

**FINAL REPORT FOR EDGI PROGRAM 2019 -
EL19/2018**

HOLDER: Stavely Tasmania Pty Ltd
AUTHOR: J. Murphy
REPORT DATE: May 2020

Distribution:

- 1 *Mineral Resources Tasmania*
- 1 *Stavely Tasmania Pty Ltd*

Note: All figures, grids and contained data are presented according to the GDA/MGA94 grid system.

The objectives of the diamond drilling program conducted on EL19/2018 included:

- Testing for potential structural repeats to the east of the Mathinna lodes and workings in an area where no previous drilling has been undertaken
- Test for possible shallow high-grade reefs to the south of the New Golden Gate Mine in an area where there has been no previous drilling

In January and February 2020, two diamond holes (MDD006 & MDD007) were drilled for a total of 693.1m (Figure 1). MDD006 and MDD007 were drilled at a dip of -55° and -60° respectively, in a westerly direction (265°), which is perpendicular to stratigraphy.

The favourable structural corridor is considered to be well constrained on the western side by intense deformation in the Golden Hinges adit to the west of the New Golden Gate mine. The eastern edge of the corridor is less clear but would include the Dylans Reef zone. The eastern portion of the favourable structural corridor is obscured by tailings and/ or alluvium.

The drill holes were planned to test the entire width of the prospective structural corridor within EL19/2018.

Drill hole MDD006, which was targeting the western bounding fault/ structure, did intercept a strong puggy fault gouge with lithic and quartz fragments interpreted to be the second “slide” at 369.4m to 369.5m.

These holes have provided a significant dataset of excellent structural information that will help to target further exploration both at Mathinna and along the structural trend which extends for more than 30km from Tower Hill in the south to Alberton in the north.

Both the drill holes did identify previously unknown “reefs” which generally consisted of quartz breccia with minor quartz - sulphide veining. In MDD006, the strong quartz carbonate sulphide veining (sub breccia) in siltstone from 128.5 to 138.6m did return a low-grade gold intercept of 1m @ 0.53 g/t Au from 137.55m. Also in MDD006, a siltstone with moderate veining from 218.4 to 222.1m returned an anomalous intercept of 1m @ 0.86 g/t Au from 219.58m.

Contents

| | |
|--|-----------|
| EXECUTIVE SUMMARY | 2 |
| INTRODUCTION | 5 |
| EXPLORATION RATIONALE | 6 |
| LICENCE DETAILS | 7 |
| GEOLOGY & MINERALISATION OVERVIEW..... | 7 |
| REVIEW OF PREVIOUS WORK | 12 |
| EXPLORATION ACTIVITIES | 16 |
| DISCUSSION OF RESULTS | 21 |
| CONCLUSION | 26 |
| ENVIRONMENTAL MANAGEMENT | 26 |
| EXPENDITURE | 28 |
| APPENDIX 1 | 29 |
| DIGITAL DRILLING DATA | 29 |
| APPENDIX 2 | 30 |
| ORIGINAL LABORATORY DATA..... | 30 |
| APPENDIX 3 | 31 |
| WET AND DRY CORE PHOTOS..... | 31 |

List of Figures

| | |
|--|----|
| Figure 1. Summary Exploration Activity Map – Diamond Drill Hole Locations – MDD006 & MDD007. | 4 |
| Figure 2. EL19/2018 Location Plan. | 5 |
| Figure 3. Mathinna Project – Regional Geology Plan..... | 9 |
| Figure 4. Mathinna Project – Local Geology Plan. | 10 |
| Figure 5. Mathinna Project – Prospect Geology Plan..... | 11 |
| Figure 6. Mathinna Project – Historical Drill Collar Location Plan. | 14 |
| Figure 7. Mathinna Project – Sophies Reef and Dylans Reef – Drill Collar Plan with Significant Intercepts...15 | |
| Figure 8. Mathinna Project – Prospect Geology with Drill Hole Locations..... | 23 |
| Figure 9. Plan view of Mathinna showing existing workings and lodes and proposed drilling. | 24 |
| Figure 10. Oblique view of Mathinna showing existing workings and lodes and proposed drilling. | 24 |
| Figure 11. Stratigraphic drilling schematic cross section MDD006 – MDD008..... | 25 |
| Figure 13. EL19/2018 Diamond Drill Locations overlain on satellite image..... | 27 |

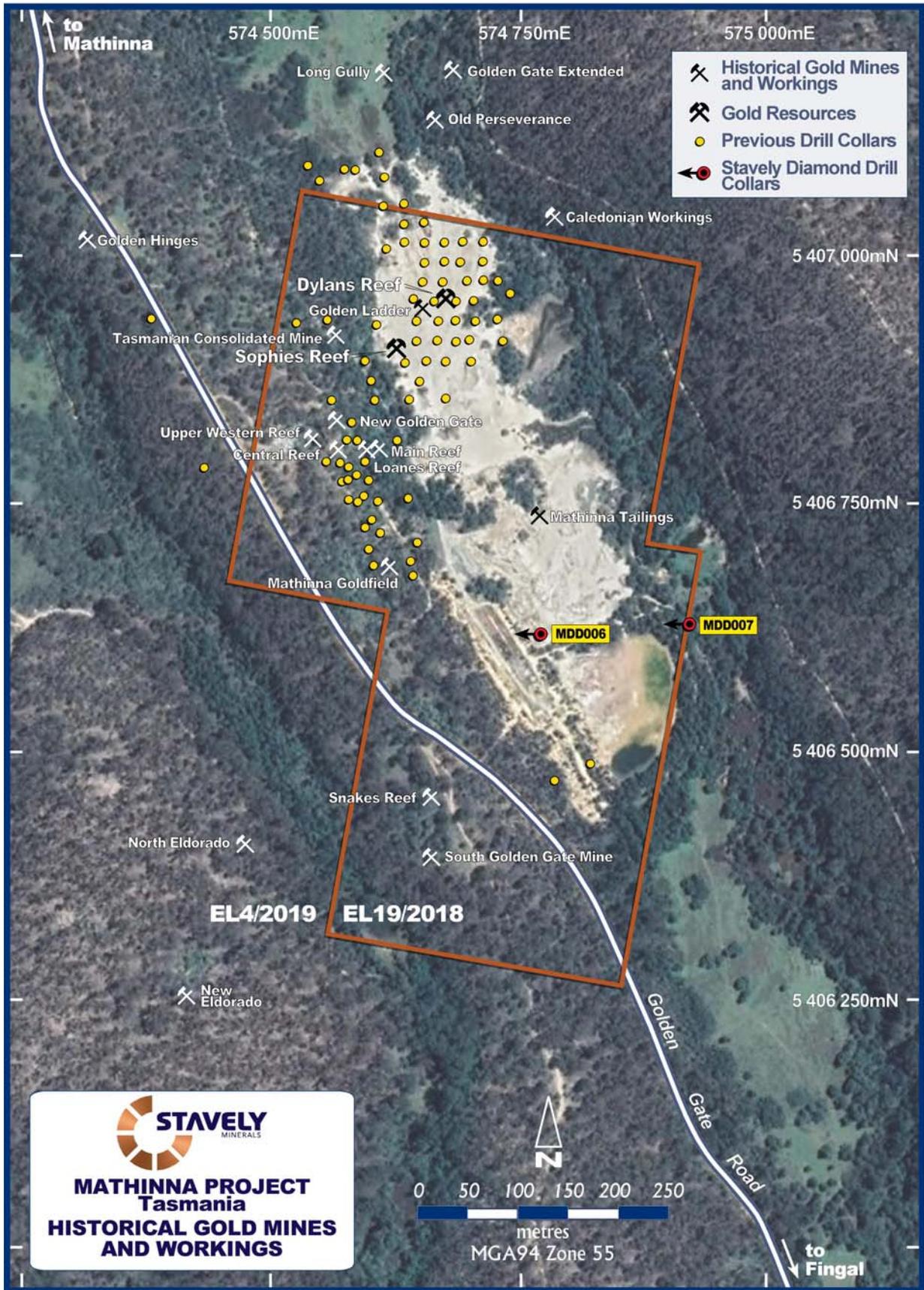


Figure 1. Summary Exploration Activity Map – Diamond Drill Hole Locations – MDD006 & MDD007.

INTRODUCTION

EL19/2018 hosts the New Golden Gate and North Golden Gate Mines which are located in the Mathinna goldfield in Tasmania's north eastern gold province (Figure 2). Two co-funded drill holes (MDD006 and 007) were completed to understand the stratigraphic and structural setting of the Mathinna mineralisation as part of MRT's Exploration Drilling Grant Initiative.

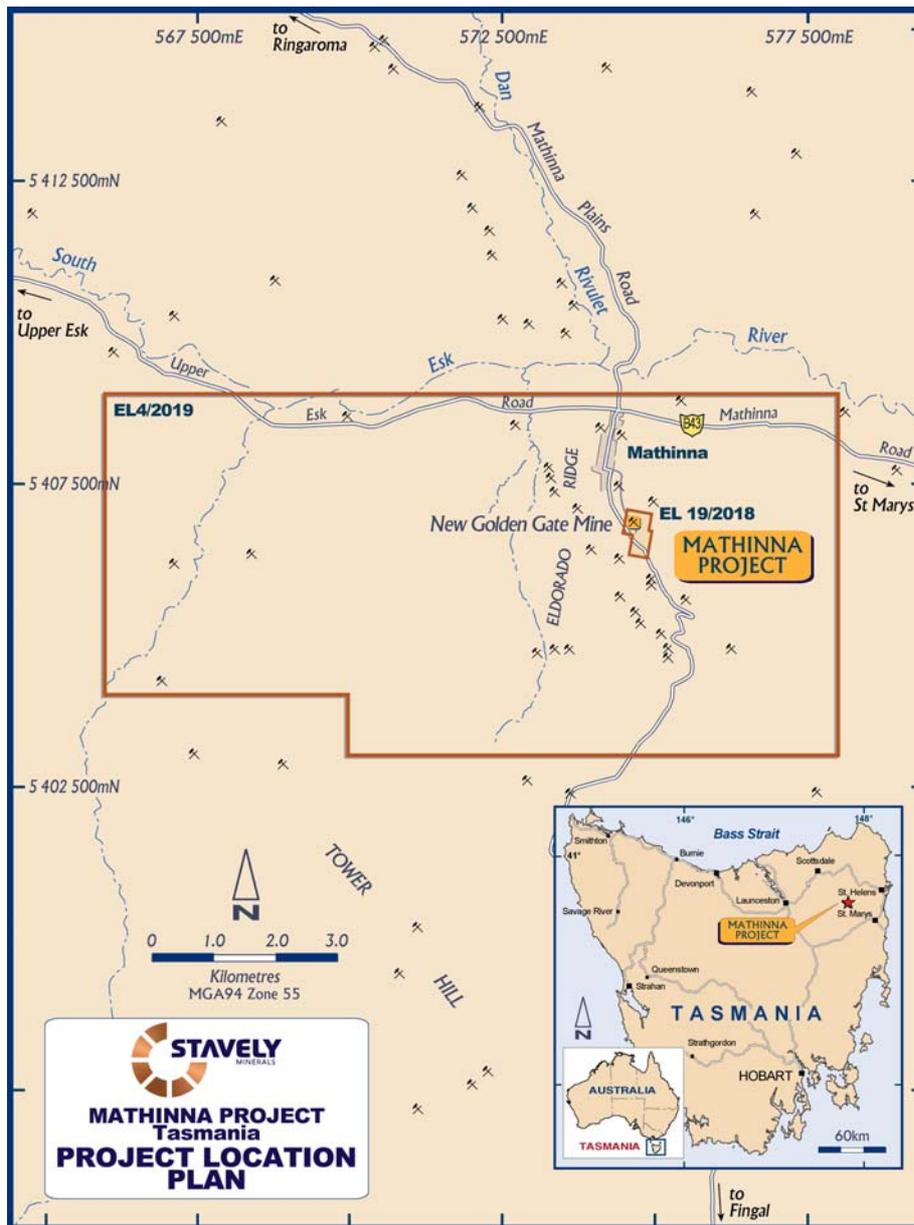


Figure 2. EL19/2018 Location Plan.

Exploration Rationale

Most of the historical mines within EL19/2018 were closed by the 1920's and since then exploration has been extremely patchy and largely ineffective. To be economic, the production grades in the early 1900's had to be around 1 oz/t (30 g/t) gold. Only the very high-grade reefs were mined and little attention was paid to mineralisation which today can be mined economically due to a higher gold price and improved mining and processing techniques. In addition, a recent (2018) geological 3D model which demonstrates a new structural synthesis based on mapping and multiple cross sections has been developed by the MRT.

Drilling in the late 1990's was focused in the northwestern corner of the lease along the northerly projection of the New Golden Gate Mine (Tasmania's second largest gold mine having produced 264,000oz at 26 g/t mostly between 1881 and 1912) structures and up-dip from reported intersections in cross-cuts in the North Golden Gate Mine.

This shallow drilling identified two new shallow high grade shoots to the NE of historical workings (Dylans and Sophies Reefs – Inferred JORC 2004 Resource 25,500oz at 13.4 g/t Au) from surface to 100m, as well as two new reefs to the west of historical workings (Central – 7,900oz at 6.9 g/t Au and the Upper Western – 4,400oz at 10 g/t Au).

The southern 400m strike length of the favourable structural corridor within EL19/2018 has only been tested by two drill holes, the southern cross-cuts of the New Golden Gate Mine and the South Golden Gate Mine. The two diamond holes were drilled by the Tasmania Mines Department (now MRT) in the early 1960's and reportedly did intersect reef style mineralisation.

It was proposed to drill a fence of two overlapping diamond holes across the favourable structural corridor to test along strike from the old working determine if there are any further new structures/ shoots which host gold mineralisation.

The favourable structural corridor is considered to be well constrained on the western side by intense deformation in the Golden Hinges adit to the west of the New Golden Gate Mine. The eastern edge of the corridor is less clear but would include the Dylans Reef zone. The eastern portion of the favourable structural corridor is obscured by tailings and/ or alluvium.

Drilling in the southern portion of the favourable structural zone would provide valuable structural information in a highly prospective area, in which only two previous holes were drilled in the early 1960's. There is also the potential to discover new shallow high grade shoots similar to those identified in the late 1990's to the north of the New Golden Gate Mine

Licence Details

Stavely Tasmania Pty Ltd (a wholly owned subsidiary of Stavely Minerals Limited) was granted EL19/2018 on 20 July 2019 for an initial term of four years. The licence is held in joint venture with Bestlevel Holdings Pty Ltd (Bestlevel). The following terms were agreed to between Stavely Tasmania and Bestlevel:

- Stavely Tasmania is the manager.
- Upon the grant of the tenements, Stavely Tasmania Pty Ltd will have a 51% interest in the tenement(s) and Bestlevel will have a 49% interest.
- In consideration for a \$50,000 payment to Bestlevel, Stavely Tasmania has the right to earn an interest of up to 85% in the tenement(s) in the following stages:
 - Exploration-related expenditure of \$500,000 within a two-year period to earn an additional interest of 24% (to 75%); and
 - At completion of a Feasibility Study and payment of \$200,000 to Bestlevel, Stavely Tasmania may earn an additional 10% interest (to 85%).
- Subject to Stavely Tasmania having earned its 85% interest, a Joint Venture will be formed and subsequent expenditure will be on a 'contribute or dilute' basis.
- Should Bestlevel's interest fall below 5%, it will be transferred to Stavely Tasmania in consideration for a 1.5% net smelter return (NSR).
- Stavely Tasmania retains a right to purchase Bestlevel's NSR for payment of \$250,000 per 0.5% NSR to a maximum of \$750,000 to acquire the entire NSR.
- Should the Joint Venture announce in a JORC-compliant Public Report an Ore Reserve in excess of 500,000oz, Stavely Tasmania will pay Bestlevel \$500,000.
- Both parties have pre-emptive rights over the other's interest.

Geology & Mineralisation Overview

EL19/2018 hosts the New Golden Gate and North Golden Gate Mines which are located in the Mathinna goldfield in Tasmania's north eastern gold province (Figure 3). The Mathinna goldfield lies on the Mangana-Lyndhurst trend, a north-northwest trending zone which accounts for over half of the gold occurrences in Tasmania's north-eastern gold province (Figure 4). The bulk of the gold occurrences in the province are in discrete high-grade quartz+minor sulphide (predominantly pyrite and arsenopyrite) reefs hosted in Ordovician to Devonian aged shale-siltstone-sandstone sequence of turbiditic origin. These reefs were emplaced structurally during the Middle Devonian Tabberrabberan Orogeny.

The New Golden Gate Mine which produced over 250,000 oz at 26 g/t Au, exploited 4 larger (and a number of smaller) steeply plunging shoots over a vertical extent of over 600 meters. These reefs are north-northeast striking and sub-vertical with the ore-shoots generally <50m along strike. The New Golden Gate and North Golden Gate reefs are hosted on the steep eastern limb of a west verging, north-northwest striking fold in a

package of dominantly shale and siltstone. Structurally the reefs appear to be hosted in north to north-northeast striking faults which splay off north-northwest striking faults (specifically the steeply west-southwest dipping main and second slides).

Shoots within these north to north-northeast striking structures are short strike length, large vertical extent (steeply south plunging), lensoidal “pipes” within these more laterally extensive faults. The main shoot of high grade and width in the New Golden Gate mine occurred where the Main and Loanes Reefs converged.

Mineralisation is interpreted to be hosted within dextral strike-slip shear zones with right-hand jogs creating dilatant zones that host the structurally controlled quartz vein arrays. Mineralisation is described as being hosted in quartz veins of variable width from a few centimetres to 10m and ranging in strike length from 5m to over 300m. The majority of gold productive veins are reported to be less than 1m wide and between 30m to 60m in strike length.

The recent geological 3D model developed by the MRT, which is based on mapping and multiple cross sections and constrained by 3D geophysical modelling using MRT gravity and magnetic survey data coupled with drilling and rock physical property databases is invaluable in assisting with exploration targeting. The structural architecture of the area is associated with NNW trending dextral wrench shears which control the orientation of lode dilation and mineralisation. The primary lodes at Mathinna are orientated NNE with both linking structures and orthogonal structures. This architecture will provide the philosophy for ongoing exploration activities and drill targeting.

The discovery of high-grade gold mineralisation in the 1990’s in the northern portion of the exploration licence was based on pursuing the New Golden Gate structural control to the north of the historical workings.

The favourable structural corridor continues for a further 400m south of the New Golden Gate Mine within EL19/2018 (Figure 5). To the south of the New Golden Gate Mine, shearing and discrete slides are reported from the South Golden Gate Mine, drill holes GG2 and GG3 and in the two southern cross-cuts in the New Golden Gate Mine.

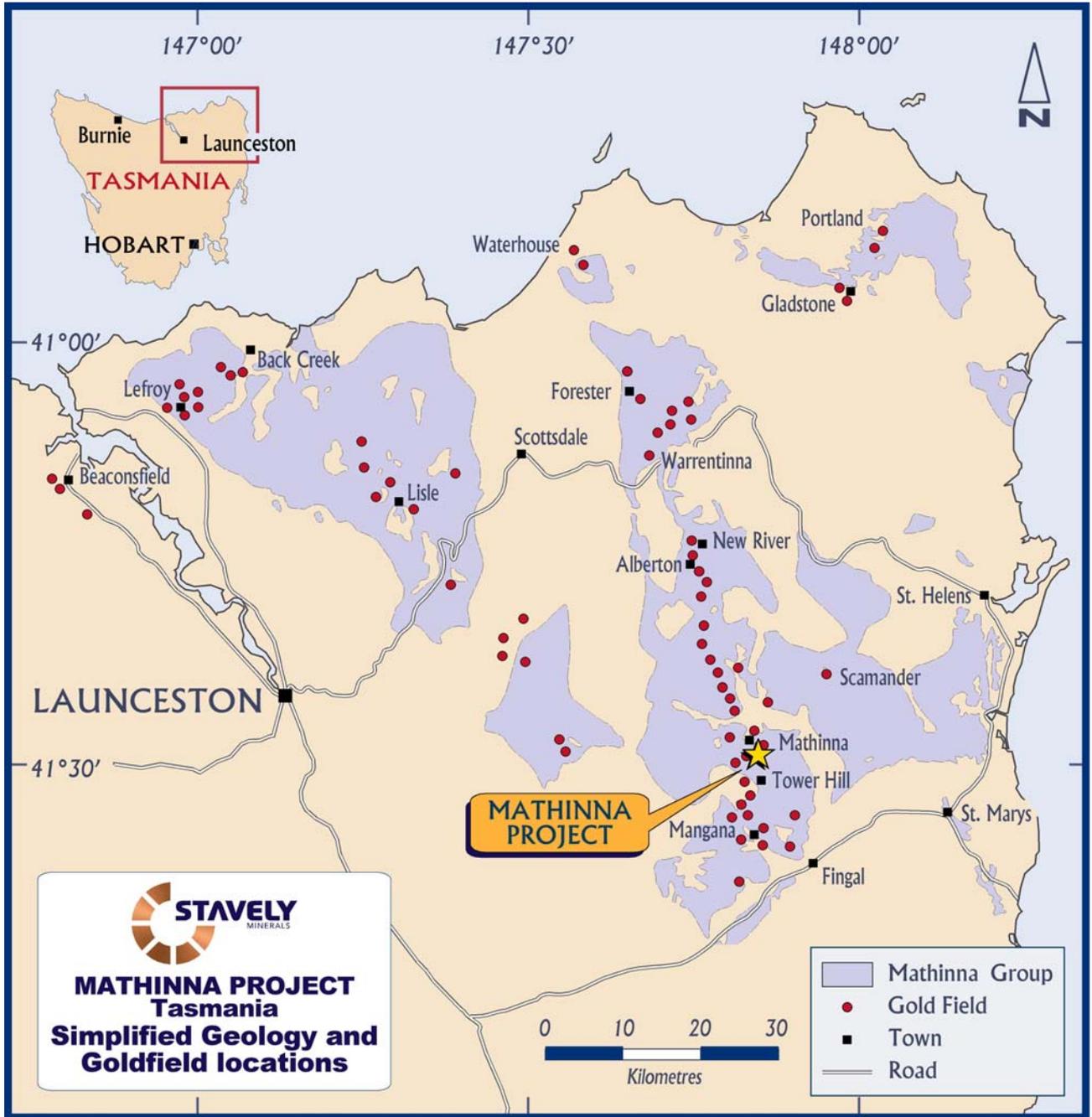


Figure 3. Mathinna Project – Regional Geology Plan.

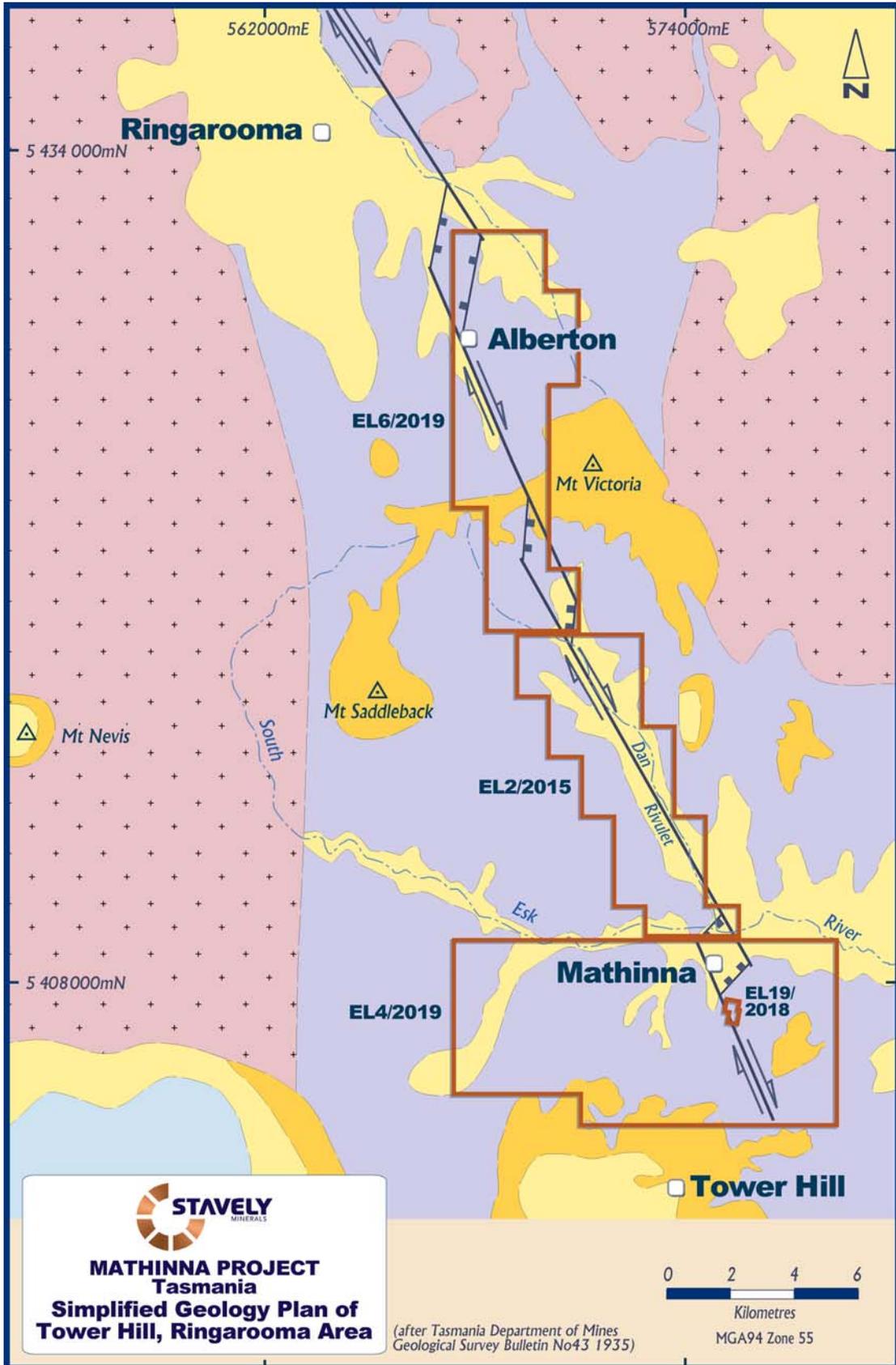


Figure 4. Mathinna Project – Local Geology Plan.

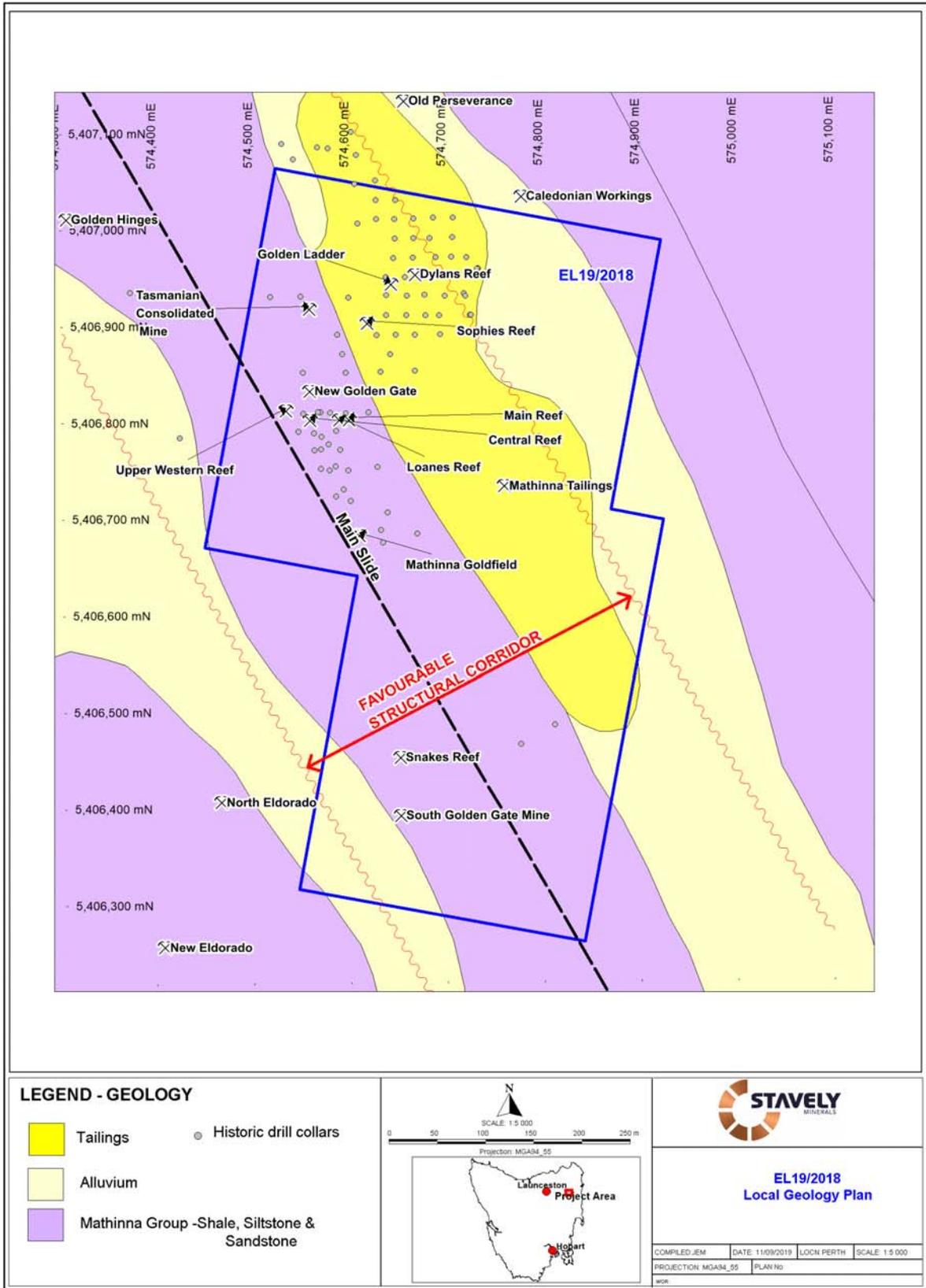


Figure 5. Mathinna Project – Prospect Geology Plan.

REVIEW OF PREVIOUS WORK

The Mathinna Goldfield has been explored sporadically since 1969. This work has been variably focused on the alluvials, tailings, shallow open-cuttable low grade hard rock and high-grade underground reef potential but has been sporadic in nature.

Since the mid 1990's there have been 7 drilling programs in the New Golden Gate area (Figure 6). The first phase of drilling was 3 diamond holes drilled by the Mines Department (now MRT), two (GG1 & GG2) to the south of the New Golden Gate Mine and one (GC3) to the north. All 3 holes intersected reef style mineralisation with the northern hole intersecting a narrow (0.3m downhole) 20g/t reef and one of the southern holes reportedly intersecting visible gold.

In 1989, Epoch Minerals Exploration NL carried out an 11 hole (for 825m) RAB drilling program around the upper workings. Favourable results around the New Golden Gate Shaft included 8m @ 10.7 g/t Au and 2m @ 4.7 g/t Au in PDH5; 2m @ 4.2 g/t Au and 2m @ 3.9g/t Au in PDH6; 2m @ 5.4g/t Au in PDH9 and 2m @ 1.05 g/t Au, 2m @ 1.0 g/t Au and 2m @ 1.2 g/t Au in PDH10.

In 1995 Resolute Samantha Limited drilled one RC hole near the New Golden Gate/ North Golden Gate workings.

From late 1998 to early 1999, Defiance Mining drilled 45 RC holes for 4,246.5m around the New Golden Gate / North Golden Gate workings. This drilling successfully intersected high grade reefs, named Dylans and Sophies as well as further defining high grade reef mineralisation in the vicinity of the New Golden Gate Shaft which had been intersected in the Epoch percussion holes. These intersections form the basis of the resources mentioned below.

In late 1999 to early 2000, Defiance drilled a further 23 RC holes for 2,018 metres and a further 886m of diamond core on 12 RC holes (8 from the previous program). This drilling further defined the reef mineralisation intersected in the earlier program.

Some of the better intersections included:

2m at 34.33 g/t Au from 111m in MT050 (Sophies Reef)
2m @ 15.2 g/t Au from 74m in MT080 (Sophies Reef)
3m @ 9.62 g/t Au from 109m in MT078 (Sophies Reef)
3m @ 23.05 g/t Au from 46m in MT055 (Dylans Reef)
4m @ 15.37 g/t Au from 51m in MT039 (Dylans Reef)
2m @ 26.8 g/t Au from 92m in MT046 (Dylans Reef)
2m @ 25.4 g/t Au from 220m in MT075 (Upper West Reef)

In 2004, Cala Resources carried out a small 8 hole RC drill program for 180m (although 2 holes were abandoned at 1 and 2m depth), straddling the northern boundary of the lease. This drilling was technically poor with ground water forcing abandonment of many of the holes and hampering sample recovery.

From the drilling along strike from the New Golden Gate Mine in the late 1990's, two new shallow high grade resources were identified to the NE of historical workings (Dylans and Sophies – 25,500oz at 13.4 g/t Au) from surface to 100m, as well as two new reefs to the west of historical workings (Central – 7,900oz at 6.9 g/t Au and the Upper Western – 4,400oz at 10 g/t Au).

Some of the better intercepts from drilling at the Sophies and Dylans Reefs are presented in Figure 7.

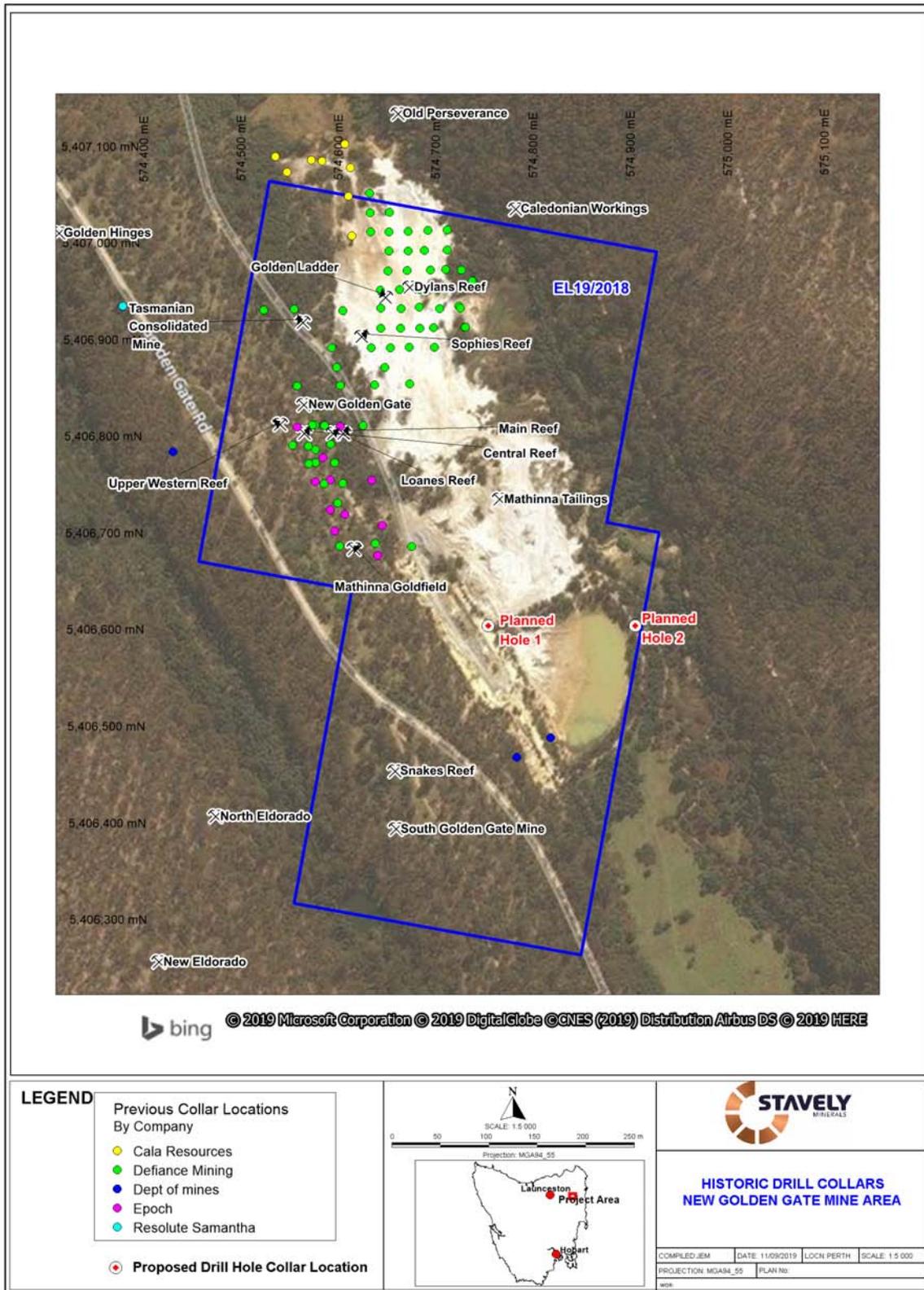


Figure 6. Mathinna Project – Historic Drill Collar Location Plan.

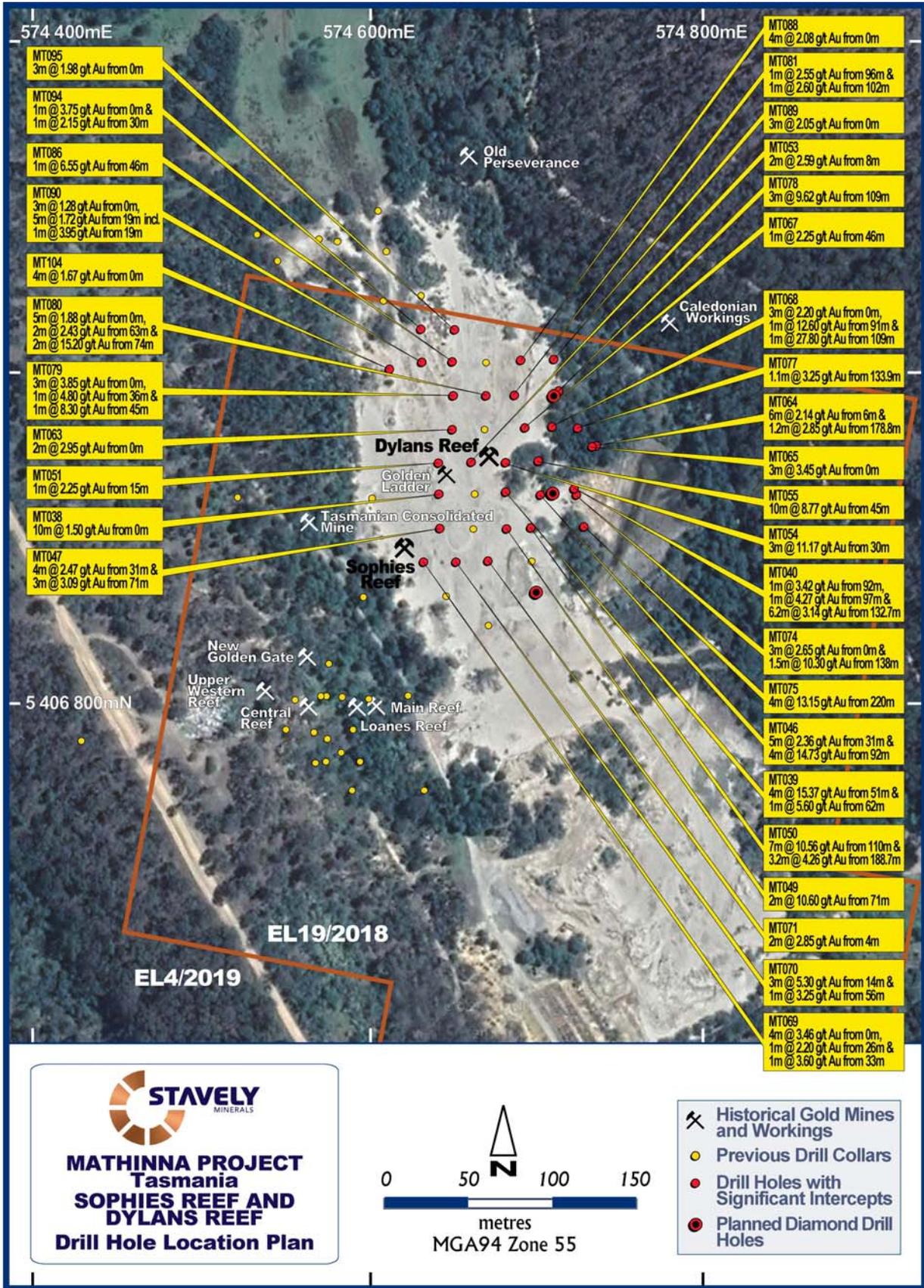


Figure 7. Mathinna Project – Sophies Reef and Dylans Reef – Drill Collar Plan with Significant Intercepts.

EXPLORATION ACTIVITIES

In January and February 2020, two diamond holes (MDD006 & MDD007) were drilled on EL19/2018 as part of Mineral Resources Tasmania's (MRT) Exploration Drilling Initiative Program to better understand the overall stratigraphic and structural setting of the Mathinna area.

Diamond Drilling

Drilling was conducted by Titeline Drilling Pty Ltd on EL19/2018 using a D200 diamond drill rig to produce HQ drill core. In January and February 2020, two diamond holes (MDD006 & MDD007) were drilled for a total of 693.1m. MDD006 and MDD007 were drilled at a dip of -55° and -60° respectively, in a westerly direction (265°), which is perpendicular to stratigraphy.

A mud rotary pre-collar was drilled through the tailings and unconsolidated surface sediments to a depth of 45m for MDD006 and 9m for MDD007. Once bedrock was reached diamond drilling to produce HQ diameter core commenced.

Drill collar locations are presented in Figure 1, and collar details are given in Table 1.

Table 1. EL19/2018 – Mathinna Gold Project – Drill Collar Table

| Mathinna Gold Project - Drill Collar Table | | | | | | | | |
|--|-----------|--------|---------|-----------------|-----------|--------------------|-----------------------------|-----------|
| MGA 94 Zone 55 | | | | | | | | |
| Hole id | Hole Type | East | North | Dip/ Azimuth | RL (m) | Total Depth (m) | Prospect | Tenement |
| MDD006 | DD | 574765 | 5406615 | -55/265 | 319 | 390.7 | Southern Stratigraphic hole | EL19/2018 |
| MDD007 | DD | 574912 | 5406623 | -60/265 | 312 | 302.4 | Southern Stratigraphic hole | EL19/2018 |

Drill collar locations were pegged before drilling and surveyed using handheld GPS to accuracy of +/- 3m. The grid system used is GDA94, zone 55. Down-hole single shot surveys were conducted by the drilling contractor at approximately every 30m down-hole. Topographic control was achieved via use of DTM developed from a 2012 airborne LiDAR survey conducted by Optech Gemini for the Tasmanian Government.

Geological logging was completed on the two diamond drill holes. Qualitative logging of the core including, lithology, mineralogy, alteration, veining, weathering, structure and geotechnical parameters. Diamond recovery was logged and recorded in a database. The diamond recovery was recorded for each run of drilling and measured against the drilled length. Recovery was generally very good with recovery over 99%.

Half core samples of intervals of interest in the drill core was sampled to geological boundaries with sample lengths generally between 45cm and 1.1m. The core was cut at site using a core saw and submitted to ALS Laboratories in Bernie, Tasmania for analysis of gold using the 30g fire assay method with a 0.01 ppm detection limit.

Laboratory sample preparation involved:- sample crushed to 70% < 2mm, riffle/rotary split off 1kg, pulverize split to >85% passing 75 microns. The samples were then analysed by fire assay with an AAS finish (30g charge).

Up to a 30g sample is fused at approximately 1,100°C with alkaline fluxes including lead oxide. During the fusion process lead oxide is reduced to molten lead which acts as a collector for gold. When the fused mass is cooled the lead separates from the impurities (slag) and is placed in a cupel in a furnace at approximately 900°C. The lead oxidizes to lead oxide, being absorbed by the cupel, leaving a bead (prill) of gold, silver (which is added as a collector) and other precious metals. The prill is dissolved in aqua regia with a reduced final volume. Gold content is determined by flame AAS using matrix matched standards. For samples which are difficult to fuse a reduced charge may be used to yield full recovery of gold. This technique approaches total dissolution of most minerals and is considered an appropriate assay method for detecting gold mineralisation.

Certified standards were inserted every 40 samples. None of these standards returned results outside the normal 2 standard deviations of the expected result.

Digital drilling data, including collar, survey, lithology, alteration, veining, mineralisation, structure, recoveries and magnetic susceptibility are presented in Appendix 1. The original laboratory files are presented in Appendix 2.

West and dry core photos are presented in Appendix 3.



Photo 1. Drill Rig on Mathinna Tailings.

Diamond Drill Hole - MDD006

On 10 February 2020, drilling of diamond hole MDD006 commenced and was completed to a depth of 390.7m on 17 February 2020. This hole was a stratigraphic hole to test for structures. It was not anticipated that any lodes would be intercepted. A summary log is presented below –

| | |
|-----------------|---|
| 0 – 45 | Pre-collar. |
| 45 – 100.48 | Interbedded grey siltstones and black mudstones with variable frequent minor quartz carbonate veining particularly in mudstones, infrequent strong bucky veining with minor vugs and moderate sulphide mineralisation and rare pyritic veinlets. Mudstones host moderately frequent puggy faults and small shears. |
| 100.48 – 104.14 | Complex sheared fault zone including brecciated mudstone and quartz with strong disseminated very fine grained pyrite, olive grey brecciated siltstone with strong disseminated very fine grained pyrite, zone of interbedded siltstone and brecciated carbonaceous mudstone/quartz with very fine grained pyrite disseminated throughout, quartz carbonate vein breccias and minor puggy partings. |
| 104.14 – 114.5 | Interbedded black mudstone and siltstone. |
| 114.5 – 114.8 | Faulted mudstone with quartz fragments and disseminated sulphides. |
| 114.8 – 180.2 | Mathinna sediments consisting of variable beds of sandstone with interbedded siltstone, sandstone with interbedded mudstone, and siltstone with interbedded mudstone. Strong quartz carbonate sulphide veining (sub breccia) in siltstone from 128.5 to 138.6m and a laminated quartz sulphide vein with silica/chlorite/carbonate alteration halo from 174.8 to 175.2m. |
| 180.2 – 180.4 | Small sheared fault zone of mudstone and minor quartz fragments and minor pug. |
| 180.4 – 186 | Siltstone with interbedded mudstone. |
| 186 – 187.1 | Sheared siltstone and mudstone with minor pug. |
| 187.1 – 198.3 | Siltstone with moderate buck quartz veining from 196m. |
| 198.3 – 199.4 | Sheared and puggy siltstone with fragmented veining. |
| 199.4 – 206.2 | Siltstone with moderate buck quartz veining. |
| 206.2 – 207.1 | Quartz vein breccia with puggy fault gouge. |
| 207.1 – 226.3 | Siltstone with moderate veining from 218.4 to 222.1m. |
| 226.3 – 226.4 | Puggy fault gouge with quartz fragments. |
| 226.4 – 263.9 | Beds of siltstone, sandstone and mudstone with localised minor veining. |
| 263.9 – 266.75 | Moderately silica, chlorite carbonate altered sandstone with moderate veining. |
| 266.75 – 267.4 | Quartz vein breccia with minor pug and sulphides. |
| 267.4 – 267.8 | Sandstone with minor interbedded mudstone. |
| 267.8 – 270.6 | Moderately silica, chlorite carbonate altered sandstone with strong veining ending in a 1 cm puggy fault gouge. |
| 270.6 - 289.5 | Weakly altered sandstone with minor veining at first. |
| 289.5 – 289.95 | Black mudstone. |
| 289.95 – 291.9 | Weakly sheared siltstone. |

| | |
|----------------|---|
| 291.9 – 294 | Sheared mudstone/Quartz breccia. |
| 294 – 299 | Weakly sheared altered siltstone. |
| 299 – 299.15 | Quartz vein breccia with minor sulphides. |
| 299.15 – 299.5 | Sheared, altered siltstone with a puggy “matrix”. |
| 299.5 – 303.7 | As above with strong and frequent, irregular “bunchy” veining with sulphides on quartz/siltstone margins. |
| 303.7 – 305.7 | As above with black mudstone as country rock. |
| 305.7 – 306.1 | Sheared and puggy, brecciated mudstone with quartz fragments. |
| 306.1 – 308.5 | Quartz vein breccia with horizons of sulphidic mudstone. |
| 308.5 – 311.1 | Sheared and broken mudstone with minor quartz/carb veining. |
| 311.3 – 311.36 | Band of 3 bucky quartz chlorite veins with internal puggy parting in central vein. |
| 311.36 – 311.7 | Sheared and broken mudstone |
| 311.7 – 312.2 | Sheared and puggy siltstone with fragmented quartz. |
| 312.2 – 312.8 | Mottled grey quartz chlorite vein with included wall-rock. |
| 312.8 – 313.3 | Sheared and broken siltstone with minor veining. |
| 313.3 – 313.5 | Quartz vein breccia with included wall-rock. |
| 313.5 – 314.5 | Dark grey sandstone with unclassified pale grey spotting. |
| 314.5 – 314.8 | Quartz vein breccia with included wall-rock. |
| 314.8 – 317.8 | Sheared, interbedded sandstone/mudstone with veining. |
| 317.8 – 318 | Quartz chlorite sulphide vein. |
| 318- 318.6 | Sheared mudstone with quartz. |
| 318.6 – 318.8 | Competent siltstone and veining. Unit has sharp thin puggy upper and lower contacts. |
| 318.8 – 319.4 | Sheared mudstone with quartz. |
| 319.4 – 320.2 | Siltstone and quartz breccia becoming un-brecciated stockwork. |
| 320.2 – 322.9 | Moderately sheared siltstone with occasional “clasts” of quartz. Puggy irregular lower contact. |
| 322.9 – 324.6 | Siltstone with quartz stockwork. |
| 324.6 – 324.7 | Puggy fault breccia. |
| 324.7 – 325.3 | Sheared quartz siltstone breccia |
| 325.3 – 326 | Quartz carbonate chlorite vein with sheared siltstone margins sub para to core. |
| 326 – 326.7 | Mudstone with strong quartz stockwork. |
| 326.7 – 332.9 | Moderately sheared siltstone. |
| 332.9 – 356.5 | Undeformed slatey grey siltstone. |
| 356.5 – 360.4 | Dark olive grey, weak pervasive chlorite altered siltstone with evenly disseminated very fine grained pyrite. |
| 360.4 – 363.3 | As above with frequent clots to veins of quartz and very thin pyritic veinlets. |
| 363.3 – 366 | Black fine grained sandstone with 50% quartz vein breccia and minor sulphides. Sharp planar lower contact. |
| 366 – 366.6 | Dark olive grey, weak pervasive chlorite altered sandstone. |
| 366.6 – 369.4 | As above with strong bucky to mottled grey quartz/chlorite/sulphide veining. |
| 369.4 – 369.5 | Strong puggy fault gouge with lithic and quartz fragments interpreted to be the second “slide”. |

| | |
|----------------|--|
| 369.5 – 370.5 | Black fine grained sandstone with buck to mottled grey quartz vein breccia with sulphides. |
| 370.5 – 372 | As above with vein breccia becoming more included with wall-rock. |
| 372 – 376.4 | Weakly sheared grey sandstone. |
| 376.4 – 376.65 | Quartz vein breccia with internal parting. |
| 376.65 – 379 | Weakly sheared grey sandstone. |
| 379 – 379.6 | Strong quartz vein with minor pyrite. |
| 379.6 – 380 | Very weakly sheared grey sandstone. |
| 380 – 380.3 | Quartz vein breccia with minor pyrite. |
| 380.3 – 383.8 | Grey sandstone. |
| 383.8 – 385.2 | Quartz veining with minor pyrite. |
| 385.2 – 390.7 | Grey sandstone with infrequent minor veining. |

EOH.

Diamond Drill Hole - MDD007

On 27 January 2020, drilling of diamond hole MDD007 commenced and was completed to a depth of 302.4m on 3 February 2020. This hole was a stratigraphic hole to test for structures. It was not anticipated that any lodes would be intercepted. A summary log is presented below –

| | |
|--------------|--|
| 0 – 69.2 | Grey to light olive grey, fine grained siltstone with variable selective silica, carbonate, chlorite alteration halos around infrequent irregular/ptygmatic quartz carbonate veins and veinlets (V1), crosscut by frequent planar quartz carbonate +/- sulphides veins (V2). |
| 69.2 – 69.3 | Sheared fault with minor pug. |
| 69.3 – 71.6 | Altered siltstones as previous with rare veining |
| 71.6 – 72 | Sheared fault with weak pug. |
| 72 – 77.4 | Altered siltstones as above with small puggy shears from 76.15m |
| 77.4 – 77.8 | Massive pug with sheared lithic fragments. |
| 77.8 – 82.8 | Altered siltstone as previous. |
| 82.8 – 83.05 | Quartz carbonate vein breccia with a 10cm pervasive alteration halo. |
| 83.05 – 88.1 | Altered siltstone as previous with smaller vein breccias as above at 84.35, 85.2 and 87.2m. |
| 88.1-121.57 | Altered siltstone as previous with minor bucky quartz veins at 88.98, 90.24, 97.88m and narrow (14cm) stockwork 90.24m. Pyrite in sparse hairline quartz +carbonate veinlets and trace pyrite in wallrock enter after 95m. |
| 121.57-173 | Interbedded grey siltstones and dark grey mudstone showing in particular in the siltstones a pressure-solution slaty cleavage producing a sub-mm scale “tiger striping” that may be confused with fine bedding laminations, distinguished by lenticular style. Local zones of significant to intense quartz+/-white carbonate veining occur at 137.5-138.47, 144.14-144.51, 149-149.60, 154-155.57, 155.87-157.82, 158.32-158.44, 159.06-161.15m. Veins vary in style between bucky white quartz, tension gashes, folded and partly sheared veins and brecciated veins, and in colour from grey to white. Multiphase veining is clearly evident. |

The significantly veined areas have been variously silicified. Very little chlorite and no “ankerite” occurs in these zones.

- 173 – 221 Dark grey siltstone with interbedded fine-grained sandstone and minor quartz carbonate veining becoming less frequent down hole.
- 221 – 232 Black mudstone with increasing minor quartz carbonate veining.
- 232 – 250 Grey siltstone with rare interbeds of black mudstone with reducing minor veining.
- 250 – 286.2 Black mudstone with frequent finely laminations (interbeds) of grey siltstone and strong veining of variable styles.
- 286.2 – 302.4 Grey siltstone with very infrequent minor quartz carbonate veining.
- EOH.

DISCUSSION OF RESULTS

MDD006 and MDD007 were drilled as part of fence of three holes drilled across the favourable structural corridor to test along strike from the old working determine if there are any further new structures/ shoots which host gold mineralisation.

The favourable structural corridor is considered to be well constrained on the western side by intense deformation in the Golden Hinges adit to the west of the New Golden Gate Mine. The eastern edge of the corridor is less clear but would include the Dylans Reef zone. The eastern portion of the favourable structural corridor is obscured by tailings and/ or alluvium.

The drill holes were planned to test the entire width of the prospective structural corridor within EL19/2018 (Figure 8). 3D modelling indicated that Planned Hole 1 (MDD006) would intersect the western slide, however the hole was extended as it did not reach this slide by the planned depth of 250m (Figure 9 & 10).

It was anticipated that a turbiditic sequence of shale, siltstone and sandstones will be intersected in the drilling. At the New Golden Gate Mine, the reefs appear to be hosted in the north to north-northeast striking faults which splay off north-northwest striking faults (specifically the steeply west-southwest dipping main and second slides). The main slide has been projected to continue to the south into the area of interest (Figure 8). It was expected that one or more structurally emplaced discrete high-grade quartz+minor sulphide (predominantly pyrite and arsenopyrite) reefs will be intersected by the proposed drilling.

Drill hole MDD006, which was targeting the western bounding fault/ structure, did intercept a strong puggy fault gouge with lithic and quartz fragments interpreted to be the second “slide” at 369.4m to 369.5m.

These holes have provided a significant dataset of excellent structural information that will help to target further exploration both at Mathinna and along the structural trend which extends for more than 30km from Tower Hill in the south to Alberton in the north.

Both the drill holes did identify previously unknown “reefs” which generally consisted of quartz breccia with minor quartz – sulphide veining (Photo 1). In MDD006, the strong quartz carbonate sulphide veining (sub breccia) in siltstone from 128.5 to 138.6m did return a low grade gold intercept of 1m @ 0.53 g/t Au from 137.55m. Also in MDD006, a siltstone with moderate veining from 218.4 to 222.1m returned an anomalous intercept of 1m @ 0.86 g/t Au from 219.58m.

The section for the drill holes is presented in Figure 11.

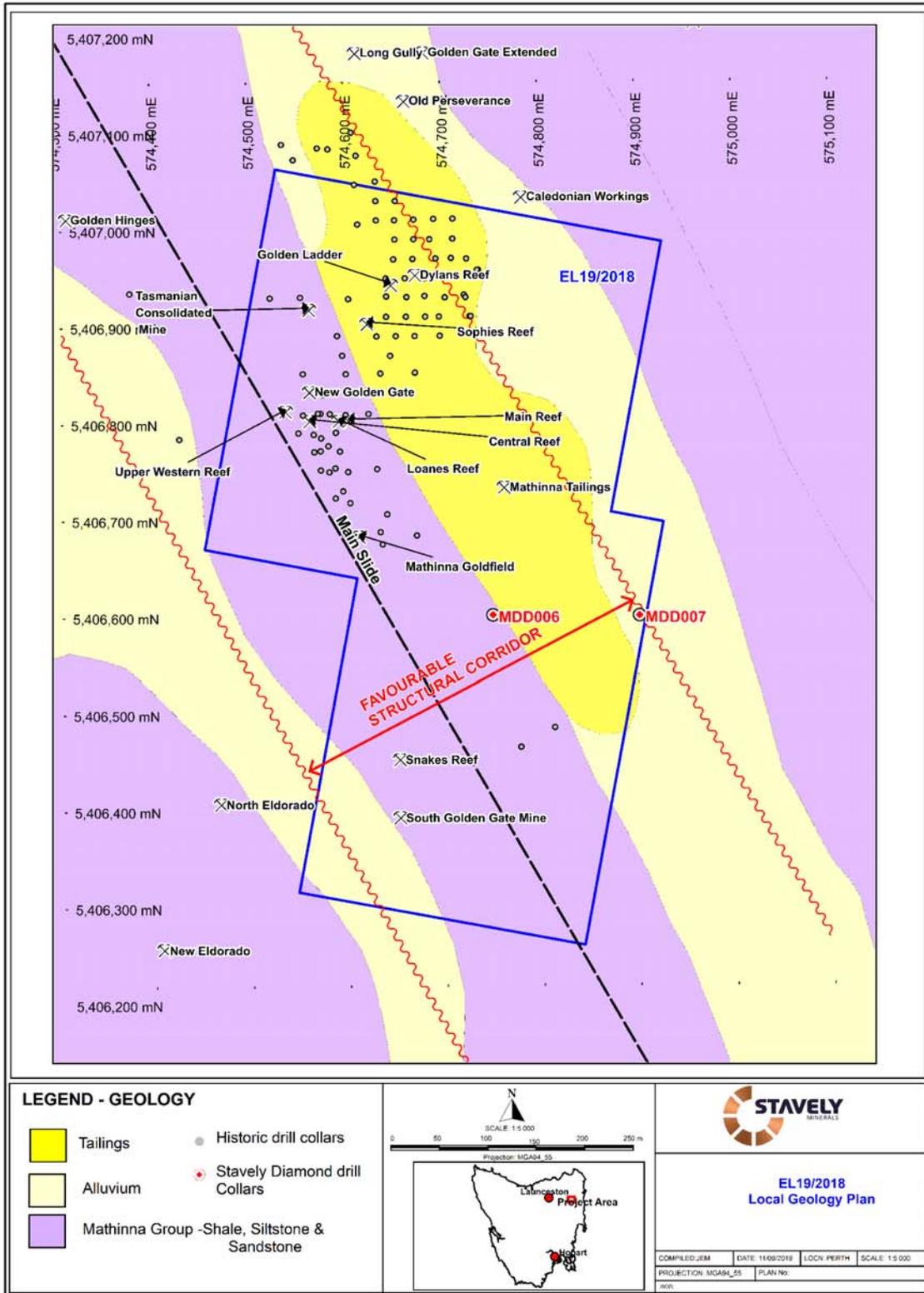


Figure 8. Mathinna Project – Prospect Geology with Drill Hole Locations.

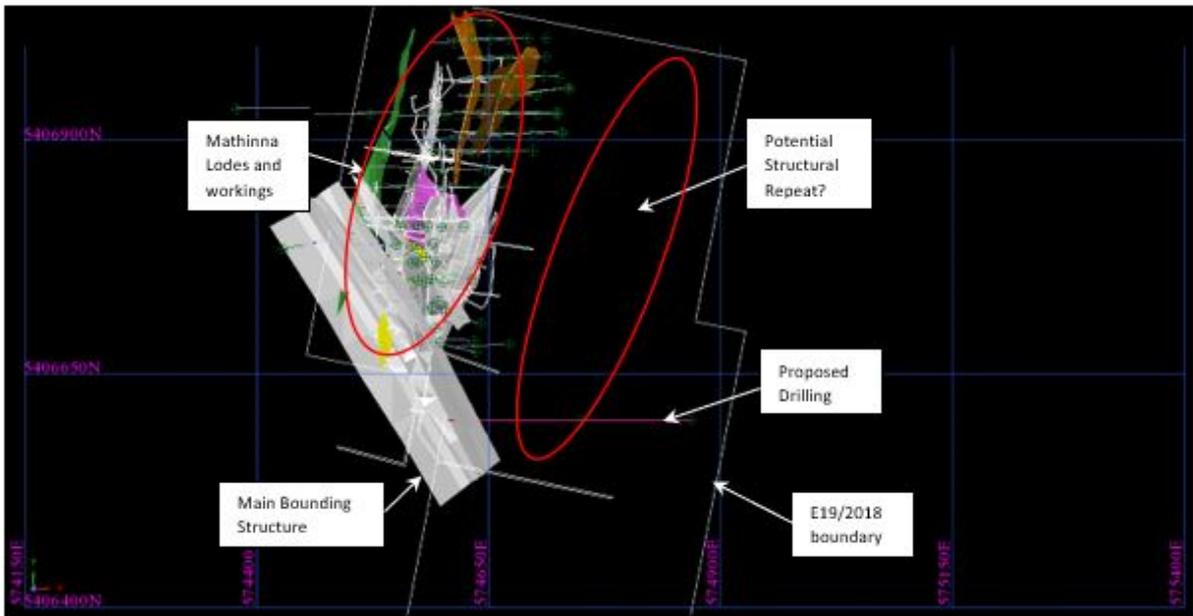


Figure 9. Plan view of Mathinna showing existing workings and lodes and proposed drilling.

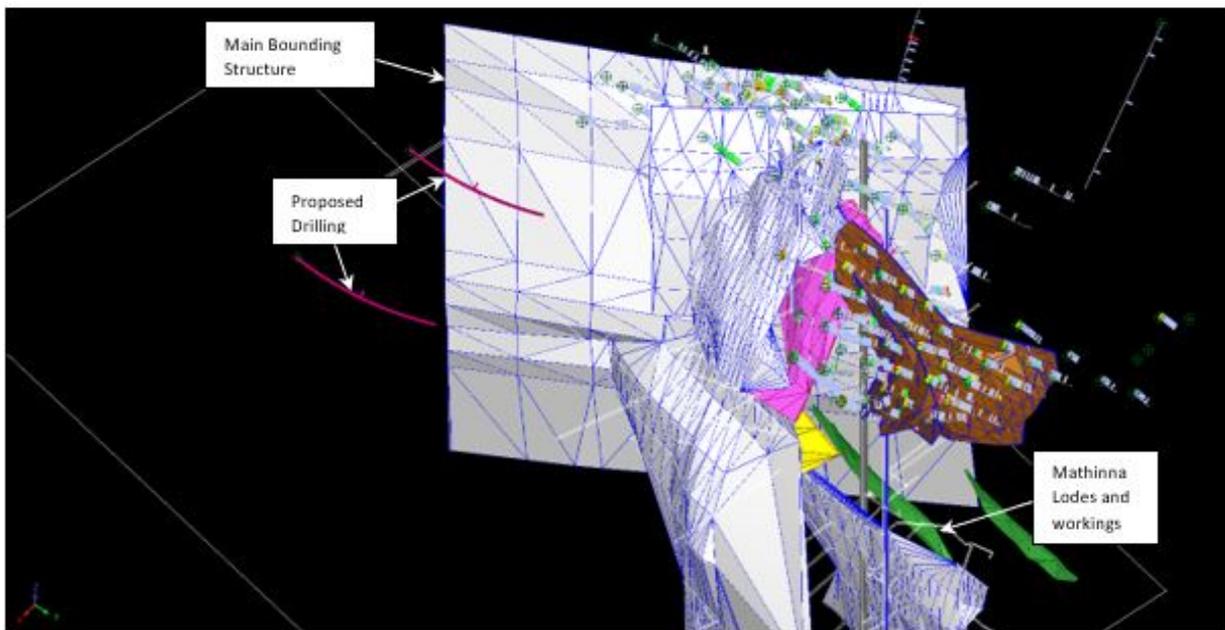


Figure 10. Oblique View of Mathinna showing Existing Workings and Lodes and Proposed Drilling.

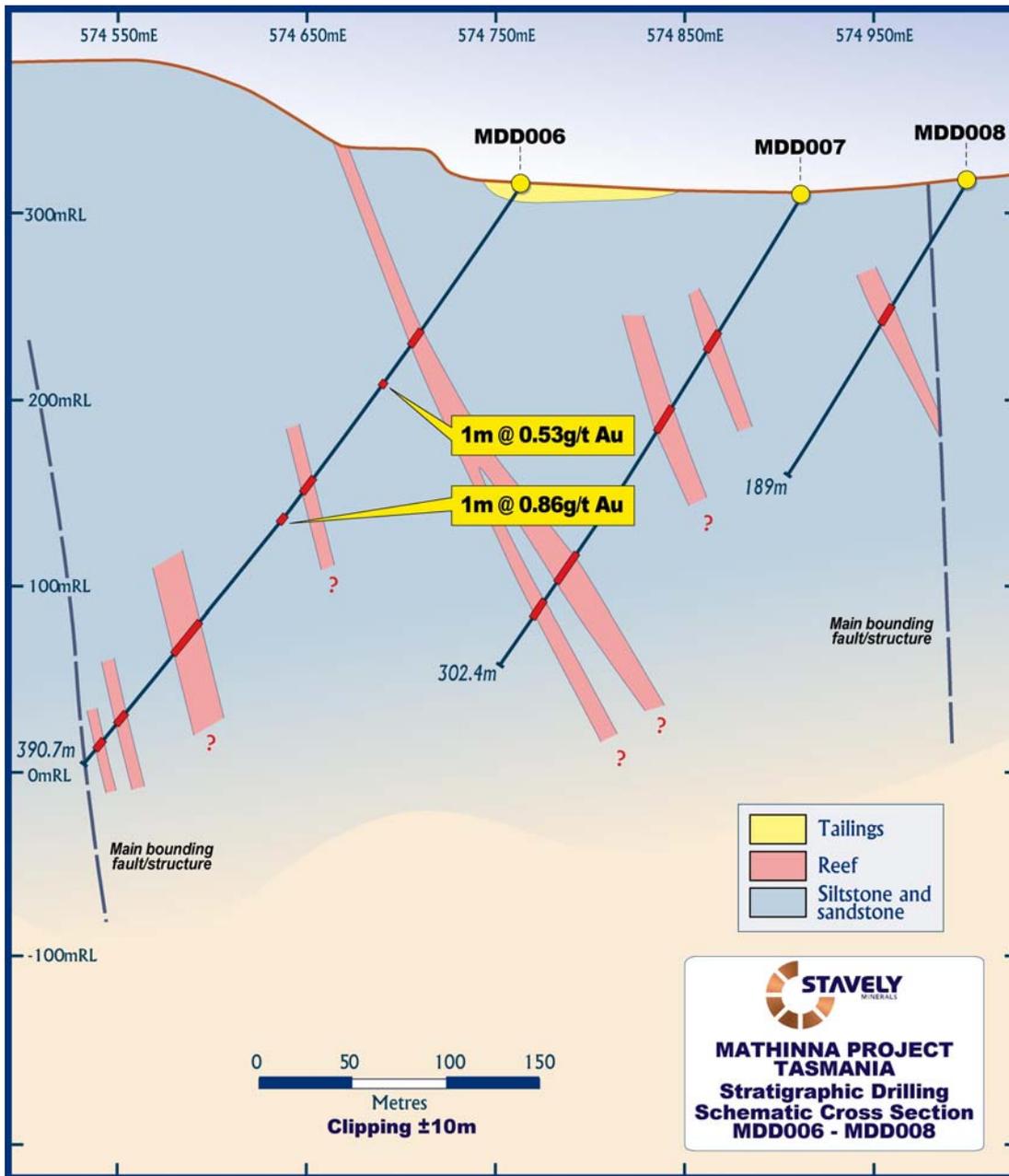


Figure 11. Stratigraphic Drilling Schematic Cross Section MDD006 – MDD008.



Photo 2. MDD006 - Quartz Vein Breccia and Minor Sulphides at 365.3m.

CONCLUSION

The geoscientific objectives to be tested by the drilling program included:

- Testing for potential structural repeats to the east of the Mathinna lodes and workings in an area where no previous drilling has been undertaken
- Test for possible shallow high-grade reefs to the south of the New Golden Gate Mine in an area where there has been no previous drilling

The drill holes have provided a significant dataset of excellent structural information that will help to target further exploration both at Mathinna and along the structural trend which extends for more than 30km from Tower Hill in the south to Alberton in the north.

Both the drill holes did identify previously unknown “reefs” which generally consisted of quartz breccia with minor quartz-sulphide veining. In MDD006, the strong quartz carbonate sulphide veining (sub breccia) in siltstone from 128.5 to 138.6m did return a low- grade gold intercept of 1m @ 0.53 g/t Au from 137.55m. Also in MDD006, a siltstone with moderate veining from 218.4 to 222.1m returned an anomalous intercept of 1m @ 0.86 g/t Au from 219.58m.

ENVIRONMENTAL MANAGEMENT

A baseline environmental survey was conducted by Pitt & Sherry over E19/2018 in August 2019. No threatened vegetation communities under the Nature Conservation Act 2022 were mapped within the lease area. Native vegetation communities mapped within the lease area include Eucalyptus amygdalina forest on the mudstone on the western side with a small Acacia dealbata forest in the north east corner.

Drill hole MDD006 was located in an area covered by the Mathinna tailings. Drill hole MDD007 was located in an existing clearing along the track around the tailing dam. No clearing was required.

There are no inhabited buildings in the vicinity of the proposed drilling and hence there were no noise pollution issues.

The entire worksite including drill rig, drill hole collar, and drill rod layout area was underlain by durable plastic to contain any fluid spillage or drill cuttings. Fuel was stored in the fuel truck. Where it was stored in containers they are underlain by plastic sheeting and a bund is constructed.

Drilling fluids were contained within sumps which will be dug adjacent to the drill pad on the downward side. Drains were dug to direct any accidental spills into the sump.

Subsequent to the completion of the drilling program, the holes have been plugged and capped. The drill sumps have been back-filled and the top soil has been replaced.

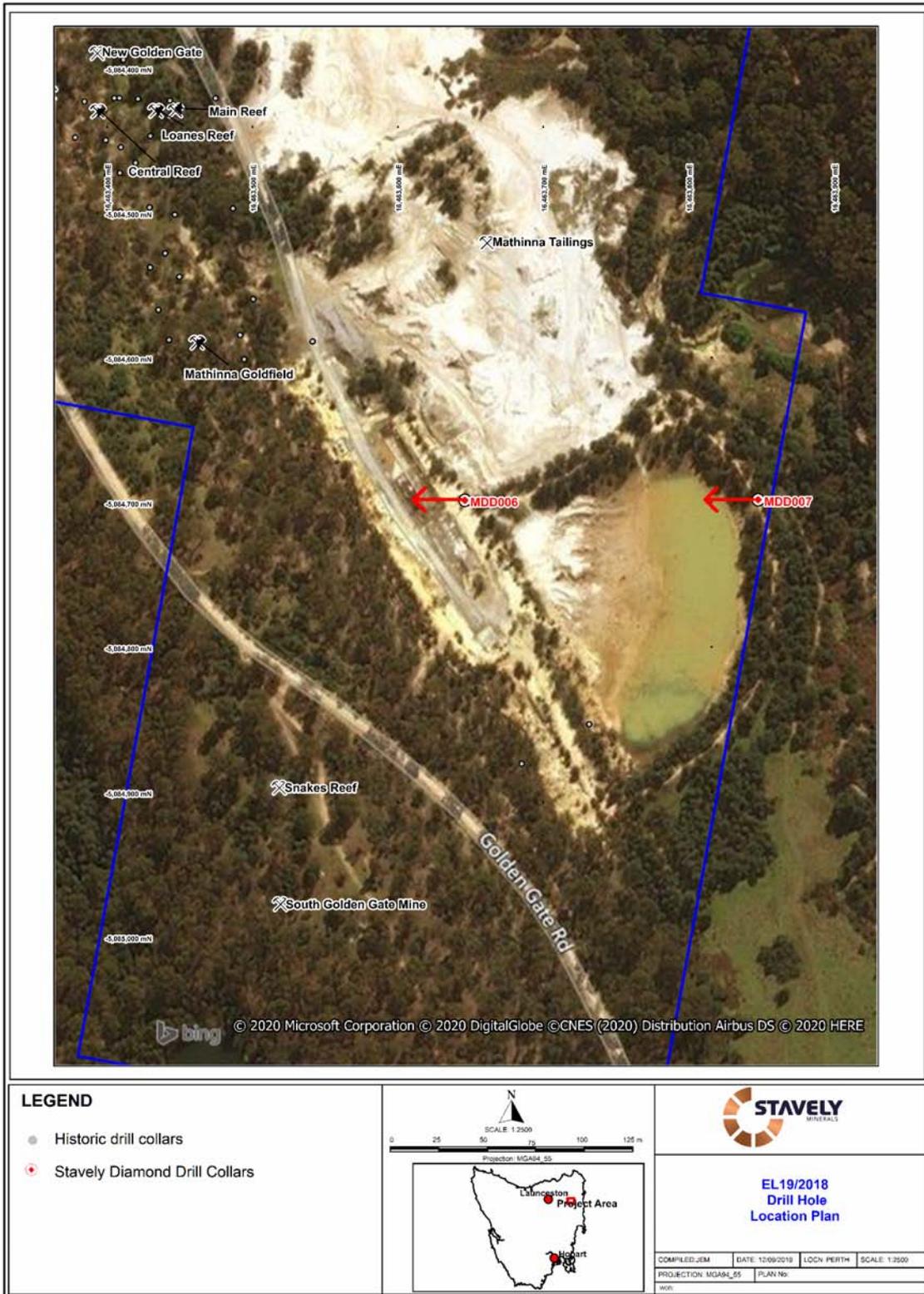


Figure 12. EL19/2018 Diamond Drill Locations Overlain on Satellite Image.

EXPENDITURE

Below is a summary of the direct drilling costs (excluding GST) for diamond drill holes MDD006 and MDD007. The direct drilling costs include the rig activity, metre rate and minimum/ maximum shift rate adjustments. The consumables include drilling muds and the equipment hire was for the core orientation tool.

Table 2. Summary of direct drilling costs

| Drill hole | Hole Depth | Dates Drilled | Activity | Costs | Sub Total | Total |
|------------|------------|---------------------|-----------------------|-------------|-------------|---------------------|
| MDD006 | 390.7m | 10 – 17 Feb 2020 | Direct Drilling Costs | \$76,211.20 | \$85,445.66 | |
| | | | Drilling Consumables | \$8,434.46 | | |
| | | | Equipment Hire | \$800.00 | | |
| | | | | | | |
| MDD007 | 302.4m | 27 Jan – 4 Feb 2020 | Direct Drilling Costs | \$83,210.28 | \$89,287.78 | |
| | | | Drilling Consumables | \$5,177.50 | | |
| | | | Equipment Hire | \$900.00 | | |
| | | | | | | |
| | | | | | | |
| | | | | | | \$174,733.44 |

Digital Drilling Data

Original Laboratory Data

Wet and Dry Core Photos