Zebs Minerals Pty Ltd
ABN 53 167 761 113

Annual Report

On

Exploration Licence 10/2014

For the period

July 2017 – June 2018

Prepared by:

Morris R. Hansen
Senior Geologist

For

Zebs Minerals Pty Ltd
17 Anglesea St.
Wivenhoe, Tasmania 7320

Foreword

Function of this Report

This Annual Report has been prepared as a public document for submission to Mineral Resources Tasmania (MRT). The report provides a summary of the exploration activities undertaken by Zebs Minerals Pty Ltd within Exploration Licence 10/2014 (EL 10/2014) during the reporting period July 2017 - June 2018.

Datum

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

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

Executive Summary

Zebs Minerals Pty Ltd holds the licence to EL10/2014 granted in July of 2014 for a period of 5 years. During the year Zebs Minerals Pty Ltd completed the purchase arrangements to which ML 1/1976 was subject, thus securing the ML for further work with the intent to assess the possibility of initiating mining at the site. The Company also holds three other contiguous Exploration Licences, making the Company the first company to have secured tenure over the entirety of the Balfour area which exhibits an approximate strike of some 35kms of copper workings and occurrences.

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

During the year the Company undertook further desktop studies of historical data in conjunction with new data gathered from on ground activities and previous drill hole and downhole EM data. After consideration it has been decided that the Company should initiate a VTEM program encompassing the strike length of the Balfour Trend. It is envisioned that this should take place during the next field season, subject to availability of Geophysical contractors and the equipment to complete the task.

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1 Introduction

1.1 Purpose of This Document

This document fulfils the role of an Annual Technical Report on the exploration activities carried out on EL 10/2014 during the reporting period July 2017 to June 2018 as required under Section 28 of the Mineral Resources Development Act 1995.

1.2 Licence Location and Operations

1.2.1 Mineral Exploration Area

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

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

1.2.2 Site Location

Access to the Project is via the Bass Highway to Smithton from Burnie and then on to Balfour via the Western Explorer Highway and the Balfour track. Access to the tenements is good with historical tracks throughout the tenements still in usable condition. The old highway, pre-Western Explorer,

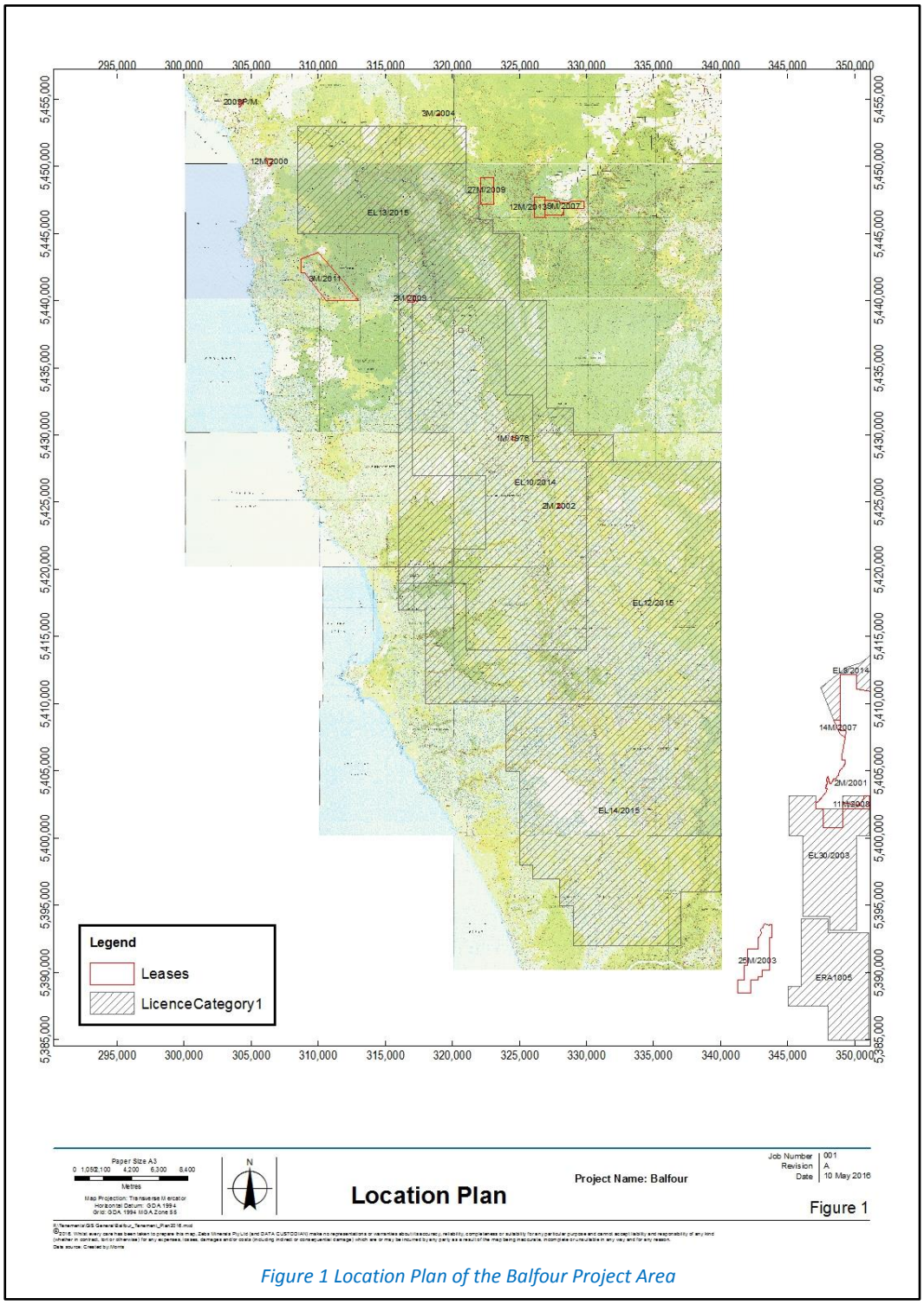

Figure 1 Location Plan of the Balfour Project Area

supplies access through most of the tenement from the northern edge through to the middle portion of the tenement ending near to the South Mine.

1.2.3 Exploration Licence Tenure

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

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

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

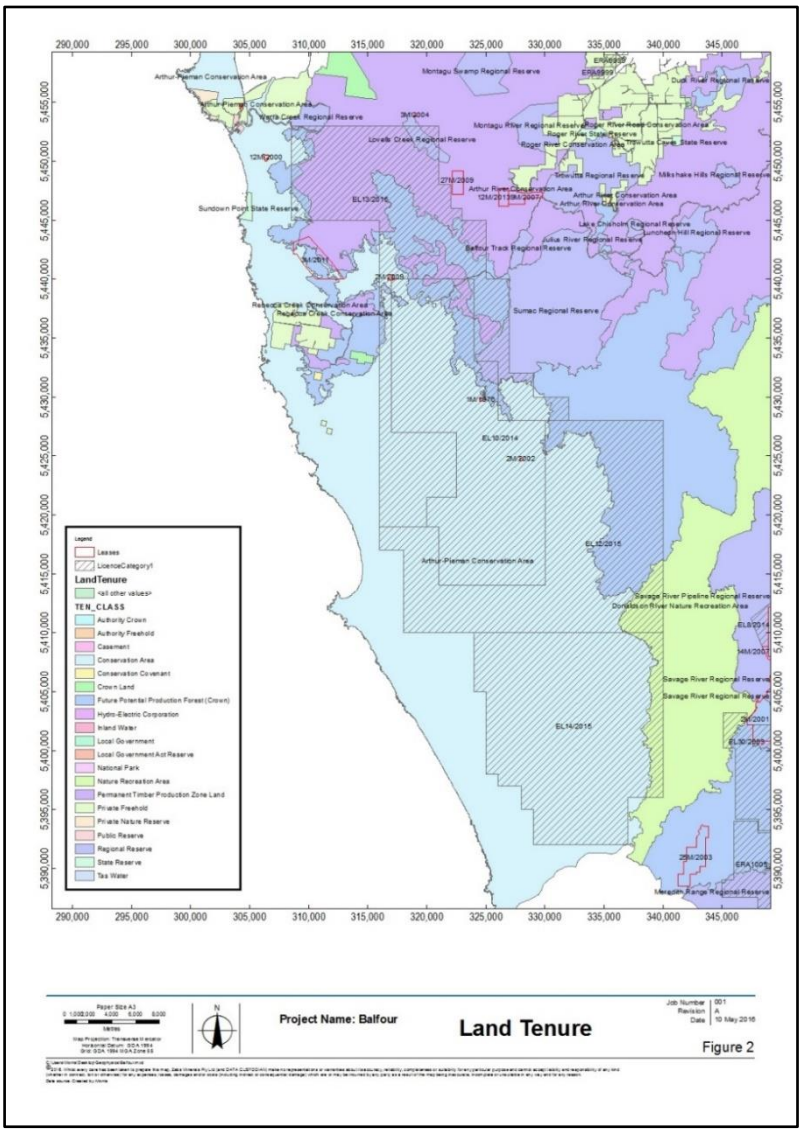

Figure 2 Land Tenure Plan

1.2.4 Historical Setting

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

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

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

1.2.5 Geological Setting

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

2 Summary of Previous Work

2.1 Previous Mining and Exploration

2.1.1 Copper

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

Zebs Minerals Pty Ltd – 2014-2017

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

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

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

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

3. Current Exploration, 2017 – 2018

3.1 Geology

During the period work was predominately office-based desktop studies and data research to determine the next reasonable steps the company should take given the less than encouraging results of the most recent drilling and down hole EM survey.

It has been determined that further geophysical work needs to be completed before the recommencement of drilling and therefore limited on ground work was completed during the period.

3.2 Geophysics

Further review of existing geophysical programs and the recent down hole EM program have convinced the company that the next stage of exploration over the entirety of the licence package should be a VTEM program.

It has been determined that flying a VTEM survey over the entire strike length of the Balfour trend would be the quickest and most economical means to determine priority areas for exploration. It is reasoned that anomalies detected by the survey should relate to know deposits and presumably locate yet unknown deposits with similar geophysical signatures requiring investigation.

Initial enquiries have been made with respect to availability and pricing for a survey to be completed in the next exploration period.

4 Discussion

The company has re-assessed the data gathered to date and has committed to:

1) The completion of the purchase arrangement for the Murray's Reward ML.
    a. This has now been completed.
    b. Consideration is now being given to potential mining at the site.
    c. Consideration is being given to rehabilitation of the area given that the historical tails for both tin and copper remain in the valleys in and around the mine and could potentially be economically recovered.
    d. Further work on the economic recovery of remaining ore underground and in the waste material will be undertaken.
2) Planning and completion of a VTEM survey to be flown the entire strike length of the Balfour trend.
    a. It is envisioned that this survey will be completed during the next exploration period subject to the availability of teams, equipment and weather conditions.

5 Environment

Environmental disturbance on EL 10/2014 during the term was minimal. All travel by vehicles was kept to existing tracks. Any other movements were on foot. The area continues to be an active exploration area with any remedial work that may be required planned to occur once exploration activities are completed in the area.

6 Recommendations

- Continue assessment of current geological concepts in light of new data gathered.
- Plan and initiate VTEM program over the strike length of the Balfour trend.
- Re-assess geophysical data and interpretation with aid of new data.
- Assess potential for successful drill program based on new data and plan new program or modify already existing program.

7 Expenditure

EL10/2014 Expenditure for the four quarters for 2017/2018 is presented below.

Table 1: Expenditure for 4 quarters

2017	Q3	$17,000.00
	Q4	$ 9,000.00
2018	Q1	$10,500.00
	Q2	$11,000.00
Total		$47,500.00

8 References

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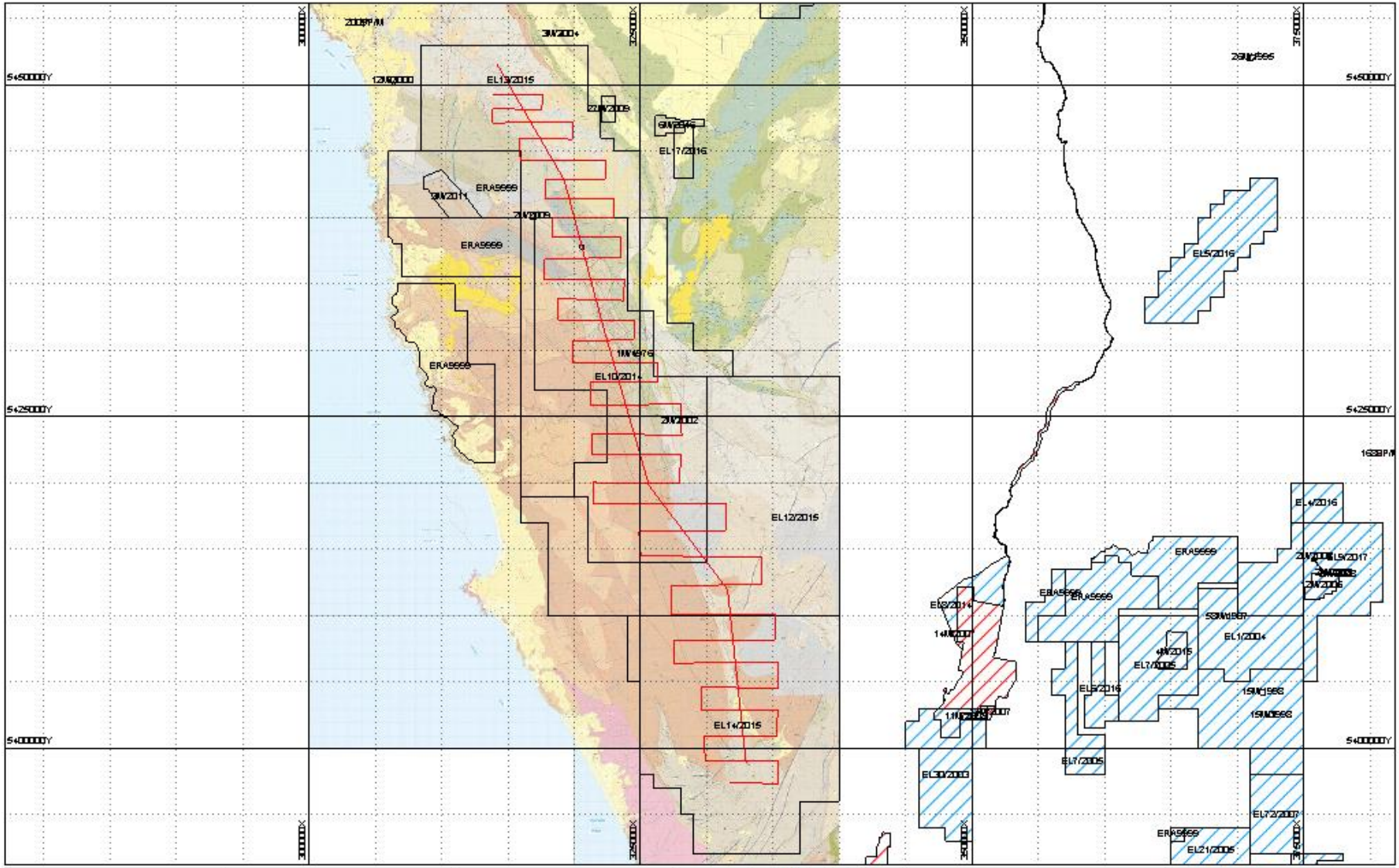
Taheri, J. & Bottrill, R. (2005). The Nature and Origin of Copper and Tin-Tungsten deposits in the Balfour-Temma area, northwest Tasmania, Tasmanian Geological Survey, Mineral Resources Tasmania.

Tear, S.J. (1996). Fourth Annual Report For The Period Ending 5 October 1996, EL 18/92 Mt Frankland, Tasmania. CRA Exploration Pty Ltd

Ward, K.L. (1911). The Mount Balfour Mining Field, Geological Survey Bulletin No. 10, Department of Mines, Tasmania.

Appendix 1

POTENTIAL EXTENT OF PROPOSED VTEM SURVEY,
BALFOUR PROSPECT, EL10/2014
WEST TASMANIA



	1:25,000 Geology & Tenement plan		Scale is Approximate	Plot Date 27-Sep-2018	Sheet 1 of 1	**Potential VTEM flight path 2019**	**Zebs Minerals Pty Ltd**
				Plot File: Vtex			
			5000 0 5000m				