

**2020 Annual Report on Exploration
EL 3/2015 - Lefroy**

HOLDER: Stavely Tasmania Pty Ltd
AUTHOR: M. Dunbar
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Note: All figures, grids and contained data are presented according to the GDA/MGA94 grid system.

EXECUTIVE SUMMARY

During the year, Webb Mining Pty Ltd was actively seeking joint venture partners or a sale of Exploration Licence 3/2015.

In November 2019, Stavely Tasmania Pty Ltd agreed to purchase EL 3/2015 and the transfer took effect on 12 February 2020. No exploration could be undertaken by Stavely Tasmania prior to the tenement anniversary due to the current Covid-19 pandemic travel restrictions.

The licence has good potential for high grade shoots similar to the Volunteer deposit (74,000oz @ 85 g/t of historical gold production) beneath the known historical workings as well as near surface shoots along strike from the known lodes.

Exploration work programmes have been developed for the tenement and include detailed soil sampling, re-processing of the historical aeromagnetic surveys and, if warranted, drilling of selected high priority targets.

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INTRODUCTION

EL 3/2015 "Lefroy" lies 10 kilometres east of the Tamar River. The 27 square kilometre licence covers the majority of the Lefroy Goldfield in Tasmania's northeast goldfields, approximately 15km east of the +2.0 million-ounce Tasmania Reef at Beaconsfield. The licence is accessed by the bitumen Bridport Road with internal access via the Beechford Road, town streets and other bush tracks.

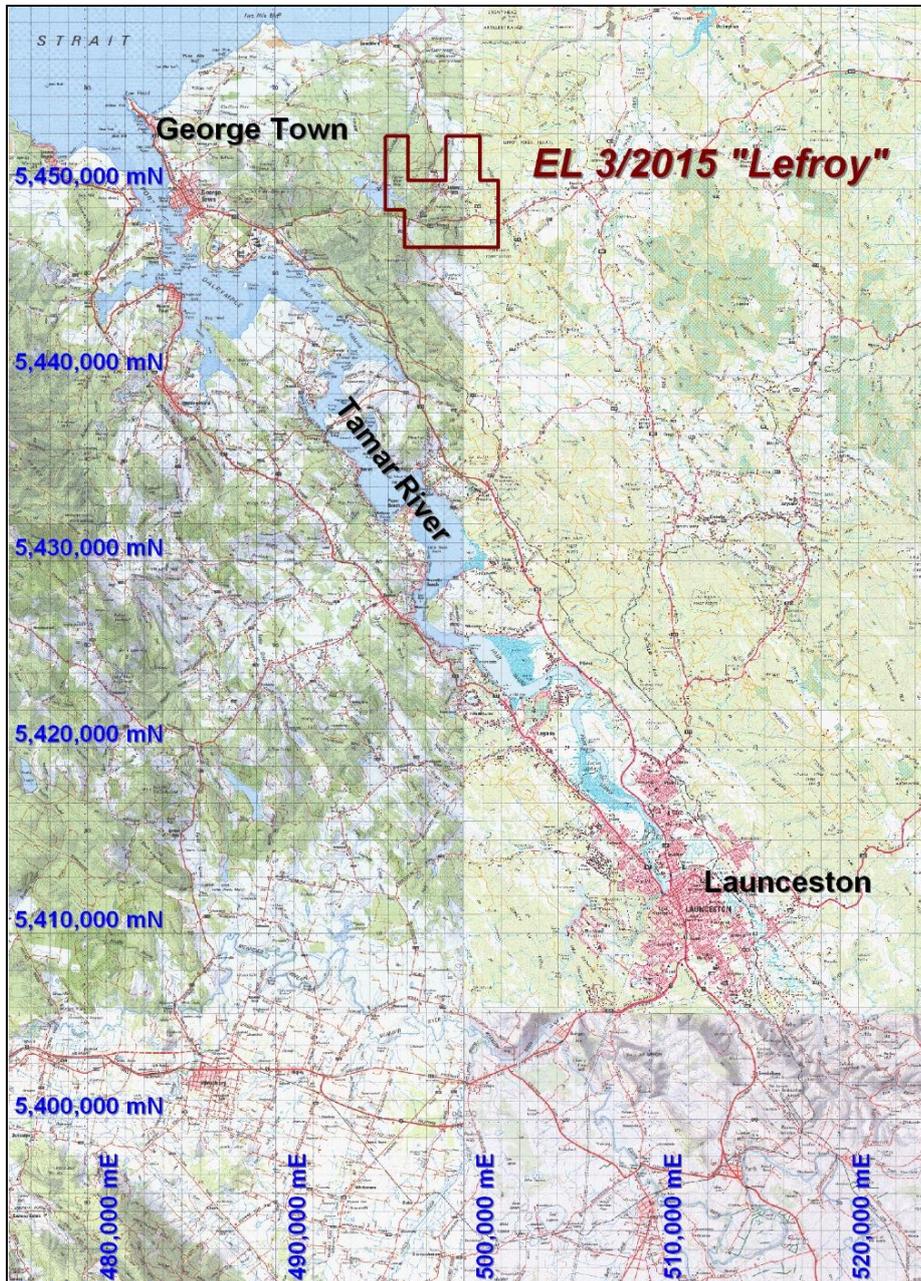


Figure 1. EL 3/2015 Location Plan.

Licence Details

Land status and usage

Apart from the township of Lefroy and a small portion of the north eastern part of the licence, which is farmland, the majority of the licence area is state forest and private bushland covered in dry open sclerophyll scrub.

Tenure

The licence was granted to Webb Mining Pty Ltd on 27 May 2015. In November 2019, Stavelly Tasmania Pty Ltd agreed to purchase the tenement. The transfer was completed on 12 February 2020. The tenement is the subject to an extension of term application.

Geology & Mineralisation Overview

EL 3/2015 covers the majority of the Lefroy Goldfield in Tasmania's north-eastern gold province. The tenement lies approximately 15km to the east of the +2.0 million-ounce Beaconsfield Mine.

Gold is hosted in steeply dipping quartz reefs generally striking east-west within the Mathinna beds. The best geological description can be found in Reed 2002. Within the lodes which trend east – west, there are higher grade west plunging shoots of mineralisation evident in most of the deposits.

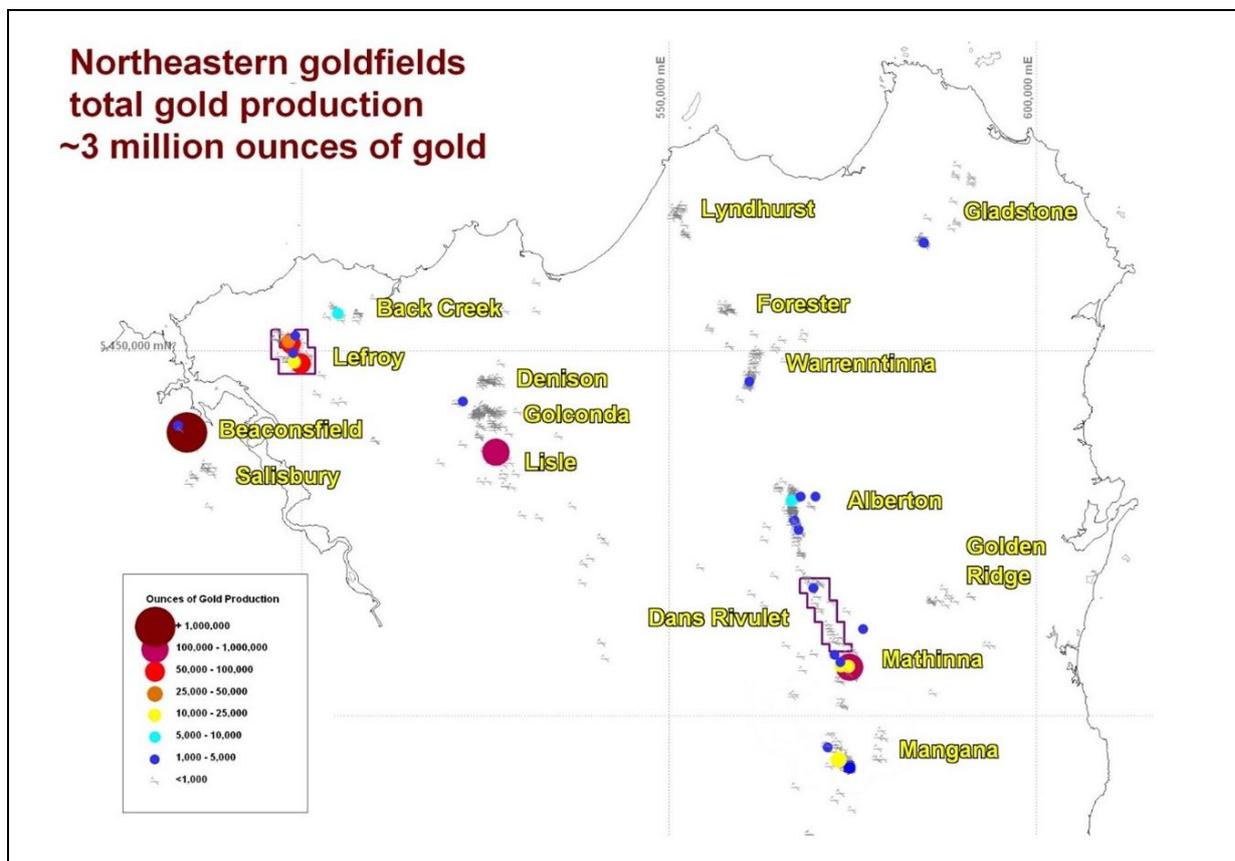


Figure 2. Location Lefroy Goldfield in Tasmania's North-eastern Gold Province.

Table 1. North-eastern Goldfields Production – Ounces of Gold

Goldfield	Production - ounces of gold
Beaconsfield (inc Salisbury)	2,000,000
Lisle (inc. Denison & Golconda)	320,000
Mathinna	280,000
Lefroy	174,000
Alberton	22,000
Mangana	16,000
Back Creek	10,000
Gladstone	6,500
Dans Rivulet	3,000
Warrentinna (inc. Mt Horror)	3,000
Lyndhurst	800
Golden Ridge	300

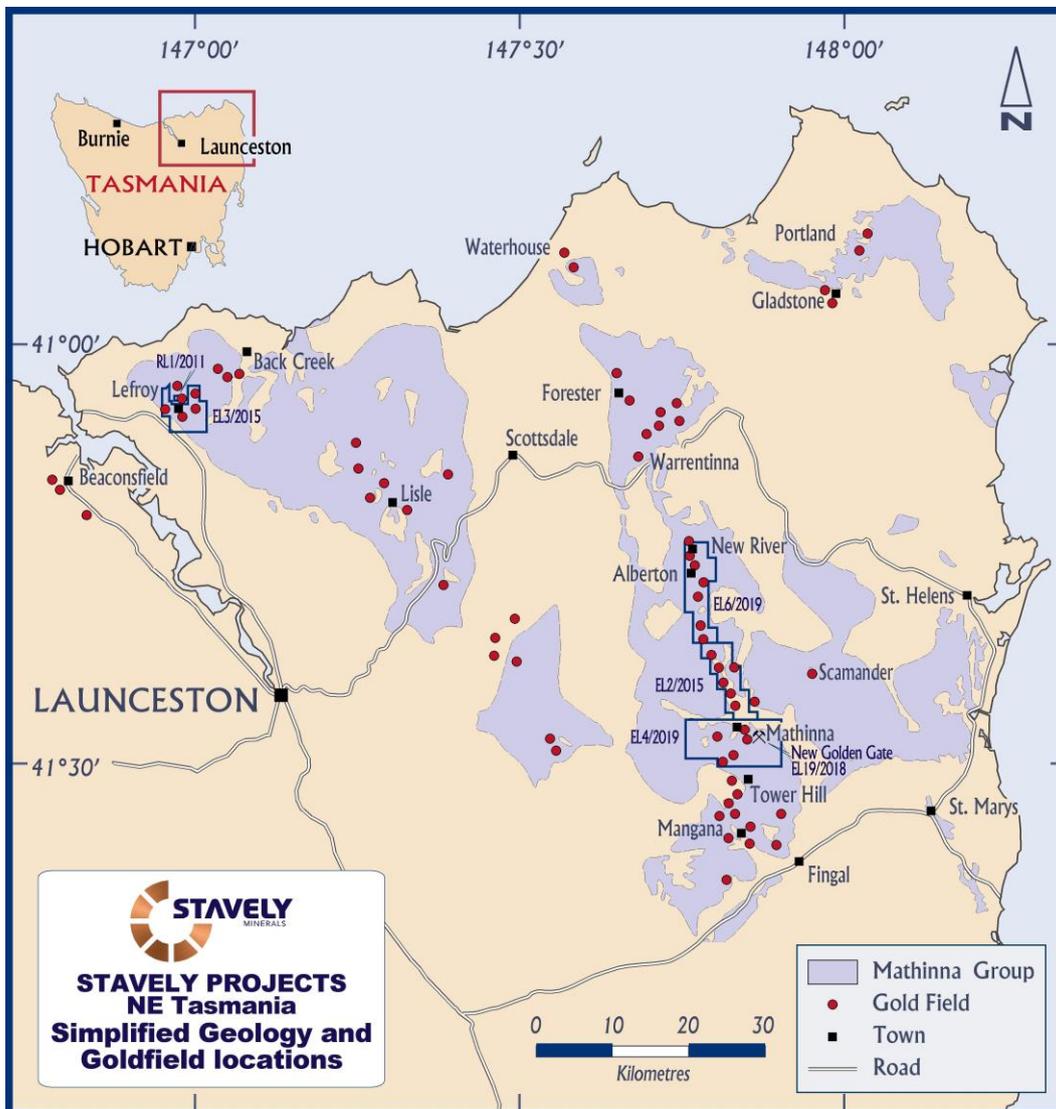


Figure 3. Regional Geology Plan.

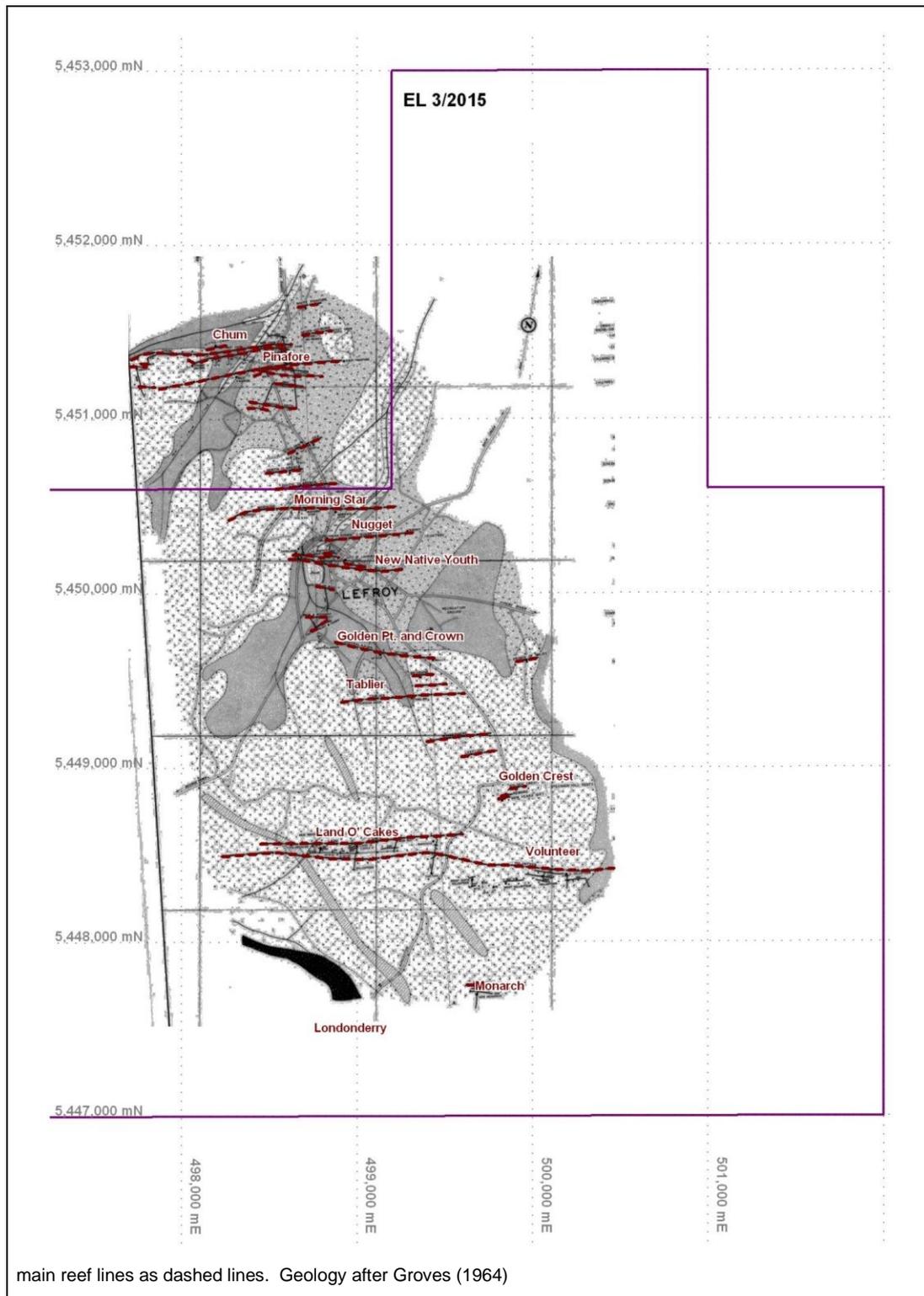


Figure 4. Lefroy Project – Local Geology Plan.

Exploration Rationale

The EL 3/2015 licence area was selected on the basis of its perspectivity for gold.

There are more than 30 separate east-west trending gold lodes within the goldfield with very few of them mined to more than 30m depth. The mines generally ceased operation at shallow depths citing drop in grades as a contributing factor. This fall in gold grades is likely as a result of the mineralisation becoming refractory at depth and therefore the gold could not be liberated by the simple metallurgical processes employed at the time.

The +2.0 million-ounce Tasmania Reef at Beaconsfield, which operated to a depth of 1.2kms, had a significant portion of the gold being refractory at depth. Refractory ores can be processed through a number of modern processes which were not available when the Lefroy Goldfield operated.

The Lefroy Goldfield historically produced from west plunging high grade shoots (or pods) on east-west trending lodes. Significant producers include:

- Volunteer 74,000 ounces at 85 g/t gold
- New Native Youth- 26,400 ounces at 11 g/t gold
- Morning Star 5,700 ounces at 46 g/t gold (reef grade) or 15 g/t gold recovered grade.
- Land of Cakes 12,000 ounces at 14 g/t gold
- Deep Lead alluvial 32,000 ounces of gold.

Several deeper holes intersected the lodes at depth indicating that a number of the lodes remain open at depth. There is good potential to follow known high-grade shoots to considerable depth.

The Lefroy Goldfield has been soil sampled at a nominal 100m x 50m density, with limited infill sampling undertaken.

This density of soil sampling is likely too broad for the known deposit styles at Lefroy, particularly given the lack for geochemical dispersion in the weathered rock units observed.

The previous work on EL 3/2015 can be separated into three distinct groups, the first is the historical mining and prospecting and the second is the “modern” exploration (post 1930’s) activities where exploration and drilling has been undertaken, and the third being activities completed during the term of the current exploration licence. Much of the recent exploration has been targeted within or near the historical workings with very little regional exploration undertaken. As a result, limited systematic exploration has been undertaken over the Lefroy Goldfield.

A summary of previous activities is summarised below.

Early Mining and Prospecting (pre 1930’s)

The Lefroy Goldfield contains many shafts and underground workings located on approximately 30 east-west striking gold reefs aligned in a 5km long north-northwest trending en-echelon array through the town of Lefroy.

Gold mining is documented to have begun in the area around 1864 (Gould, 1864), though mining is likely to have commenced much earlier based on a report of gold being discovered at Lefroy in 1853 (McClenaghan, 1994).

The goldfield was the centre of discontinuous gold mining between 1869 and 1911, with two major mining booms, 1880 – 1885 and 1895 – 1898, over which time more than 180,000ozs of gold production was recorded.

Records indicate that the average mined grade of the field was in excess of 30 g/t gold with most of the mining being restricted to a depth of approximately 30m; however, some mining occurred to depths of 380m. Early reports suggest that as mining in the old goldfield progressed to depth, the ore became sulphidic and without the benefit of appropriate metallurgical technology many mines were closed as mill recoveries decreased. This factor combined with water infiltration and increasing mining costs forced the eventual closure of the field.

Modern Exploration (1930’s – 2015)

There has been little systematic exploration of the Lefroy Goldfield. The bulk of the exploration has been focused on drilling in the immediate surrounds of the known historical workings.

The limited soil sampling undertaken, while a good start, needs to be followed up with infill sampling to better define the drill targets.

A summary of modern exploration is outlined below:

Mineral Resources Tasmania

The Tasmanian government drilled 13 diamond drill holes in the Lefroy Goldfield from 1935 to 1938 targeting beneath old workings. 10 of these holes were drilled in EL 3/2015. Core recoveries were poor and considerable drill deviation has probably occurred. BH8 and BH9 intersected the strike projection of the Volunteer Mine (see Figure 3.1).

Alluvial Exploration (1982-1993)

During the 1980's and 90's most of the activity in the field was focused on exploring for "deep lead" alluvial deposits. Several wide spaced soil-sampling programmes were completed, and around 500 pits and costeans were dug along drainages.

Lefroy Gold Mines Pty Ltd (1993-2002)

Consolidated Kalgoorlie Gold Mines Pty Ltd (CKGM) formed Lefroy Gold Mines Pty Ltd (LGM), a wholly owned subsidiary, to explore the Lefroy Goldfield in the early 1990's. CKGM had been working to re-develop the Beaconsfield Gold Mine, and initial activity centred on delineating bulk low-grade hard-rock and alluvial targets to use as feed for the Beaconsfield Mine.

LGM explored from 1995 to 2002 using a combination of surface and geophysical mapping, geochemistry, rock-chip and mine dump sampling. Significant results were followed up with trenching, RAB and RC drilling mostly over historical mine areas.

A 55-hole hybrid RAB/RC drilling programme was completed by LGM in 1996/1997, for a total of 1,150m, to a maximum depth of only 28m. Work targeted magnetic lows, old workings and geochemical anomalies mostly for bulk low-grade mineralisation. Results were generally disappointing with the best hole returning 1.5 g/t gold over 5m.

Allstate Explorations NL (1997-2001)

Allstate Explorations NL completed four deep diamond holes at Lefroy (one at west of Pinafore, three at Volunteer) in the Lefroy Goldfield for a total of 1,510m. The drill holes were planned to intersect un-mined sections below historical high-grade lodes between 200 and 420m below surface.

The holes failed to test the lodes due to excessive deviation and poor core recovery.

Sapphire Trading Ltd (2002)

Government funded airborne geophysical surveys flown over the Lefroy Goldfield in 1993 and 1999 were acquired and interpreted by Sapphire Trading Ltd (Sapphire). Sapphire's interpretation of the 1999 data, released in 2001, identified several highly prospective targets along known structures and at least one new structure. The interpretation showed the presence of an important aeromagnetic and radiometric anomaly representing a significant eastern extension of one of the largest reefs in the Lefroy Goldfield. The data also suggests that key mineralised structures continue at depth.

Lefroy Resources Ltd. (2004-2007)

Lefroy Resources Ltd (Lefroy Resources) acquired tenements, including EL 3/2015, from Sapphire in 2004 and conducted detailed desktop mapping, ultra-high-resolution airborne geophysics, field work, interpretation and drilling.

Lefroy Resources targeted a number of old gold mines with drilling around the New Native Youth, Morning Star, Brisbane, Nugget, Golden Point, Pinafore, South Pinafore, Chum, Hit or Miss and Land of Cakes Mines.

Beaconsfield Gold NL (2008-2011)

Beaconsfield Gold NL (BGNL) acquired the Lefroy Project from Lefroy Resources in Feb 2008. BGNL carried out further soil sampling and drilled fences of RC holes across a number of these anomalies.

Exploration Completed on E 3/2015

Work in the first few years of the licence consisted of the compilation of 2D and 3D geographical, geological, geophysical and geochemical data into MAPINFO/DISCOVER and SURPAC formats respectively.

Plans of old workings were obtained digitally from Mineral Resources Tasmania's database. Level plans and sections for the New Native Youth, Volunteer, Land of Cakes and Morning Star Mines were imported and registered into MAPINFO with digitised drive and shaft outlines exported as .dxf's back to SURPAC to create a 3D model of old workings and stoping.

Historical drill data was imported into an ACCESS database and displayed in 3D in SURPAC with the underground workings. This allowed 3D pierce points to be created and this additional data was incorporated into the historical long sections (See Figures 5 to 9).

Historical soil geochemical data was also compiled from the three historical soil sampling surveys (see Figures 10 to 12).

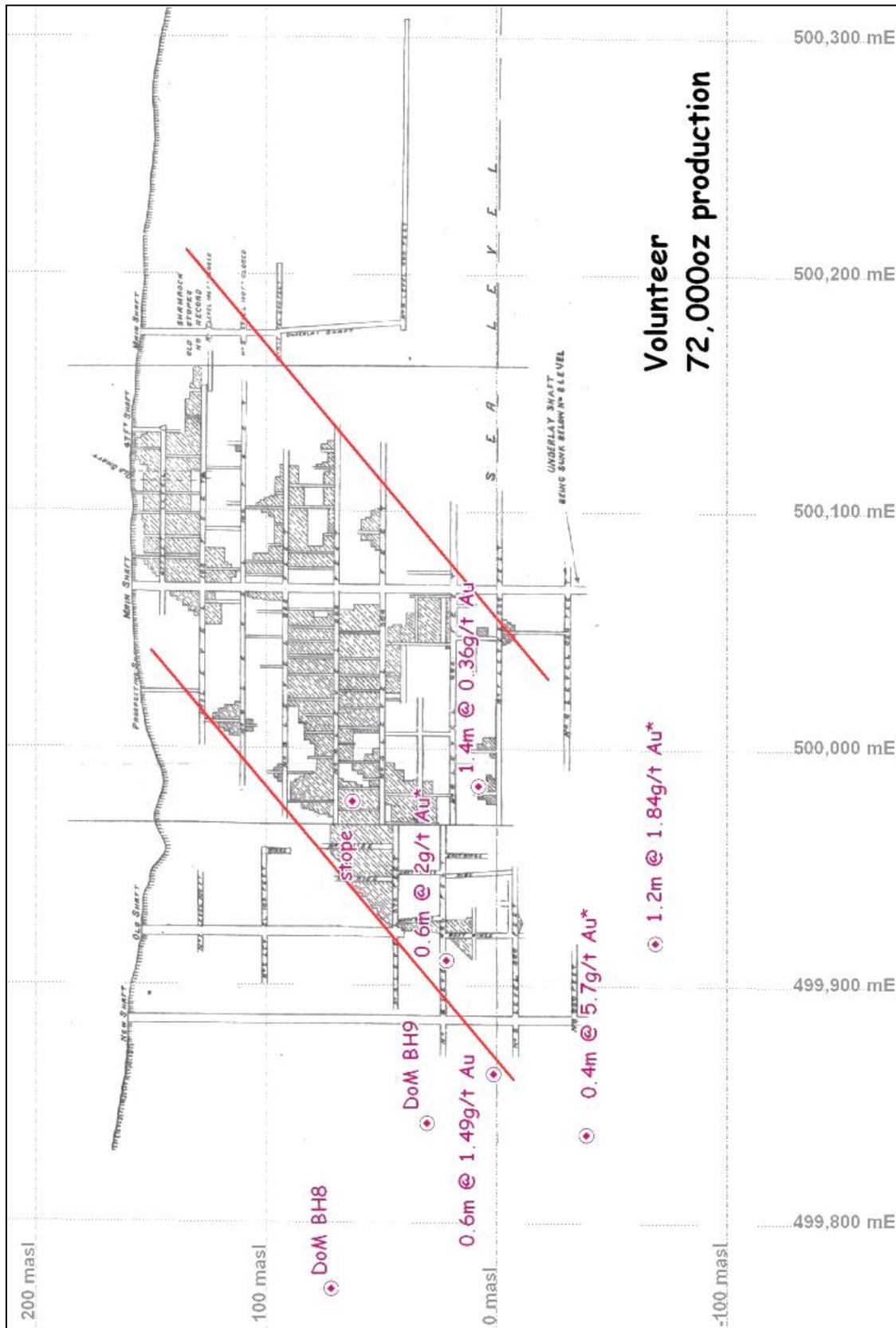


Figure 5. Volunteer Mine Long Section - Looking North.

Maroon dots are drill hole intersections with the reef. Gold grades are downhole lengths.

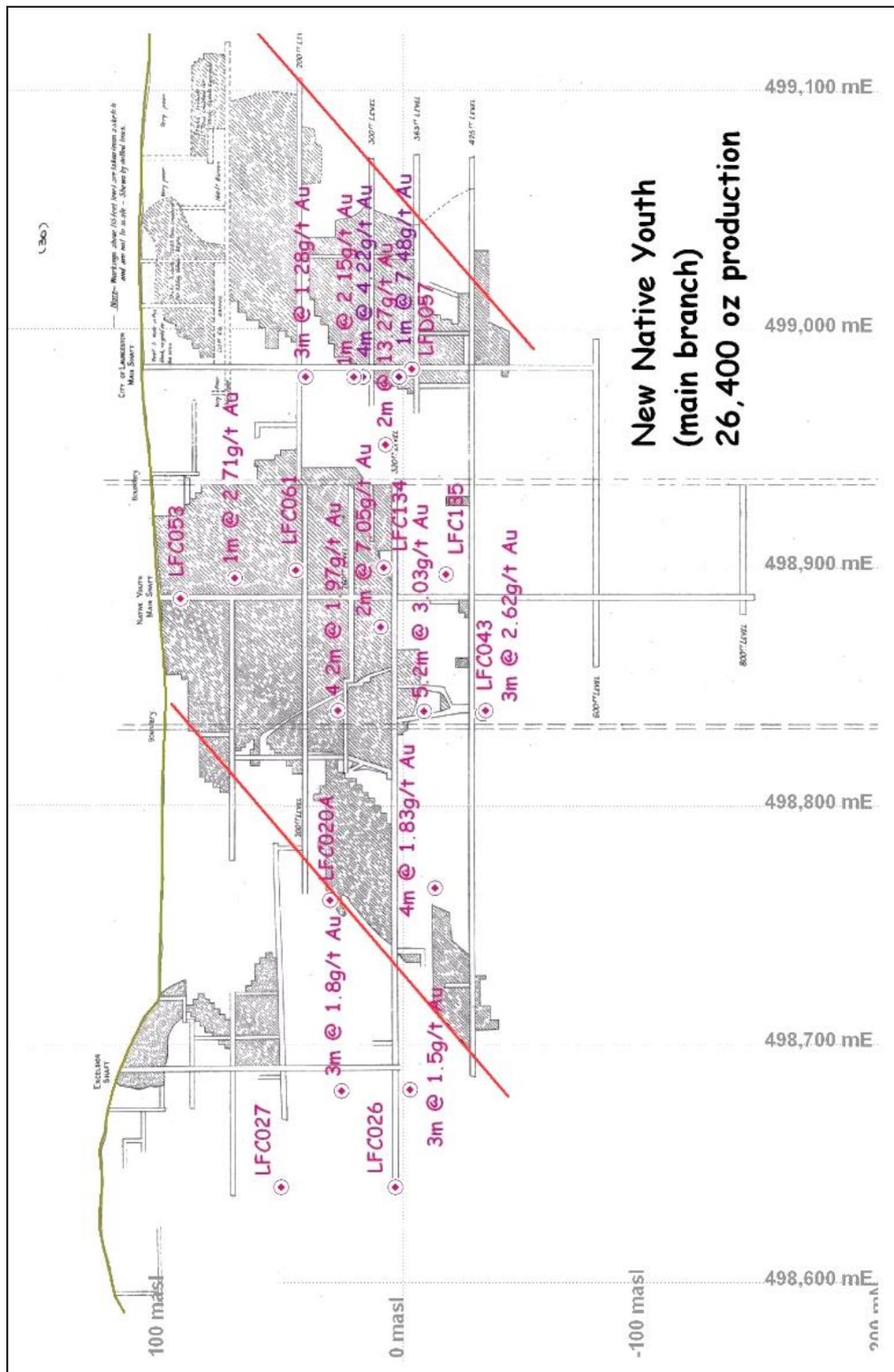


Figure 6. New Native Youth Mine Long Section Showing Main Branch Stopping - Looking North.

Maroon dots are drill hole intersections with the main branch reef, purple dots with a separate minor branch reef. Gold grades are downhole lengths.

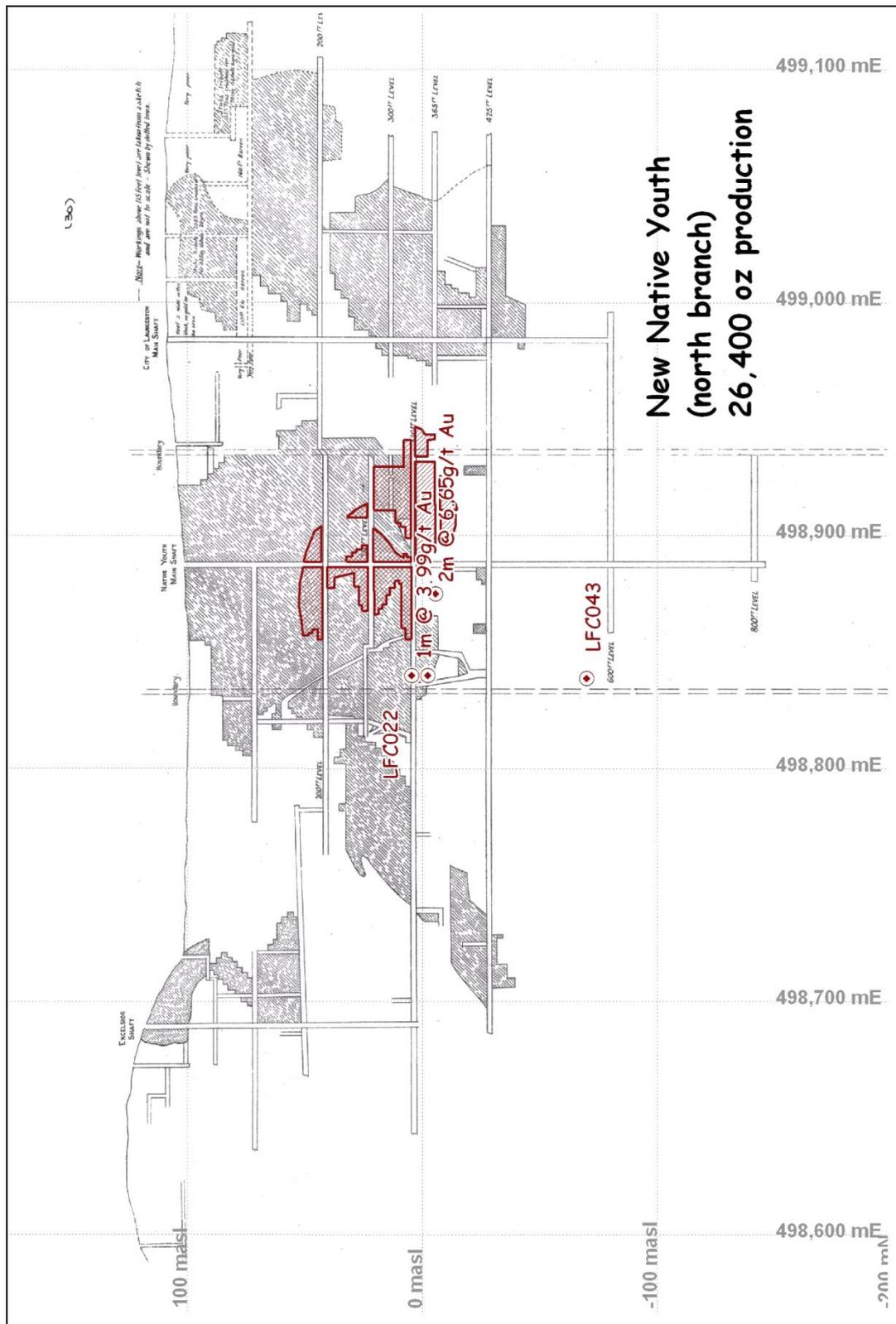


Figure 7. New Native Youth Mine Long Section Showing North Branch Stopping - Looking North.

Maroon dots are drill hole intersections with the north branch reef. Gold grades are downhole lengths.

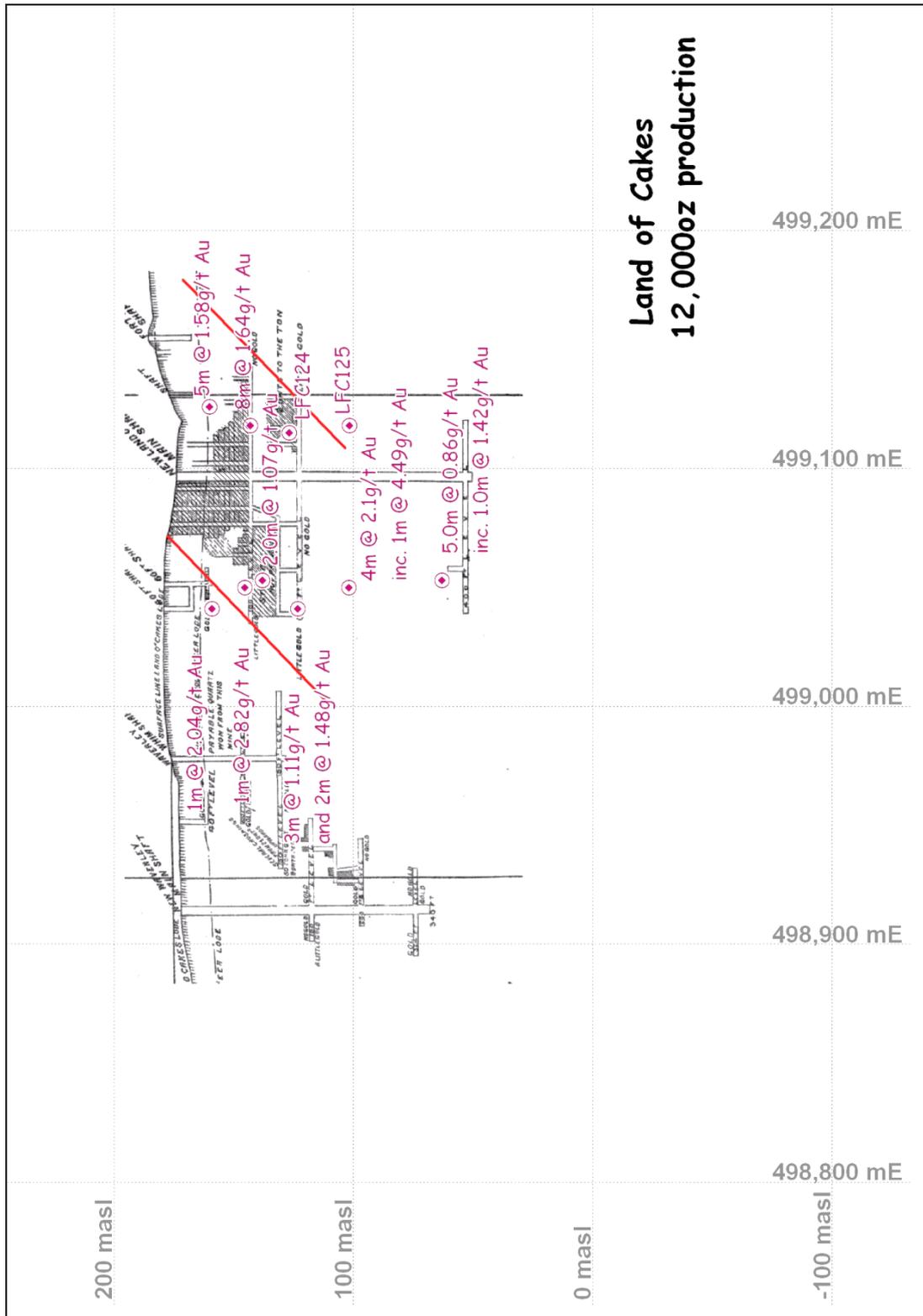


Figure 8. Land of Cakes Mine Long Section - Looking North.

Maroon dots are drill hole intersections with the reef. Gold grades are downhole lengths.

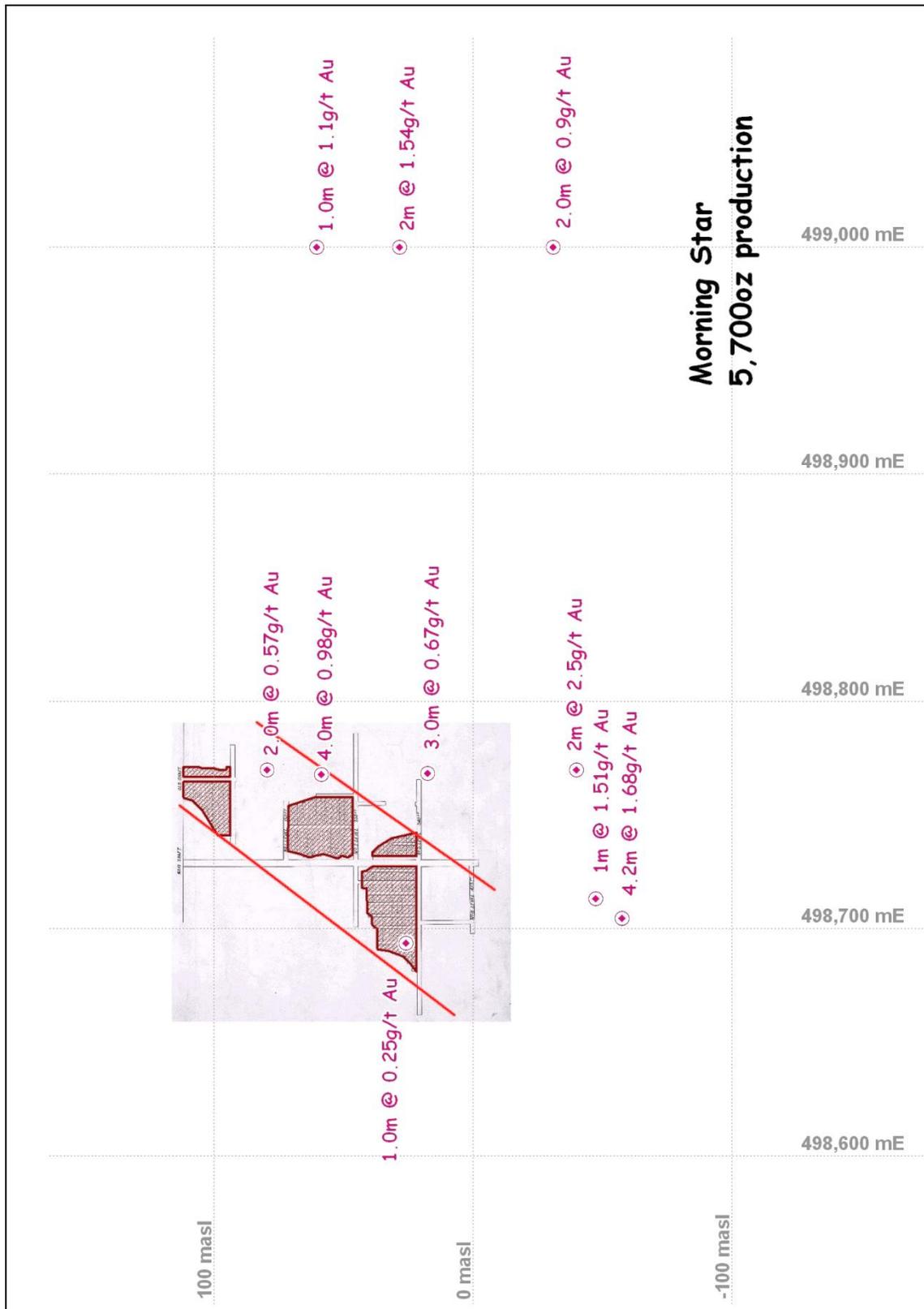


Figure 9. Morning Star Mine Long Section - Looking North.

Maroon dots are drill hole intersections with the reef. Gold grades are downhole lengths.

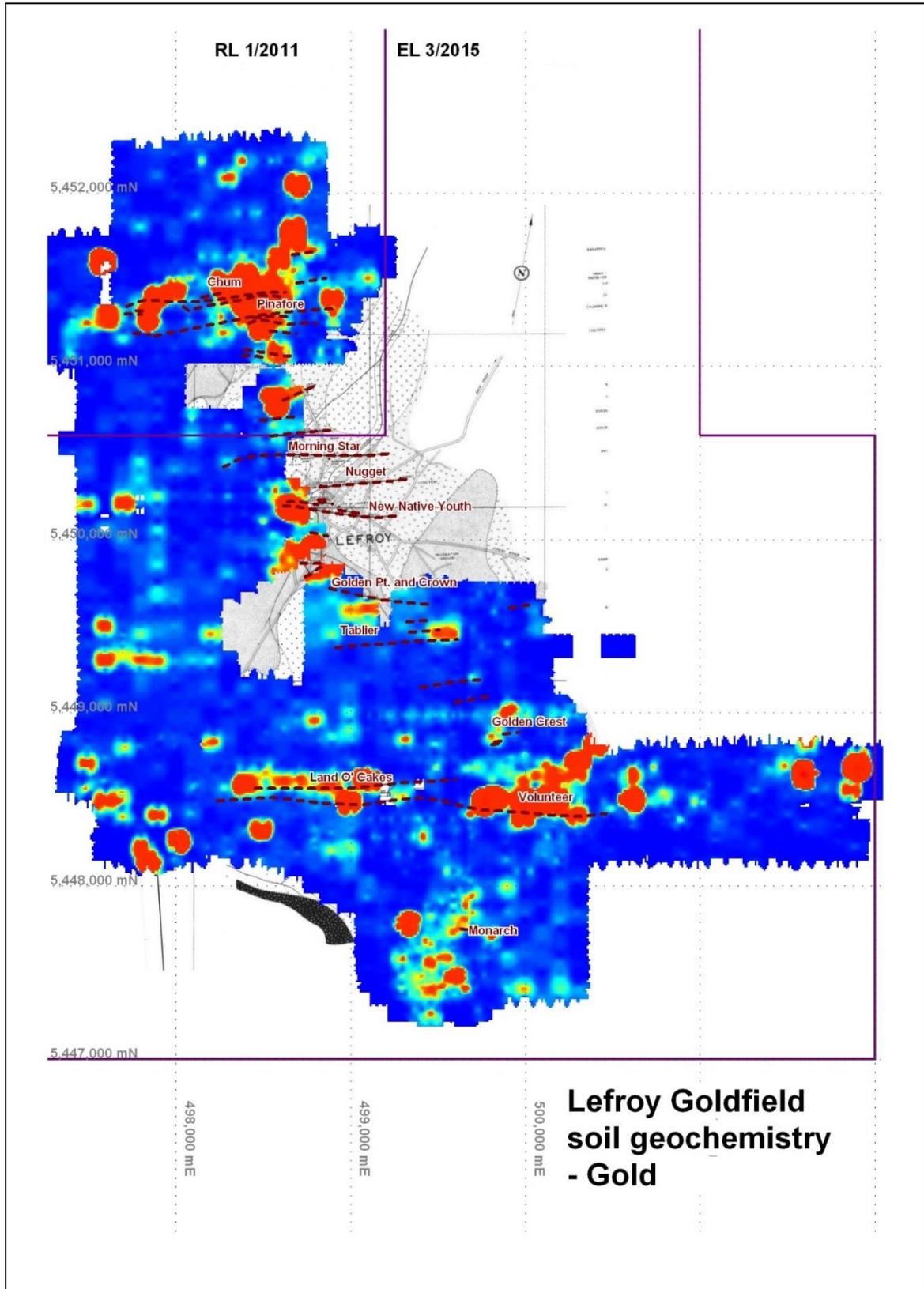


Figure 10. Lefroy Goldfield Soil Geochemistry – Gold.

(Red = high-grade, blue = low-grade)

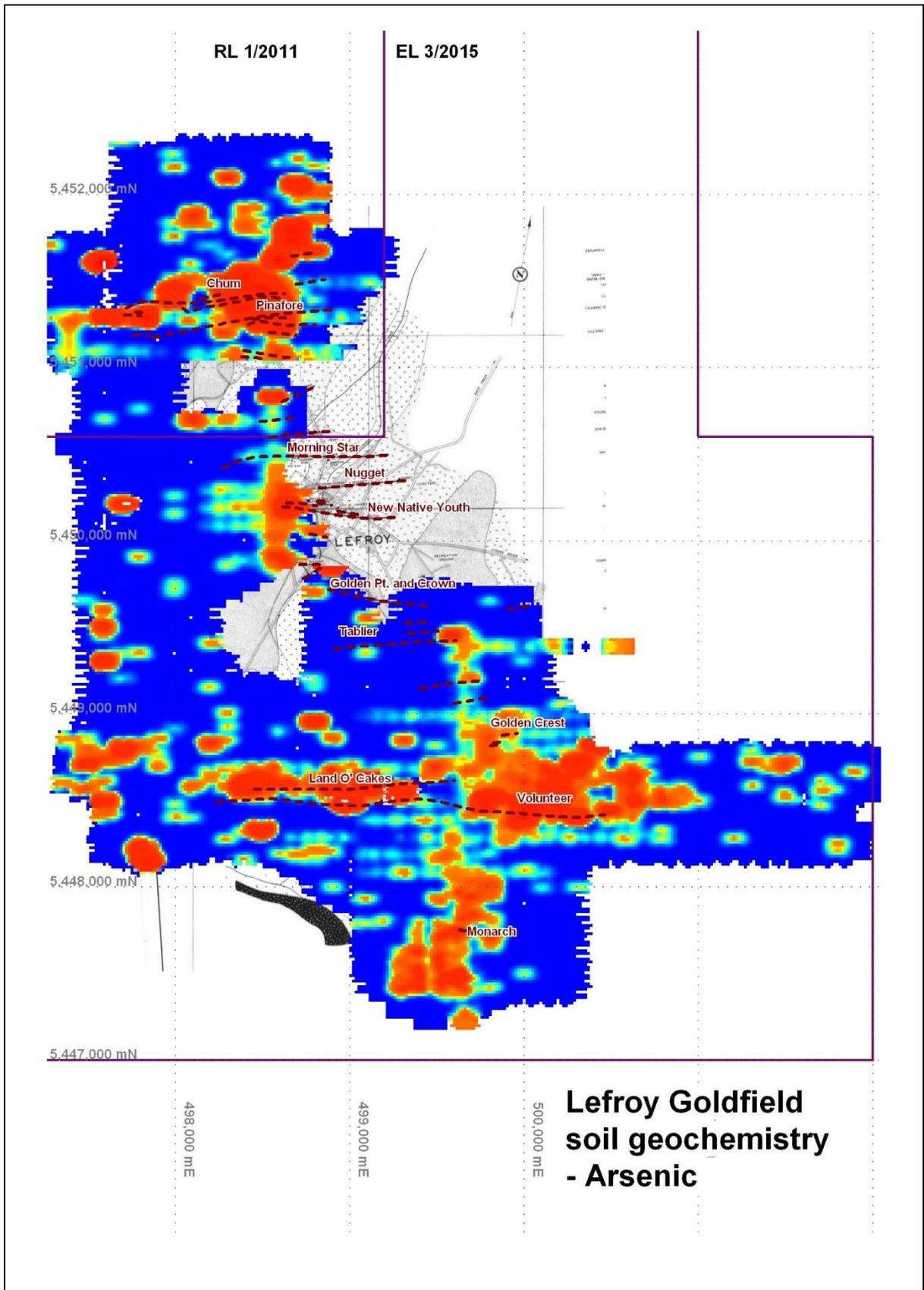


Figure 11. Lefroy Goldfield Soil Geochemistry – Arsenic.

(Red = high-grade, blue = low-grade)

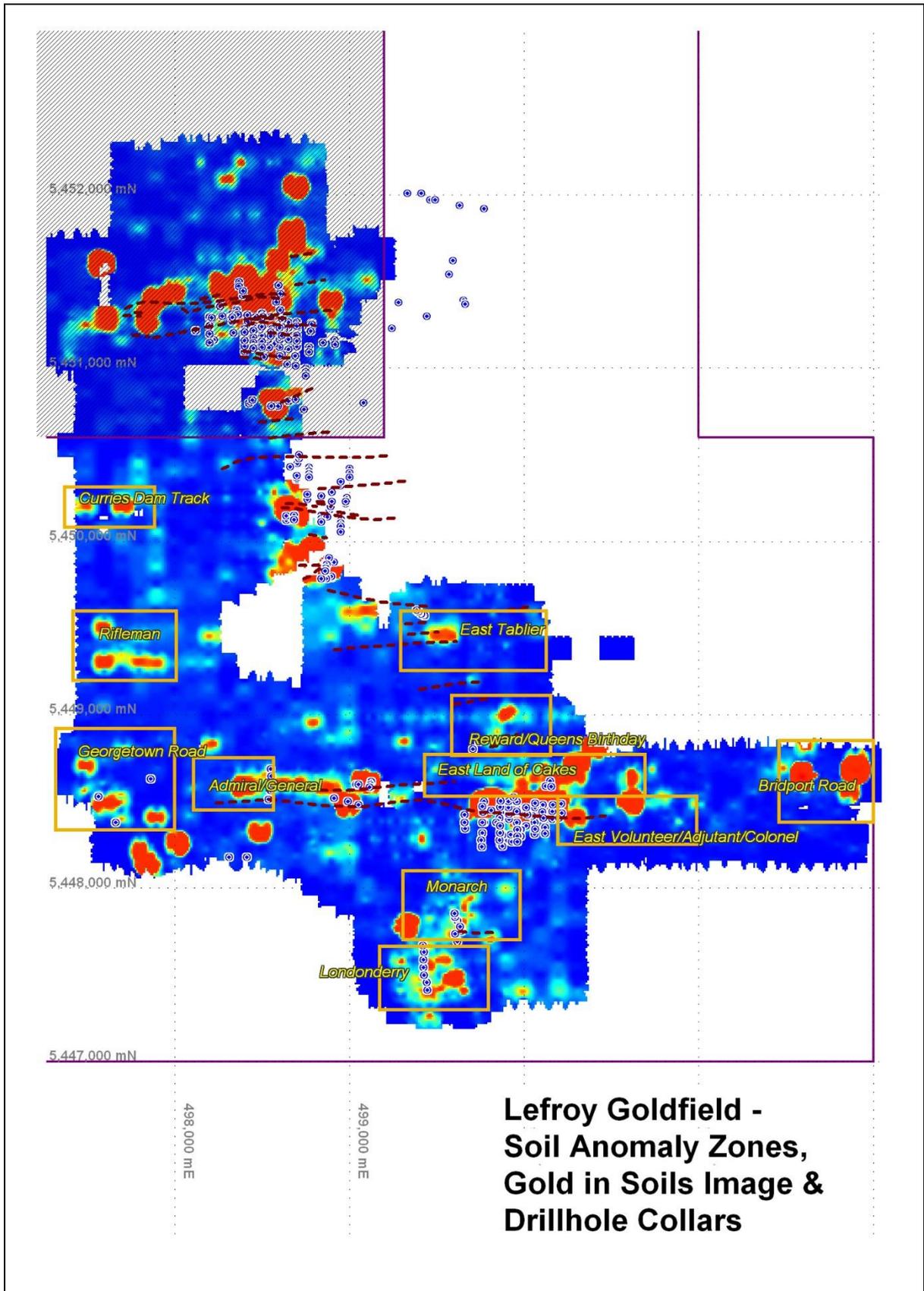


Figure 12. Lefroy Goldfield Soil Geochemistry – Gold with Drilling showing Prospects Zones.

(Red = high-grade, blue = low-grade)

EXPLORATION ACTIVITIES

EL 3/2015 was transferred to Stavely Tasmania Pty Ltd on 12 February 2020. As a result of the Covid-19 pandemic and the resulting state border closures, no exploration could be undertaken during the year by Stavely Tasmania.

Exploration work programmes have been developed for the tenement and include detailed soil sampling, re-processing of the historical aeromagnetic surveys and some drilling of selected high priority targets.

DISCUSSION OF RESULTS

There are no new exploration results to discuss.

CONCLUSION

The potential of the Lefroy Goldfield remains high. Limited systematic exploration has been undertaken to identify mineralisation outside the known historical deposits.

A systematic approach to exploration is recommended for the entire project, including detailed soil sampling, geophysical reprocessing and drilling.

ENVIRONMENTAL MANAGEMENT

No environmental studies have been undertaken.

EXPENDITURE

During the year, no on ground exploration activities were completed (other than limited field validation of previous exploration). As a result, expenditure for the tenement was low. A total of \$3,186 was spent on the tenement during the year.

A significant work programme has been developed for the next year including detailed soil sampling, re-processing of the historical aeromagnetic surveys and limited drilling of selected high priority targets, which is expected to exceed \$50,000.