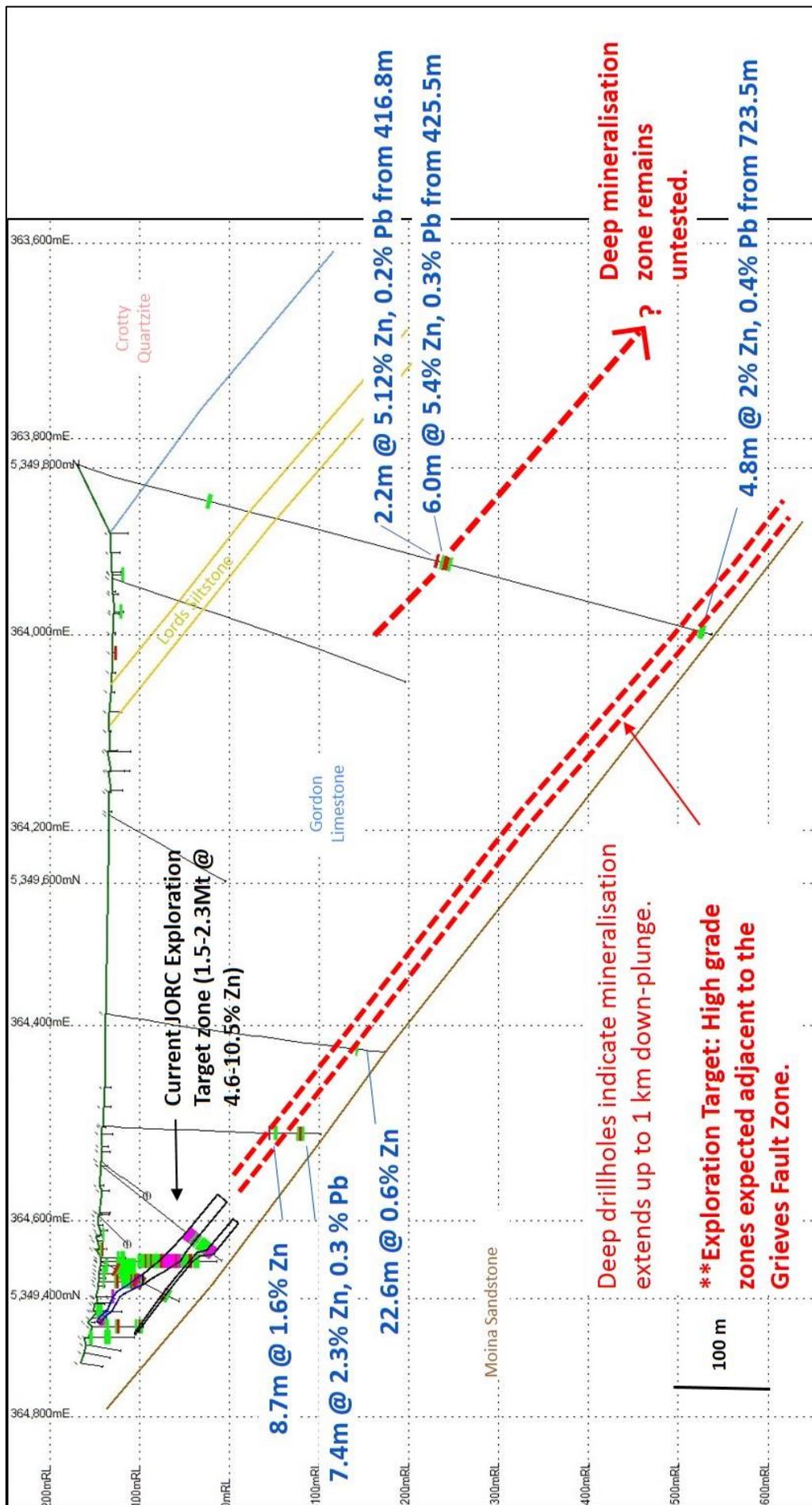


Figure 16. Representative section through Grieves Siding showing deep down-plunge extension of the Basal Siderite Zone mineralisation and potential for Lower Dolomite Zone mineralisation north of the outcropping mineralisation and current defined resource area.

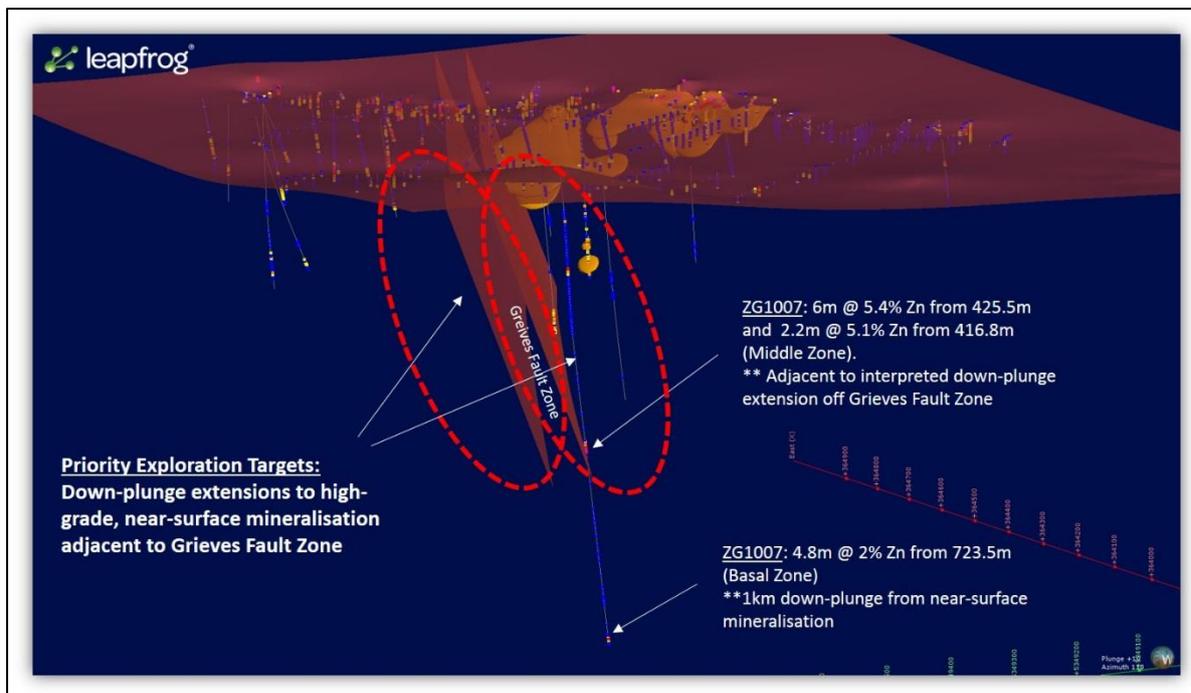


Figure 17. View of the Grieves Siding 3D model, looking south, showing deep exploration target zones adjacent to the Grieves Fault zone.

Target / Prospect	Description	Previous Results
Grieves Siding	<ul style="list-style-type: none"> JORC compliant Exploration Target of 1.45 to 2.34 Mt at a grade range between 4.6 and 10.5% Zn. Infill and exploration drilling planned to update resource classification. Significant exploration upside to expand resource by targeting thickest and highest-grade ore zones within 200m of controlling fault zones, specifically targeting the plunging BSZ/fault intersection zones. Previous drilling indicates that the BSZ mineralisation and alteration system extends down-plunge for at least 1 km from surface. Exploration target of 5 to 10 Mt. 	<p>ZG107: 13.2 m @ 11.5% Zn from 124 m, & 8.4 m @ 13.9% Zn, 8.5% Pb from 154.5 m;</p> <p>ZG363: 24.9 m @ 7.5% Zn, 0.8% Pb from 65 m, & 2.4 m @ 2.8% Zn, 1.6% Pb from 98.6 m;</p> <p>ZG406: 6.3 m @ 24.3% Zn from 115.0 m, & 4.0 m @ 5.5% Zn, 2% Pb, 32g/t Ag from 162 m.</p>
South Grieves	<ul style="list-style-type: none"> Lower Dolomite Zone mineralisation, generally <20 m vertical depth but possibly extending down-plunge to 300 m vertical depth (drillhole ZG1007). Low-Fe Sphalerite with siderite alteration. Inferred same stratigraphic position as Oceana deposit. Potential for small, shallow (<30m) open-pittable sulphide resource with larger depth extension. 	<p>ZWG1: 11.8m @ 6% Zn</p> <p>ZWG22: 0.8m @ 17.5% Zn</p> <p>ZWG26: 1.9m @ 7.3% Zn</p> <p>ZWG26: 1m @ 6.9% Zn</p> <p>ZG1007: 17.8m @ 2.95% Zn, including 6m @ 5.4% Zn (300 m vertical depth).</p>

Myrtle	<ul style="list-style-type: none"> • Potential shallow (<30m) open-pittable resources with deep extensions. • Upside potential along 1.5km strike of anomalous surface geochem. • Mineralisation spatially associated with major basin-forming fault zone (Professor Range Fault). • SEDEX style feeder zone at Myrtle 1(?) Within Professor Range Fault Zone. • Poorly tested large gravity features (key Irish-type exploration targets). • Clean, sulphide dominant mineralogy amenable to traditional flotation processing methods. 	<p>ZM87: 6 m @ 11.1% Zn, 1.3% Pb from 12 m</p> <p>ZM1008: 3.0 m @ 6.7% Zn from 24 m, & 6.0 m @ 4.3% Zn, 2.9% Pb from 56.4 m.</p> <p>ZM92: 24 m @ 5.4% Zn from 0 m.</p> <p>ZM128: 5.6 m @ 6.4% Zn from 18 m.</p> <p>ZM58: 6.0 m @ 5.2% Zn from 0m.</p>
Firewood Siding	<ul style="list-style-type: none"> • Upper Dolomite Zone mineralisation adjacent to regionally significant basin-bounding Firewood Siding Fault. • Extensive dolomite alteration and silicified carbonate and black matrix breccias envelope a 350 m wide gravity feature adjacent to the fault. • Unconfirmed reports of massive sulphide at surface. • Same stratigraphic level as West Lode at Mariposa deposit (0.4 Mt @ 5.5% Pb, 1.3% Zn, 59.3g/t Ag). 	<p>ZF37: 10m @ 0.38% Zn, 0.11% Pb from 49m, & 3.2m @ 0.5% Zn from 87.8 m.</p> <p>ZF30: 22m @ 1.5% Zn & 0.5% Pb from 10m.</p> <p>ZF29: 9m @ 1.9% Zn & 0.3% Pb from 14 m.</p>
Badger	<ul style="list-style-type: none"> • Upper dolomite zone. 1-2km long stratabound gravity high with cross-cutting syndepositional(?) fault. Anomalous bedrock geochem 0.1-0.2% Zn+Pb. 	ZG402: 2.5m @ 3% Zn & 4% Pb.
Rose Valley	<ul style="list-style-type: none"> • Conceptual target with outcropping silicified carbonate breccias and large gravity high feature. 	Anomalous surface geochemistry with max. 242ppm Zn.
King Billy	<ul style="list-style-type: none"> • Widespread siderite altered and silicic hydrothermal breccias. Anomalous 80m wide zone up to 1.5% Zn and 1.5% Pb. Potential basement related structural breaks. 	<p>2.6% Zn aircore anomaly.</p> <p>ZC01-01: Intersected 100m zone of hydrothermal red-matrix breccias.</p>
United Silver-Lead, East Amber, Silver-Lead Reward, North Henty	<ul style="list-style-type: none"> • Numerous historical Pb-Ag mine workings hosted in late Cambrian sediments below the Gordon Group carbonates. Possible SEDEX targets. • Pb-Ag mineralisation suggests metal zonation and proximity to feeder faults and possible overlying high-grade Zn mineralisation (similar to Grieves Siding). • Widespread Fe-dolomite and siderite alteration in overlying carbonates with extensive anomalous surface geochemistry. • Located proximal to intrusive mafic dykes with the late Cambrian sediments. 	Widespread anomalous surface geochemistry. No drill testing to date.
Professor	<ul style="list-style-type: none"> • Numerous historical mine workings and widespread Fe-dolomite alteration. Adjacent to major basin-forming fault. Significant stratabound surface geochemical anomaly >1.3km strike and at least 100 m wide. 	Aircore to 2% Zn and 2.6% Pb.

Table 3. Summary of key exploration target prospects, EL06/2015.

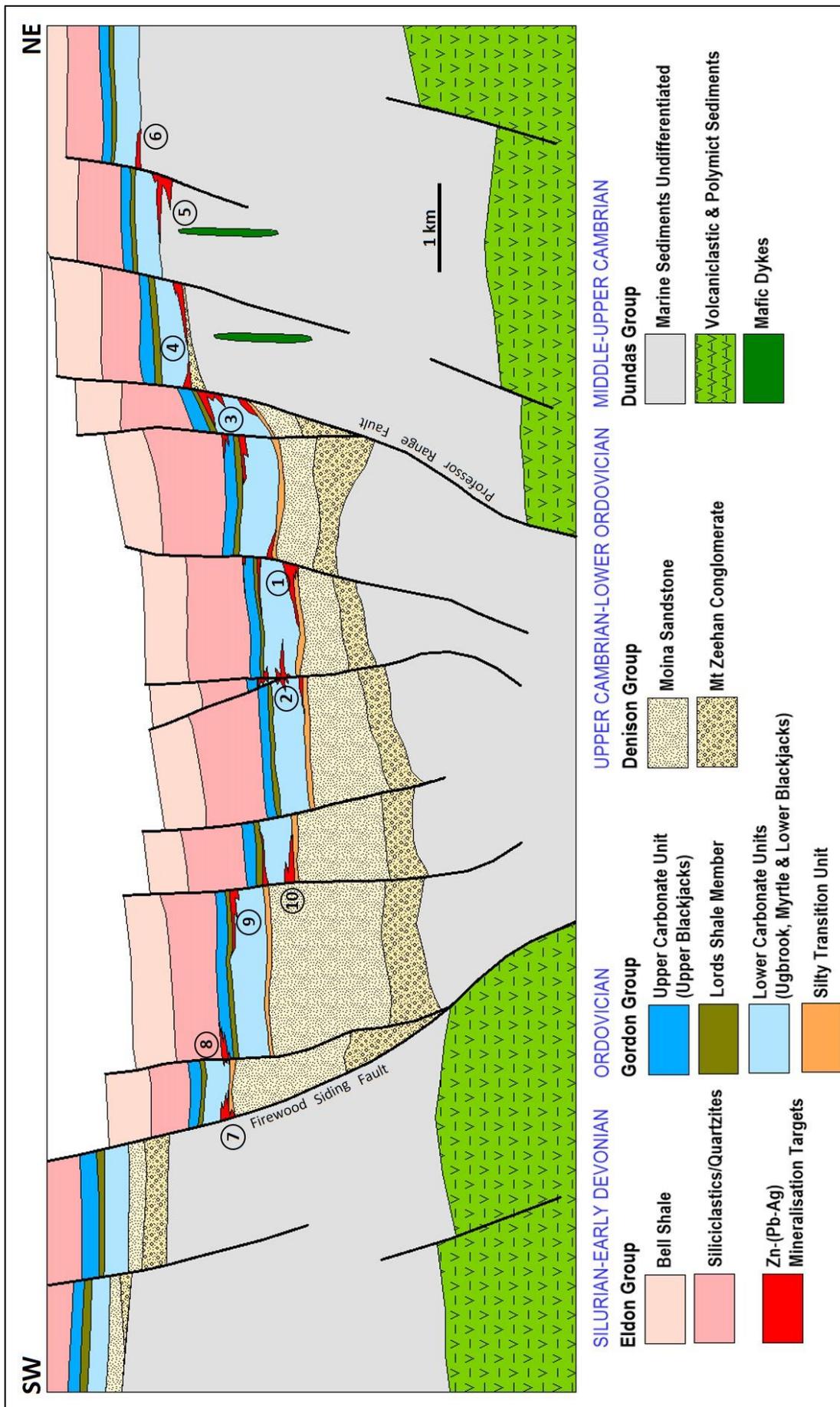


Figure 18. Schematic cross-section through the Professor Sub-Basin showing pre-folded geological set-up and identified stratiform Zn-(Pb-Ag) mineralisation targets. 1-Grieves Siding deposit, 2-South Grieves prospect, 3 – Myrtle prospects, 4-Professor prospect, 5- Amber, North Henty, United Silver Lead, Silver Lead Reward prospects, 6-King Billy Prospect, 7-Rose Valley prospect, 8-Firewood Siding prospect, 9-Badger prospects, 10-Baura prospect.

7 DISCUSSION OF RESULTS

The data compilation, review and 3D modelling effort that was ongoing during the reporting period has continued to advance geological and conceptual understanding of the mineralisation system and highlighted numerous exploration target areas within the tenement. Most of the targets display characteristics analogous to Irish-type deposit models with some parts of the system showing possible affinity to SEDEX style (STZ mineralisation).

A key outcome has been recognising the geometric and geological complexity of the targeted mineralisation. This complexity results from the folded and plunging nature of the host stratigraphy (and therefore the stratiform mineralisation) and also the relationship with faults that appear closely associated with the localisation of high grade mineralisation.

Most historical exploration efforts focused drilling along the present-day surface strike of the stratigraphy and mineralised zones, whereas the actual original strike of the ore zones (during ore formation) adjacent to basinal fault structures is now north plunging. The thickest and highest grade mineralisation, for example at Grieves Siding, is located proximal to these faults (within 150-200 m of the faults). Ongoing exploration targeting therefore needs to focus on these high-grade zones proximal to the faults and at the intersection of the fault and the plunging favourable stratigraphic unit. The 3D modelling at Grieves Siding has confirmed this conceptual thinking. While this may not immediately add extra significant tonnage to potential shallow (<200 m depth) resources, it has a high chance of significantly increasing the grade of such resources. Extrapolating the same exploration concept to deeper targets could add significant resource tonnages.

The positive independent review of the project area (Cummins, 2016) and new JORC-compliant Exploration Target confirms the discovery potential within the Henty Zinc project.

Other findings are discussed in detail throughout the report.

8 CONCLUSIONS AND RECOMMENDATIONS FOR FUTURE WORK

Kingfisher Exploration remains encouraged by the work completed and results obtained within the first and second years of tenure of EL06/2015. Work to date on the project has significantly advanced understanding the geology and mineralization styles within the tenement that has facilitated district to deposit scale targeting. The work also highlighted significant exploration opportunities for targeting mid to large sized resources.

Several key exploration targets have been generated and exploration field work, including drilling at Grieves Siding is planned to commence in the summer of 2017/18. Significantly, the potential for down-plunge extensions of high-grade mineralisation adjacent to the Grieves Fault zone at the Grieves Siding deposit remains largely untested by previous workers and is considered the main priority target for immediate drill testing.

The area is assessed to be highly prospective for Irish-type Zn-(Pb-Ag) deposits styles, with possible SEDEX style zones. Four priority target areas are being assessed for exploration field activities, including the Grieves Siding, Myrtle, South Grieves and Firewood Siding prospect areas.

Recommendations for future work includes:

- Diamond drilling at the Grieves Siding deposit (drilling Exploration Work Program already approved) – planned for the summer of 2017/2018;
- Possible drilling at other key targets;
- Continued collation of pre-existing exploration data, particularly data entry and digitisation of detailed drillhole lithology, mineralisation and alteration logging data that currently remains only in paper format in various historical reports;
- Continued prospect-scale and also district-scale 3D Modelling of stratigraphy, mineralisation and alteration from drillhole and surface mapping data;
- Where datasets are available, reprocess pre-existing geophysical data and create 3D geological models with modern software.
- Detailed geological and structural mapping and sampling in identified target areas;
- Reopen vehicle access along existing but overgrown tracks;
- Metallurgical tests on Grieves Siding primary ore;
- Detailed airborne gravity survey over the whole tenement area, covering the prospective Gordon Group and immediately adjacent stratigraphy.

9 ENVIRONMENT

There was no environmental disturbance from exploration activity during the reporting period.

10 EXPENDITURE

Exploration expenditure over the reporting period for EL06/2015 is summarized in Table 4.

	ITEM	EXPENDITURE (AUD)
1.	GEOSCIENTIFIC COSTS Geology Geochemistry Geophysics Remote Sensing	\$ 63,000 \$ 0 \$ 0 \$ 0
2.	DRILLING AND GRIDDING COSTS Gridding Drilling	\$ 0 \$ 0
3.	LAND ACCESS COSTS	\$ 0
4.	REHABILITATION COSTS	\$ 0
5.	FEASIBILITY STUDY COSTS	\$ 0
6.	OTHER COSTS Rental Fees	\$ 1800
7.	ADMINISTRATION COSTS Legal Administration	\$ 0 \$ 3,000
	Total Expenditure	\$ 67,800

Table 4. Exploration expenditure on EL06/2015 during the reporting period.

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APPENDIX I

APPENDIX II

APPENDIX III

APPENDIX IV