EL18/2018
TELEGRAPH CREEK, TASMANIA

SECOND ANNUAL REPORT
FOR THE YEAR ENDED
27 MARCH 2021

LICENSEE:

KINGFISHER EXPLORATION PTY LTD

(100% Owned and Operated by Flynn Gold Limited)

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March 2021

Flynn Gold

EXECUTIVE SUMMARY

EL18/2018 covers 94 square kilometers of ground in the vicinity of Telegraph Creek, near Gladstone in NE Tasmania that is considered prospective for orogenic and intrusive-related gold system (IRGS) gold style deposits. The project is owned and operated by Flynn Gold Limited through its subsidiary Kingfisher Exploration Pty Ltd. This report documents exploration activities carried out in the first year of tenure during the period 28th March 2020 to 27th March 2021.

Exploration activity undertaken for EL18/2018 during the reporting period included:

- Landowner notification and liaison.
- Field reconnaissance mapping and sampling.

Interpretation from imaged magnetic data indicates significant NNW- and NW-trending structures traverse the project area. Several large magnetic features trend parallel to the interpreted NNW structures and are hosted in a wedge of Mathinna Group sediments bounded by the Gardens Pluton to the west and the Eddystone Batholith granites to the east. These magnetic anomalies were investigated in the field and based on handheld magnetic susceptibility measurements it is likely that strongly contact metamorphosed Mathinna supergroup siltstones and shales are generating the anomalies.

Compared with the Portland Goldfield (EL11/2012 and northern EL18/2016) to the west, the Telegraph area appears more affected by Devonian granitic magmatism, as pegmatite and dolerite dykes were commonly encountered in outcropping metasediments. However, the types of alteration identified (silicification and sericitization) and at least in part the veining (where not obviously associated with the granites) shows similarities to the Portland system. Despite the general lack of outcrop, where it can be found it is of good quality for collecting structural data, and most metasediment outcrops contained veining. In dams, road cutting and quarries, outcrop was commonly less than 1m under cover, making the area ideal for soil sampling. 47 samples of float and outcrop were collected, with 37 submitted for gold and multielement assay, however results are not available at the time of reporting.

Recommendations for exploration work during the third year of tenure include:

- Submission of remaining samples for Au and multielement assay.
- Further geological reconnaissance on properties not investigated in this reporting period.
- Detailed mapping and sampling over selected target areas.
- Soil sampling over prospective areas identified by geological mapping and sampling.
- Detailed ground magnetic surveys over prospective areas identified by geological mapping and sampling.
- Soil sampling over prospective areas identified by geological mapping and sampling.
- Ground gravity surveys and modelling.

Exploration expenditure during the tenement year (Year 2) was $35,465, with exploration expenditure for the first two years of tenure totaling $57,837. The proposed expenditure for EL18/2018 Year 3 is $47,000.

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1 INTRODUCTION

This report is the Second Annual Report for EL18/2018 located near Gladstone in NE Tasmania (Figure 1). EL18/2018 covers 92 square kilometers of ground that is considered prospective for orogenic and intrusive-related gold deposits based on proximity to mineralisation in the adjacent EL11/2012 and EL18/2016 leases. This report documents exploration activities completed over the 12 months ending 27th March 2021 (the Reporting Period).

EL18/2018 and the two adjacent EL's 11/2012 and 18/2016 altogether make up the Portland Gold Project, which is currently operated and funded by Flynn Gold Limited (Flynn Gold).

All maps and location coordinates contained within this report are presented in GDA94 datum format unless otherwise noted.

1.1 EXPLORATION RATIONALE

The main exploration target for EL18/2018 is for Victorian-style, turbidite-hosted orogenic gold deposits. Numerous studies indicate that northeastern Tasmania is interpreted to represent a lateral equivalent of the turbidite-dominated fold-thrust belt of the western Lachlan Orogen in central Victoria (e.g. Bierlein et al, 2005). The turbidite successions of northeastern Tasmania are host to extensive orogenic style gold mineralisation and numerous historical goldfields but are largely un-explored compared to the Victorian goldfields.

The area is also considered to hold potential for intrusive-related gold system (IRGS) deposits.

Recent work by Flynn Gold Pty Ltd within the adjacent EL11/2012 and EL18/2016 has identified multiple exploration targets and the EL18/2018 has been acquired to test for a possible eastwards continuation of the system.

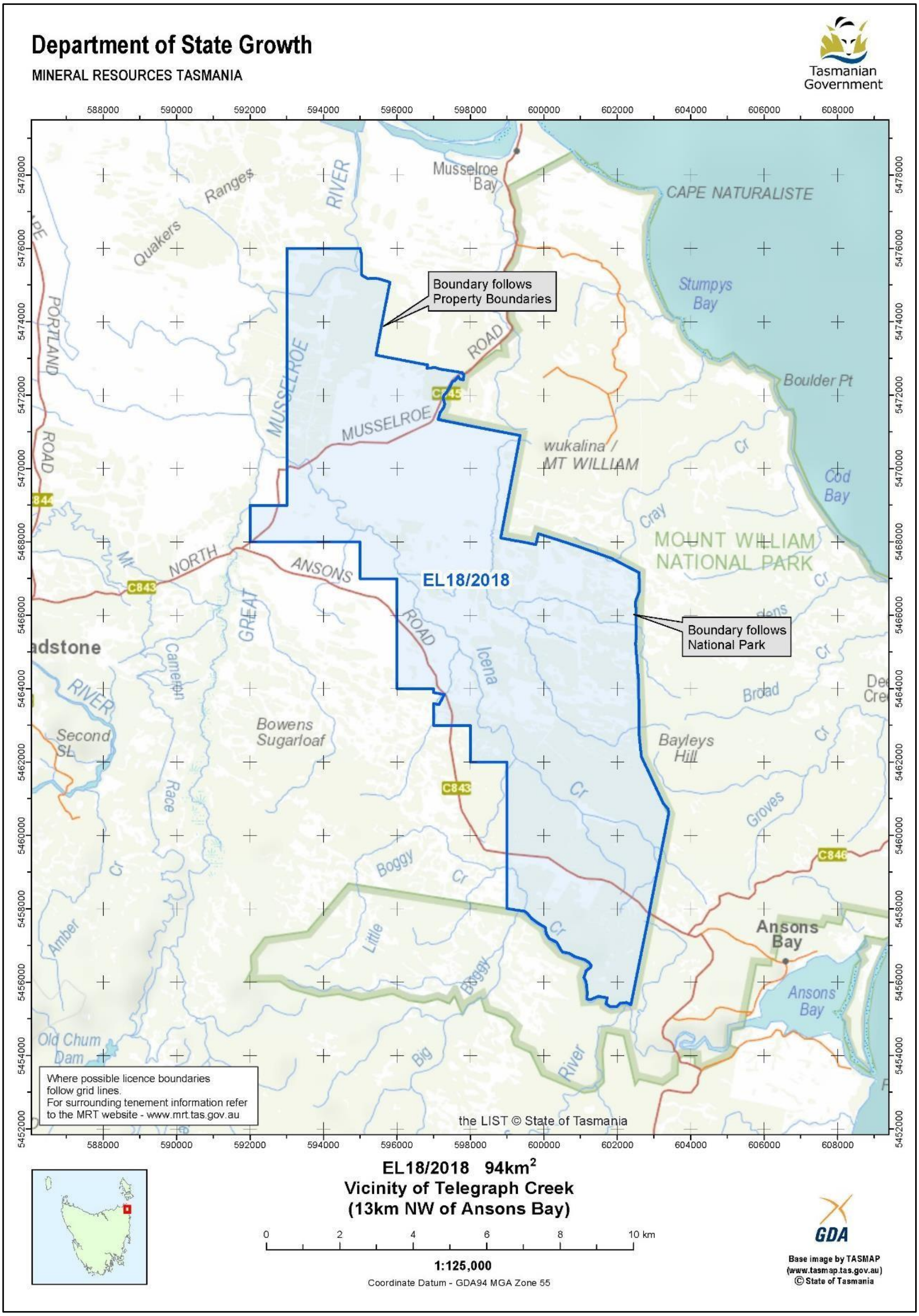

Figure 1. Location plan showing the EL18/2018 tenement area.

1.2 GEOLOGICAL SETTING

Figure 2 shows the simplified geology of the EL18/2018 tenement and Portland Gold Project area. Figure 3 includes the explanatory legend for Figure 2.

The Paleozoic geology of northeastern Tasmania comprises a 5 to 7 km thick, deformed sequence of Ordovician-Silurian (to early Devonian) aged turbidites known as the Mathinna Supergroup. Rocks of the Mathinna Supergroup was folded and metamorphosed to sub- to mid-greenschist facies during the Early to Middle Devonian. Several S- and I-type granitoid batholiths (namely the Scottsdale, Blue Tier and Eddystone Batholiths) intruded the Mathinna Supergroup during the Late Devonian (around 400 Ma to 375 Ma). The granitoids are surrounded by narrow metamorphic aureoles indicative of intrusion at relatively high crustal levels. The Mathinna Supergroup and granitoid rocks are unconformably overlain by flat-lying Permo-Triassic rocks of the Parmeener Supergroup which are intruded by sills of Jurassic dolerite. Exhumation and weathering during the Tertiary were accompanied by basaltic volcanism.

Historical gold workings in the Gladstone-Portland district comprise gold-bearing quartz-sulphide vein lodes hosted within the deformed and metamorphosed turbidite shales, sandstones and quartzite of the Mathinna Supergroup sediments.

Aeromagnetic and radiometric surveys flown over the Gladstone-Portland district have assisted with interpretation of local- and district-scale structural trends within the Mathinna Supergroup and boundaries with the Devonian granitoids and associated contact metamorphism. Significant variation in the magnetic properties of the Mathinna Supergroup appears to be due to metamorphic magnetite alteration of quartz phyllite units (Roach, 1990), and in some areas (EL11/2012) has allowed for magnetite-bearing marker units to be used to interpret folds and faults which are not apparent at surface.

Large magnetic features identified within EL18/2018 are apparently hosted in hornfelsed Mathinna Supergroup rocks and suggest extensive magnetite alteration in the area. However, alternative magnetic source rocks such as basalt or dolerite have not been entirely ruled out.

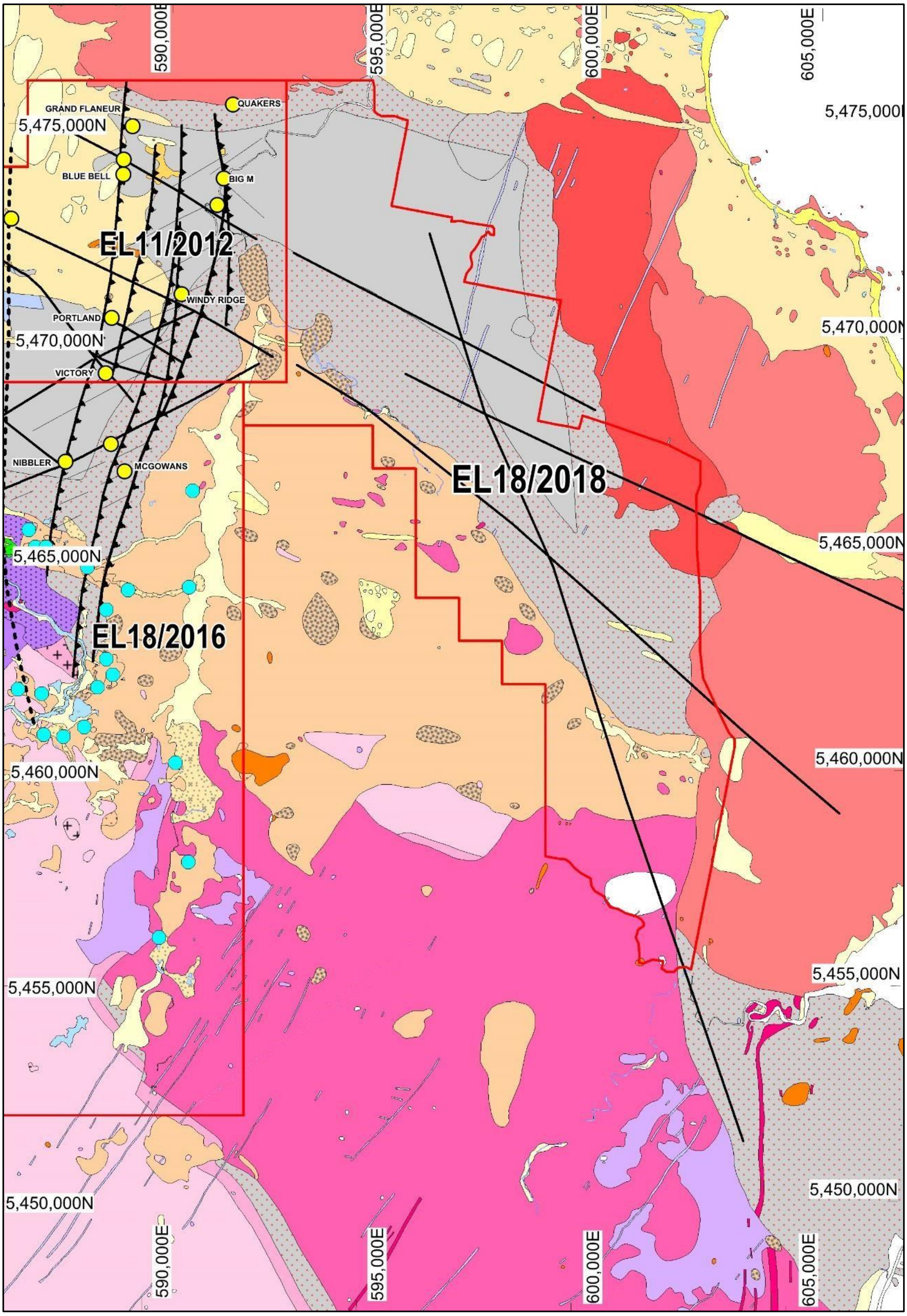

Figure 2. Geology map of the tenement area (adapted from the MRT 1:25,000 scale digital geology).

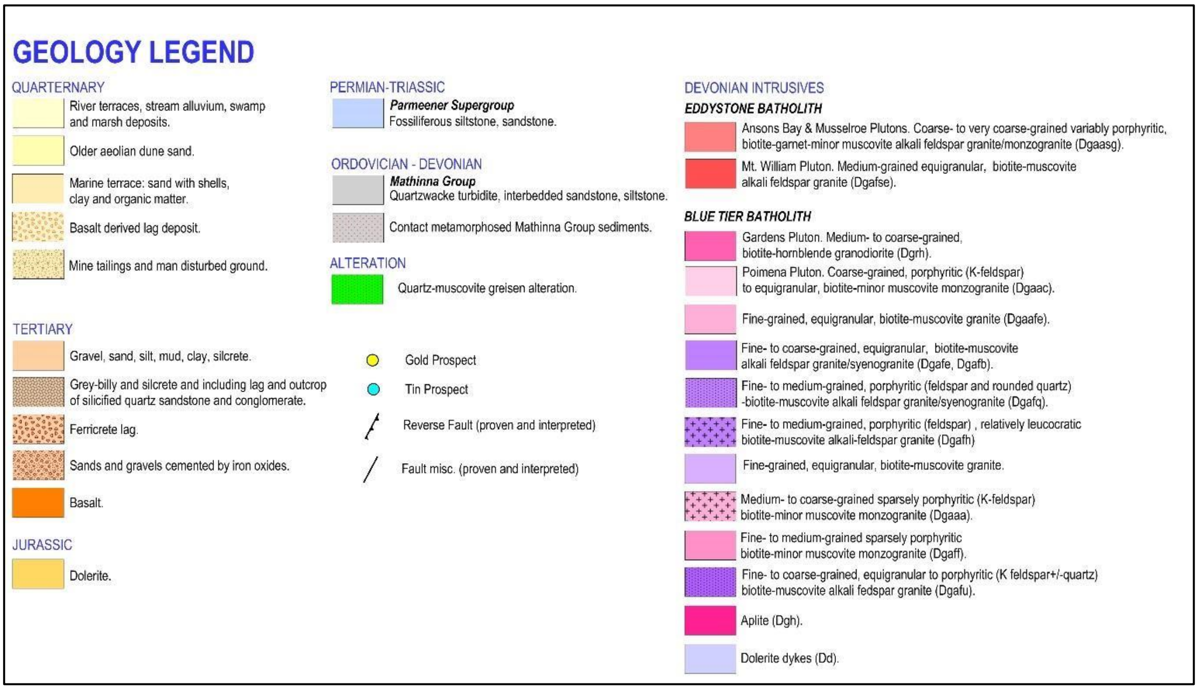

Figure 3. Explanatory legend for the geology map in Figure 2.

1.3 MINERALISATION STYLES

The Mathinna Supergroup rocks in northeastern Tasmania are host to over 600 gold prospects and deposits, the most significant of which are Beaconsfield (3.25 Mt @ 19.0 g/t Au), the New Golden Gate mine (0.51 Mt @ 15.6 Mt Au) and Pinafore Reef, Lefroy (0.97 Mt @ 10.1 g/t Au). Most of the deposits are orogenic mesothermal to epizonal vein-style and occur in clusters along regional NNW trends. Intrusion-related gold (IRG) style mineralisation is noted to occur in the Lisle-Golconda and Golden Ridge areas. Significant Sn-W deposits are associated with S- and I-type granites and northeastern Tasmania was a historical tin mining region.

Orogenic style gold mineralisation in northeastern Tasmania is attributed to deformation, folding and peak orogeny in the Early to Middle Devonian, at about 390 Ma, with most of the vein deposits formed between 385 Ma and 395 Ma (Bierlein et al. 2005). An earlier phase (420-430 Ma) of gold mineralisation during the Silurian has also been noted in some deposits. Based on lithological, structural, tectonic and metallogenetic similarities, northeastern Tasmania has been interpreted as a lateral correlate of the turbidite-dominated fold-thrust belt of the western Lachlan Orogen in central Victoria (Bierlein et al. 2005). Timing of gold mineralisation in NE Tasmania shows a broad relationship to the epizonal Au-As-Sb deposits of central Victoria (Melbourne Zone) (Figure 4).

Gold mineralisation in the Portland area (EL's 11/2012 and 18/2016), adjacent to EL18/2018, shows a close association with arsenopyrite and to a lesser extent pyrite. These sulphides occur as fine- to coarse-grain euhedral disseminations throughout mineralised quartz veins and adjacent altered sediments. Many of the historical gold workings at Portland are located on or adjacent to interpreted fold axes and/or axial-planar N-S to NNE trending reverse fault structures. Extensive silicified, fractured/brecciated and quartz-veined sandstone units locally intersected these structural trends and form an important stratigraphic control/host to the Portland gold mineralisation (Westbrook, 2019).

Geochemistry of surface samples at Portland indicates an As-(Sb-Bi) association with gold mineralisation. The Au-As-Sb association and general timing of NE Tasmanian gold mineralisation has drawn comparisons with the epizonal gold system of central Victoria (Figure 4).

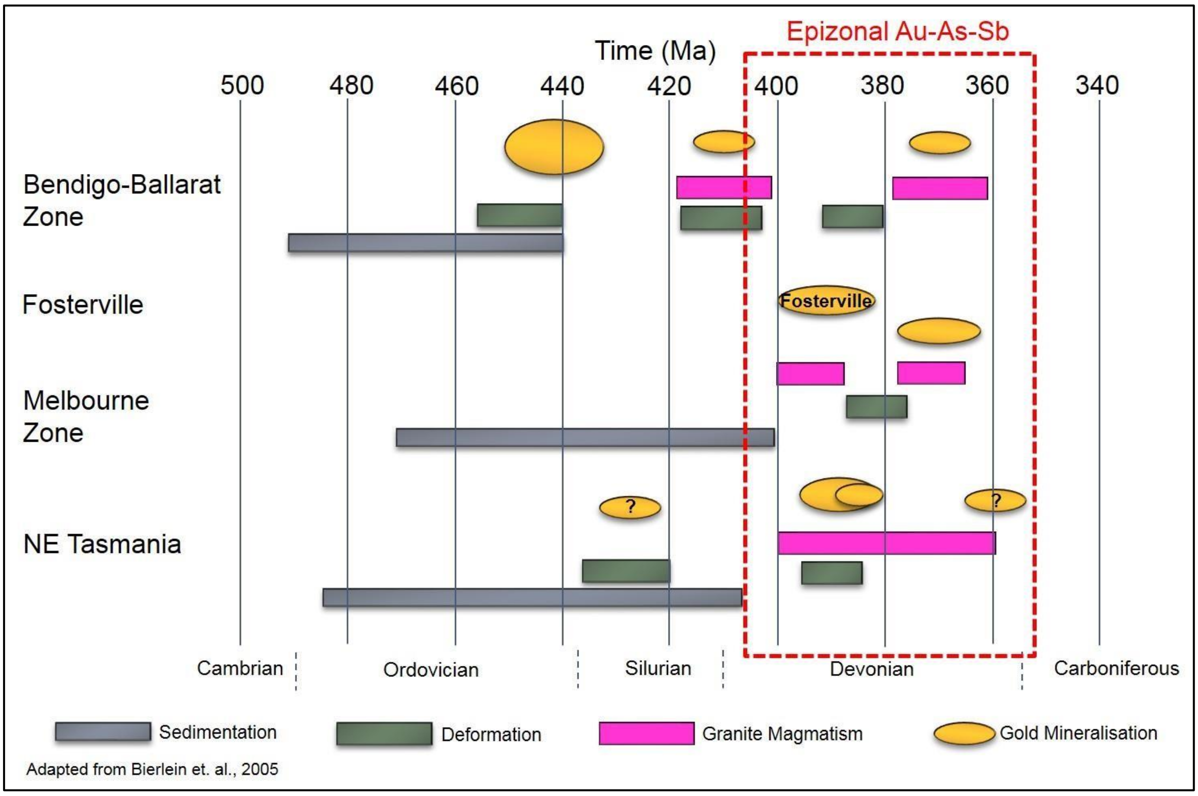

Figure 4. Summary diagram of the timing of sedimentation, deformation, granite magmatism and gold mineralisation events in central Victoria and NE Tasmania. Adapted from Bierlein et al (2005).

1.4 PREVIOUS EXPLORATION

There is no documented historical prospecting/mining or mineral exploration within the tenement area. Despite this, there is some local anecdotal evidence of minor historical gold prospecting and small-scale mining.

Exploration activities during the Year 1 of the tenement included:

- Historical prospecting/exploration activity data search.
- Reprocessing and imaging of regional gravity and airborne magnetic data.
- Desktop review and target generation.
- Landowner notifications commenced.

Interpretation from imaged magnetic data indicates significant NNW- and NW-trending structures traverse the project area. Several large magnetic features trend parallel to the interpreted NNW structures and are hosted in a wedge of Mathinna Group sediments bounded by the Gardens Pluton to the west and the Eddystone Batholith granites to the east. Modelling of these magnetic features indicates a series of steeply dipping tabular magnetic bodies with magnetic susceptibilities ranging from 2 to 3 orders of magnitude higher than normal Mathinna Group sediment ranges. This would be consistent with magnetite or pyrrhotite alteration of discrete beds or units within the Mathinna Group sediments but could also be explained by basalt or dolerite bodies. It was concluded that geological mapping is required to accurately assess these features (Westbrook, 2020).

2 EXPLORATION COMPLETED DURING REPORTING PERIOD

Exploration activity undertaken during the reporting period included:

- Consultation with landowners.
- Reconnaissance mapping and sampling.
- Investigation of geophysical targets defined by Western Geophysics.

2.1 LANDOWNER NOTIFICATIONS

Landowners from the hatched locations in Figure 5 were contacted during the reporting period and reconnaissance was carried out in these locations. Four landowners still require notification for geological reconnaissance which will be carried out in the next reporting period.

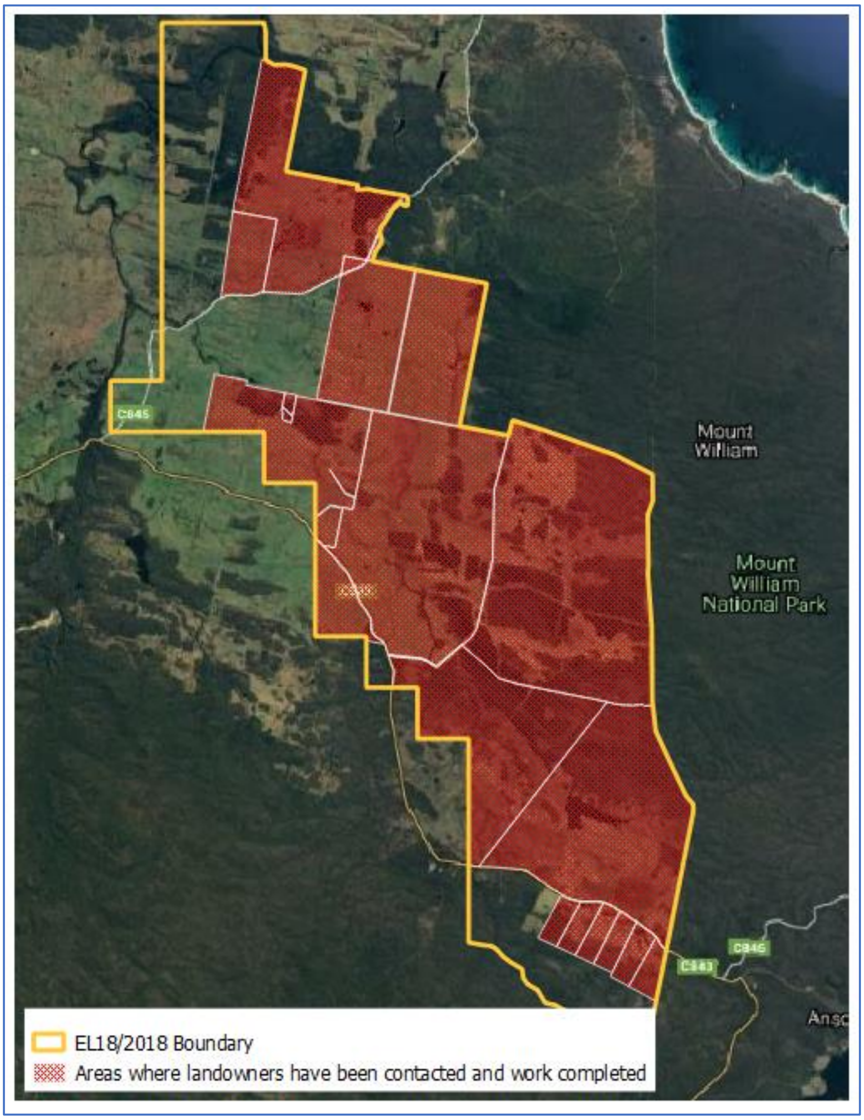

Figure 5. Properties where landowners were contacted, and reconnaissance mapping and sampling was undertaken in the reporting period.

2.2 FIELD RECONNAISSANCE

Target areas for field reconnaissance included:

- Magnetic anomalies in the Mathinna Supergroup.
- Major contacts between Devonian granites and the Mathinna Supergroup.
- Anecdotal reports of historical workings in the area.
- General geological mapping (reconnaissance level).
- Verification of features on the 1:25000 government geological map.

2.2.1 MAGNETIC ANOMALIES

Western Geophysics (WGPX) completed a geophysical review of the NNW-trending magnetic anomalies within the Mathinna Group sediments in EL18/2018 in the previous tenement year (Figure 6). WGPX concluded that based on model calculations using 3D inversion and forward methods, magnetic susceptibility values of the source bodies to the anomalies are 2 to 3 orders of magnitude higher than normal Mathinna Group sediment ranges and that magnetic anomalies with coincident gravity anomalies may suggest mass additional due to magnetite and/or pyrrhotite.

Rock samples were collected across the magnetic anomaly, and magnetic susceptibility was measured using a handheld Terraplus KT-10 handheld magnetic susceptibility meter for comparison. Strongly hornfelsed cordierite bearing siltstones (Figure 7) found across the anomaly consistently produced high SI readings up to 0.939×10^{-3} SI. These rocks almost certainly produce a component of the magnetic anomaly. An interesting feature of the hornfels is the presence of strongly deformed bedding parallel quartz veining found in one location, the fold axes of which align to the dominant fabric of the rock. This suggests quartz veining prior to deformation, potentially related to foliated granodiorites in the area. Other strongly magnetic samples included locally quartz-magnetite veined sandstones, and Devonian dolerite dykes. Granites and most sandstones were only weakly magnetic. Magnetic susceptibility measurements for all samples in included in Table 1.

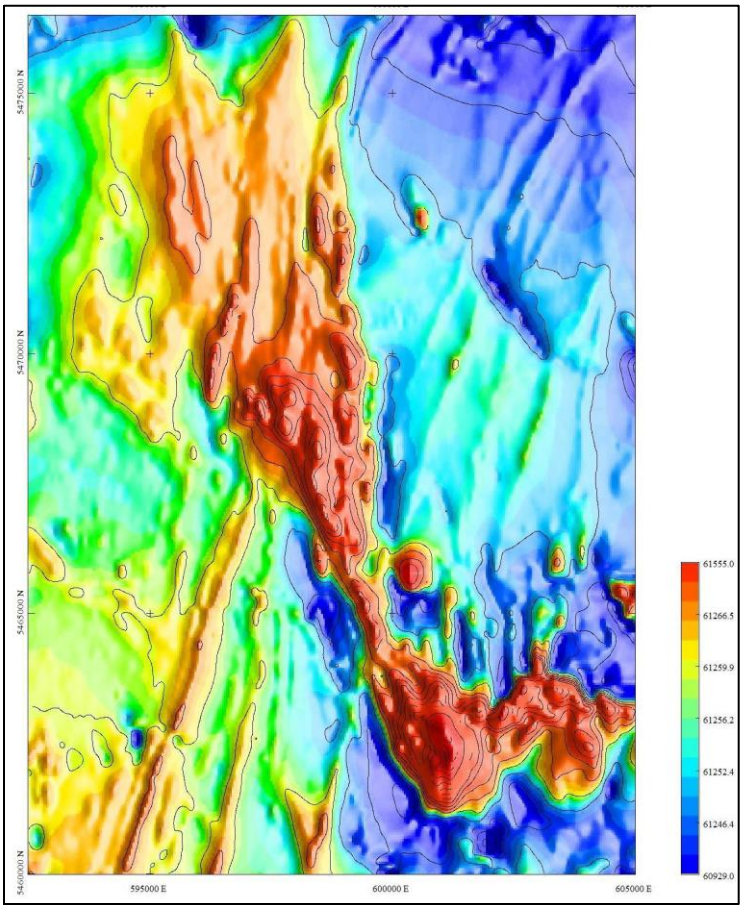

Figure 6. Imaged and contoured total magnetic intensity (TMI) showing the NW-trending magnetic features hosted in Mathinna Group sediments within EL18/2018 (Massey, 2020).

Figure 7. Top left and right: Folded quartz veins in deformed highly magnetic hornfels. Bottom: Weakly foliated granodiorite with veined sandstone and vein quartz xenoliths.

2.2.2 DEVONIAN PEGMATITES

Devonian pegmatite-aplite dykes were much more abundant in the area than expected. They are dominantly composed of coarse-grained quartz and feldspar with finer muscovite and occasional tourmaline. In some locations, unidirectional solidification textures were present (Figure 8). Where found outcropping, they invariably occur along bedding. Blue colored coarse-grained quartz (±muscovite) is present as float in much of the southern part of the lease, and some is likely derived from these dykes. Neither of these rock types are magnetic. Devonian dolerite dykes (the Tebrukunna dyke swarm) were also found in places and were highly magnetic, confirming the origin of the NE trending lineaments in the magnetic data.

Figure 8. Banded pegmatite-aplite dyke with unidirectional solidification textures (inset).

2.2.3 MINERALISATION

Quartz vein material and silicified and quartz veined sandstone is relatively common as either float or plowed material in paddocks. Veining with sericite alteration selvages and quartz breccia veins were less common. Most outcrops contained at least some quartz veining. Three notable locations featured significant hydrothermal mineralisation, all located in the central part of EL18/2018.

At the first occurrence (599461mE / 5465930mN), a supposed historical gold prospecting shaft, previously infilled by the property owners, abundant vitreous blue quartz float which contained iron oxides, pyrite and arsenopyrite was oserved, however no outcrop was present (Figure 9, bottom right).

The second occurrence (596156mE / 5468024mN) included a large outcrop of strongly veined sandstone and quartz vein breccias (Figure 9, bottom left).

The third occurrence (598783mE / 5469247mN) (Figure 9, top) was comprised of a large outcrop of steeply dipping sandstones and siltstones, a large 1m wide bedding parallel fault zone with a heavy iron oxide content and sheared, brecciated quartz veining, and bedding perpendicular dark blue quartz veins in sandstone in a dam wall.

Figure 9. Top left: Sheeted dark blue quartz veins crosscutting bedding. Top right: Quartz bearing fault breccia. Bottom right: Quartz-sandstone breccia. Bottom left: Quartz-pyrite-arsenopyrite vein material from historical gold mine workings.

2.2.4 STRUCTURAL DATA

Bedding measurements were collected at outcrops where possible and are shown in Figure 10. The strike of all measurements is similar (NNW) and combined produce an average hinge orientation of 07/344, indicating very gently plunging to upright folds.

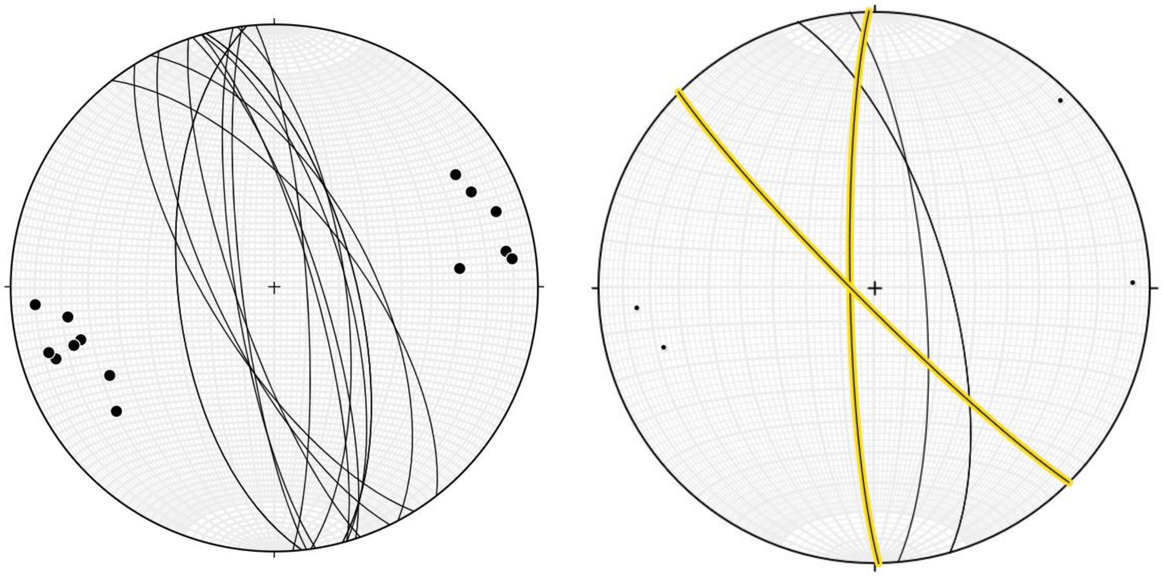

Figure 10. Left: Bedding measurements across the lease. Right: Faults (highlighted) and pegmatite-aplite dykes (not highlighted) are approximately bedding parallel.

2.2.5 SAMPLING

47 rock chip samples were collected during the field reconnaissance program, with 37 submitted to ALS Burnie for Au fire assay and full suite ICP-AES multielement analysis. Sample locations are shown in Figure 11, where the labels correspond to the map ID numbers in Table 1.

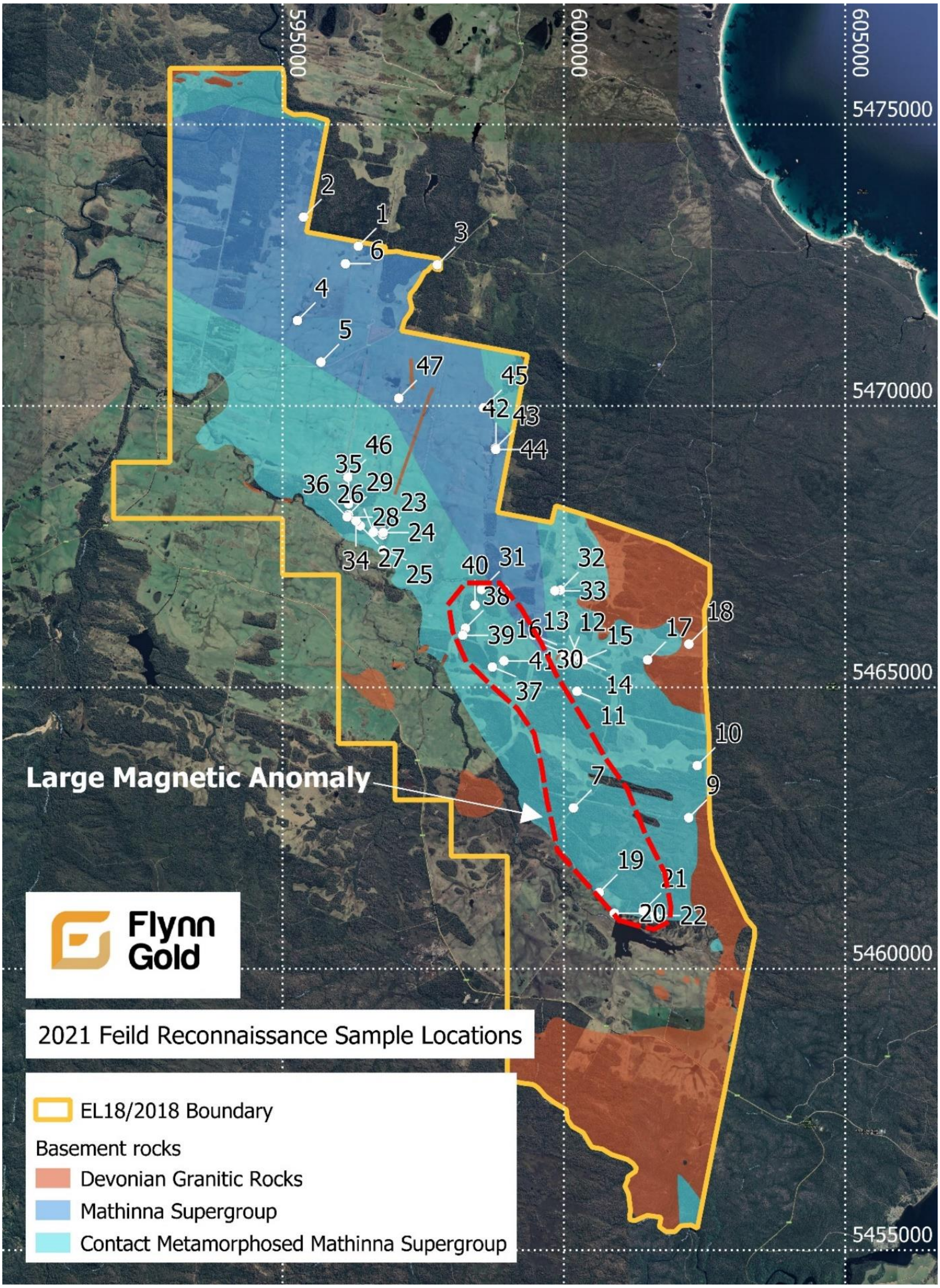

Figure 11. Reconnaissance rock sample locations collected in the reporting period.

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Table 1. Sample information including magnetic susceptibility measurements for corresponding samples in Figure 11.

Map ID	Easting	Northing	Sample ID	Occurrence Type	Brief Description	Mag_Sus (x10-3 SI)
1	596348	5472840	22504	Outcrop	Moderately to strongly quartz veined sandstone.	0.008
2	595376	5473357	22505	Excavated	Strongly weathered quartz sandstone breccia veins.	0.012
3	597752	5472509	22506	Outcrop	Quartz veining weathering from sandstone bed in cleaved siltstone.	0.024
4	595267	5471518	22507	Outcrop	White vein quartz crosscutting dark blue grey vein quartz in siltstone and lesser sandstone.	0.02
5	595686	5470780	22508	Excavated	Quartz vein float material.	0.01
6	596120	5472527	22509	Excavated	Fine sandstone with weak sericite alteration and abundant small quartz veins up to 10% of rock mass locally.	0.007
7	600173	5462857	22510	Outcrop	Siltstone and sandstone with blue glassy quartz-muscovite veins up to 20 cm.	0.001
8	600633	546924.2	22511	Float	Very fine sandstone float with abundant sheeted quartz-iron oxide veinlets with sericite selvages.	0.055
9	602222	5462684	22512	Float	Extremely silicified sandstone with quartz-iron oxide veining up to 10cm. Sample includes larger vein quartz fragments and sandstone.	0.094
10	602372	5463609	22513	Float	Extremely silicified sandstone and quartz vein fragments up to 10cm.	0.406
11	600235	5464930	22514	Excavated	Heavy cordierite spotting in siltstone and strong silicification in sandstone. Minor veining in sandstone but mostly coarse white vein quartz fragments in sample.	0.019
12	600102	5465484	22515	Outcrop	Sandstone and cordierite bearing siltstone bands with minor quartz veining.	0.036
13	600272	5465506	22516	Outcrop	Sandstone with abundant quartz veinlets.	0.026
14	600331	5465477	22517	Outcrop	Silica-sericite altered sandstone with quartz veinlets.	0.026
15	600346	5465486	22518	Outcrop	Extremely silicified sandstone.	0.001
16	600024	5465606	22519	Outcrop	Sandstone with 3cm quartz vein cutting bedding and minor irregular quartz veinlets.	0.018
17	601491	5465489	22520	Outcrop	Pegmatitic-aplitic quartz-feldspar-muscovite dyke set running along bedding.	0.008
18	602224	5465769	22521	Outcrop	1m wide aplite dyke with pegmatite core. Quartz and feldspar crystals up to 15cm.	0.001
19	600632	5461355	22525	Excavated	Quartzite with dark coloured banding and minor quartz veinlets.	0.85
20	600900	5460984	22526	Outcrop	Strongly siliceous rounded quartz porphyritic fine grained granite.	0.027
21	601412	5461026	22527	Float	Strongly spotted siltstone and silicified sandstone and quartz vein material.	0.11
22	601620	5460943	22528	Float	Strongly spotted hornfelse siltstone with minor wavy quartz veinlets along bedding.	0.406
23	596784	5467710	22529	Float	Medium grained silicified sandstone with glassy blue veining and quartz breccia veins with black matrix.	0.309
24	596794	5467752	22530	Float	Quartz breccia veining with black matrix in sandstone.	0.132
25	596785	5467437	22531	Float	Strongly silicified sandstone with quartz veining.	0.592
26	596620	5467760	22532	Excavated	Quartz breccia veins and veined sandstone.	0.139
27	596384	5467872	22533	Float	Strongly silicified sandstone with minor quartz veining and minor breccia with black matrix.	0.137
28	596156	5468024	22534	Outcrop	Heavily quartz veined sandstone.	0.054
29	596177	5468067	22535	Float	Silicified and strongly veined sandstone.	0.629
30	599461	5465931	22536	Float	Blue glassy quartz with iron oxides, arsenopyrite and pyrite.	0.078
31	598540	5466740	22537	Excavated	Blue glassy quartz with minor iron oxides.	0.159
32	599942	5466728	22538	Outcrop	Glassy blue quartz veining in sandstone.	0.036
33	599842	5466716	22539	Float	Quartz vein material with granite and sandstone clasts.	0.329
34	596307	5467957	22542	Subcrop	Extremely silicified sandstone with quartz stockworks.	0.05

35	596176	5468262	22543	Outcrop	Silicified and sheeted veined sandstone.	0.051
36	596152	5468030	22544	Float	Heavily quartz stockwork veined sandstone.	0.108
37	598733	5465362	22545	Excavated	Blue glassy quartz vein material with minor iron oxides.	0.019
38	598253	5466049	22546	Excavated	Sericitic coarse grained sandstone with <1cm quartz-iron oxide veining.	0.065
39	598206	5465926	22547	Float	Strongly silicified coarse grained sandstone with quartz- iron oxide veinlets <1cm.	0.121
40	598424	5466462	22548	Excavated	Blue glassy quartz vein material.	0.019
41	598938	5465470	22549	Excavated	Strongly silicified sandstone with quartz veining and minor black metallic coating (weathered pyrite?).	0.337
42	598795	5469249	22550	Outcrop	1m wide iron oxide rich fault zone.	0.1
43	598783	5469247	22551	Outcrop	<3cm sheeted dark wavy quartz veins in siltstone.	0.023
44	598790	5469226	22552	Outcrop	Iron oxide rich veining from fault zone.	0.559
45	598575	5469966	22553	Outcrop	Fine grained sandstone and siltstone with very dark blue-grey quartz pyrite veinlets.	0.022
46	596164	5468730	22554	Float	Sandstone with quartz veining with sericite selvages.	0.04
47	597067	5470137	22555	Float	Quartz stockworks with weak sericite selvages in sandstone.	1.32

3 RECOMMENDATIONS FOR FUTURE WORK

EL18/2018 is considered prospective for gold mineralisation of the style observed at the Portland goldfield. Similar styles of mineralisation, stratigraphy and structure are present; however, the area is characterised by more significant granitic magmatism, and much stronger hornfelsing of the host rocks, particularly siltstone and shale lithologies.

Recommendations for ongoing exploration work in Year 3 of the license include:

- Submission of remaining samples for Au and multielement assay.
- Further geological reconnaissance on properties not investigated in this reporting period.
- Detailed mapping and sampling over selected target areas.
- Soil sampling over prospective areas identified by geological mapping and sampling.
- Detailed ground magnetic surveys over prospective areas identified by geological mapping and sampling.
- Soil sampling over prospective areas identified by geological mapping and sampling.
- Ground gravity surveys and modelling.

The proposed expenditure for EL18/2018 Year 3 is $47,000.

4 ENVIRONMENT

There was no environmental disturbance within EL18/2018 due to exploration activities during the reporting period.

5 EXPENDITURE

Exploration expenditure over the second annual report period for EL18/2018 is summarised in Table 2. The exploration commitment for the first two years of tenure is $47,000, which was met with the combined Year 1 ($22,372) and Year 2 ($35,465) expenditure totaling $57,837.

Table 2. Exploration expenditure on EL18/2018 during the reporting period.

	ITEM	EXPENDITURE (AUD)
1.	GEOSCIENTIFIC COSTS Geology Geochemistry Geophysics Remote Sensing	 $25,500 $2,600
2.	DRILLING AND GRIDDING COSTS Gridding Drilling	$0
3.	LAND ACCESS COSTS	$2,550
4.	REHABILITATION COSTS	$0
5.	FEASIBILITY STUDY COSTS	$0
6.	OTHER COSTS Field supplies and equipment, rental, bond and application fees	 $3,265
7.	ADMINISTRATION COSTS Administration and Legal	$1,550
	Total Expenditure	**$35,465**

6 REFERENCES

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