BASALT HILL PROJECT
TASMANIA
EL15/2018

ANNUAL REPORT
27TH JANUARY 2020 TO 26TH JANUARY 2021

Tenement Holder/Manager

Monclar Pty Ltd
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Monclar Pty Ltd

Note: All figures and grids are according to the GDA94 datum and MGA94 grid system.

ABSTRACT/EXECUTIVE SUMMARY

The Basalt Hill Project (EL15/2018) is located in western Tasmania, 6km northwest of Luina. The exploration licence covers an area of 16km^2.

The main focuses of Monclar Pty Ltd ("Monclar" or "the Company") at the Basalt Hill Project are lateritic nickel-cobalt and nickel sulphides. Work completed in the reporting year 2020-2021 included desktop assessment of previous exploration and the development of nickel sulphide target models.

Work planned for the coming year will include auger sampling across the previously identified Wilson Ni-Co soils anomaly.

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EL152018_202101_01_Report.doc	*doc*

1 INTRODUCTION

The Basalt Hill license (EL15/2018) is located 6km northwest of Luina in central western Tasmania. The exploration licence covers an area of 16km^2 (see figure 1). The Basalt Hill tenement can be accessed via the Waratah Road and 4WD tracks.

EL15/2018 covers part of the Heazlewood Ultramafic Complex, including the northern part of the Bald Hill osmiridium field. The license was acquired due to the perceived nickel potential of the large ultramafic complex that both outcrop on and underlies the tenement area. The tenement hosts a significant 3,000ppm Ni soil anomaly and a 300ppm Co anomaly that are both co-incident with several VTEM anomalies.

The exploration licence was granted on 27th January 2020 for a period of five years. It is owned 100% by Monclar Pty Ltd and is not subject to any current agreements with other companies. The exploration target is lateritic nickel-cobalt mineralisation.

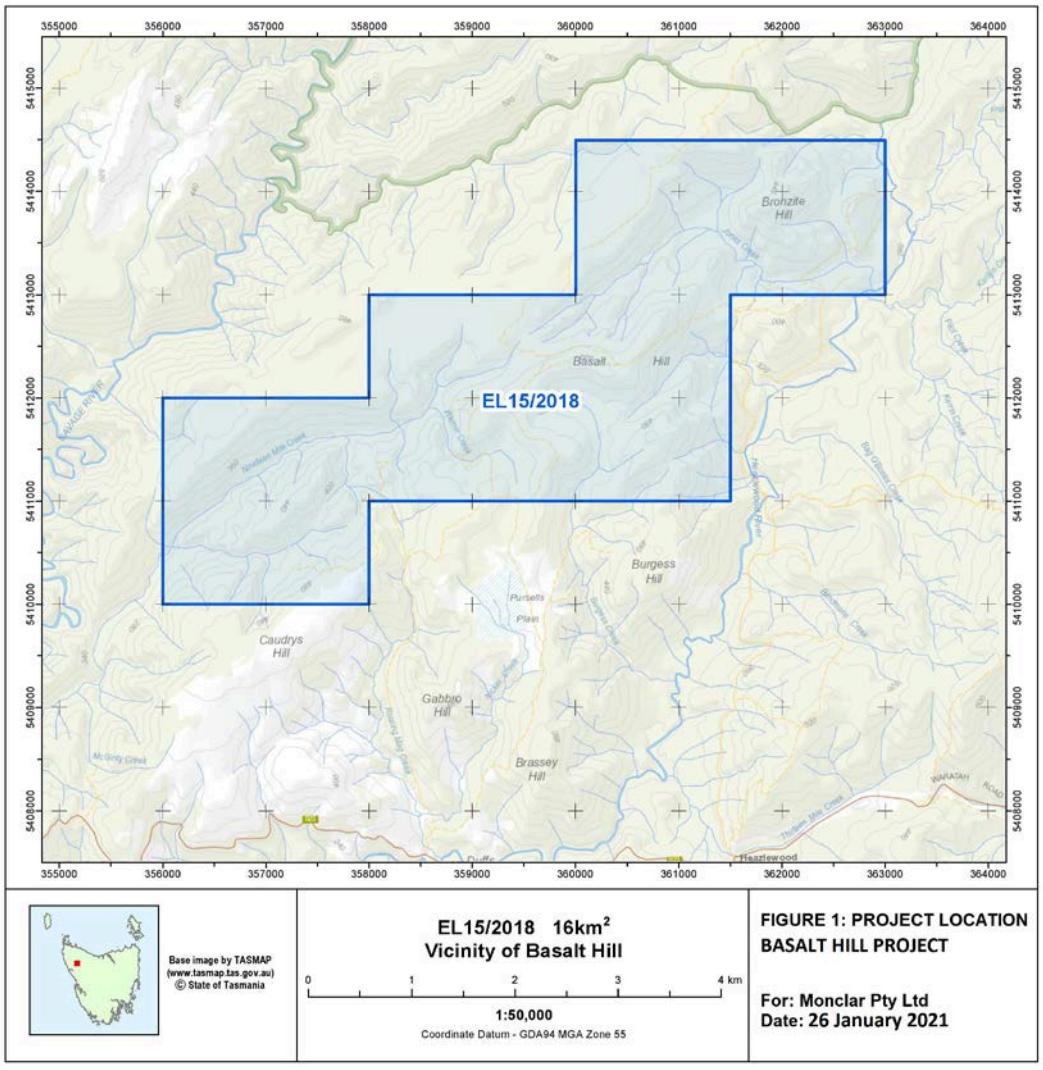

FIGURE 1 SUMMARY ACTIVITY MAP FOR BASALT HILL

The land tenure plan shows EL15/2018 is covered by Crown land. The Crown Land is classified as Future Potential Production Forest (FPPF) and Regional Reserve.

No exploration was undertaken in the period. Only desktop assessment was undertaken. This has expanded the areas of interest to include nickel sulphide mineralisation.

2 REVIEW OF PREVIOUS WORK AND GEOLOGICAL SETTING

The Basalt Hill license (EL15/2018) covers part of the Heazlewood Ultramafic Complex, including the northern part of the Bald Hill osmiridium field. Mineralisation was first discovered in the Basalt Hill area in the late 1800's with the discovery further south, and subsequent working of, the Lord Brassey Ni Mine, the Jasper Hill Cu/Au mineralisation and a number of minor Pb-Zn occurrences as well as extensive Osmiridium workings.

The Heazlewood Complex was the world's largest supplier of osmiridium won from alluvial and bedrock workings. Total recorded production from the Bald Hill field (including EL15/2018 as shown in Figure 2 below) was of the order of 15,526oz Os+Ir (mined as recoverable nuggets of the naturally occurring alloy of osmium and iridium). Small scale nickel mining comprising approximately 300m of underground development was undertaken south of EL15/2018 at the Lord Brassey Mine. Nickel mineralisation consisted of Heazlewoodite and Pentlandite. The mineralisation is hosted in three shear zones striking northeast.

Cu and Au were also mined from the Jasper Hill and Duffs Hill Mines to the south of the tenement, where mineralisation is associated with a quartz and jasper gangue hosting stringer-style chalcopyrite veins. Gold and Ag tellurides occur as isolated inclusions within the chalcopyrite. The lodes are thought to represent Cambrian hydrothermal mineralisation that was remobilized during Devonian deformation and the intrusion of the Meredith Granite which underlies the Heazlewood Ultramafic Complex on EL15/2008.

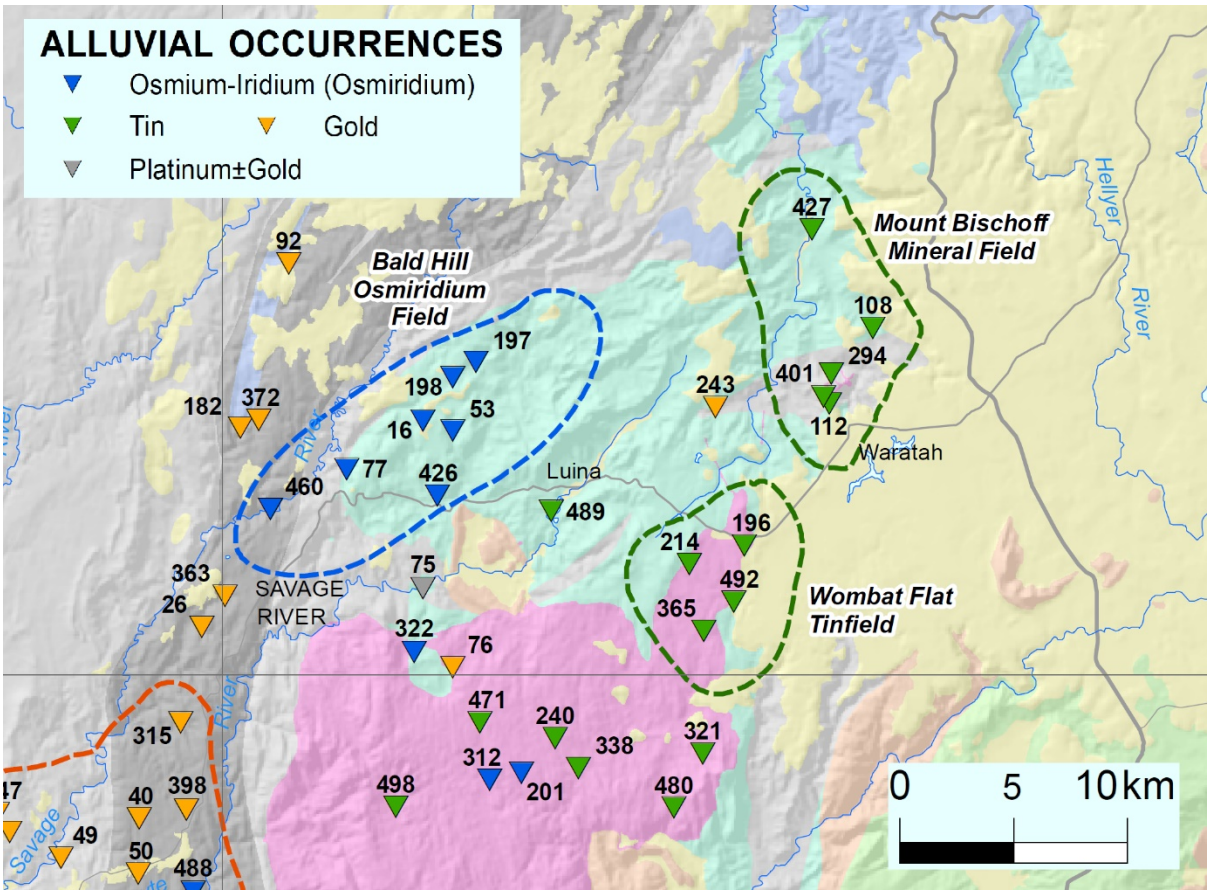

FIGURE 2 BALD HILL OSIMIRIDIUM FIELD AND REGIONAL ALLUVIAL FIELDS

Bald Hill (extending over part of the Basalt Hill tenement) was the largest production site for alluvial and shallow bedrock osmiridium (being an alloy of Osmium (Os) and Iridium (Ir), noted as Os+Ir) in the early 20th century.

The source of the osmiridium has never been identified, but is thought to be veins within the Heazlewood Ultramafic. The license was acquired due to the perceived nickel potential of the large ultramafic complex that both outcrop on and underlies the tenement area. The tenement hosts a significant 3,000ppm Ni soil anomaly (see Figure 3 below) and a 300ppm Co anomaly that are both co-incident with several VTEM anomalies.

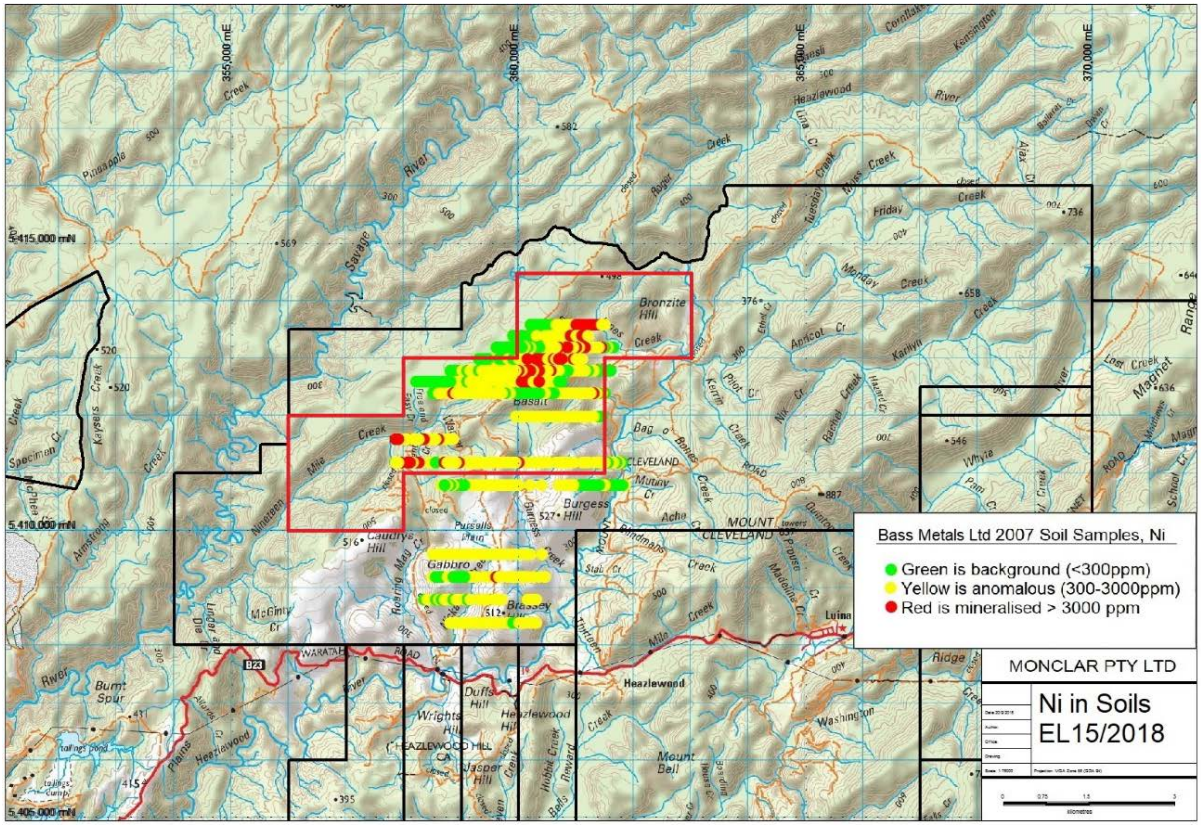

FIGURE 3 BASALT HILL TENEMENT NI SOIL ANOMALIES (BASS METALS 2007)

Due to the close proximity of the Meredith Granite to the ultramafic complex the potential for Avebury-style nickel-skarn/remobilised mineralisation is considered worthy of assessment. There are a number of known mineral occurrences within the tenement, most directly related to, but not limited to the ultramafic lithology and include Ni, Cr, Co and Os+Ir. There is additional identified Pb, Zn, Au and Cu nearby outside the tenement area, suggesting the potential for further mineralisation styles.

In 2007 Bass Metals Ltd completed an extensive soil sampling programme covering interpreted and geochemical nickel-copper-PGM targets (see Bates, 2009). The program represented the first systematic tenement scale soil survey conducted in the area. Nickel anomalism at Heazlewood is defined by values above 2800ppm Ni within a zone of the layered ultramafic identified as olivine cumulate. This cut-off level is based on statistical analysis of the results for the soil dataset comprising 473 samples. Nickel values correspond well with anomalism of greater than 3000ppm adopted in other nickel provinces, such as Kambalda in Western Australia.

In this context, the identified anomaly (called the “Wilson” anomaly by Bass) has an extent of 450m by 800m at a 3000ppm Ni contour (peak values 5135ppm and 5098ppm Ni) within an interpreted fold closure. The Ni anomaly is considered open to the north-east. Peak results are presented in Table 1 below:

TABLE 1 HEAZLEWOOD SOILS PEAK NI RESULTS.

Sample	UTM mE	UTM mN	Sample No	As (ppm)	Co (ppm)	Cr (ppm)	Ni (ppm)	Pt (ppb)
300618	360700	5413000	300618		338	127	5135	
300612	361000	5413000	300612	14	617	1328	5098	17
300856	358600	5411000	300856		800	726	4736	3
300663	360250	5412600	300663		322	130	4521	2
300868	358000	5411000	300868		676	421	4415	5
300662	360300	5412600	300662	13	434	433	4110	13
300605	361350	5413000	300605		253	448	3999	6
300670	359900	5412600	300670	7	586	410	3950	13
300787	357750	5411400	300787	4	386	407	3835	9
300782	358000	5411400	300782	4	567	327	3509	10
300786	357800	5411400	300786	12	623	280	3439	23
300770	358500	5411400	300770	10	754	437	3423	38

Generally, ultramafic rocks types are known to contain background levels of nickel in soil around 1200ppm to 2000ppm Ni. Anomalous levels of Co and Cr are coincident with the >1200ppm Ni in soil suggesting an ultramafic lithology dominated by an olivine cumulate that is regarded as a highly attractive prospective host rock type.

The Ni soil anomaly also overlaps with a wider Co anomaly (peak values 802ppm and 800ppm Co). This is a significant 300ppm Co soil anomaly open to the southwest along Nineteen Mile Creek.

Following the soils work undertaken by Bass Metals in 2007, in 2009, a 221.1 line-km VTEM survey was conducted over the Heazlewood Ultramafic Complex (Bates, 2010). The survey sought to detect for conductive anomalies possibly associated with the Nickel in soil anomalism identified in the complex. Importantly, results of the VTEM work indicated that the complex comprises latent conductivity. Some IP effects were recognised due to the presence of disseminated magnetite and sulphides. Out of all the targets generated, 20 were considered the most prospective, 7 of which fall within EL15/2018 and are located around the identified Ni and Co anomaly (see Figure 4 below).

VTEM anomalies 13 and 14 are coincident and NE extent of the Wilson soil anomaly. The diagram also shows the originally planned two preliminary drill-hole locations (DH1 and DH2) that were planned to test the axial region of the interpreted fold. The broad VTEM response suggested that the inversion model has a flat dip and that the target is 150-200m below surface. However, the modelling process does not at this stage yet incorporate geological features and makes assumptions regarding the physical properties of the rock units, and so is contingent on drilling assessment to confirm the geological units present.

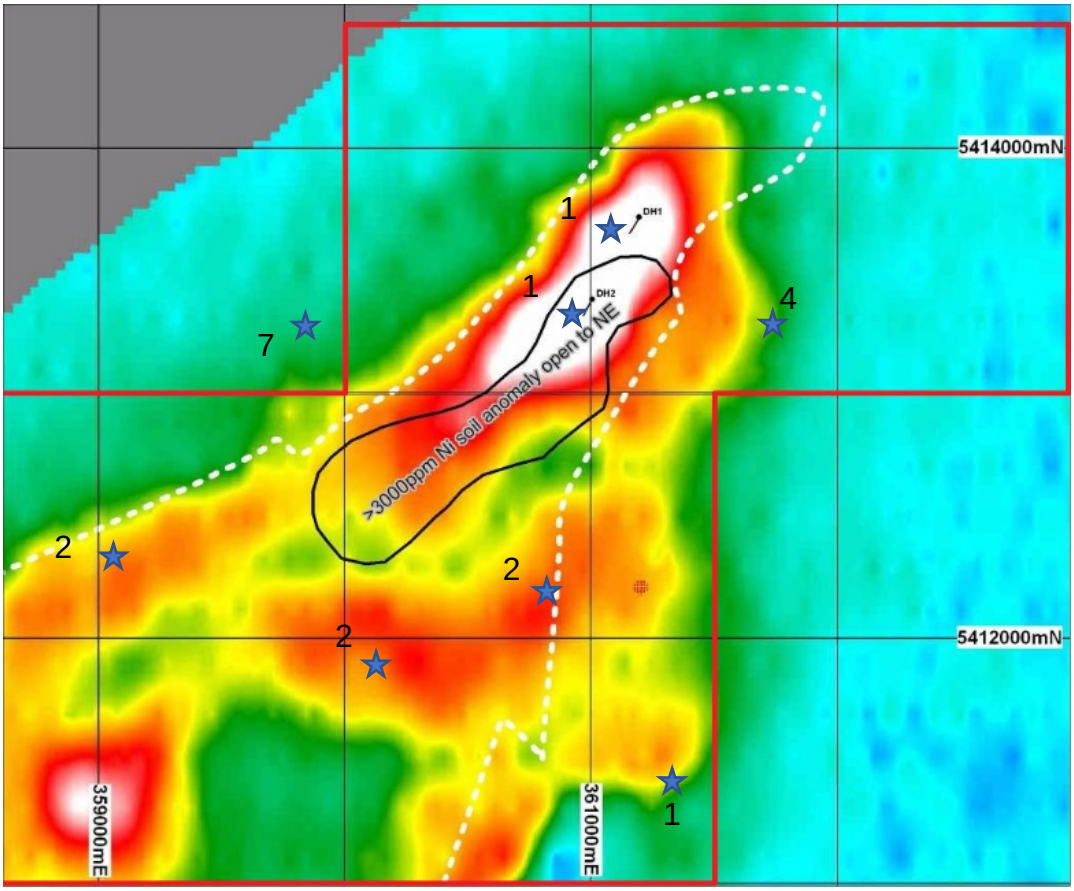

FIGURE 3 WILSON SOIL ANOMALY (EL15/2008 BOUNDARY IN RED) ILLUSTRATING THE >3000PPM NI CONTOUR AND VTEM ANOMALIES (BLUE STARS).

The VTEM profiles of the potential targets suggested a broad, gently-dipping low-order conductor at approximately 150 m depth (Figure 4 below). One interpretation of the gently dipping conductor is that sulphides are concentrated in the hinge of an open, gently northeast plunging antiform and are also responsible for the broad soil Ni anomaly over the axial region. Coincidence with the soil Ni anomaly suggests that this structurally complex area would be worthy of further exploration.

Two drill holes (DH1 and DH2) were proposed to test two of the VTEM anomalies that were co-incident with the soil Ni anomaly (see Figure 3 above). These were targets 13 and 14, which are coincident with the Wilson Ni soil anomaly and the magnetics suggest that these targets and the soil anomaly are located within the hinge zone of a fold. Instead of the two proposed holes, a single hole HJD001 was later drilled.

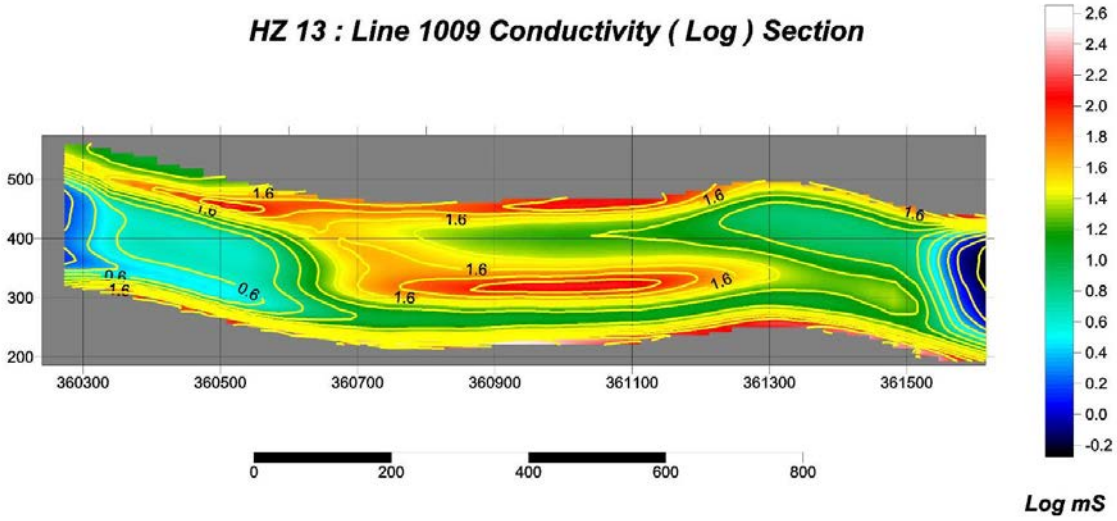

FIGURE 4 MODELLED VTEM INVERSION IN CROSS-SECTION LOOKING NORTH

The target area for HJD001 was located in the axial region of am interpreted km-scale fold and the location of the HLEM conductor HJD001 was drilled to 296.5m. From the collar to 14m, banded serpentinite was intersected and from there on the core comprised serpentinite with discrete zones of disseminated chromite. Overall, the HLEM conductor was found to correspond with a distinct geological unit comprising banded serpentinite-peridotite (troctolite?) with trace amounts of disseminated sulphide, chromite, and native copper.

A Niton XRF was used as an assay tool returning results up to 0.24% Ni, 6.922% Cr and 0.066% Co, and no lab assays were undertaken. The planned second drill-hole was not drilled. The XRF results included broad zones of elevated Ni and Co associated with the serpentinite encountered. Cu, Pb and Zn assays were not reported and Au was not measured.

3 EXPLORATION COMPLETED DURING THE REPORTING PERIOD

No field work was undertaken in the 12 months to 26th January 2021. Only desktop assessment and the compilation and review of historical data was undertaken in the period.

4 DISCUSSION OF RESULTS

Review of geological information, including assessment of previous VTEM data, has suggested the potential for sulphide nickel mineralisation in addition to the lateritic Ni-Co development originally targeted by the company.

5 CONCLUSIONS

Near surface sampling is required to assess whether elevated Ni and Co reported in soils continues into the regolith profile. In addition, potential nickel sulphide targets would be pursued by drilling focused on areas co-incident between the Wilson soils anomaly and identified VTEM targets.

6 PROPOSED EXPLORATION

The activities proposed to be undertaken at the Basalt Hill Project on EL15/2018 in the coming term include:

- Auger sampling to a depth of 2-3m across the Wilson soils anomaly with multielement geochemical assay of samples.

7 ENVIRONMENTAL MANAGEMENT

No field work was undertaken and no earthworks were conducted. No threatened species were impacted as a result.

The planned 2021 auger sampling will be conducted using existing tracks and will be low impact.

8 EXPENDITURE

Expenditure from 27th January 2020 to 26th January 2021 is summarised below for the Basalt Hill EL15/2018 licence.

TABLE 2 EXPENDITURE 27 JANUARY 2020 TO 26 JANUARY 2021.

1. Geoscience	$6,618.66
2. Drilling and Gridding	
3. Land Access	
4. Rehabilitation	
5. Feasibility Studies	
6. Other	
7. Administration	$661.87
TOTAL - ELIGIBLE	**$7,280.53**

9 KEY REFERENCES

Bates, S. 2009 Bass Metals Ltd 2009 EL31/2003 Annual Progress Report Heazlewood Project, 23rd March 2008 – 22nd March 2009.

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