

Annual Report on Loyetea EL12/2014

For:- Edrill Pty. Ltd.

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Summary

This Annual Report for Loyetea (EL12/2014) details rock chip sampling and the commencement of drilling exploration activities for the period 30/7/2017 to 30/7/2018. Drilling continued to target magnetite, Sn, W and basemetal mineralisation during the tenure year.

8 rock chip samples were collected from Puffers Creek upstream from the road bridge, in the vicinity of previous significant base metals rock chip analysis. Significant analyses returned include:- 313ppm Cu, >50% Fe, 1140ppm Mo, 2.26% Pb, 470ppm Sn, >1% W and 1220ppm Zn.

Drill hole Loy18-003 targeting a magnetic high and VTEM anomaly was in progress at 194m at the end of the reporting period and will be reported in next years annual. A drill hole is planned at Redwater Creek for the 2018/19 tenure year. An EDGI grant application was submitted to seek government co funding for this drill hole.

Only cursory field sampling and geological mapping has been undertaken to-date and more work is required to elucidate the apparently complex structure and mineral potential of the area.

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Introduction

This is the third annual report for Loyetea (EL12/2014; 83²km), granted to Edrill Pty. Ltd. on 30/7/2014, details exploration activities for the period 30/7/2017 to 30/7/2018. The tenement is located in NW Tasmania, approximately 20km south of Burnie (Figure 1). The datum used in this report and appended digital data files is GDA94.

Key exploration targets are granite related Sn-W magnetite skarn, as well as skarn and vein Pb-Zn mineralisation. Some VHMS potential also exists within the Mount Read Volcanics mapped in the licence area.

Edrill have previously drilled 2 diamond drill holes to-date on the tenement. Results for 8 composite rock chip samples collected by Edrill are detailed.

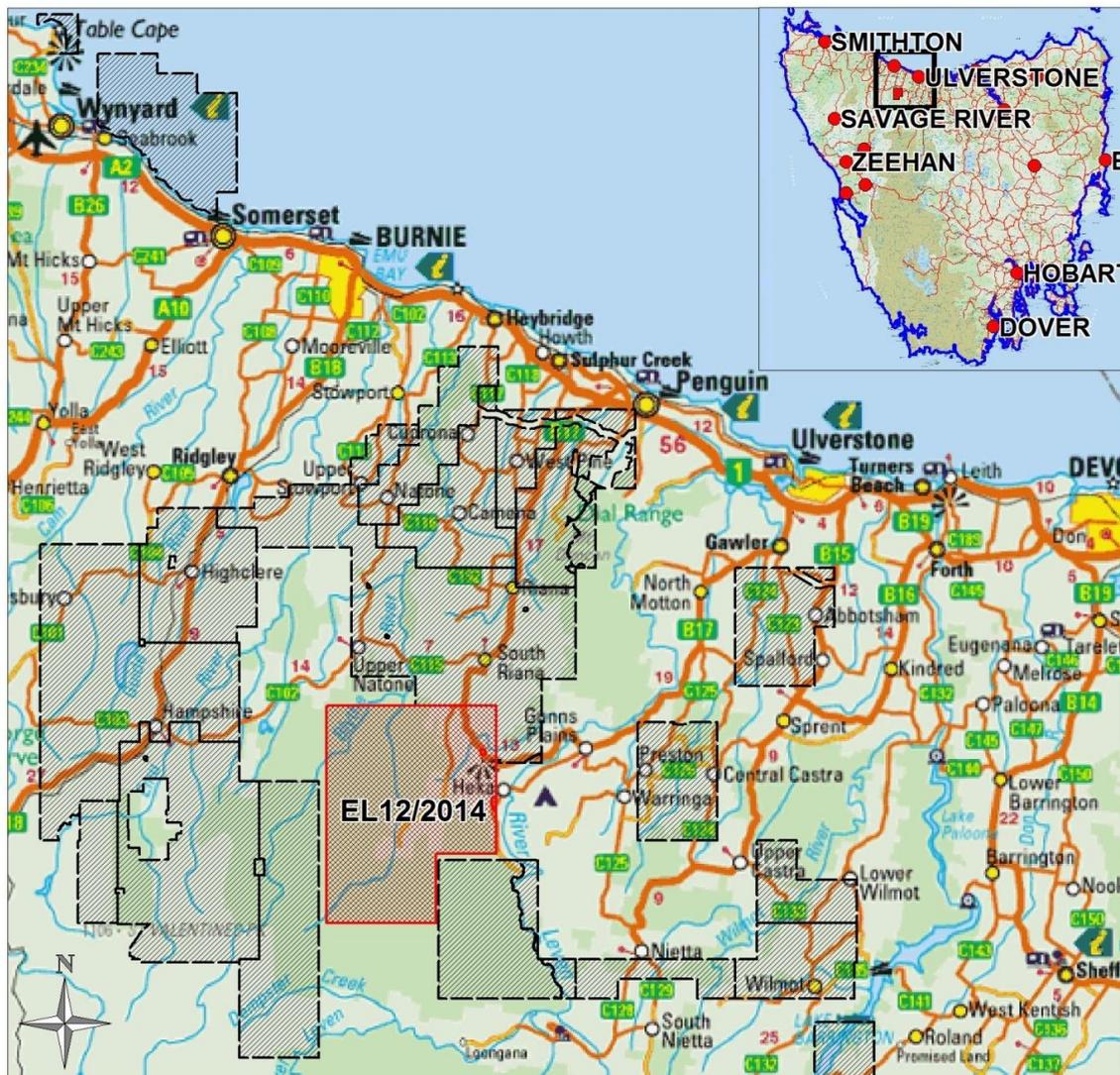


Figure 1: Location of Loyetea EL12/2014.

Review of Previous Work

Previous work undertaken prior to the granting of Loyetea EL12/2014 is detailed in Murphy and Bates (2009) and Hansen (2014). This report partly re-iterates these details, adding information pertinent to the current investigation. Significant geophysics of note is the Comalco Redwater Creek IP and Bass Metals commissioned VTEM survey extending across, as well as north and south of the tenement.

Comalco – Shell 1977 - 1981

Weste (1979) reported rock chip and auger sampling, with Sn to 490ppm and 1500ppm W in the latter. Comalco undertook grid based ground magnetics and IP in the Redwater Creek area.

Comalco drilled five diamond holes at Loyetea (RED1-5; see Figure 10) exploring for F, Sn & W. Comment and results follow:-

In RED1, analysis for Sn reached 150ppm and W reached 55ppm. Zn to 700ppm was returned. No other appreciable results were returned. There was poor core recovery over parts of the drill hole. The upper portion of the hole was logged as Tertiary breccias, whereas reported strained fabrics in clays and magnetite pebbles enables re-interpretation of these rocks correlating with the Puffers Creek / Loyetea Road fault zone.

Analysis in RED2 was more encouraging with Sn reaching 430ppm and W 760ppm. Zinc commonly hovers around 0.1% in most samples. Re-interpretation as largely faulted in the upper portion of the hole is warranted. Closer to the granite at depth is what reads as faulted but possibly near insitu magnetite then calc-silicate altered skarn. Notably the sediments adjacent to the granite in the Loyetea Road section are missing.

RED3 drilled Tertiary Basalts with basal deep lead deposits, over highly weathered granite. The granite base is faulted and 2m of limestone at the end of hole may be a fault clasts(?). Hole terminated in limestone. No sampling was undertaken but subsequent samples reported by Banwell (1982) were very low for Sn, W, Cu, Pb and Zn. Banwell (1982) notes that this hole was terminated early, prior to intersecting the magnetic anomaly on 6100N. RED5 tested the magnetic anomaly missed by RED3.

Banwell (TCR82_1784) reports further investigation of the Redwater Creek and Laurel Creek West prospects. Included further gridding extending south on the Redwater Creek Grid, but no soil sampling was undertaken due to extensive Tertiary basalt cover. RED4 testing an IP chargeability anomaly, was extensively sampled top to bottom of hole and returned nothing anomalous; Sn max 40ppm. No Fe analysis were undertaken. The basal 75m of this 349.6m hole possibly drilled down a fault.

Significant analysis from RED5 include 450ppm Sn, 150ppm W, 450ppm Zn, 0.23ppm Au, 230ppm Bi and 31.8% Fe from magnetite skarn (167.8 to 168.2m). Fe values ranged from mostly 5 to 11, peaking at 34.4%. RED5 had a significant swing in azimuth toward holes end (261 to 283), which may have been magnetite influenced. It's unclear if RED4 & 5 surveys are reported as true or magnetic north; actual drill logs are scantily reported.

Soil geochemistry was undertaken at Laurel Creek and Laurel Creek West with analysis for Cu, Pb & Zn. Ground magnetic at Laurel Creek West revealed a narrow anomaly targeted by drill hole PD1. This work is yet to be assessed.

Jervois Mining 1997

Jervois drilled 4 RC holes for 378m with a best return of 20m @ 0.17% Zn from RW4. Drilling was problematic with high water flows, clay zones and cavities. Significant sample contamination was reported. At the Pilbeam Road Prospect, a target below and slightly north of RW3 was suggested to follow up anomalous Zn. RW1 returned little basemetal or Sn and W.

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Drill hole LOY15-001 (EOH 500m) targeted a ~250m deep VTEM conductor, identified by Bass Metals (Murphy and Bates, 2009) as a potential copper rich skarn. No significant mineralisation was encountered (No. Analytical Samples = 6), however weak skarnification and calc-silicate alteration was evident immediately beneath the targeted 250m deep zone (~265 to 290m) at the down dip end of the modelled conductor.

Drill hole LOY16-002 (EOH 169.6m) targeted a chargeability anomaly, ground magnetic high and rock chip of >50% Fe, including minor Sn (97ppm) and Zn (909ppm). Minor disseminated pyrrhotite (locally 2%) associated with weak pervasive silicification corresponded roughly with the IP chargeability anomaly at surface. No significant analysis were returned.

A key geological outcome was the identification of a very large fault zone (Lavell's Fault) bearing granite and magnetite clast breccia along Loyetea Road in the Redwater Creek Prospect area.

Hole_ID	From (m)	To (m)	Interval (m)	Sn_ppm	Zn_ppm
LOY15-001	399.8	400.8	1	0	547
LOY16-002	7.6	8.6	1	26	1220
RED1	58.29	60.7	2.41	108	664
RED2	2	6	4	110	500
RED2	25.7	38.8	13.1	216	1152
RW-1	68	72	4	8	674
RW-1	118	120	2	0	784
RW-2	75	76	1	18	1320
RW-3	16	20	4	25	538
RW-3	24	28	4	10	762
RW-3	52	72	20	14	1702
RW-4	26	38	12	24	962
RW-4	46	54	8	12	924

Table 1: Significant intervals in drill holes to-date with 500ppm Zn cut off. Note Edrill's LOY15-001 and LOY16-002 were only partially sampled.

Geology

Cambrian aged Tyndall Group volcanics representing the top of the Mount Read Volcanics (MRV) outcrop in the southern and central NE portions of EL12/2014. Overlying is an apparently complete sequence of Cambro-Ordovician Owen Group siliciclastics extending up to Moina Sandstone correlates, overlain by Gordon Limestone. The Housetop Granite which extensively covers the central and NW portion of the tenement belongs to a suite of tin bearing I and S type granitoids of Middle Devonian to Early Carboniferous age. Potential for granite intrusion related greisen and magnetite (+/-Sn - W) skarn mineralisation within the Gordon Limestone is known. Tertiary basalt outcrops within a NE aligned corridor, obscuring the potentially mineralised granite contact in the Redwater Creek Prospect area. The geology of the Loyetee Tenement Area is shown in Figure 2.

Known geology and interpretation indicates that the Loyetee area is structurally complex. A NE trending lineament along the south eastern Housetop Granite margin is interpreted as having significant influence upon patterns of faulting and folding in the area. Key is the development of a structural intersection in the Redwater Creek / Peak Hill area, where a NW aligned fault trending through the Loyetee Peak area intersects the NE trending lineament and deflects to a major NNW aligned fault zone passing into the granite to the north. Dextral fault offsets are apparent.

Interpretation suggests the magnetite mineralisation in the Redwater Creek to Peak Hill area is located at a structural flexure where intersecting NW and NNW faulting coincides with an inferred NE trending lineament along the south eastern Housetop Granite margin, forming a triple point junction. The Lavell Fault identified in the Loyetee Road vicinity may in part represent a linking damage zone within this dextral strike slip fault regime, with some strain taken up on granite margin parallel NE aligned faulting. A basin fold within the Gordon and Owen groups likely developed in response to at least two deformations, predating extensive late stage brittle faulting of likely Tertiary age which is clearly evident in drill core.

Work Conducted

E-drill have undertaken general reconnaissance and rock chip sampling on EL12/2014 during the tenure year to 29/8/2018. Focus has been in the Redwater Creek and Puffers Creek areas. The author's participation this tenure year includes monitoring progress as well as report and data collation. Drill hole Loy18-003 targeting a magnetic high and VTEM anomaly was in progress at 194m at the end of the reporting period and will be reported in next years annual. Appended digital data is listed in EL122014_201809_07_FileListing.xls.

Surface Geochemical Sampling

E-drill collected a total of 8 rock chips mostly targeting magnetite near the granite contact, upstream from the road bridge on Puffer's Creek between older drill hole Red1 and the recent Loy16-002 (Figure 3). E-drill's rock sample locations and descriptions listed in the appended digital data have not been field verified by the author. Digital data is appended in EL122014_201809_02_SG_1.xls with original laboratory data as pdf's. Four sample submissions were made to ALS Burnie for multi-element ICP-MS (ME-MS61) and fire assay for Au analysis (Au-TL43).

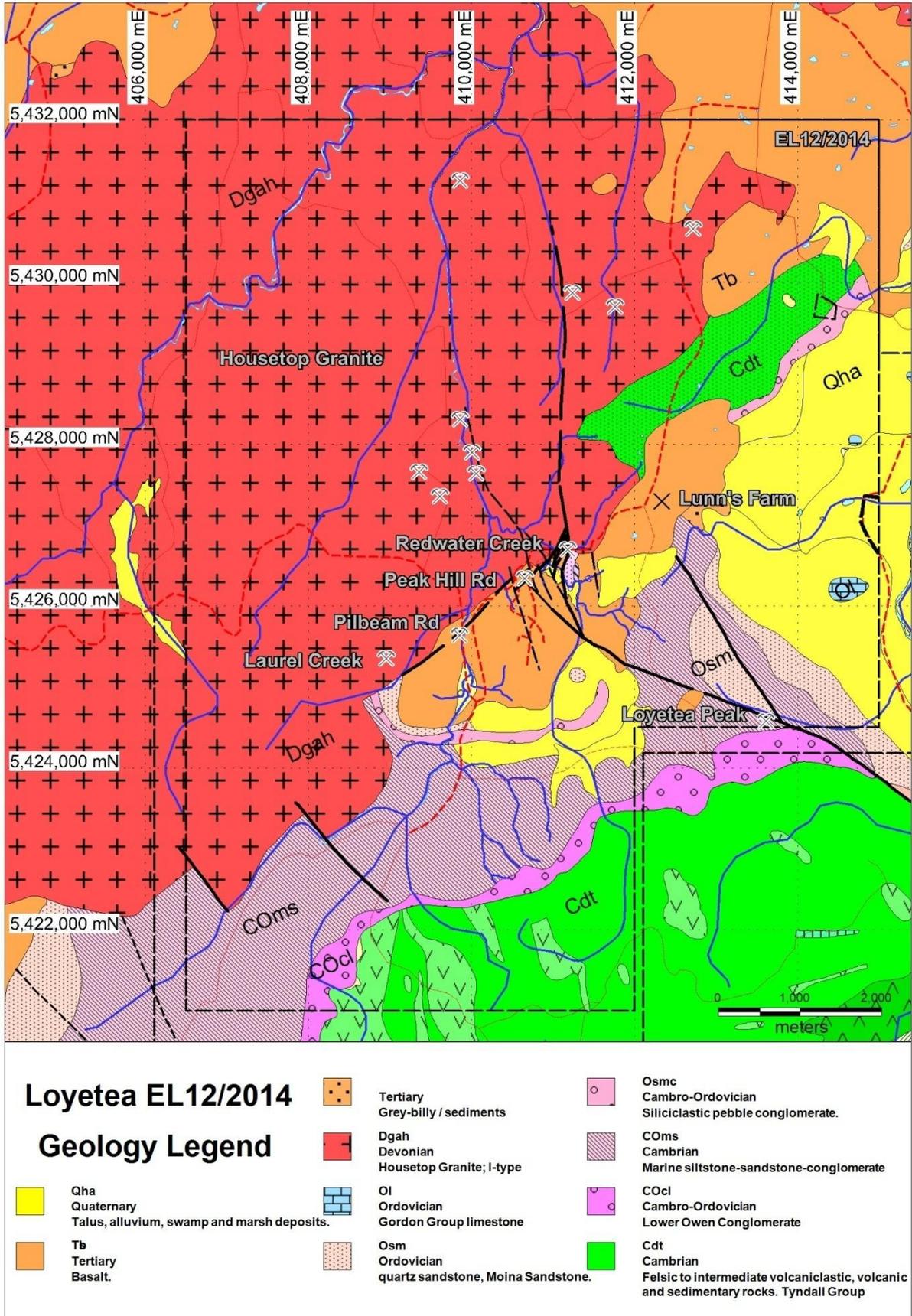


Figure 2: Geology of the Loyetea area highlighting key prospects (Geology modified from 1:25,000 Mineral Resources Tasmania digital geology).

Significant W, Mo and Pb analyses were returned, along with encouragingly elevated Sn, Cu and Zn. Notable peak analysis are clearly indicative of significant hydrothermal activity in the area; 98ppm Ag, 313ppm Cu, >50% Fe, 1140ppm Mo, 2.26% Pb, 470ppm Sn, >1% W, 1220ppm Zn and 0.02ppm Au. Elevated As in 50060 and 50061 to ~1200ppm and Bi to 165ppm are further indicative of the presence of hydrothermal alteration. Very encouraging over range >1% W and >50% Fe with elevated 190ppm Sn in sample 50061 has not been XRF verified to determined actual assay values. This sample 50061, as well as 50060 and 50058 are clearly gossanous ironstones bearing >50%, 31% and 29% Fe respectively.

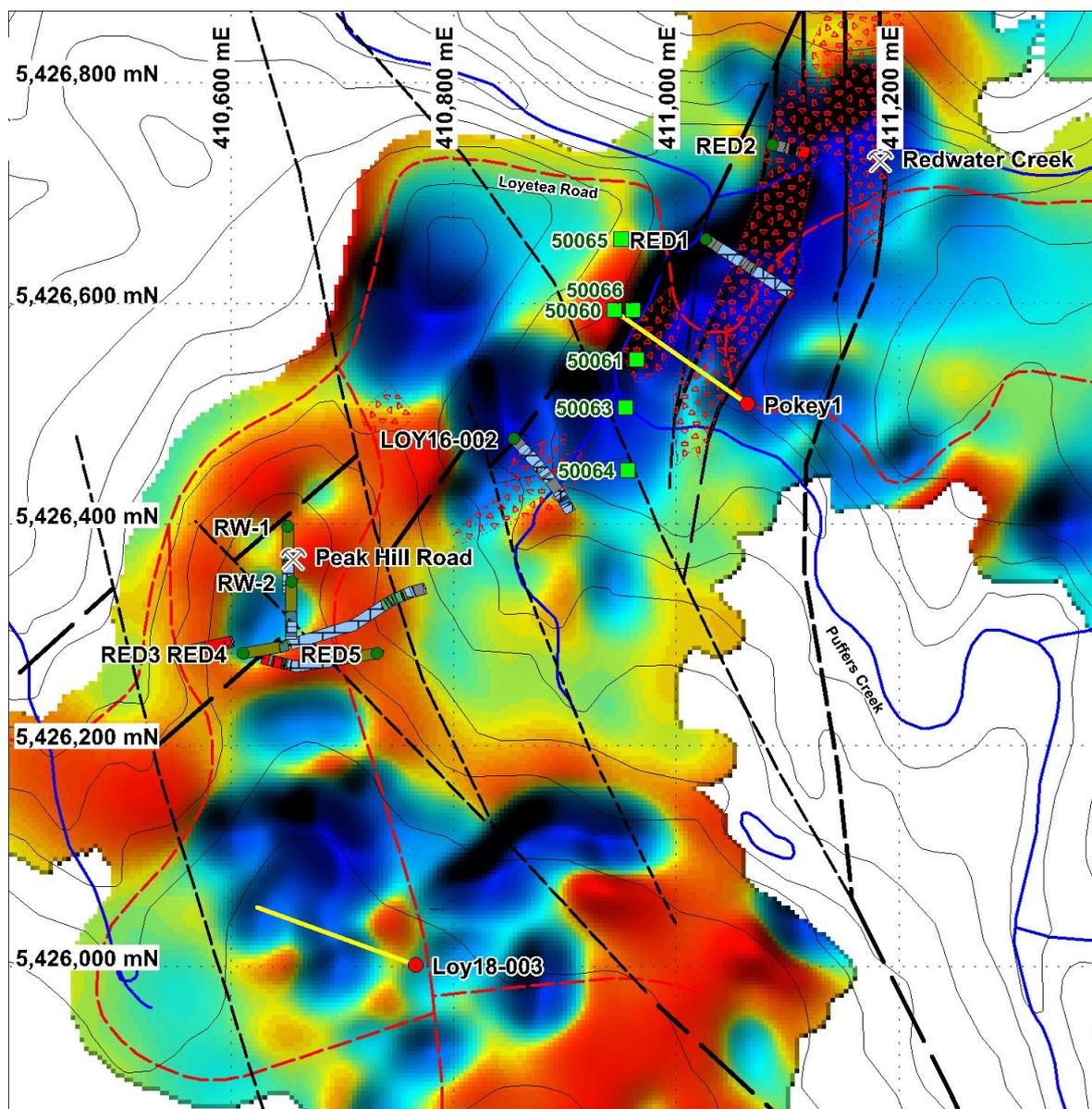


Figure 3: Location (GDA94) of rock chip samples (light green) and current (green) and proposed (red) drill holes at Loyetea over magnetite distribution (brown), ground magnetic grid and interpreted structure.

Drilling

Edrill sought and obtained approval from land owners Forico and work program approval from MRT.

Drill hole Loy18-003 (410765mE, 426001mN; GDA94) azimuth 290 / -60 dip and EOH 194m+ commenced on 11/7/18 (Figure 3). This hole was in progress as of the end of tenure year reporting date and full details will be provided in next year's annual report.

Environment

Drilling approval was granted for Loy18-003, which was accessed via existing Forestry tracks, being collared on a clear area beside the road. No activities involving significant earth works were undertaken during the reporting period.

The area was clear-felled a few years ago. Forico then turned over the ground and planted a new crop of trees which stand approximately 5m now. Upon completion there should be little evidence other than the collar, which will remain until a decision is made with regard to down hole surveys.

Proposed Exploration

Key exploration targets are granite related Sn-W magnetite skarn, as well as skarn and vein Pb-Zn mineralisation. Some VHMS potential also exists with Mount Read Volcanics mapped within the licence area. Basemetal sulphide clasts located in Puffers Creek may reflect a sulphide source at depth, brought to surface as clasts within a fault.

During the 2018/19 tenure year Edrill plan an approximately 300m deep drill hole to primarily test and extend known magnetite resource potential at Redwater Creek, as well as intersect the Housetop Granite contact at depth. The hole collars close to a chargeability high, then should intersect magnetite beneath surface gossan in the creek immediately in from of the collar, which is known to bear Scheelite. The proposed drill hole plans to test the full width of the faulted magnetite and projects towards a magnetic high anomaly located in the granite towards the end of the hole. An EDGI grant application was submitted to seek government co funding for this drill hole.

Drilling with triple tube will provide best recovery through an extensively faulted broken zone, where previous conventional diamond drilling suffered from poor recoveries; drill hole RED1 being approximately 100 m along strike to the north east. The drill hole is planned to start using large diameter PQ3 drill rods to assist getting through boulders in the top of a hole. Drilling is expected to start in January 2019, or when drill crew and time are available. A UDR650 truck mounted rig will be utilised and can be readily placed in an open drill pad area on an existing little used track.

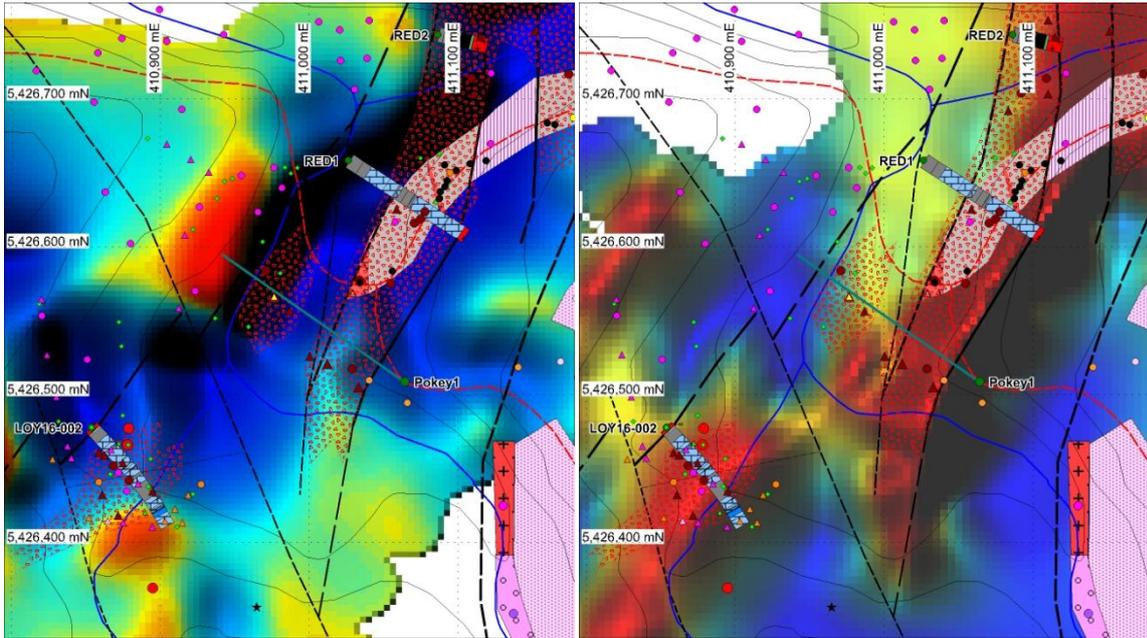


Figure 4: Planned drill hole Pokey1 with fact geology, magnetite distribution (brown) and interpreted structure over ground magnetic grid (Left) and IP chargeability (Right).

Hole ID	East MGA94 Zone 55	North MGA94 Zone 55	RL m	Azimuth	Dip	EOH
Pokey1	411,065	5,426,510	393	305	-60	300

Table 1: Planned drill hole Pokey1 with fact geology, magnetite distribution (brown) and interpreted structure over ground magnetic grid (Left) and IP chargeability (Right).

References

- Banwell, L. D., 1982. Exploration Licence 8/77 – Riana. Progress Report on Exploration During The Period 1/1/80 – 31/7/81. The Shell Company of Australia Limited - Metals Division. Tasmanian Company Report (82_1784).
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Appendices

Appendix 1:- Appended Digital data

Exploration Work Type	Filename	File format
Report	EL122014_201809_01_Report.pdf	<i>pdf</i>
Surface sampling		
	EL122014_201809_02_SG_1.xls	xls
	EL122014_201809_03_Analysis_BU18001358.pdf	<i>pdf</i>
	EL122014_201809_04_Analysis_BU18032949.pdf	<i>pdf</i>
	EL122014_201809_05_Analysis_BU18038417.pdf	<i>pdf</i>
	EL122014_201809_06_Analysis_BU18149477.pdf	<i>pdf</i>
File Verification Listing (<i>this file</i>)	EL122014_201809_07_FileListing.xls	xls