Retention Licence 4/2009 Comstock

Sixth Annual Progress Report

For the period

01/02/2018 – 31/01/2019

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Coordinate system used in maps and diagrams within this report is MGA55 (GDA94), unless otherwise specified.

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Appendix A - Drill hole Cross Sections (AGD66): 357650E, 357700E, 357750E, 357775E, 357800E, 358000E, 358100E.

Abstract

During the reporting period, 24 diamond drill holes totalling 3,887 m were drilled at The Boss prospect, Comstock RL4/2009. This drilling activity completed the resource drilling program which commenced in August 2017. The holes were aimed at better defining the known JORC Pb/Zn/Ag resource at The Boss, and also examining the nature and extent of the carbonate replacement mineralisation at depth in proximity to the Balstrup Fault.

Nine of the twenty-four drill holes completed were re-entries of reverse circulation holes dating from 2007, adding a diamond extension.

Drilling continued to reveal the highly variable thickness of the Boss Lower mineralisation. The common occurrence of interpreted fault-offset dolomitic host lithologies seems the most likely explanation for the pattern of intersections observed whilst drilling the Boss Lower mineralisation.

Licence expenditure at Comstock amounted to $843,291 with drilling, assaying and rehabilitation-related duties comprising the bulk of the funds.

1 Introduction

Australian Hualong P/L (AHL) is a privately owned resource company incorporated in NSW and owned by Mr. Zhian Zhang.

RL4/2009 was originally granted to Creat Resources Holdings Limited on February 1, 2010 for a period of 2 years, and applies to all Category 1 minerals. Australian Hualong P/L acquired RL4/2009 from Creat Resources Holdings Limited on 26th March 2013.

1.1 Tenement Location

1.1.1 Mineral Exploration Area

Retention Licence 4/2009 covers an area of 3 square kilometres and is located to the west of Zeehan, Western Tasmania.

1.1.2 Site Location

The Trial Harbour Road provides road access to RL4/2009. The Emu Bay Railway and the Murchison Highway connect the township of Zeehan with the Port of Burnie, located approximately 140km to the north.

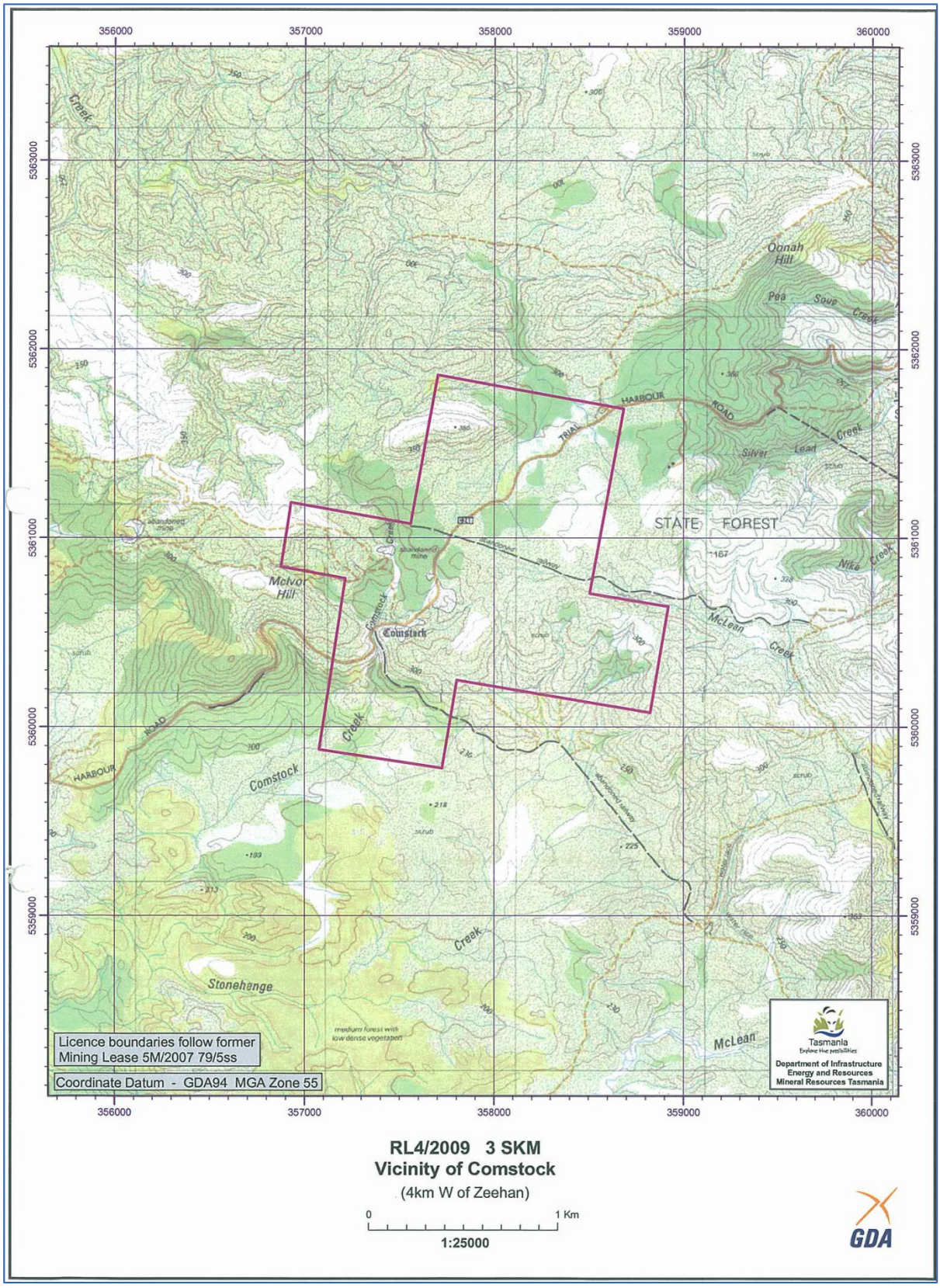

Figure 1: Location of the Comstock Retention Licence

1.1.3 Land Tenure

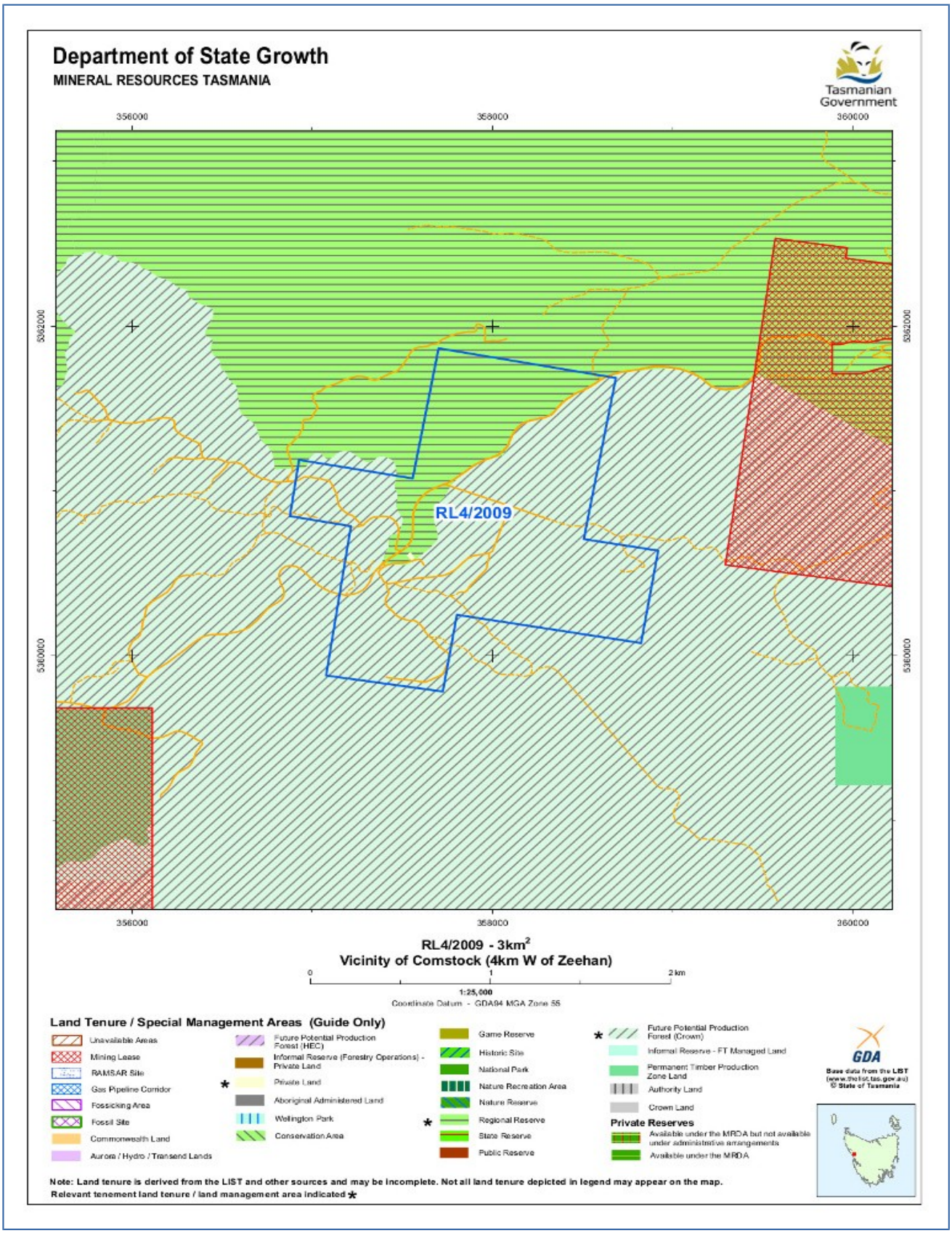

Figure 2: Land tenure at Comstock RL (2019)

2 Geology and Previous Work

2.1 Previous Mining and Exploration within RL4/2009 Comstock

The Comstock area has had a long and chequered history of mining and related activity that dates back to the 1880's. Old workings aimed at extracting lead/silver-rich fissure fill veins litter the Comstock area and comprise small scale shafts and levels completed by previous miners, some of which date back to the 19th Century. Various records e.g. Blake (1936), Twelvetrees (1900), Blisset (1962) and Summons (1981) have accounts of the old workings and some of these reports have supplied maps, although these have in some cases been referred to as sketch maps. Recent attempts have been made to create 3D shapes of these old workings from scanned hard-copy images of the old maps but with mixed results. Digitisation of old workings' outlines was undertaken by RGC and Western Metals but these too have some geo-registering issues affecting accuracy.

In the case of the Allison's Lode there are some old workings in the central parts which appear to have been stoped to the 49' level (15m below the original surface). The ore thickness of the inferred stoped material between the No. 2 Shaft and the No 3A shaft ranges from 0.5m and 4.3m (Summons 1981). Recent aircore drilling by ZZL appears to have located the old stope, recorded in the logs as a cavity and as a result a small 3D solid was created but out of synchronisation with Blake's (1936) map of the workings. The volume of this shape is put at 1364m3, equivalent to 4500t. This shape was used as part of a constraint in the block model reporting of resources by SMGC (Tear 2005c).

Nearby mining at South Comstock and Sylvester in the late 1980's resulted in small open pits being developed and a reported quantity of 70,000t of material was extracted with 7000t of ore trucked to Rosebery for processing at an estimated grade of 14.8% Zn and 3.6% Pb (Hancock & Stephenson 2000).

In 1996 trial costeaning and sampling produced a bulk sample from Allison's. This was reported as 500t at 19% Zn (zinc) and 2.3% Pb (lead) that was trucked to the nearby Rosebery Zinc mine. A second shipment contained 740t at 11.8% Zn and 2.5% Pb (Hancock & Stephenson 2000). In 2000/2001 Oceania Tasmania (now ZZL) began trial mining of the Allison's Lode and produced a high grade stockpile containing 3300t @14.5%Pb, 21.5% Zn and 540g/t Ag (Cottle, 2005). The floor of the pit was 20m below the original surface after the trial mining. Exploration work in 2002-5 on the Comstock mine leases targeted the Allison's Lode and consisted of geological mapping, channel sampling and aircore drilling. SMGC completed a new geological interpretation, the definition of a 3D geological model and a new block model (Tear 2005b, c and d).

2.2 Prospect Geology

The geology of the Comstock Project comprises weakly metamorphosed Proterozoic-aged sediments of the Oonah Formation juxtaposed with a mixed sequence of volcaniclastics and arenaceous rocks of the Cambrian Crimson Creek Formation. The steeply north dipping WNW-ENE striking Balstrup Fault divides the two sedimentary packages. In the southern half of the mine leases the Oonah sequence consisting of flat-lying, thick dolomitised limestones co-existing with reasonably thick (20-30m) black phyllitic shales and fine grained sandstones. At Comstock the Upper Dolomite Unit (Poss1) of the Oonah

hosts the Allison's, Watson's and Main Lodes as well as the Boss Upper Sulphide and Oxide mineralisation. A distinctive black argillaceous phyllite unit underlies this dolomite, known as the Phyllite Marker Unit (Posb1). Beneath the Posb1 is the Lower Dolomite Unit (Posd1), heavily brecciated and up to 150m thick, which hosts the Boss Lower mineralisation. A second phyllite unit with distinctive quartz boudinage veining occurs below Posd1, which is underlain by a second dolomite unit Posd2. This dolomite overlies a mixed sequence of clastic and carbonate rocks with an increasing overprint of thermal metamorphism e.g. diopsidic skarns. There are ultramafic rocks within this lower package, some of which have the characteristic blackwall alteration associated with the Avebury Nickel deposit. The Oonah is truncated by the moderately north dipping Tenth Legion Fault. Below the fault lies a sequence of chloritic volcanics and gabbros that are part of the Cambrian McIvor Complex. North of the Balstrup Fault lie the volcaniclastics and greywackes of the younger Crimson Creek Formation which have been down faulted to the north. These rocks produce a distinctive orange colour on weathering due to the oxidation of chlorite. The Upper Dolomite Unit (Poss1) is often characterised near surface by talc alteration (Wong, 2000), which may be the result of weathering of primary magnesite. The magnesium assay values would appear to indicate that the main magnesium mineral in the sub-surface

Poss1 is magnesite rather than talc. Iron carbonate, interpreted by H&S to be siderite, is distinctly associated with the stratabound base metal mineralisation at the top of the Lower Dolomite Unit (Posd1).

Deep weathering over the Boss area, locally >50m, has generated hematitic gossans, which are believed to have developed after weathering of massive sulphide bodies within the dolomites.

It has been possibly to trace the Posb1 unit using drillhole information, including multi-element assays, from 357100mE to 358000mE. From there it is inferred to go further east to the edge of the mine leases based on the airborne EM geophysical work completed by ZZL in 1999. The shape of the Posb1 indicates that it forms a relatively flat-lying unit with undulation associated with open folding. A distinct anticline occurs in the central part, with the hinge line coincident with the Allison's Lode. The unit tends to dip north into the Balstrup Fault and gradually dips away to the west and east. At 357900mE there is a sudden drop in the unit which coincides with the inferred traces of surface faults from the 2002 mapping. This suggests a down-throw to the east although there are suggestions that the unit may rise up going further east, where there are substantial exposures of gossan.

The Tenth Legion Fault is exposed in the south of the mine leases and is believed to be a thrust fault that dips about 25° to the north. It is characterised by black matrix breccias with a seemingly strong shear fabric and rolled clasts (boudinage?), sometimes the rocks have been referred to as mylonites. Alternative authors, however, have suggested that these rocks are sedimentary breccias associated with depositional subsidence. ZZL had planned to undertake thin section analysis in order to shed light on the issue.

Underlying the Tenth Legion Fault is a series of strongly chloritised mafic volcaniclastics, andesites and mafic intrusives (gabbros) of presumably the McIvor Mafic Complex. The Balstrup Fault is the dominant structural feature within CRHL's Retention Licence. It is a normal fault, striking WNW-ENE with a 70° dip to the north. In Diamond drill core it is recognised as a brittle structure with clay gouges and fracturing of the rock. In some instance there are black matrix breccias similar to the Tenth Legion Fault. There is no

significant mineralisation associated with the fault. There is some evidence for the fault to post-date the main lead/zinc mineralisation of the Comstock area. There is also evidence for the fault to have small offsets associated with later NE striking structures. At the Boss there is some drillhole evidence for a parallel structure within the hanging wall of the main fault; this may be a separate fault or may be a bifurcation structure off the main fault. Bendall's Fault is a parallel structure to the Balstrup Fault. It was uncovered during the 2000 mining where it had mineralisation associated with it. However the fault itself was a series of narrow bifurcating planar structures and the mineralisation appeared to sit in the hanging wall to the fault. At the time it was felt that this mineralisation continued on into the Boss along the line of the fault. In the light of subsequent work this may not be the case and that the mineralisation caught up in the fault was from its truncation of the Allison's Lode.

The structure of the area is complicated by having flat lying beds being gently folded and disjointed by steeply dipping normal, wrench and possibly RC faulting. There are indications of other fault structures with NW; NNW and NE orientations (see Tear 2005a and 2000a). Most of the faulting is as brittle faults, i.e. clay gouges, fracturing and brecciation, and there is limited evidence of ductile shearing, usually confined to the phyllite units. The presence and effect of shallow dipping structures, perhaps parallel to or splays off the Tenth Legion Fault, is not known and can only be inferred to exist at this point. In addition flexural slip on major bedding planes, generally within the phyllite units is an unknown quantity. There is considerable deformation associated with the phyllite units.

The margin of the Heemskirk Granite lies approximately 3km west of the RL. It is known to have thermal aureole of about 1km. The Allison's Lode appears to be an axial planar sub-vertical 'fissure-fill' structure located in the anticlinal hinge of an upright, N to NNW striking open fold. Immediate host lithologies comprise silicified, talc-rich (supposedly) dolomites of the Poss1 unit, underlain by locally silicified carbonaceous phyllites, Posb1. Sporadic lineations infer a possible shallow plunge direction to the north for the lode, which matches the bed dip direction. The vein system appears to have a silicification envelope up to several metres away from the sulphide bodies, particularly evident in the carbonaceous phyllites. The exposed lode comprises an N to NNW striking sulphide vein system/structure up to 200m long by a maximum width of 20m. The first 5m of overburden is regarded as totally weathered, barren, sandy material that was mistakenly mapped in the past as sandstone. At the southern margin of the vein system there appears a broadening out of the structure although this may be attributable to dilation and dextral movement associated with the Bendall's Fault (Tear 2001). This fault system is a WNW structure that truncates the Allison's Lode structure and is parallel to the Balstrup Fault. At the Boss there are substantial exposures of hematitic gossan over relatively large areas. In the light of the flat-lying nature of the stratigraphy these are believed to stratabound gossans oxidised from massive sulphide bodies within the carbonate units.

2.3 Mineralisation

The Comstock Mineral field consists of a series of lead/zinc vein-like structures mainly hosted by the Oonah Formation, which were the subject of substantial mining efforts in the late 19th Century. Mineralisation at the Comstock comprises massive to semi-massive sulphide and sulphide vein mineralisation hosted by the dolomite units. The main deposits within the ZZL mine leases are

1. Allison’s Lode
2. Watson’s Lode
3. Main Lode
4. South Comstock Pit
5. Boss Lode
6. Balstrup Fault Mineralisation (aka the Sylvester Lode)

Deposits 1 to 3 are parallel mineralised structures with up to 500m of historical strike length e.g. the Main Lode. The South Comstock Pit was originally mined in 1989, but new mineralisation was discovered immediately west of it in 2005 as part of some routine excavation work. This was originally referred to as the West Lode with a Measured and Inferred Resource being allocated to it by Cottle (2005). The Balstrup Fault Mineralisation was also known as the Sylvester deposit (from RGC work). This was unfortunate naming, as there is a small mine in the northern mine lease which is also known as the Sylvester Mine. This latter deposit has been subject to some surface trenching in the past (no maps were available), which has uncovered significant zinc mineralisation as exhibited by the occurrence of mineralised boulders scattered about on the ground. ZZL planned to drill this deposit in 2006, hole collars were spotted but the drilling never eventuated. As a result of this name confusion the Sylvester Deposit was renamed by ZZL as the Balstrup Fault Mineralisation (BFM). It was thought to comprise a steeply dipping massive sulphide lode as part of the Balstrup Fault. However on closer inspection including examination of drill core, the mineralisation attributed to the BFM is actually hosted by carbonates in the fault’s hanging wall and not necessarily in contact with the fault. This proposed deposit formed the bulk of the Comstock 2006 resource inventory and was based on 5 Diamond drill holes 400m apart. Cottle (2005) as a Competent Person signed off on this as an Inferred Resource. H&S are of the strong belief that there is insufficient data to identify a resource of any kind and that the drilling intercepts should be classified as exploration results. A more detailed explanation for this reasoning is included in Appendix 2 as a file note sent to ZZL in 2007, mainly as a result of the interpretation of the 2007 drilling. The exposed lode at Allison’s comprises an N to NNW striking sulphide vein system/structural zone that is up to 200m long by a maximum width of 20m. A series of parallel, semi-continuous sulphide zones consist of coarse grained sphalerite, galena and pyrite with a quartz (+calcite) gangue. Some individual sulphide veins are discontinuous and poddy in nature and there are lower grade sulphide dissemination/veinlet zones interstitial to the massive sulphide pods. The mineralisation and alteration appear to cease within the underlying Posb1 unit. Weathered brown sandy/clay material is found in the host carbonate unit, peripheral to and within the zinc mineralisation and has been identified as talc. This material forms an alteration halo to the main mineralisation and acts as a surface indicator of blind mineralisation. Similar steeply dipping vein-style mineralisation occurs at the Watson’s and Main Lode areas. Watson’s Lode is a steeply dipping narrow sulphide vein, (1-2m wide) with limited extent, approximately 50m west of the Allison’s Lode. It is hosted in the magnesium-rich Poss1 unit, as for the Allison’s Lode; the Watson’s Lode has a similar orientation to the Allison’s. The lode measures 100m long with a maximum interpreted base about 40m below surface. The lode is considerably narrower than the Allison’s and has a reduced level of mineralisation continuity. Figure 6 Host Rock & Replacive Mineralisation, Allison’s Lode The Main Lode is located 200m west of the Allison’s Lode and is similar to the Watson’s Lode in mineral style. The lode occurs in two separate zones, a north section and south section, which is mainly due to a lack of drilling; historical mapping and mining indicates the lode is continuous in this middle section. The host unit is the same magnesium-rich dolomite as per the Watson’s and Allison’s Lodes,

with the lode measuring 250m long with an interpreted base to the lode at a depth of 50m below surface. The lode is slightly more complex with there being a second narrow vein interpreted close to the original vein. In addition drilling has identified the old tailings from the original 19th Century mining, which is referred to in this report as the Main Lode Surface resource.

The most significant recent discovery at the Comstock is at the Boss, beneath the outcropping gossans, 100m east of the Allison's Lode. Mineralisation at the Boss is considered to be stratabound as semi-massive to veined sulphide replacement style with sphalerite, galena and pyrite. The Boss Lower mineralisation is hosted by the dolomitic Posd1 unit, immediately below the Phyllite Marker Unit (Posb1) and covers an area of 400m long by 200 wide, at an average depth of 70m below surface. Thickness of the mineralisation can range from a minimum of 4m to a maximum estimated true width of 20m. At this stage it is bounded by the Balstrup Fault to the north and by Bendall's Fault in the south. Anomalous host rocks in the same stratigraphic position accompanied by characteristic siderite alteration were drilled as far west as the Main Lode (DDH SY130), whilst mineralisation is open to the east. At its northern end, near the Balstrup Fault, the mineralisation dips about 25-30º to the north. This 'roll over' effect is attributed to dextral movement on the fault and the possibility of a secondary parallel fault. Additionally two units of stratabound mineralisation, overlying each other, were encountered in the Poss1 unit. This constitutes the Boss Upper Sulphide and Oxide mineralisation and comprises a thick unit of interpreted oxidised material, with localised high grade supergene silver mineralisation, overlying but separated from, a thinner sulphide-rich unit. The oxide material at the Boss measures 300m by 150m by up to 60m thick and outcrops at surface, whilst the Boss Upper Sulphide mineralisation measures 150m by 150m by 5m at a depth of 50-60m below surface. The gossan units continue to the east for another 800m and reach close to the old Britannia Mine. Additionally one hole at the Boss, SY131, has recorded near surface, high grade silver mineralisation in jarosite material (possibly supergene related) of 7m @ 520g/t Ag from 7m down hole (Pb 0.4% and Zn 0.07%). Key aspects on the mode of formation for the mineralisation at the Comstock are included below:

- Generation of lead/zinc sulphide fluids, age unknown; could be Cambrian i.e. Mt Read Volcanics, Ordovician i.e. Gordon Limestone or Devonian i.e. Heemskirk Granite. Presumed at this stage to be Devonian as Pb-isotope data for the Allison's Lode confirms a Devonian lode style (Radonich 2002).
- Fluids introduced into the carbonate sequence causing mineral replacement; possibly ponding beneath the less replacive phyllite units e.g. Boss Lower. There is pervasive wall rock replacement associated with the lode mineralisation.
- Brittle fracturing in the carbonate allows for lode development; is this contemporaneous with the replacive mineralisation or a later stage product associated with deformation and possible granite intrusion?
- The 'mineralising structure' is unknown; it is not thought to be either the Balstrup Fault or the Tenth Legion Fault.

It is worth noting that there is significant base metal and massive magnetite mineralisation at depths of >450m. Some of this mineralisation was suggested by RGC to be part of the Balstrup Fault Mineralisation, although if the mineralisation is stratabound some of these intercepts line up in an entirely plausible flat-lying geological scenario.

3 Current Activities

3.1 Exploration Activities

During the reporting period, 24 diamond drill holes totalling 3832m were completed at The Boss prospect, Comstock RL (see Table 2 and Table 1). These holes were mainly aimed at further defining the known JORC Pb/Zn/Ag resource at The Boss, with particular attention to the Boss Lower mineralisation. A secondary focus was to examine the nature and extent of the carbonate replacement mineralisation at depth in proximity to the Balstrup Fault.

3.1.1 Discussion of results

The majority of the drilling during 2018 was aligned on three previous drill program AGD66 sections: 357650E, 357700E and 357750E, however drill hole deflection was often quite notable. The significant contrast in rock hardness – soft graphitic phyllites interbedded with hard indurated dolomites could explain the sometimes wild deflection, along with the fact that the Boss mineralisation is located within the influence of two regional fault zones. Appreciable magnetic content of the rocks at The Boss (magnetite and pyrrhotite) also contributed to some difficulty getting reliable azimuth readings at times.

The recent drilling at The Boss has largely confirmed the previous interpretation by Tear i.e.

- stratabound sulphide mineralisation
- Neoproterozoic carbonates & siliciclastics host
- flat-lying replacement bodies
- complex paragenesis – 2 phases/ages?

Additionally, mineralisation is typically focussed at the contact between recrystallised dolomite and black phyllite. It is composed mostly of sphalerite and galena with a quartz and pyrite gangue.

- variable thickness : 3m to 15m
- variable grade
- undulations common – folding or fault offsets a significant feature

It was generally observed in drill core that replacement style mineralisation occurs preferentially, or to a higher degree of intensity in more-altered talc+/- tremolite-rich dolomite bodies. Broadly speaking, the highly indurated, recrystallised fresh and unaltered dolomite marbles at The Boss do not seem to provide the best host lithologies for economic mineralisation.

Drilling during 2018 continued to reveal the highly variable thickness of the Boss Lower mineralisation, with some holes failing to intersect mineralisation at all, or the zones being much narrower than expected (SY164, SY165, SY166, SY168, SY170, SY173, SY146).

It is probable that at least some, and possibly many, of the mineralised dolomites intersected at The Boss may in fact represent fault-offset fragments (various size multiple 'island' fragments) derived from originally much more continuous lithologies. This could help explain the failure to intersect expected dolomite replacement mineralisation in some holes listed above – the drill holes instead being 'near miss' examples.

A few holes that continued deeper than the Boss Lower mineralisation intersected (later stage) pyrrhotite replacement of serpentine-magnetite-talc skarn in the footwall of the Balstrup Fault (SY167, SY171, SY175, SY176, SY178).

Some drill holes intersected old workings at or near the mineralised horizons (SY125, SY133, SY179), understandably resulting in poor recovery in these areas due to the higher-grade galena/silver-rich zones having been largely removed through undocumented workings in earlier times.

Two vertical holes (SY165, SY166) were drilled to test gossans near the historic Susannite workings, however both holes failed to intersect any significant sulphides.

3.1.2 Re-entry diamond drill holes

Nine of the twenty-four drill holes completed were re-entries of reverse circulation holes dating from 2007 which were considered not to have drilled far enough to adequately test the Boss Lower mineralisation at these locations. The holes were generally still in good enough condition to allow casing to be emplaced to most, if not all of the original hole length.

Hole Name	GDA94 X	GDA94 Y	AGD66 X	AGD66 Y	RL (m)	Azimuth (Mag)	Dip	Start (m)	Length (m)
SY091	357798	5360718	357686	5360535	307	167	-65	109	161.2
SY103	357738	5360551	357738	5360551	307	242	-60	103	134.4
SY110	357796	5360712	357684	5360529	304	227	-62	87	109.4
SY125	357698	5360553	357698	5360553	306	0	-90	91	110.1
SY129	357863	5360839	357751	5360656	311	0	-90	101	134.5
SY133	357875	5360723	357763	5360540	308	0	-90	51	73.5
SY141	357702	5360729	357646	5360546	307	180	-62	110	150.1
SY143	357755	5360927	357643	5360744	306	179	-64	123	282
SY146	357829	5360707	357717	5360524	306	174	-65	98	139.3

Table 1: Holes re-entered in 2018 (originally from 2007)

3.1.3 Diamond drill holes drilled from surface

Hole Name	GDA94 X	GDA94 Y	AGD66 X	AGD66 Y	RL(m)	Azimuth (Mag)	Dip	Pre-collar (m)	Length (m)
SY164	357887	5360969	357775	5360778	305	167	-65	130	218.5
SY165	358112	5360583	358000	5360400	318	0	-90	3	191.3
SY166	358202	5360708	358150	5360500	310	0	-90	3	174.5
SY167	357912	5360901	357800	5360718	307	0	-90	60	239.5
SY168	357770	5360795	357658	5360612	299	270	-50	0	194
SY169	357758	5360629	357646	5360445	305	0	-90	0	134.5
SY170	357758	5360629	357646	5360446	302	347	-70	2.6	99
SY171	357862	5360888	357750	5360705	310	0	-90	49.2	267.5
SY173	357814	5360912	357702	5360729	307	167	-50	63.8	183.1
SY174	357863	5360908	357750	5360728	307	167	-74	90	282.3
SY175	357806	5360736	357698	5360553	306	347	-70	30	305.4
SY176	357761	5360826	357649	5360643	305	0	-90	39.4	305.5
SY177	357748	5361009	357636	5360826	305	207	-70	54	381.4
SY178	357814	5360912	357702	5360729	307	0	-90	54.5	321
SY179	357762	5360743	357650	5360560	296	347	-75	0	168.4

Table 2: Holes drilled from surface

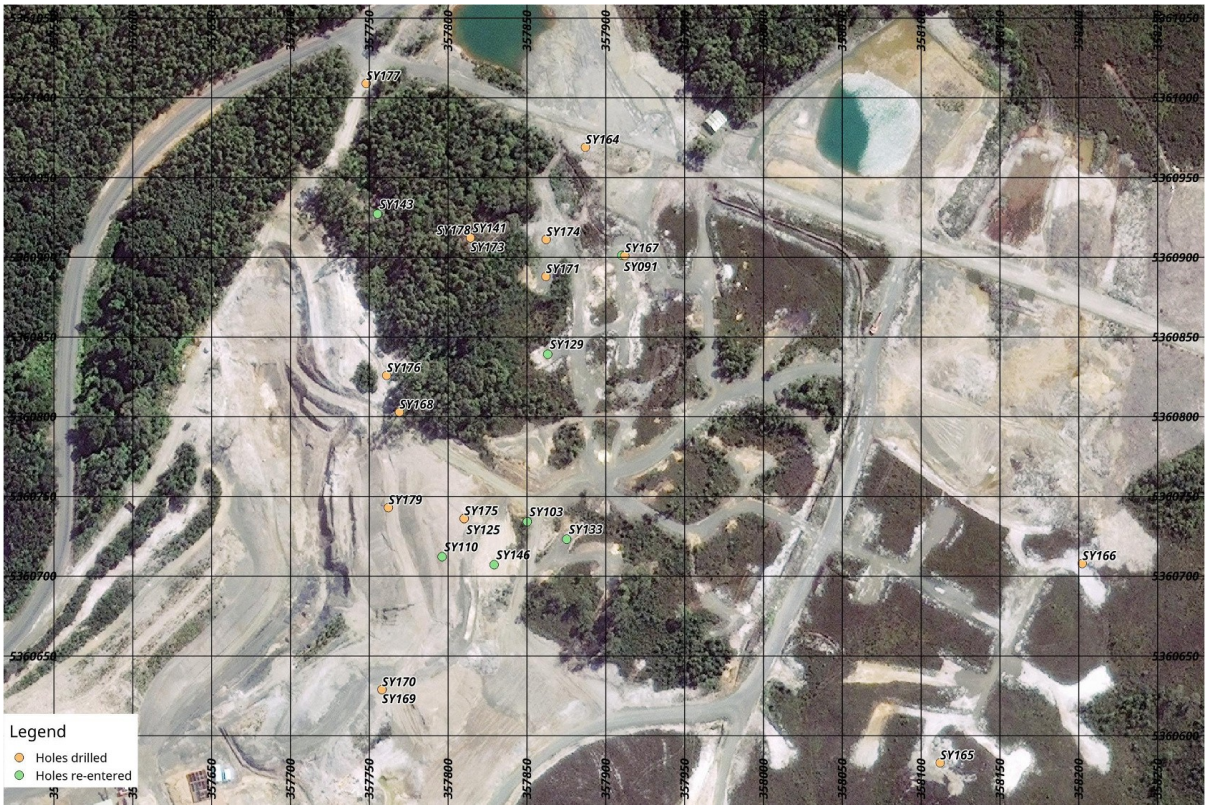

Figure 3: Hole locations GDA94 grid

Figure 4: Hole locations AGD66 grid

3.1.4 Commonly observed or notable Boss lithologies

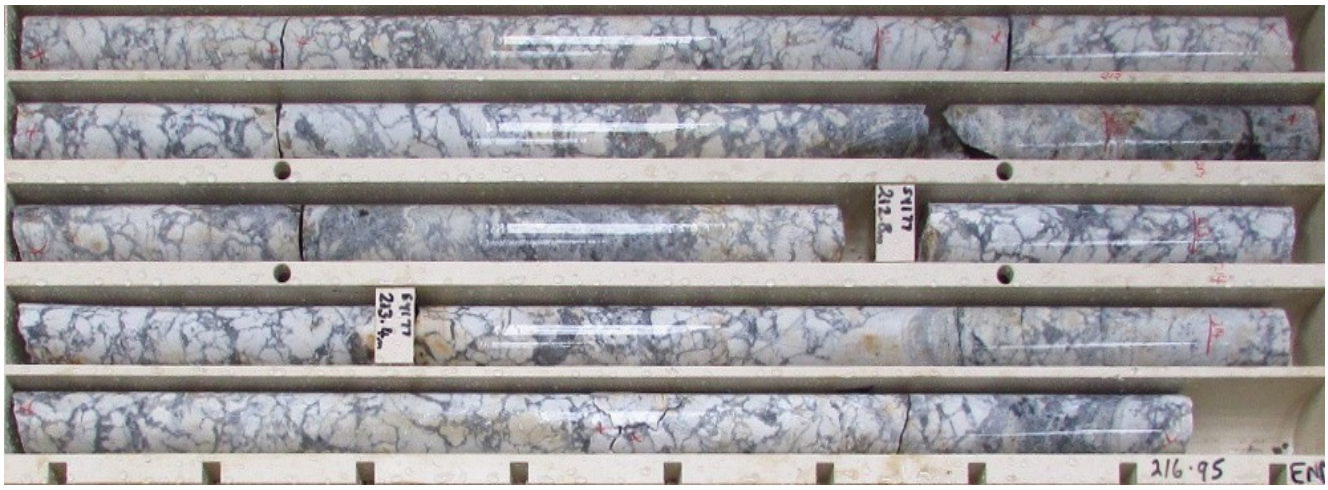

Figure 5: Magnesitic dolomite breccia (SY177, ~212m down hole).

Hole SY177 (Figure 5 and Figure 6) is an interesting hole to illustrate some typical Boss lithologies. Magnesitic dolomite breccia (above), cream coloured angular magnesitic clasts (clast-supported) with disseminated magnetite present in the groundmass.

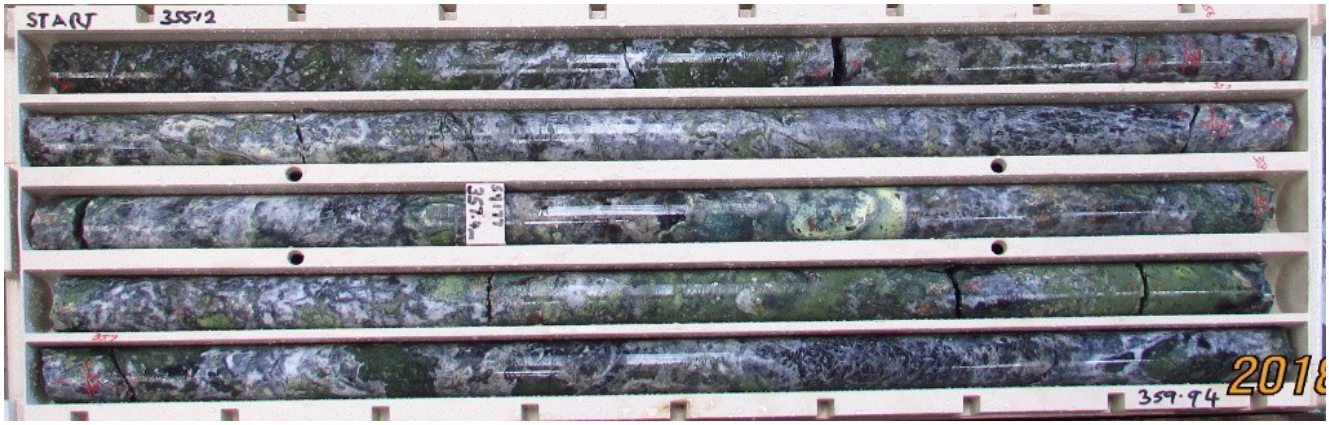

Figure 6: Magnetite-serpentine skarn (SY177, ~357m down hole).

Magnetite-serpentine skarn (Figure 6) in hole SY177 - moderate to intensely altered very distinctive lithology with magnetite and apple-green coloured serpentine and associated talc +/- tremolite. Occasional coarse-grained clots of light brown radiating fibrous asbestos (chrysotile?) minerals. Serpentine most prevalent from 353-363m, although still present at end of hole.

Figure 7: Example 1 of Balstrup Fault cataclasite/melange

Figure 8: Example 2, (hole SY178) of Balstrup Fault cataclasite/melange

Cataclasite of the Oonah Formation, note the unsorted and angular to sub-angular clasts of Upper Oonah Formation in a black to grey fine carbonaceous matrix. The cataclasite commonly exhibits gradational contacts with the highly strained graphitic shales and phyllitic siltstones. Cataclasite occurs throughout the Upper Oonah Formation and is ubiquitous along the contact between the Upper Oonah Formation and the Crimson creek Formation, where they include clasts derived from the Crimson Creek Formation. The zones of cataclasite are not restricted to regions of major faults, although they are ubiquitous in the Balstrup and Tenth Legion Fault zones (see Taylor, 1993).

The cataclasites, common at The Boss, highlight the probability and likelihood of structural and faulted offsets of the host dolomite lithologies discussed in section 3.1.1. The significant contrast in rock hardness already discussed – soft graphitic phyllites interbedded with hard indurated dolomites could give rise to a macroscopic expression of the cataclasite with ‘mega-clasts’ of dolomite host lithology regularly offset.

Note that in Figure 8 above, right to the end of the core tray the presence of replacive pyrrhotite is becoming apparent. In Figure 9 the next tray shows this texture more clearly.

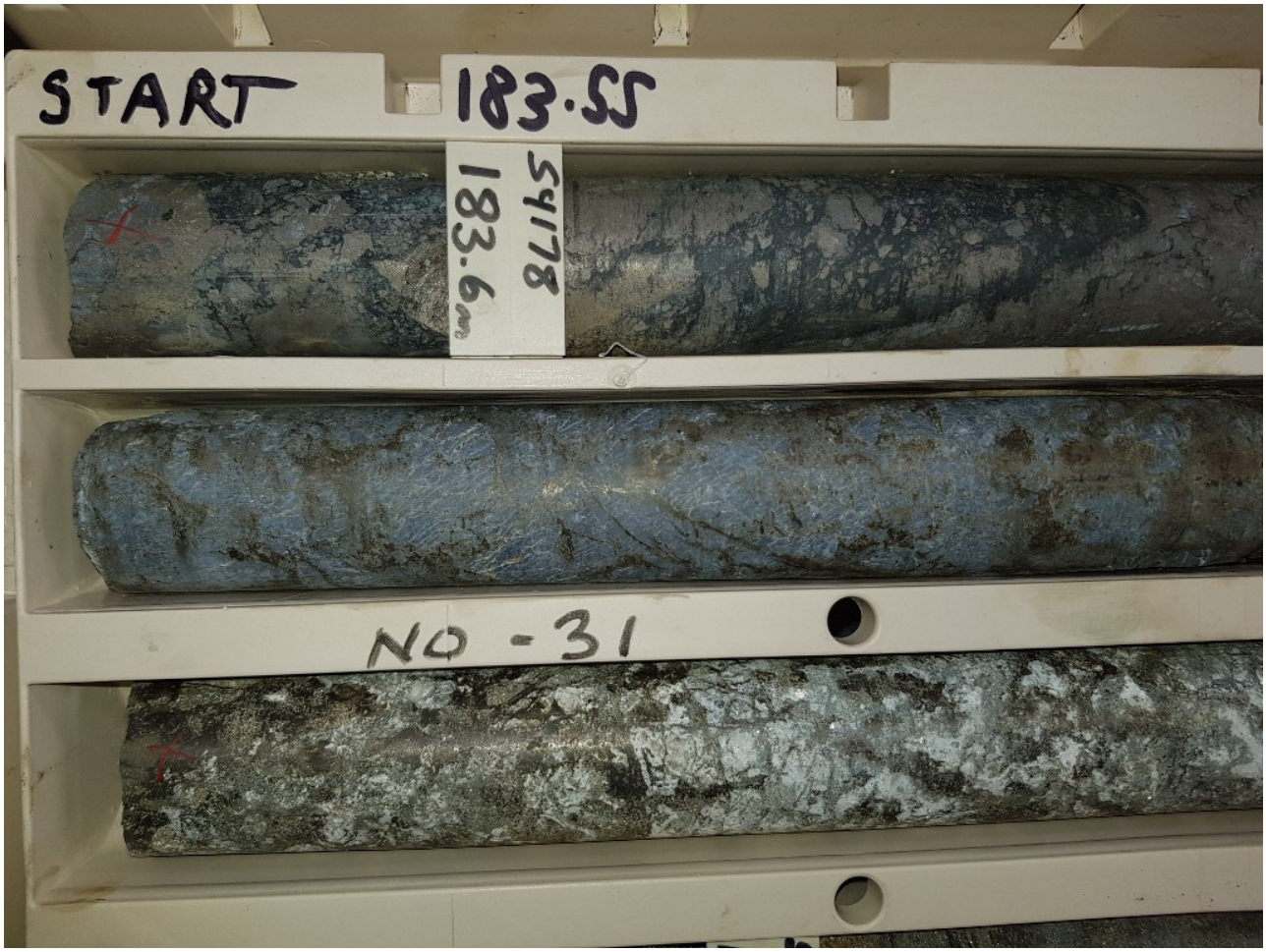

Figure 9: Pyrrhotitic cataclasite - hole SY178

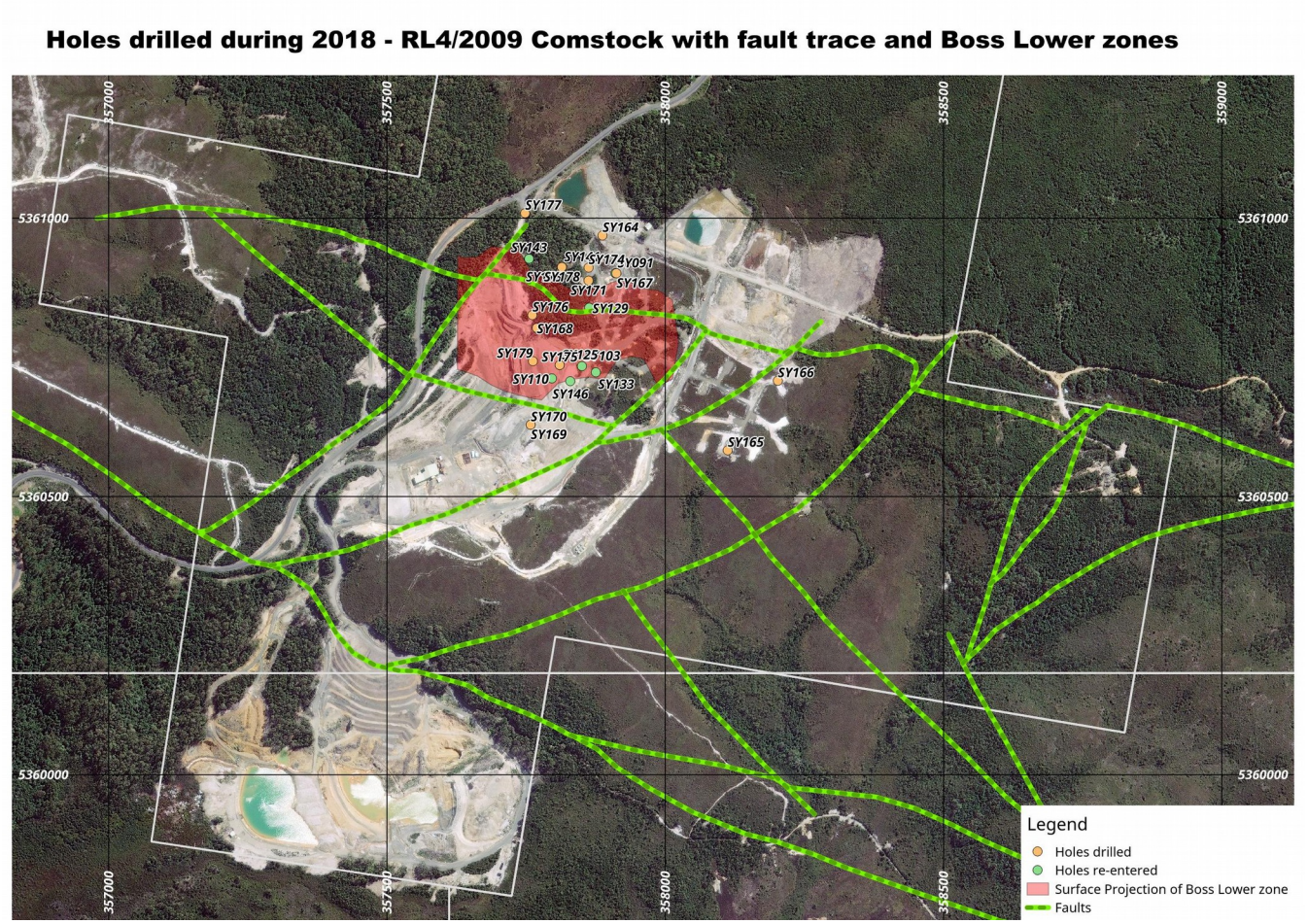

Figure 10: Surface projection of Boss Lower and fault traces

In Figure 10 the northernmost fault trace indicates the surface intersection of the Balstrup Fault, with the southernmost trace indicating the Tenth Legion Fault. This fault network shown in green can also be thought of as the cataclasite or melange zone at Comstock, that area of higher incidence of melange textures to be found in core and road cuttings at the site.

3.2 Environmental and Rehabilitation Activities

The daily monitoring and lime dosing of the Comstock tailings dam and polishing pond has continued throughout 2018 with pH readings from the polishing pond (representing waters leaving the site) maintained at an acceptable level – at or above what is required by the EPA.

4 Conclusions and Recommendations

24 diamond drill holes further down the track at The Boss and we are still left with many unanswered questions, the drilling has served to further highlight the geological complexities present at Comstock. What are the structural controls on mineralisation, and the relationship between the nearby major structures, and mineralisation? A Masters or PhD thesis at Comstock would help to better understand the geology and perhaps help answer some of these questions. An 800m diamond drill hole for which the Company received an EDGI grant will commence in March 2019 just north of the drilled area. The proposed hole is located to the north of the Dirty Water dam area, north of the Comstock Tramway Road. This drill hole will certainly provide additional pieces to further complete the jigsaw puzzle.

The work to be completed during the next 12 months includes a resource re-calculation at The Boss to incorporate the drilling from 2018 and 2017.

Metallurgical testing will continue on the Boss mineralisation with samples to be sent to a Chinese laboratory for testing.

5 Expenditure

RL4/2009 Expenditure for the year ending 01st February, 2019:

Geology (including salaries)	47,769
Geochemistry	25,000
Drilling	535,000
Rehabilitation	140,000
Feasibility studies	10,000
Other	8,859
Administration	76,663
Total	**$ 843,291**

Table 3: Expenditure for the year ending 1st February, 2019

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