MINREX RESOURCES LIMITED

LinQ House
Level 1, 17 Ord Street
West Perth, WA, 6005

2018 ANNUAL REPORT ON THE

HEEMSKIRK PROJECT

3 April 2017 – 2 April 2018

EL18/2011

AT GRANITE CREEK

TASMANIA, AUSTRALIA

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Author: Kieron Munro

Consulting Geologist

30th March 2018

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Abstract

This Annual Report on the Heemskirk Project (EL18/2011) covers the period 3rd April 2017 to 2nd April 2018, the sixth year of the tenement. An application to renew the licence is being prepared to submit to Mineral Resources Tasmania, in March-April 2018.

The area contains numerous small old workings for tin, both alluvial and in basement granite, with minor tungsten, base metals and silver occurrences also. Minrex Resources Limited (Minrex) considers that this large area of granitic terrain is prospective for the discovery of large low-grade tin deposits, concealed deposits and/or deposits of other granite-associated metals.

Work to date includes an initial literature review, assessment of previous exploration in the area, re-processing and analysis of the government airborne magnetic and radiometric geophysical data and five field sampling programs, each of up to three weeks duration, that have collected a total of 99 rock samples, 78 soil samples and 129 stream sediment concentrate samples. In the previous year, two field exploration programs were conducted, one in April-May 2016 and a second in February 2017. These programs collected 86 rock samples from the old workings, 50 stream sediment concentrate samples from creeks in the west and south of the licence and a total of 68 soil samples from the flanks of streams that had previously returned anomalous stream sediment results. The current (sixth) year work program has comprised a complete re-appraisal of the results from all of the previous programs and the development of a comprehensive plan for the next stage of exploration.

In the seventh year of the exploration program, if the licence is successfully renewed, Minrex plans to:-

- Continue the systematic soil sampling program near anomalous stream samples.
- Continue the stream sampling in new areas and also complete infill in other areas.
- Continue rock sampling at old workings and in otherwise anomalous areas.

$62,188 has been expended in the fifth year of the tenement, bringing total expenditure to date by Minrex on the Heemskirk Project (EL18/2011) to $270,503. An exploration budget of $70,400 is proposed for the seventh year of the tenement – once the renewal is received.

1. Introduction

This annual report summarises the results of exploration activities at the Heemskirk Project (EL18/2011), during the period 3rd April 2017 to 2nd April 2018; the sixth year of the tenement. EL18/2011 is held by Minrex Resources Limited (Minrex) and comprises an area of some 44 km^2, located to the north of Trial Harbour on the west coast of Tasmania, and some 16 km WNW of the township of Zeehan (Figure 1). An application to renew the licence is being prepared to submit to Mineral Resources Tasmania, in March-April 2018.

The Heemskirk tin field saw a brief, hectic period of activity in the 1870's – 1880's, with companies spending on equipment rather than ore development, miners and prospectors inconsistently identifying cassiterite and ultimately a lack of capital, remote location and high costs forcing the closure of the field. Subsequent exploration of the area since the 1960's has seen piecemeal stream and rock chip sampling, along with geological mapping, sampling of the main old workings, the completion of three diamond drill holes, and various airborne geophysical programs completed. There has been no detailed sampling or field work completed in the area over this period.

While the entire area of EL18/2011 is underlain by the Heemskirk Granite there is little detail or certainty on the phases of granite intrusion, nature of the mineralised structures and detailed mineralogy of the deposits. While underlain by granite, the bulk (+80%) of the area is covered with a thin veneer of quartz-rich organic soil, probably mostly less than 1m thick, rendering exploration and prospecting for mineralisation difficult, stream valleys are infilled with deeper alluvial deposits and dense vegetation. The presence of a widely dispersed blanket of alluvial tin in the drainages of the area also compounds the exploration complexity.

Minrex has been completing detailed stream sediment concentrate sampling, rock sampling and soil sampling within the Heemskirk area, in an effort to discover previously overlooked large low-grade tin deposits, or smaller high to medium-grade tin deposits. Minrex believes that while the Heemskirk field is relatively old, the work previously completed has not been systematic or thorough and that potential remains for new discoveries in the area.

By completing detailed stream sediment sampling, augmented by rock sampling at old workings, pits, trenches and outcrops the Company hopes to hone into the areas containing the greatest amount of tin in drainages and hence having the most potential for basement deposits. These higher order target areas are now being subjected to detailed soil sampling, and infill stream sediment concentrate sampling, in an effort to hone in on soil covered, large low-grade tin deposits.

The Heemskirk mineral field has never been systematically explored; early mining was piecemeal and subsequent exploration has been sparse and, most recently, dominated by remote studies, not groundwork. Minrex has been completing field sampling programs in EL18/2011 from 2012-17, with the aim of discovering previously overlooked large low-grade tin deposits, or smaller high to medium-grade tin deposits.

Minrex believes that while the Heemskirk field is relatively old, the work previously completed has not been systematic or thorough and that potential remains for new discoveries in the area. Minrex proposes an annual exploration expenditure of $70,400 in year seven, on

field programs in the licence area, to continue this sampling work for at least another year.

Figure 1: E18/2011 Location and Tenement Plan.

The datum used throughout this report is GDA94.

2. Review of Previous Work

The first tin was discovered in the Heemskirk area in 1876, sparking a small rush with alluvial leases being taken up for several years thereafter. The first vein tin was found in 1879 with a wave of speculation following with many companies being floated, in spite of the difficult conditions and poor communications. Over 50 companies staked claims over an area of 6,400ha of granitic terrain. The field is thought to have been badly managed and several mines installed expensive processing equipment before mine development and resource definition had fully outlined the mineralisation. This exhausted the available capital and led to the closure of many of the mines before the resources could be fully developed or exploration completed. In addition many of the miners and prospectors were unable to recognise cassiterite leading to the incorrect mining of non-tin-bearing material and, potentially, the overlooking of prospective ground. The mineral field fell into collapse after 1884, with only a dozen mines continuing by the late 1880's.

Government reports on the Heemskirk tin field include Waller, 1902, Waterhouse, 1915, Waterhouse, 1916 and Blissett, 1962. At least three university theses have examined the Heemskirk area from a more academic viewpoint, including Klominsky, 1972, Wells, 1978 and Hazitaheri, 1982 - but without major significant input to exploration of the mineralisation. Part of the area was examined for occurrences of radioactive minerals – Taylor & Burger, 1950.

Mineral Exploration company work in the area commenced in the 1960's with Geophoto Resources (EL7/68) conducting a geochemical drainage program (for copper, lead, zinc, silver, bismuth and molybdenum) in the lease area – a number of lead-zinc and copper-lead-zinc anomalies were returned, and then drilling three diamond drill holes at the old Peripatetic mine site – Rattigan, 1968, 1969 & 1970. The Australia and New Zealand Exploration Company also explored the area (EL28/71) for tungsten with a stream sediment sampling program – Callow, 1971.

Goldfields Exploration (Renison) then held the area (EL11/76) for a number of years, completing a major air-photo geological interpretation, Loxton, Hunting & Associates, 1978, and associated field mapping, a geochemical drainage survey (for tin, arsenic, copper, lead, zinc, tungsten, silver, bismuth, molybdenum and fluorine), with a number of highly anomalous tin results (up to 1.5% Sn) being returned – Roberts, 1984. Goldfields also completed sampling and mapping at the Longs Iron Blow prospect and Peripatetic mine sites – Stephenson, 1978 & Roberts, 1981.

New Holland Mining explored the area (EL28/87) in the late 1980's – Cromer, WC, 1988. Various other companies have explored in and around the area in the intervening years, including Stellar Resources.

Work by Minrex, since 2012, has included an initial literature review and field reconnaissance study – Allen, 2012. This included the collection of 23 samples (10 stream samples and 13 rock samples), with the highest stream sediment result being 3,820ppm Sn and for the rock samples 324ppm Sn. In 2012, Minrex also commissioned a re-processing and analysis of the government airborne geophysical data (magnetic and radiometric) and geochemistry over the Heemskirk area, Muir, 2012 (Figure 2).

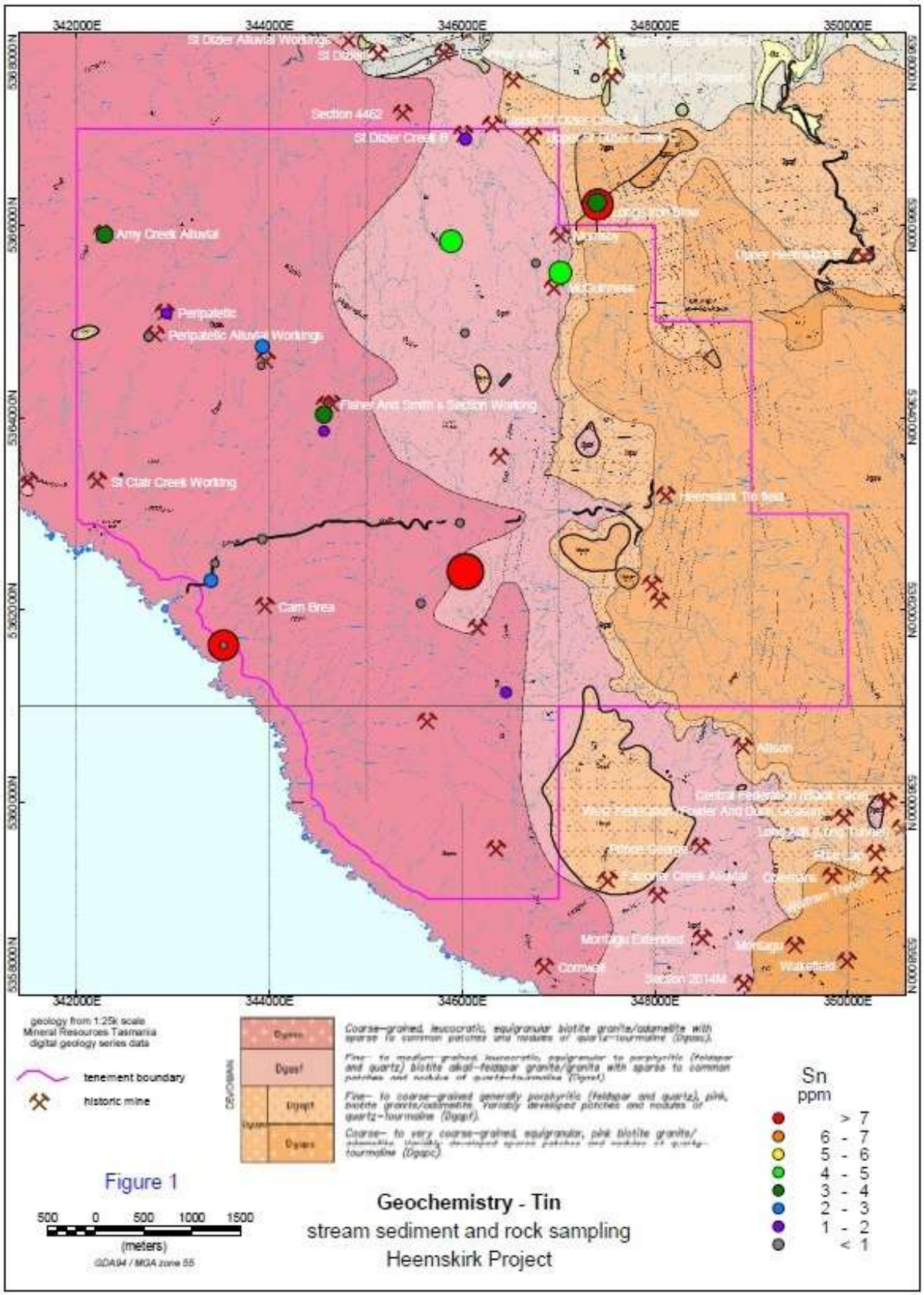

Figure 2: E18/2011 Geology with mine sites and tin geochemistry from pre-2012 exploration

Following the initial intensive analysis and reconnaissance, a systematic stream sediment sampling program was commenced over the entire tenement area. For this program, the tenement area was divided into four quadrants (named A to D) with each to be sampled in sequence. The samples to be taken by panning and screening large bulk stream sediment samples down to an approximately 100gm sample of heavy minerals. The program commenced with Area A (30 samples) in 2012 and Areas B & C were sampled in 2015 (49 samples) – Munro 2013, 2014, 2015 & 2016. It was also decided to collect rock samples from any old workings, dumps or mines which were seen while taking the stream sediment samples (Figures 3 & 4).

Repeat assay work in 2015 confirmed that the early sample analyses were not accurate for tin and tungsten, due to a failure of the mixed acid digest used to adequately digest cassiterite and, to a lesser extent, some of the tungsten present. All samples were subsequently re-analysed by the total-fusion laser ablation of glass beads in 2015, and all sample analysis since has used the laser ablation technique as the standard procedure.

Figure 3: View of Typical Heemskirk Terrain

Two field sampling and mapping programs were then completed in the fifth year, these comprised a panned stream sediment sampling program in Area D, with contemporary rock sampling at old workings (43 stream concentrate and 28 rock samples) and a more detailed rock (58 rock samples), soil (68 soil samples) and small infill panned stream sediment sampling program (7 samples) to infill gaps in Areas D & B. A total of 204 samples were collected from EL18/2011 in the fifth year, Munro, 2017.

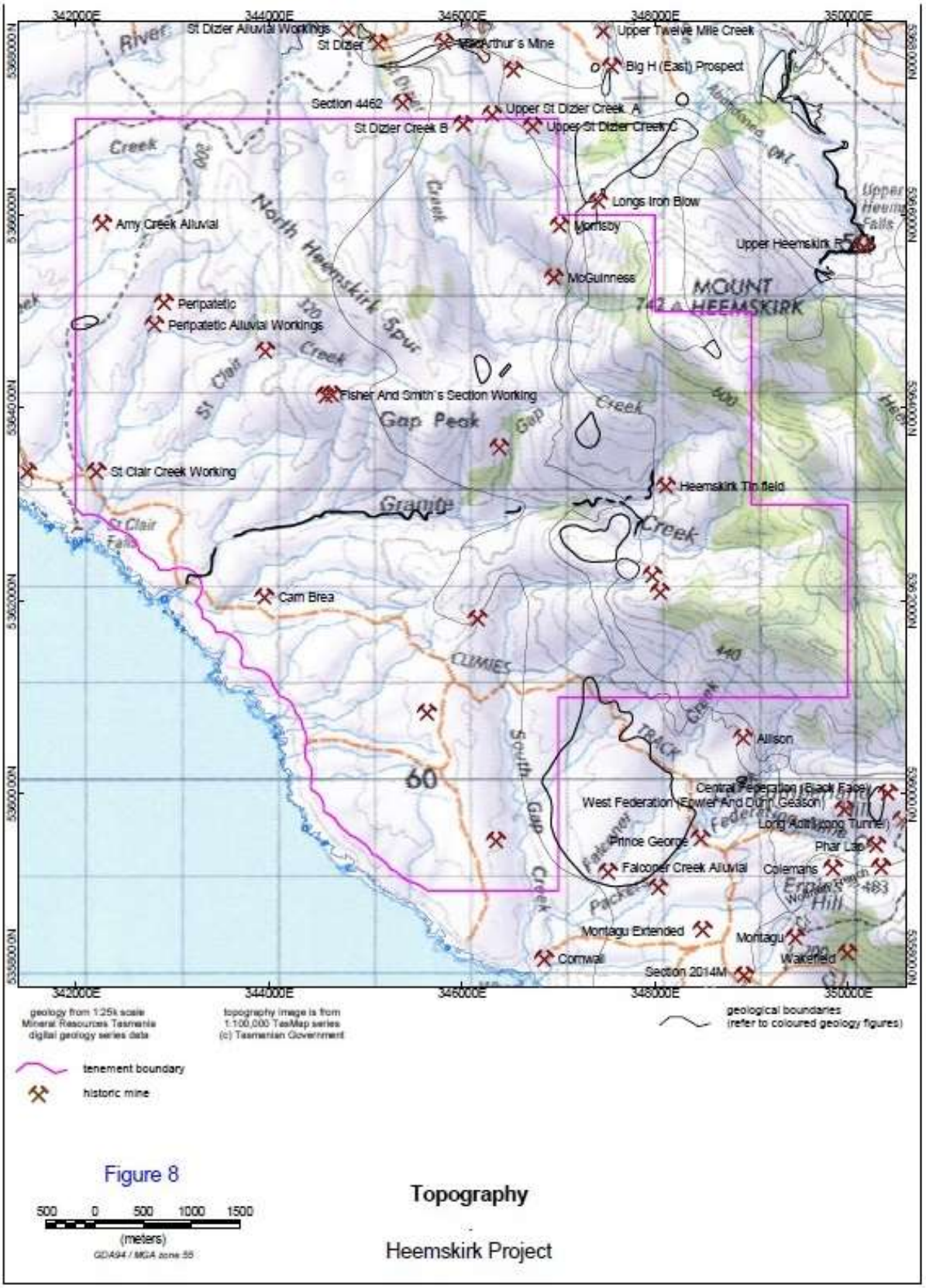

Figure 4: E18/2011 Location of Known Old Workings

All of the exploration work in Areas A, B, C & D was completed by the same employees of Ron Gregory Prospecting, as it was considered that it would be advantageous to use the same people, sampling methods and assay types for all of the programs to ensure that the old and new data sets were fully compatible. The same team have also collected rock samples from any old workings, dumps or mines which were seen while taking the stream sediment samples. A large number of rock samples have now been collected from old workings, especially the Peripatetic Mine (Figure 5).

All of the stream sediment samples, rock samples and soil samples from Areas A-D were submitted to the Bureau Veritas Laboratory in Perth and were analysed using the total-fusion laser-ablation method, Munro, 2017.

Figure 5: Old Peripatetic Mine in Area B during Rock Sampling in EL18/2011

3. Exploration Completed during the Report Period

The previous (fifth) years' work was only completed in February 2017 and assay results, detailed maps and all other information only became available after the anniversary date of 2nd April 2017. From April 2017 there was then an interruption up to the 24th May 2017, when the renewal application was being considered and it was not known if the licence would be renewed. Once the licence was renewed on the 24th May 2017, then work commenced on completing a complete re-appraisal of all of the previous work.

The exploration results received during the current (sixth) year of the licence include all of the assays and details of the February 2017 field program. The concept behind the February 2017 field program was to expand the rock sampling program over the old workings, and other prospective areas, as well as commence soil sampling within the valleys of the streams that held the most anomalous stream sediment concentrate results to date, and, thirdly, to complete a small infill stream sediment sampling program in Areas B & D.

Ron Gregory Prospecting (Tasmania) was again contacted to organise and complete the field sampling program, over the summer, to take advantage of the drier conditions and improved access provided.

The February 2017 stream sediment sampling program commenced on the 6th February 2017, with mobilisation to Granville Harbour and setting up camp at a shack in the village there. Mapping and rock sampling was completed over 4 days at the Peripatetic, Carn Brea and Fisher & Smith mines (58 rock samples). Soil and stream sediment sampling then continued on for another week (68 soil samples and 7 stream sediment samples), with demobilisation on the 16th February 2017.

A total of 133 samples were collected during the 11 days of field work and sampling. The 65 rock and stream sediment samples were then packaged and dispatched to Perth by Registered Post to be examined and geologically logged before being submitted to the Bureau Veritas Laboratory in Perth (Canning Vale), late in March 2017.

The 68 soil samples were dispatched to the Bureau Veritas Laboratory in Adelaide (Wingfield) for sample preparation (drying and heat treatment), due to quarantine concerns over soil samples, before being forwarded to Bureau Veritas Perth (Canning Vale) for analysis. A number of maps were subsequently prepared by Ron Gregory along with documentation on the sampling methodology and a number of photographs of the sampling sites, sampling work and general location (Figures 6 & 7).

All 133 of the Heemskirk 2017 samples were analysed using the total-fusion laser-ablation method. The analyses for the 2016 samples were received in July 2016, but the timeframe for completing the 2017 Annual Report (Munro, 2017) prevented the analyses from the February 2017 samples from being available in time for reporting that year, and consequently they are reported herein, for the first time, in the 2018 Annual Report.

The stream sediment samples are panned concentrate samples and are therefore higher grade than the actual in-situ stream sediments; nonetheless, it is thought that the higher grade samples should be directly relatable to the bedrock areas with the highest distribution of contained tin-minerals (Figure 6).

Figure 6: Panning of Stream Sediment Samples 53284 Area D and 53317 in Area B

The full details of the 58 rock samples collected in 2017 at various old workings and prospective sites are presented below in Table 1. While the details of the 68 soil samples collected from the valley sides of anomalous drainage systems in February 2017 are listed below in Table 2. The details of the 7 panned concentrate stream samples from Areas D and B, collected in 2017 are listed below in Table 3.

The plan below shows the surface workings and location of rock samples collected at the Peripatetic Mine in the past year.

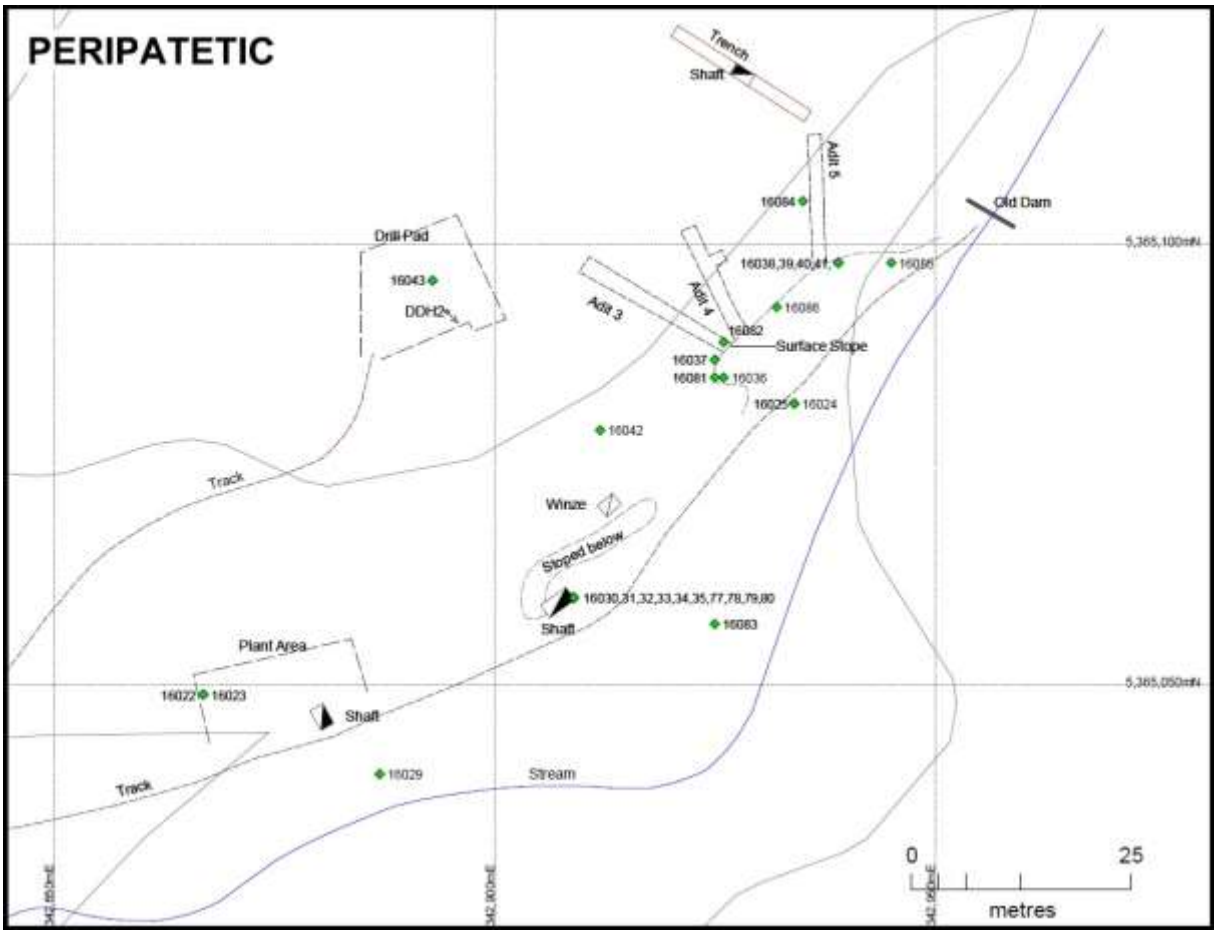

Figure 7: Map of the Peripatetic Mine workings with 2017 sample locations

To date Minrex has received laser ablation analyses (also some gold by ICP and sulphur by XRF) for 306 samples collected from 2012-2017, from the E18/2011 licence. Of the 306 analyses received, 129 are stream sediment concentrate samples, 99 are rock samples, generally collected from the vicinity of the old workings, and 78 are soil samples. The stream sediment samples have been hand-panned, on site, to concentrate the heavier minerals in the samples and this should result in elevated values for precious metals, base metals, and metal oxide, where these are present in the in-situ stream sediments.

The plan below shows the results for all of the 129 stream sediment concentrate samples analysed to date (Figure 8).

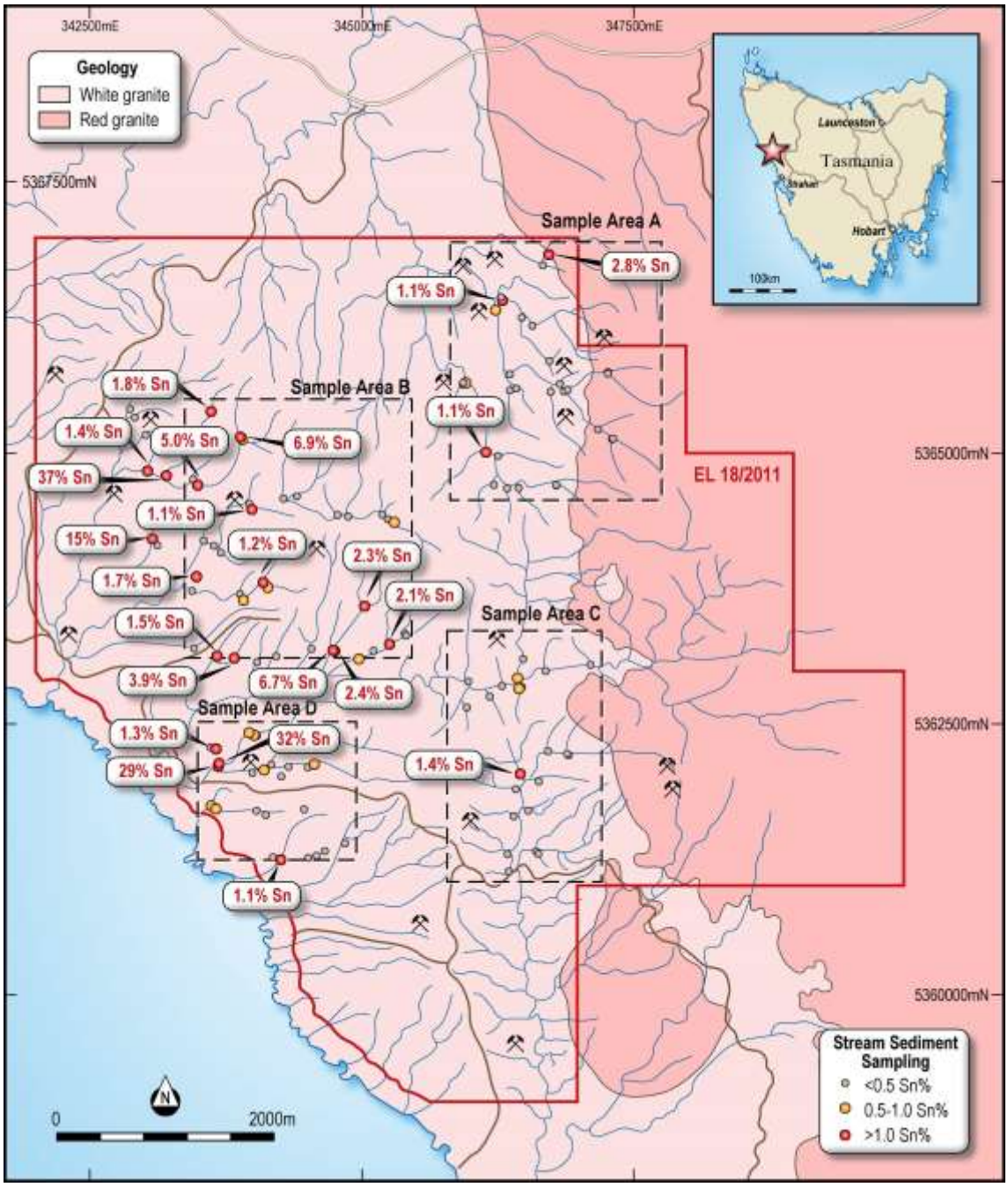

Figure 8: E18/2011 Results from Panned Stream Sediment Samples

Table 1 (below): Assay results for 58 rock samples collected in February 2017

SAMPLE No	EASTING GDA94	NORTHING GDA94	Area	Ag_LA ppm	As_LA ppm	Cu_LA ppm	Mo_LA ppm	Pb_LA ppm	Nb_LA ppm	Sn_LA ppm	Sn_LA %	Ta_LA ppm	W_LA ppm	Zn_LA ppm
16029	342887	5365040	Peripatetic	0.7	37.4	30	6	22	20.5	122	0.01	3.44	11.1	45
16030	342909	5365060	Peripatetic	0.3	1.6	6	0.4	8	21.7	69.6	0.01	3.56	42.9	40
16031	342909	5365060	Peripatetic	0	1.2	4	0.6	7	16.8	94.4	0.01	4.32	5.85	45
16032	342909	5365060	Peripatetic	0.1	0.8	8	0	4	24.3	724	0.07	4.06	20.5	20
16033	342909	5365060	Peripatetic	0.2	0.2	2	0	6	18.8	126	0.01	3.31	8.65	15
16034	342909	5365060	Peripatetic	0	0.4	6	0.2	3	25.2	99.6	0.01	4.58	10.9	20
16035	342909	5365060	Peripatetic	0.1	0.8	6	0	5	26	120	0.01	4	8.8	20
16036	342926	5365085	Peripatetic	0.2	7.8	6	1.8	24	20.7	97.6	0.01	3.27	4.3	10
16037	342925	5365087	Peripatetic	0	2	4	0.4	4	14.4	6420	0.64	2.56	25.9	25
16038	342939	5365098	Peripatetic	0	14.4	10	3.2	21	21.6	189	0.02	3.35	12.7	10
16039	342939	5365098	Peripatetic	0	1.2	4	0.4	11	10.1	18.6	0.00	2.78	0.9	80
16040	342939	5365098	Peripatetic	0.2	1.2	4	0.4	1	9.69	730	0.07	2.11	4.8	90
16041	342939	5365098	Peripatetic	0	2	4	0.8	10	13.5	71	0.01	2.86	2.45	65
16042	342912	5365079	Peripatetic	0	0.8	6	0.4	2	8.31	387	0.04	1.72	2.85	10
16043	342893	5365096	Peripatetic	0	1	6	0.8	9	33	47.6	0.00	10.5	1.85	75
16044	344018	5362070	Carn Brea	0	2	4	0.6	0	0.59	5.2	0.00	0.29	0.35	20
16045	344018	5362070	Carn Brea	0.1	1.6	6	0.6	12	1.33	13.6	0.00	0.52	0.6	40
16046	344018	5362070	Carn Brea	0	3	4	40.6	0	1.58	3.8	0.00	0.51	0.55	15
16047	344018	5362070	Carn Brea	0	3	2	13	11	15.8	26.6	0.00	6.48	21.5	20
16048	344018	5362070	Carn Brea	0	0.8	2	2.8	5	20.9	1040	0.10	3.55	11.8	25
16049	344018	5362070	Carn Brea	0	0.8	4	0.4	15	3.41	13.4	0.00	0.97	0.4	50
16050	344018	5362070	Carn Brea	0	3.8	4	1	0	10	125	0.01	1.83	8.05	5
16051	344010	5362093	Carn Brea	0	3.6	4	0.4	17	47.7	9.8	0.00	14.1	13.7	20
16052	344011	5362097	Carn Brea	0	0.4	6	0.4	7	22	126	0.01	3.68	11.8	10
16053	344008	5362108	Carn Brea	0	0.6	6	0.4	6	14.3	26.6	0.00	2.4	2.6	5
16054	344011	5362126	Carn Brea	0	1.2	6	0.2	19	18.7	26.4	0.00	3.03	2.1	30
16055	344011	5362126	Carn Brea	0	0.6	6	0	20	18.7	64.8	0.01	2.68	2.4	10
16056	344011	5362126	Carn Brea	0	0.8	6	0.2	16	16.7	31.4	0.00	3.03	2.2	35
16057	344011	5362126	Carn Brea	0.2	3.4	8	0	21	15.8	19.2	0.00	2.42	2.35	15
16058	344011	5362126	Carn Brea	0.3	1.2	12	0.4	30	19.7	39.2	0.00	3.29	2.85	20
16059	344011	5362126	Carn Brea	0	0.4	4	0	0	6.19	13.2	0.00	0.98	0.85	0
16060	344003	5362163	Carn Brea	0	0.8	4	0.2	0	10.6	162	0.02	1.69	5.1	10
16061	344003	5362163	Carn Brea	0.1	5.2	8	0.8	5	23.4	212	0.02	3.67	7.5	20
16062	344003	5362163	Carn Brea	0.1	8.4	14	1	9	25.1	3900	0.39	3.62	31.4	25
16063	344007	5362158	Carn Brea	0	0.4	6	0.2	5	4.63	246	0.02	0.74	1.1	10
16064	344590	5364100	Fisher & Smith	0.2	1.8	6	1	281	26.6	36.2	0.00	4.39	8.7	40
16065	344590	5364100	Fisher & Smith	0	0.8	6	1.4	5	22.8	157	0.02	4.57	13.8	40
16066	344590	5364100	Fisher & Smith	0.3	1.6	4	1.2	15	21.6	708	0.07	4.24	17.6	40
16067	344590	5364100	Fisher & Smith	0.1	0.8	4	1.2	12	23.1	236	0.02	4.34	16.1	55
16068	344605	5364041	Fisher & Smith	0	2.2	6	1.6	16	18.8	488	0.05	4.56	10.9	95
16069	344605	5364041	Fisher & Smith	0.2	2.4	4	1	8	25.5	525	0.05	5.04	11.4	70

16070	344613	5364046	Fisher & Smith	21.5	492	30	1.8	122	34.6	1150	0.12	6.13	15.6	95
16071	344613	5364046	Fisher & Smith	3.2	80.4	20	1.8	98	20.3	62.4	0.01	3.46	11.4	30
16072	344605	5364052	Fisher & Smith	1.8	4	4	1.4	148	25.2	27800	2.78	4.05	153	75
16073	344605	5364052	Fisher & Smith	0.2	2.4	8	1.4	12	19.8	391	0.04	4.58	11.9	70
16074	344569	5364038	Fisher & Smith	0.2	0.6	4	1.2	8	26.4	133	0.01	4.53	20.3	45
16075	344569	5364038	Fisher & Smith	0.3	1	6	1.8	62	19.4	621	0.06	4.98	17.4	35
16076	344618	5364037	Fisher & Smith	1.5	13.2	26	1	115	27.1	191	0.02	4.84	9.5	45
16077	342909	5365060	Peripatetic	0	0.4	4	1.6	8	32.3	145	0.01	5.5	30.7	50
16078	342909	5365060	Peripatetic	0	0	2	2	8	35	149	0.01	6.68	34.1	50
16079	342909	5365060	Peripatetic	0.2	1.6	14	0.8	12	24.3	61.6	0.01	4.27	7.45	15
16080	342909	5365060	Peripatetic	0.1	0.8	6	1.2	3	30	82.4	0.01	5.45	29.1	40
16081	342925	5365085	Peripatetic	0	1.4	2	1.6	9	51.4	125	0.01	24	13.7	45
16082	342926	5365089	Peripatetic	0	7.4	0	4.6	3	45.7	45900	4.59	11.7	210	25
16083	342925	5365057	Peripatetic	0.1	1.2	8	2	18	18	129	0.01	3.46	8.25	25
16084	342935	5365105	Peripatetic	0.1	3.6	6	1.4	22	22.6	141	0.01	3.73	12.7	10
16085	342945	5365098	Peripatetic	0.1	2	6	1.2	9	22.5	1460	0.15	4.17	20	20
16086	342932	5365093	Peripatetic	0	0.6	0	1.8	2	18.8	14100	1.41	3.57	60.4	30

Table 1 (above): Assay results for 58 rock samples collected in February 2017

Table 2 (below): Assay results for 68 soil samples collected in February 2017

SAMPLE No	EASTING GDA94	NORTHING GDA94	Ag_LA ppm	As_LA ppm	Cu_LA ppm	Pb_LA ppm	Mo_LA ppm	Sn_LA ppm	Sn_LA %	W_LA ppm	Zn_LA ppm	Ta_LA ppm	Nb_LA ppm
16087	343686	5362108	0	1	0	2	0.8	4.6	0.00	2.65	5	1.41	6.54
16088	343761	5362117	0	0.6	0	0	0.6	6	0.00	2.45	5	0.69	2.89
16089	343830	5362154	0	0.8	0	0	0	10	0.00	1.1	0	0.52	3.35
16090	343880	5362215	0.1	0.8	0	4	0.2	19.6	0.00	1.9	0	0.58	2.15
16091	343881	5362292	0	1	0	4	0	9	0.00	0.85	0	0.48	2.7
16092	343922	5362364	0	0.8	0	0	0.4	64.2	0.01	0.95	0	0.79	4.55
16093	343978	5362395	0	0.6	0	0	0.6	9.2	0.00	1.9	0	1.1	5.62
16094	343930	5362413	0	0.4	0	0	0.4	7	0.00	1.3	0	0.79	4.91
16095	343876	5362329	0	0.6	4	0	0.8	33.8	0.00	1.75	0	0.86	5.3
16096	343879	5362233	0	0.4	0	0	0.2	14.4	0.00	0.95	0	0.49	2.48
16097	343807	5362162	0	3	2	3	0.4	42.6	0.00	4.2	5	2.03	14.1
16098	343722	5362113	0	1.2	0	2	0.6	44	0.00	3.05	5	2.12	13
16099	344019	5363394	0	0.4	0	1	0.8	9.4	0.00	0.8	0	1.05	6.02
16100	343968	5363301	0	0.8	0	5	0.4	22.6	0.00	1.55	5	1.83	7.47
16101	343901	5363221	0	0.8	2	2	0.6	15.6	0.00	2.1	5	1.33	8.24
16102	343848	5363138	0	0.8	4	0	0.2	4.4	0.00	0.7	0	0.7	3.24
16103	343788	5363063	0	1.2	0	5	0.4	5.4	0.00	3.25	0	1.92	10.9
16104	343780	5363070	0	1	2	1	0.6	12.6	0.00	2.4	0	1.43	7.73
16105	343849	5363149	0	1	4	1	0.6	12.4	0.00	3.05	5	1.78	7.63
16106	343896	5363233	0	1	0	0	0.6	60.2	0.01	3.35	10	2.6	11.9
16107	343952	5363314	0	0.8	0	2	0.4	69	0.01	2.1	5	1.41	8.63
16108	344002	5363400	0	0.6	2	1	0.6	30.8	0.00	2.55	5	1.5	7.51
16109	344022	5363415	0.1	0.8	0	2	0.4	27.6	0.00	1.55	10	1.17	6.21

16110	344795	5363221	0	0.8	0	2	0.4	11.8	0.00	2.95	5	2.5	12.8
16111	344845	5363306	0	0.6	0	0	0.4	18.6	0.00	3.5	5	2.47	13
16112	344896	5363389	0	1	0	3	0.4	6.4	0.00	3.95	0	3.16	20.8
16113	344962	5363462	0	0.8	0	0	0.4	8.4	0.00	3.2	0	2.64	15.2
16114	345021	5363614	0.1	1	0	7	0.6	16.2	0.00	10.6	15	6.99	42.4
16115	344986	5363680	0	0.8	0	5	0.8	42.2	0.00	8.9	15	5.34	30.7
16116	344967	5363677	0	1	0	3	0.4	6.4	0.00	3.2	10	1.51	8.09
16117	345006	5363610	0	0.8	0	0	0.2	7.6	0.00	3.75	15	2.37	12.9
16118	344988	5363518	0	0.8	0	4	0.6	11	0.00	6.85	10	5.11	32.5
16119	344926	5363441	0.1	1	0	2	0.6	16.2	0.00	6.1	10	6.38	43.3
16120	344863	5363364	0	1.2	0	2	0.2	55.6	0.01	2.85	10	2.59	10.7
16121	344815	5363273	0	0.8	0	1	0.2	58.4	0.01	7.15	10	4.41	26.7
16122	344763	5363196	0	1.2	0	3	0.4	35.6	0.00	6.3	10	3.82	22.4
16123	343876	5365171	0	1	0	3	0.2	6.8	0.00	5.3	5	2.61	15.2
16124	343855	5365167	0	1	0	11	0.8	16.2	0.00	8.15	15	3.52	22.5
16125	343843	5365256	0	1.2	0	6	0.6	8.2	0.00	4.35	10	3.48	21.3
16126	343829	5365242	0.1	0.8	0	5	0.4	9.6	0.00	2.45	10	1.85	9.22
16127	343822	5365303	0	1.2	0	5	0.4	85.6	0.01	3.65	15	3.25	13.8
16128	343829	5365317	0	1	0	5	0.4	70.4	0.01	4.05	10	2.32	13
16129	343647	5365368	0	1	0	1	0.6	13	0.00	1.65	0	0.9	4.65
16130	343615	5365378	0	1.2	0	2	0.2	3.4	0.00	1.7	0	1.28	5.38
16131	343563	5365304	0	1.4	0	1	0.4	10.6	0.00	3.35	15	2.07	9.94
16132	343548	5365312	0	0.8	0	2	0.4	17.4	0.00	3.1	10	2.02	9.11
16133	343542	5365224	0	0.8	0	2	0.4	18.8	0.00	6.25	5	3.24	19.1
16134	343530	5365218	0	0.8	0	2	0.2	3.8	0.00	6.8	5	2.28	14
16135	343514	5365138	0	0.8	0	0	0.4	2.2	0.00	1.25	0	0.61	2.69
16136	343489	5365134	0	0.8	0	2	0	15.8	0.00	13	15	3.51	19.6
16137	343436	5365074	0	0.6	0	0	0.4	60.6	0.01	1.3	0	0.82	3.12
16138	343407	5365099	0	1.2	0	18	0.4	18.6	0.00	5.85	10	1.73	10.5
16139	343360	5365013	0.1	1.2	4	2	1	167	0.02	2.8	10	1.32	6.92
16140	343330	5365038	0	0.8	4	1	0.8	5	0.00	1.3	0	0.63	3.51
16141	343385	5364916	0	0.8	2	1	0.6	6.2	0.00	3.65	5	1.84	10.7
16142	343349	5364941	0	0.8	2	3	0.6	3.2	0.00	1.9	10	1.18	5.65
16143	343305	5364862	0	1.2	0	2	0.6	5.8	0.00	3.45	5	1.91	11.1
16144	343285	5364867	0.1	1.4	0	3	0.6	7	0.00	4.95	10	2.33	14
16145	343219	5364811	0	2.6	0	13	0.6	8.2	0.00	5.9	15	4.28	20.5
16146	343201	5364817	0	0.8	0	2	0.6	15	0.00	6.05	5	3.01	17.8
16147	343257	5364486	0	0	0	3	0	1	0.00	4.85	0	3.35	24.5
16148	343235	5364490	0	0.6	0	2	0.2	5.4	0.00	0.5	0	0.99	5.41
16149	343182	5364421	0	0.8	0	0	0.6	1.8	0.00	1.95	0	0.74	2.62
16150	343157	5364425	0	1	0	0	0	2.2	0.00	2.3	0	0.89	5.05
16151	343117	5364346	0	0.6	0	0	0	3.8	0.00	0.95	0	0.58	2.41
16152	343103	5364342	0	0.6	0	5	0.4	5.4	0.00	1.2	5	1.72	9.14
16153	343097	5364256	0	0.8	0	0	0.4	14	0.00	0.85	0	0.97	4.12
16154	343075	5364255	0	0.8	0	3	0.8	2.8	0.00	2.05	0	1.41	9.98

Table 2 (above): Assay results for 68 soil samples collected in February 2017

Table 3 (below): Assay results for 7 panned concentrate stream sediment samples collected in February 2017

SAMPLE No	EASTING GDA94	NORTHING GDA94	Area	Ag_LA ppm	As_LA ppm	Cu_LA ppm	Mo_LA ppm	Pb_LA ppm	Nb_LA ppm	Sn_LA ppm	Sn_LA %	Ta_LA ppm	W_LA ppm	Zn_LA ppm
53325	343682	5362130	Area D	0.1	2.2	2	1	5	474	325000	32.50	51.4	887	25
53326	345017	5363537	Area B	0	1.4	0	0.4	2	59.1	4130	0.41	12.7	15.7	50
53327	344984	5363722	Area B	0	1	0	7.2	4	60.8	1700	0.17	16.8	20.4	60
53328	344956	5363726	Area B	0	0.4	0	1.6	3	111	4960	0.50	27.3	34.6	70
53329	343843	5365316	Area B	0.1	0.6	0	0.8	5	44.8	1090	0.11	11.9	12.4	55
53330	343839	5365326	Area B	0	0.6	0	0.4	3	40.9	3600	0.36	11	16	70
53331	343628	5365371	Area B	0	1.2	0	3.8	3	57.3	17500	1.75	16.9	58.8	90

Table 3 (above): Assay results for 7 panned concentrate stream sediment samples collected in February 2017

This report comprises the Annual Report on exploration completed at the Heemskirk Project (EL18/2011) during the period 3rd April 2017 to 2nd April 2018. The full report comprises one text document (PDF); three geochemistry files (CSV format), with the rock sample, soil sample and stream sediment concentrate sample assay results; and three surface maps showing the stream sediment concentrate sample sites, soil sample sites and rock sample sites, along with drainage and topography, as follows. All co-ordinates are in GDA94 format.

EL182011_201804_A_01_AnnualReport.pdf
EL182011_201804_A_02_GeochemA.csv
EL182011_201804_A_03_GeochemB.csv
EL182011_201804_A_04_GeochemC.csv
EL182011_201804_A_05_StreamMap.pdf
EL182011_201804_A_06_SoilMap.pdf
EL182011_201804_A_07_RockMap.pdf

4. Discussion of Results

To date Minrex has received laser ablation analyses (also some gold by ICP and sulphur by XRF) for 306 samples collected from 2012-2017, from the E18/2011 licence. Of the 306 analyses received, 129 are stream sediment concentrate samples and 99 are rock samples, generally collected from the vicinity of the old workings, and 78 are soil samples. The stream sediment samples have been hand-panned, on site, to concentrate the heavier minerals in the samples and this should result in elevated values for precious metals, base metals, and metal oxide, where these are present in the in-situ stream sediments.

Work in the first five years had taken as its basis the following tenets:-

1. Tin is abundant in the region
2. Tin occurs within the Exploration Licence
3. Tin has been shed from the Heemskirk Granite during erosion
4. Alluvial accumulations of tin have been mined in the past
5. Hard-rock tin occurrences have been mined in the area in the past
6. The area has a thin cover of soil and vegetation which obscures the bedrock
7. Past erosion, glaciation and marine incursion has moved clastic material
8. The Perpipatetic and other mines were found by previous explorers
9. There should remain some potential for new discoveries.

However, the results to date are disappointing.

Figure 9: E18/2011 Results showing soil samples taken along drainages (grey dots)

Having conducted stream sediment concentrate sampling through most of the lease area, it was considered that the best stream sediment concentrate sample results would indicate the best areas for closer examination. With this in mind the November 2017, soil sampling program was conducted within the valley sides of the six most anomalous stream areas. However, this soil sampling failed to return any highly anomalous tin results – the best result being 167ppm Sn (Figure 9).

Examination of the assays returned from the 129 stream sediment concentrate samples indicates the following conclusions.

Gold and sulphur were only completed on the first stream 79 stream concentrate samples. Gold averages just 0.5ppb, with a maximum of 5.4ppb, and sulphur averages just 0.005%, with a maximum of 0.06%. These samples cover most of the licence area and demonstrate that neither gold nor sulphide minerals are present or concentrated in the drainage systems.

Similarly, the values for arsenic, silver, base and other metals are all low in all 129 stream concentrate samples analysed. Silver averages just 0.05ppm (maximum 0.7ppm), arsenic averages just 1.4ppm (maximum 7.6ppm), copper averages 2.5ppm (maximum 12ppm), lead averages 5.4ppm (maximum 26ppm), zinc averages 44ppm (maximum 110ppm) and molybdenum averages 0.8ppm (maximum 3.6ppm). As these metals tend to occur as sulphide minerals, and most have been observed in the basement prospects in the area, there is a strong suggestion that the acidic stream environment at Heemskirk is breaking down sulphide minerals and taking sulphur and metals into solution.

Tin is the only metallic element present in the stream sediment samples at elevated to highly concentrated levels. The average tin assay for all 129 samples is 1.4% tin (14,288ppm) with a highest value of 37% tin. The samples are panned concentrate samples and are therefore higher grade than the in-situ stream sediments; nonetheless, it is clear that tin is relatively abundant in the area and is being concentrated in the drainage system. Tin levels in the pan concentrate samples averages about 14 times the level in the rock samples from the area.

In 2016, the 43 stream sediment concentrate samples collected were also analysed for uranium, with this element also being at low levels, an average of 14ppm and a maximum value of 59ppm.

By contrast, examination of the 99 rock and 78 soil samples collected indicates the following conclusions.

Gold and sulphur were only completed on the first 23 rock and soil samples (gold by ICP and sulphur by XRF). Gold values are very low and similar to the stream sediment concentrate samples, averaging just 0.2ppb, with a maximum of 3ppb, suggesting that gold is not present at significant levels in any of the areas tested. On the other hand, sulphur is very much higher in the rock samples (although it is strongly influenced by a single high value), sulphur averages 0.1%, with a maximum of 1.1%. These samples are from just a few of the old workings and demonstrate that gold is probably rare in the licence area, and that sulphide minerals are present in fresh rock (in places), but are probably broken down once released into the drainage systems.

The values for most metals are significantly higher in rock and soil samples than they are in the stream sediment concentrate samples, demonstrating that most metals are probably being taken into solution by the acidic ground and surface water at Heemskirk. This is especially true for arsenic and silver, which returned values 480 times and 14 times higher, respectively, in rock samples compared to stream sediment concentrates. Silver averaged 1ppm (maximum 21ppm) and arsenic averaged 645ppm (maximum 30.1%) in the rock and soil samples. The results are skewed by the presence of a single sample of arsenopyrite (30.1% As and 1.1%S) but several other rock samples also show the presence of sulphur, arsenic, copper, lead and zinc, suggesting the presence of sulphides in the rock and soil samples, while only very low values are present in the stream sediment concentrate samples .

In the rock and soil samples analysed, copper averages 9ppm (maximum 82ppm), lead averages 47ppm (maximum 1210ppm), zinc averages 61ppm (maximum 370ppm) and molybdenum averages 5ppm (maximum 192ppm). Compared to the stream sediment concentrate samples the rock samples contain about four times the copper, ten times the lead, and six times the molybdenum, zinc is only slightly higher and tungsten is the same in both. Again, as most of these metals tend to occur as sulphide minerals, and have been observed in the basement prospects in the area, there is a strong suggestion that the acidic stream environment at Heemskirk is breaking down sulphide minerals and taking sulphur and metals into solution.

Tin values are highly variable in the rock and soil samples, reflecting the fact that the tin occurs in lode and greisen zones within otherwise barren granite as the country rock. Hence values are highly variable up to a maximum of 2.5% tin in one sample from the old Fisher and Smith workings, although several rock samples contain over 0.1% tin. The main anomalous zone to date, in the stream sediment concentrate sampling, is clearly in the west of the licence (in Areas B & D) in the general area of the Peripatetic, Carn Brea and Fisher & Smith workings. A total of 23 of the 129 assay results, from stream sediment concentrate samples, are over 1.0% Sn and another 17 are between 0.5% and 1.0% Sn. A plan showing the 40 assays over 0.5% tin has been prepared and is included below as Figure 10.

A major conclusion, to date, is that sulphide minerals and chalcophile elements, while known from basement outcrops and workings, are rare in the stream sediments in the area. Any sulphides generated in the granitic host rocks by greisenization, alteration and veining do not appear to have survived erosion and transport. This suggests that previous exploration programs (e.g. 1976 & 1984) aiming to test for base metal prospectivity using stream sediment sampling may have been ineffective.

On the other hand, tin is clearly present in the area and has been concentrated in the drainage systems. The main areas of high tin values appear to coincide with the main known workings in EL18/2011 (Peripatetic, Carn Brea and Fisher & Smith workings). However, the degree to which tin has been accrued by erosion of former deposits which may have overlain the current surface, or the amount of lateral dispersal which may have occurred, when the area was a flat coastal plain, prior to the incision by the current young drainage system, remains unclear. There also remains an untested area in the north of the licence which is known to contain significant alluvial deposits at the St Dizier and Amy Creek alluvial deposits.

The full table of 2017 assay results (by laser ablation), for all 58 rock samples, 68 soil samples and 7 panned stream sediment samples is included above as Tables 1, 2 and 3.

Exploration from 2012-2017 was primarily aimed at testing drainage systems with panned concentrate sampling, augmented by selected rock sampling at the known old workings. In 2017 a new phase of the exploration commenced with the collection of systematic soil samples around the valleys of the drainage systems with the highest stream sediment concentrate values. In all 68 soil samples were collected in February 2017, with the assay results generally being disappointing, the results have now been further assessed prior to further soil sampling in anomalous areas.

The next stage of exploration will comprise stream sediment concentrate sampling in the northern portion of the licence area and further soil sampling in valleys where anomalous stream sediment concentrate sample results have been returned in 2012-2017. Further rock sampling will also be undertaken in areas with old workings, trenches and favourable outcrops. Also, sample residues have been retained and it is possible that future analyses may include other granite-associated elements such as lithium, thorium, tantalite, columbite, zirconium, yttrium, dysprosium, scandium and other REE.

Further work is yet to be concluded in the area. To date the significance of the refined magnetic and radiometric anomalies (from 2012) is not yet able to be determined, and further follow-up activities are planned to test the precision of magnetic exploration vectors.

In conclusion, the exploration results to date suggest that tin is the only element present in anomalous quantities within the Heemskirk (E18/2011) tenement area. However, further sampling work is warranted and more extensive analysis work is also planned.

An exploration budget of $70,400 is now proposed for the seventh year of the tenement – once the renewal of the licence has been received.

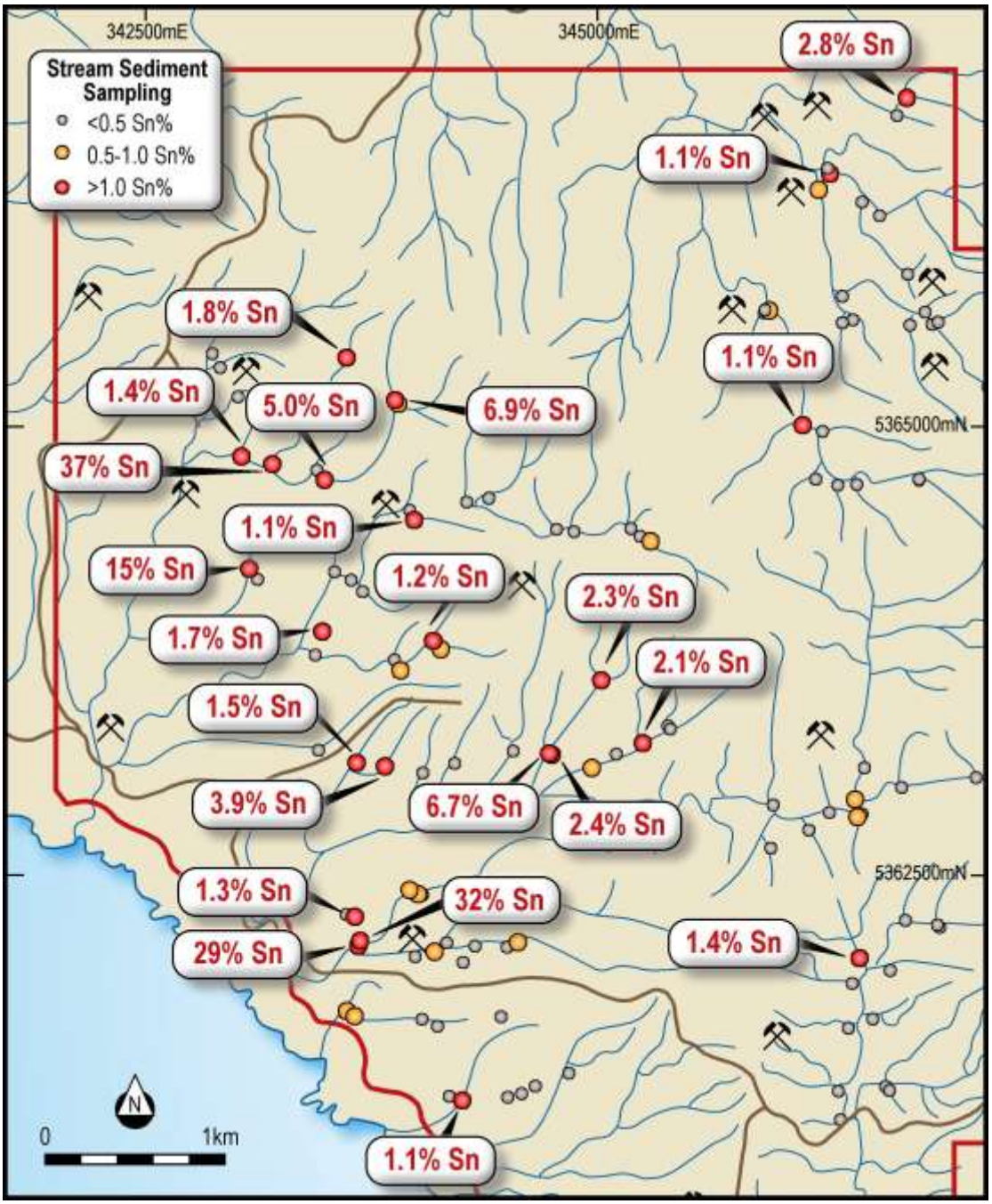

Figure 10: Plan showing Main Anomalous Panned Stream Sediment Sample Areas

5. Conclusions

In the six years of exploration activities at the Heemskirk (EL18/2011) tenement, Minrex has completed a literature review, assessment of previous exploration results, re-processing and analysis of the government airborne magnetic and radiometric geophysical data, geochemical mapping, surface reconnaissance, mapping and evaluation of old workings. A total of five surface sampling field programs have been completed with the collection of 306 samples which have been analysed for multiple metallic elements. To date a total of 129 hand-panned stream concentrate samples, 99 rock samples and 78 soil samples have been collected.

This report includes the full analytical data for the 133 samples collected in the February 2017 sampling program whose results were not received in time for the 2017 Annual Report.

A total of $62,188 has been expended on the project in the past year, versus the commitment made of $57,200. A grand total of $270,503 has now been expended on the Project, versus the minimum expenditure of $180,200 which was committed for the first six years.

Minrex has now applied for the Heemskirk Project (EL18/2011) licence to be renewed.

In the seventh year of the exploration program, Minrex plans to:-

- Continue the surface stream sediment sampling into the north of the licence.
- Conduct infill stream sampling, where best results were returned previously.
- Conduct more detailed mapping and sampling at old workings.
- Conduct further systematic soil sampling around anomalous stream systems.
- Review other mineralisation models for potential granite-hosted mineralisation.

An exploration budget of $70,400 is now proposed for the seventh year of the tenement – once the renewal of the licence has been received.

6. Environment

Work completed during the year was conducted utilising quad bikes which were driven cautiously on the existing tracks within the tenement area (Figure 3). Access to the stream sediment sample sites, soil sample sites, old workings and general geology was by quad bike and on foot. A total of 306 samples have been collected over the six years of exploration programs, utilising these methods, comprising 129 hand-panned stream concentrate samples (Figure 6), 99 rock samples from old workings (Figure 5) and 78 soil samples. Any disturbance to stream beds, banks, valley flanks or access points by this hand-held sampling work was restored as soon as the sampling at each individual site was completed.

Every effort has been made to keep vehicle tyres, boots and sampling equipment free of weed seeds and possible plant and animal diseases.

None of these activities are thought to have caused any significant environmental damage or impact. Every care was taken not to damage plants, animals or the landscape and there was no spillage of fuels, rubbish or other chemicals. All equipment, foodstuffs, rubbish and other items have been removed from the licence area at the completion of each program.

Accommodation was at Granville Harbour during the programs, with daily access by quad bike. During the programs there was no camping or residing within the tenement area.

7. Expenditure

In its application for EL18/2011, Minrex Resources Limited undertook to complete a review and interpretation of previous exploration and geophysical data, logging of historic drill core, MMI and rock chip geochemical survey and detailed geological mapping of selected targets; in the first two years of the licence. A minimum expenditure of $26,000 was also set for the first two years and a total of $67,907 was actually expended in the first two years.

In the third year a total of $19,976 was expended on review of the previous work, drafting, reporting, planning and co-ordination for the subsequent exploration program; versus a planned expenditure of $22,000.

In the fourth year a total of $63,607 was expended on review of the previous work, drafting, reporting, planning and conducting an extensive field program of panned concentrate stream sediment sampling; versus a planned expenditure of $31,000.

In the fifth year a total of $56,825 was expended on reviewing the previous work, reporting, planning and conducting two extensive field programs of panned concentrate stream sediment sampling, rock sampling and soil sampling; versus a planned expenditure of $44,000.

In this sixth year a total of $62,188 has been expended on reviewing the previous work, reporting, planning and analysing the results of the previous extensive field programs of panned concentrate stream sediment sampling, rock sampling and soil sampling; versus a planned expenditure of $57,200.

A total of $270,503 has therefore been expended by Minrex on EL18/2011 in the first six years, versus an expenditure commitment of $180,200.

Minrex has now applied to renew the licence (EL18/2011) and aims to continue its exploration activities over the coming years.

An exploration budget of $70,400 is now proposed for the seventh year of the tenement – once the renewal of the licence has been received.

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Keywords

Location:	Heemskirk, Granville Harbour, Granite Creek
Mineralisation type:	Skarn, veins, greisen, sulphides, cassiterite, granite, granite-hosted
Metals:	Tin, tungsten, base metals, copper, molybdenum, silver, arsenic
Exploration methods:	Literature research, aeromagnetic, radiometric, geochemistry, geophysics, geological mapping, rock chip samples, stream sediment samples, panned stream sediment concentrate samples, soil samples, assaying, analyses
Mine/prospect name:	Peripatetic Mine, McGuiness, Iron Blow, Fisher & Smith, Carn Brea, St Dizier Creek, Amy Creek
Stratigraphic Name:	Heemskirk Granite
Lithologic name:	Granite, skarn, vein, greisen
Datum:	GDA94