Retention Licence 4/2009 Comstock

EDGI Drilling Project Report Update

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Mineral Resources Tasmania

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

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Abstract

During the EDGI drilling project period, 1 diamond drill hole, SY801 totalling 739.5m was drilled at the Balstrup Fault/Boss prospect, Comstock RL4/2009.

Core recovery was excellent throughout, the hole drilled very straight; the shallower dip compared to previous hole SY800 would seem to be the reason. HQ diamond was drilled to 152.5m and NQ diamond to end of hole.

The Balstrup Fault structural zone massive sulphide mineralisation was again intersected in the hole, it was slightly wider in apparent thickness (3.4m) compared to the previous EDGI hole SY800 (3.1m), however the intersection was dominantly pyrrhotite.

A wide zone of weak to moderately-developed sub-economic replacement style sulphide mineralisation, including galena and sphalerite, was intersected in SY801 between 503.8 – 528m.

Assay results were disappointing, with no significant values worthy of follow-up.

A wide zone of limestone in the hanging wall of the Balstrup Fault was intersected. This interval was interpreted as Gordon Limestone.

This report was updated in October 2022 to include assay data (and a short discussion) that were not available at the time of writing (April 2022).

1 Introduction

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

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

1.1 Tenement Location

1.1.1 Mineral Exploration Area

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

1.1.2 Site Location

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

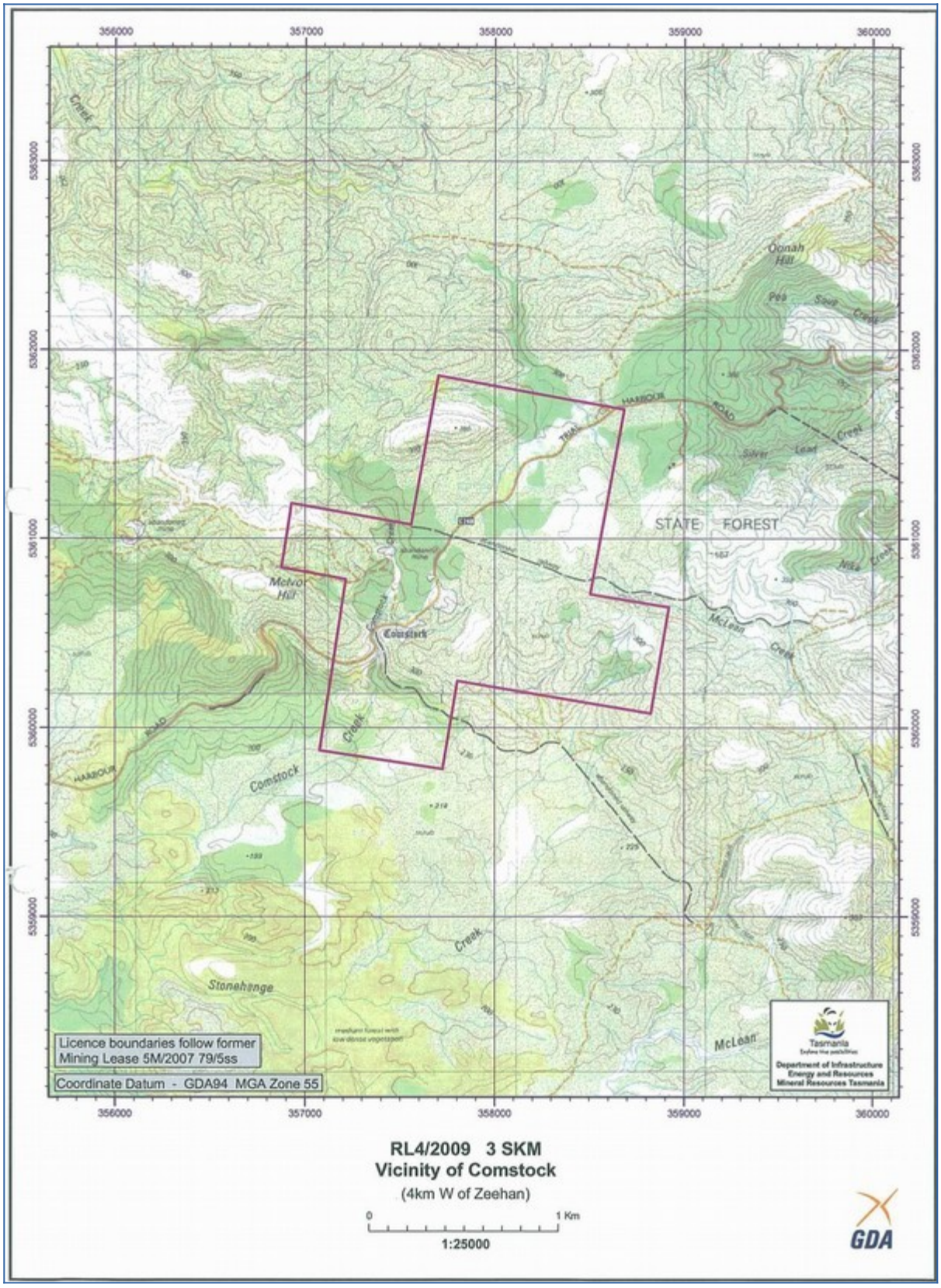

Figure 1: Location of the Comstock Retention Licence

1.1.3 Land Tenure

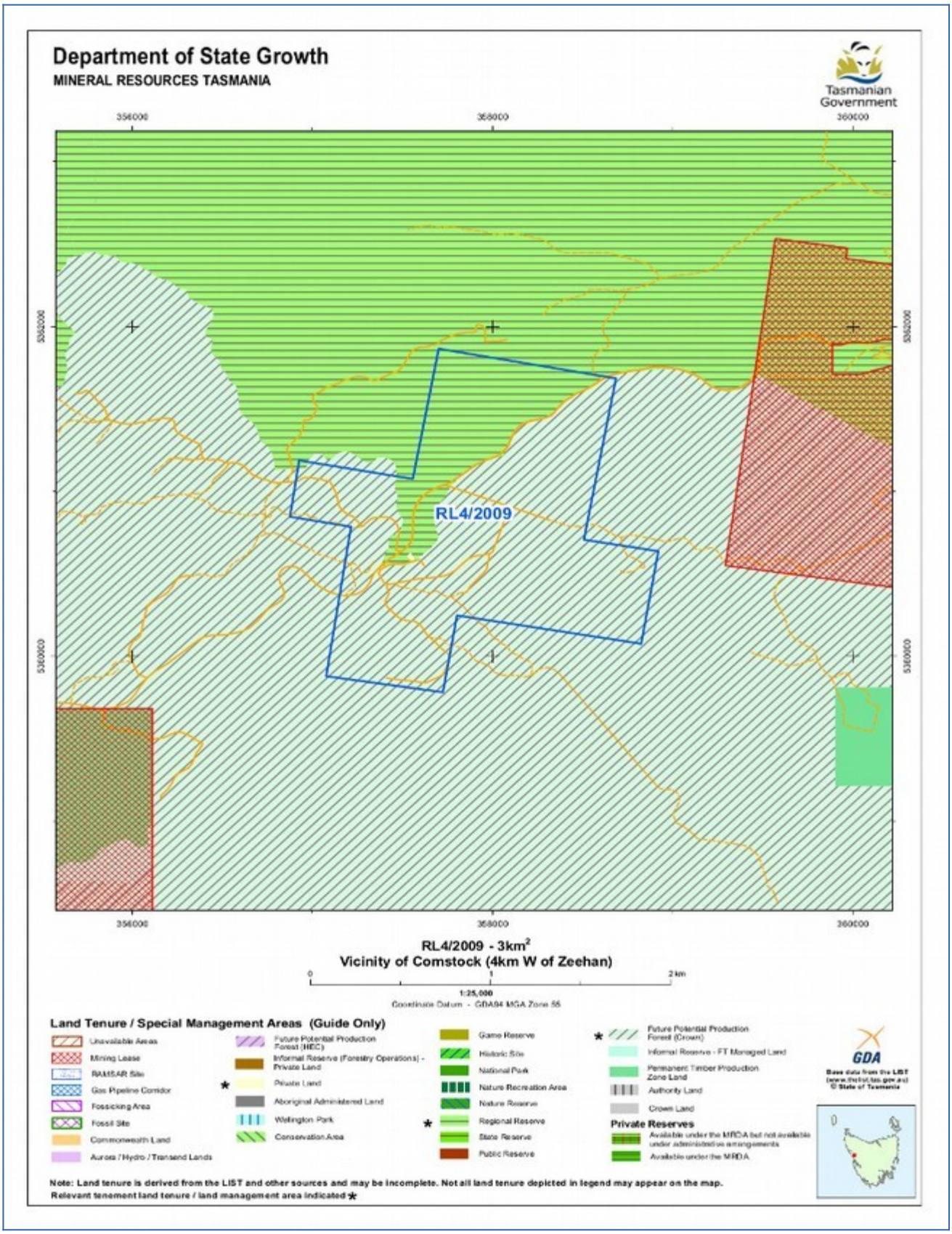

Figure 2: Land tenure at Comstock RL (2019)

2 Geology and Previous Work

2.1 Previous Mining and Exploration within RL4/2009 Comstock

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

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

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

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

2.2 Prospect Geology

The geology of the Comstock Project comprises weakly metamorphosed Proterozoic-aged sediments of the Oonah Formation juxtaposed with a mixed sequence of volcaniclastics and arenaceous rocks of the Cambrian Crimson Creek Formation. The steeply north dipping WNW-ENE striking Balstrup Fault divides the two sedimentary packages. In the southern half of the mine leases the Oonah sequence consisting of flat-lying, thick dolomitised limestones co-existing with reasonably thick (20-30m) black phyllitic shales and fine grained sandstones. At Comstock the Upper Dolomite Unit (Poss1) of the Oonah hosts the Allison's, Watson's and Main Lodes as well as the Boss Upper Sulphide and Oxide mineralisation. A distinctive black argillaceous phyllite unit underlies this dolomite, known as the Phyllite Marker Unit (Posb1). Beneath the Posb1 is the Lower Dolomite Unit (Posd1), heavily brecciated and up to 150m thick, which hosts the Boss Lower mineralisation. A second phyllite unit with distinctive quartz boudinage veining occurs below Posd1, which is underlain by a second dolomite unit Posd2. This dolomite overlies a mixed sequence of clastic and carbonate rocks with an increasing

overprint of thermal metamorphism e.g. diopsidic skarns. There are ultramafic rocks within this lower package, some of which have the characteristic blackwall alteration associated with the Avebury Nickel deposit. The Oonah is truncated by the moderately north dipping Tenth Legion Fault. Below the fault lies a sequence of chloritic volcanics and gabbros that are part of the Cambrian McIvor Complex. North of the Balstrup Fault lie the volcaniclastics and greywackes of the younger Crimson Creek Formation which have been down faulted to the north. These rocks produce a distinctive orange colour on weathering due to the oxidation of chlorite. The Upper Dolomite Unit (Poss1) is often characterised near surface by talc alteration (Wong, 2000), which may be the result of weathering of primary magnesite. The magnesium assay values would appear to indicate that the main magnesium mineral in the sub-surface

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

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

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

The Tenth Legion Fault is exposed in the south of the mine leases and is believed to be a thrust fault that dips about 25^{o} to the north. It is characterised by black matrix breccias with a seemingly strong shear fabric and rolled clasts (boudinage?), sometimes the rocks have been referred to as mylonites. Alternative authors, however, have suggested that these rocks are sedimentary breccias associated with depositional subsidence.

Underlying the Tenth Legion Fault is a series of strongly chloritised mafic volcaniclastics, andesites and mafic intrusives (gabbros) of presumably the McIvor Mafic Complex. The Balstrup Fault is the dominant structural feature within AHL's Retention Licence. It is a normal fault, striking WNW-ENE with a 70^{o} dip to the north. In Diamond drill core it is recognised as a brittle structure with clay gouges and fracturing of the rock. In some instance there are black matrix breccias similar to the Tenth Legion Fault. There is no significant mineralisation associated with the fault. There is some evidence for the fault to post-date the main lead/zinc mineralisation of the Comstock area. There is also evidence for the fault to have small offsets associated with later NE striking structures. At the Boss there is some drillhole evidence for a parallel structure within the hanging wall of the main fault; this may be a separate fault or may be a bifurcation structure off the main fault. Bendall's Fault is a parallel structure to the Balstrup Fault. It was uncovered during the 2000 mining where it had mineralisation associated with it. However the fault itself was a series of narrow bifurcating planar structures and the mineralisation appeared to sit in the hanging wall to the fault. At the time it was felt that this mineralisation continued on into the Boss along the line of the fault. In the light of subsequent work this may not be the case and that the mineralisation caught up in the fault was from its truncation of the Allison's Lode.

The structure of the area is complicated by having flat lying beds being gently folded and disjointed by steeply dipping normal, wrench and possibly RC faulting. There are indications of other fault structures with NW; NNW and NE orientations (see Tear 2005a and 2000a). Most of the faulting is as brittle faults, i.e. clay gouges,

fracturing and brecciation, and there is limited evidence of ductile shearing, usually confined to the phyllite units. The presence and effect of shallow dipping structures, perhaps parallel to or splays off the Tenth Legion Fault, is not known and can only be inferred to exist at this point. In addition flexural slip on major bedding planes, generally within the phyllite units is an unknown quantity. There is considerable deformation associated with the phyllite units.

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

2.3 Mineralisation

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

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

Deposits 1 to 3 are parallel mineralised structures with up to 500m of historical strike length e.g. the Main Lode. The South Comstock Pit was originally mined in 1989, but new mineralisation was discovered immediately west of it in 2005 as part of some routine excavation work. This was originally referred to as the West Lode with a Measured and Inferred Resource being allocated to it by Cottle (2005). The Balstrup Fault Mineralisation was also known as the Sylvester deposit (from RGC work). This was unfortunate naming, as there is a small mine in the northern mine lease which is also known as the Sylvester Mine. This latter deposit has been subject to some surface trenching in the past (no maps were available), which has uncovered significant zinc mineralisation as exhibited by the occurrence of mineralised boulders scattered about on the ground. ZZL planned to drill this deposit in 2006, hole collars were spotted but the drilling never eventuated. As a result of this name confusion the Sylvester Deposit was renamed by ZZL as the Balstrup Fault Mineralisation (BFM). It was thought to comprise a steeply dipping massive sulphide lode as part of the Balstrup Fault. However on closer inspection including

examination of drill core, the mineralisation attributed to the BFM is actually hosted by carbonates in the fault's hanging wall and not necessarily in contact with the fault. This proposed deposit formed the bulk of the Comstock 2006 resource inventory and was based on 5 Diamond drill holes 400m apart. Cottle (2005) as a Competent Person signed off on this as an Inferred Resource. H&S are of the strong belief that there is insufficient data to identify a resource of any kind and that the drilling intercepts should be classified as exploration results. A more detailed explanation for this reasoning is included as an appendix in previous reporting, in the form of a file note sent to ZZL in 2007, mainly as a result of the interpretation of the 2007 drilling. The exposed lode at Allison's comprises an N to NNW striking sulphide vein system/structural zone that is up to 200m long by a maximum width of 20m. A series of parallel, semi-continuous sulphide zones consist of coarse grained sphalerite, galena and pyrite with a quartz (+calcite) gangue. Some individual sulphide veins are discontinuous and poddy in nature and there are lower grade sulphide dissemination/veinlet zones interstitial to the massive sulphide pods. The mineralisation and alteration appear to cease within the underlying Posb1 unit. Weathered brown sandy/clay material is found in the host carbonate unit, peripheral to and within the zinc mineralisation and has been identified as talc. This material forms an alteration halo to the main mineralisation and acts as a surface indicator of blind mineralisation. Similar steeply dipping vein-style mineralisation occurs at the Watson's and Main Lode areas. Watson's Lode is a steeply dipping narrow sulphide vein, (1-2m wide) with limited extent, approximately 50m west of the Allison's Lode. It is hosted in the magnesium-rich Poss1 unit, as for the Allison's Lode; the Watson's Lode has a similar orientation to the Allison's. The lode measures 100m long with a maximum interpreted base about 40m below surface. The lode is considerably narrower than the Allison's and has a reduced level of mineralisation continuity. The Main Lode is located 200m west of the Allison's Lode and is similar to the Watson's Lode in mineral style. The lode occurs in two separate zones, a north section and south section, which is mainly due to a lack of drilling; historical mapping and mining indicates the lode is continuous in this middle section. The host unit is the same magnesium-rich dolomite as per the Watson's and Allison's Lodes, with the lode measuring 250m long with an interpreted base to the lode at a depth of 50m below surface. The lode is slightly more complex with there being a second narrow vein interpreted close to the original vein. In addition drilling has identified the old tailings from the original 19th Century mining, which is referred to in this report as the Main Lode Surface resource.

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

and Zn 0.07%). Key aspects on the mode of formation for the mineralisation at the Comstock are included below:

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

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

3 EDGI Activities

3.1 EDGI Exploration Activities

During the EDGI project period, 1 diamond drill hole, SY801, totalling 739.5m was completed at The Boss prospect, Comstock RL (Table 1). SY801 was collared approximately 25m from the Trial Harbour Road on the edge of a rehabilitated and reclaimed area - formerly the dirty water dam at Comstock.

Core recovery was excellent throughout, the hole drilled straight, HQ diamond was drilled to 152.5m and NQ diamond to end of hole. The collar azimuth was Grid South (167 Magnetic), at a collar dip of -65 (see Figure 3).

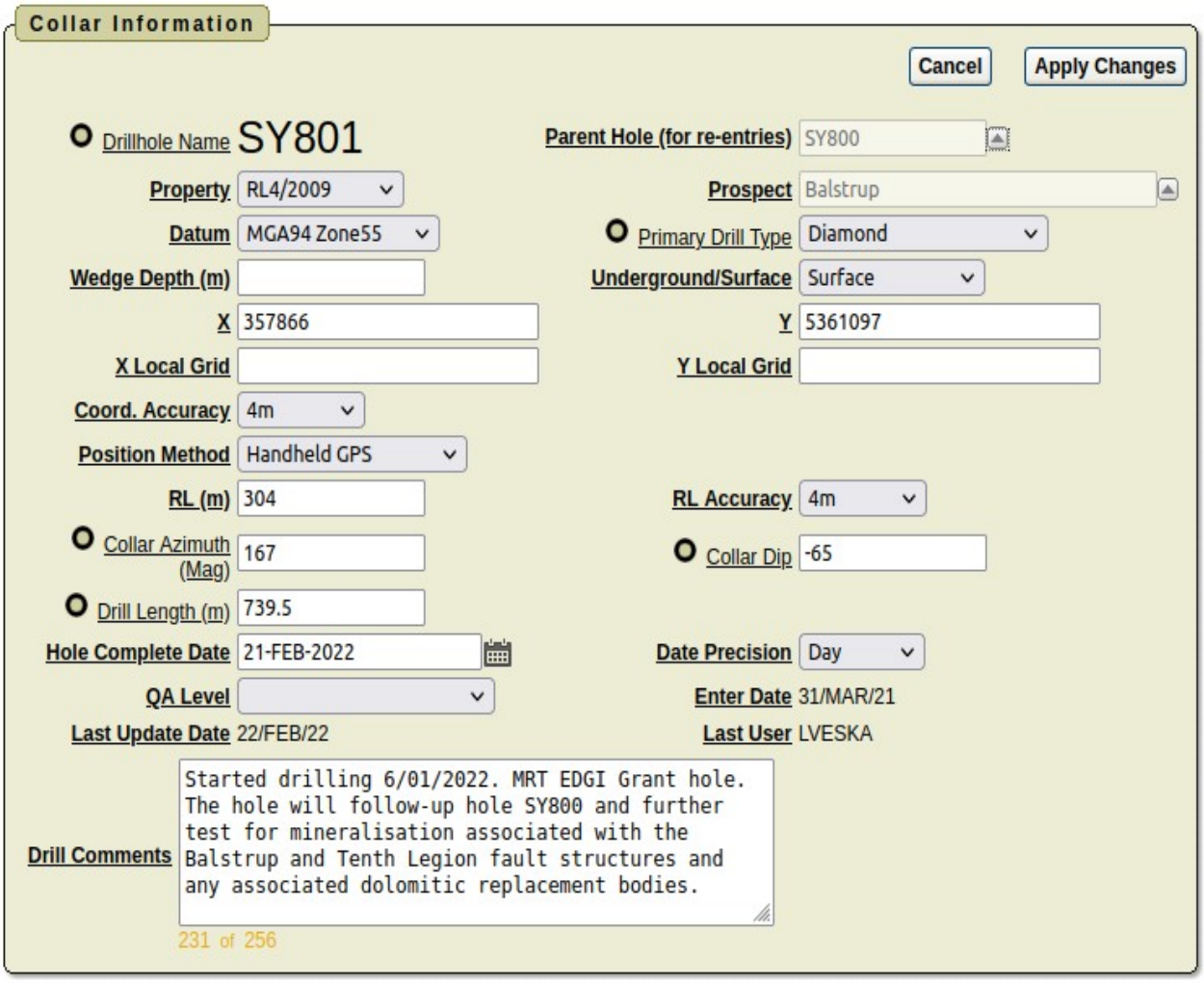

Figure 3: Collar details - hole SY801

Hole Name	GDA94 X	GDA94 Y	RL (m)	Azimuth (Mag)	Dip	Start (m)	Length (m)
SY801	357866	5361097	304	167	-65	0	739.5

Table 1: Hole SY801 summary details

Enter Downhole Survey Data

Cancel | Delete | Apply Changes | Add Survey

	Depth	Azimuth	Azimuth Datum	Dip
☐	0	167	Magnetic	-65
☐	30	168.7	Magnetic	-65.4
☐	60	167.9	Magnetic	-65.4
☐	90	166.3	Magnetic	-65.8
☐	120	168	Magnetic	-65.6
☐	150	167.4	Magnetic	-65.6
☐	180	167.4	Magnetic	-65.3
☐	210	167.8	Magnetic	-65.3
☐	240	167.7	Magnetic	-65.2
☐	270	167.5	Magnetic	-65.5
☐	300	166.8	Magnetic	-65.2
☐	330	164.6	Magnetic	-65.3
☐	360	164	Magnetic	-65
☐	390	167.3	Magnetic	-65.3
☐	420	169.5	Magnetic	-65.2
☐	450	172.8	Magnetic	-65.2
☐	480	174.3	Magnetic	-65.5
☐	510	161.5	Magnetic	-65.5
☐	540	172.9	Magnetic	-65.3
☐	570	169.7	Magnetic	-65.1
☐	600	171.1	Magnetic	-65
☐	630	175.1	Magnetic	-65
☐	660	181.2	Magnetic	-65.3
☐	690	167.5	Magnetic	-65.1
☐	720	178.1	Magnetic	-65.6

Export to Spread Sheet

Figure 4: Down-hole survey readings for hole SY801

The small variance in the survey readings (Figure 4) can be explained by the observed magnetite content in drill core.

SY801 was designed to provide further information regarding:

- the Balstrup Fault Mineralisation up-dip from the SY800 intersection
- stratabound, flat-lying, replacement style sulphide economic mineralisation below -150m elevation
- alteration patterns associated with interpreted granite intrusion at depth, and
- stratigraphic information at depth

Figure 5: SY800 and SY801 coincident hole locations, Balstrup and related fault traces shown

Figure 6: SY801 collar location, zoomed

3.2 Discussion of results

SY801 traversed a fresh, mostly un-weathered hanging-wall lithological succession, through the Balstrup Fault, then into a foot-wall succession of mostly dolomite and carbonaceous siltstone, before traversing a very wide melange zone interpreted as the Tenth Legion Fault / Thrust towards the bottom of the hole (554 – 662m), ending in a calc-silicate altered dolomitic lithology at 739.5m.

A wide zone of impure micritic carbonate grading to lesser fine-grained calcarenite (89.5 - 183m) was intercepted in the hanging wall of the Balstrup Fault, and is interpreted as the Gordon Limestone (Figure 8). The lower contact of the interval was gradational over 4-5m into laminated siltstone. Similar carbonate rock was not seen in hole SY800. It is possible, on recent reflection (October 2022) , that some lithologies previously logged as carbonaceous siltstone at Comstock are in fact Gordon Limestone, and additionally may have taken up the strain in structural zones aided by their carbonaceous/graphitic content.

No economic mineralisation was intercepted in the hole, nevertheless, nine approximately 1m intervals were selected for geochemical analysis, including gold (see section 3.2.1).

The Balstrup Fault structural zone massive sulphide mineralisation intersected in hole SY801 (337.9 – 341.3m; Figure 9) was slightly wider in apparent thickness (3.4m) compared to hole SY800 (3.1m), however the

intersection was dominated by massive pyrrhotite, with occasional 4-5mm pyrite blebs and rare blebs of interstitial quartz.

Depth From	Depth To	Legacy Lithology	Lithology	Lithology Description
0	86.5	-	(H) Shale and siltstone	Greywacke turbidite sequence of light grey to dark grey shale and siltstone with lesser volcaniclastic derived sandstone. 9 - 10.5m consists of a carbonaceous micritic band reminiscent of a typical Gordon Limestone unit. Interval is partially oxidised with occasional vughs with some sparry calcite infills in places. Trace of pyrite veining parallel to bedding in some places. Lower contact of interval is faulted with core very fractured from 85m to 89.5m. Occasional carbonaceous bands 10-15mm thick, acting as the focus for fracturing. Base of total oxidation almost at surface, partial oxidation down to approximately 80m.
86.5	89.5	-	(FZ) fault zone	Structurally - defined transition zone from more volcaniclastic sandstone dominant lithology to a dominantly impure lime-rich micritic nature.
89.5	183	-	(SLM) limestone	Dominantly impure lime micrite to lesser fine-grained calcarenite, very similar to the Gordon Limestone, effervesces with dilute HCl. Interbeds/ fault wedges of volcaniclastic sandstone also present in the interval. Thin 4-5mm irregularly shaped calcite veinlets common. From upper contact of interval down to 130m core is generally fractured and broken, with small cavities relatively common. Lower contact of interval gradational over 4-5m to laminated siltstone.
183	219.5	-	(H) Shale and siltstone	Finely laminated and banded siltstone, weakly hornfelsed with occasional ankerite and sericite veinlets running almost parallel to the LCA. Clots of pyrrhotite associated with rare thin 1mm pyrite veining. Strike 135@45 dip NE of bedding.
219.5	312	-	(H) Shale and siltstone	Greywacke sequence with graded bedding and occasional larger lithic fragments present. Interval is not greatly different to overlying interval, however some moderate hornfelsing noticeable from 298m onwards, increasing in intensity towards bottom of interval. Interval has interbeds of more volcaniclastic derived sandstone, such as 219.6 - 232.3m. Darker coloured pyrrhotite veined zone 261.7 - 266.2m appears to also be more hornfelsed. 20cm sphalerite-galena veinlet at 289.7-289.9m. Vein is not massive sulphide, but contains a siderite gangue with compositional banding. Calcite veining commonly 2mm thickness, mostly random orientation, however a steeply dipping vein set is apparent.
312	337.9	-	(FZ) fault zone	First instance of cataclasite/tectonic melange in carbonaceous siltstone. Knife-sharp upper contact. Some zones markedly less sheared such as 317.2 - 320.8m which still has the primary texture of a carbonaceous siltstone visible. This interval basically constitutes the main extent of the Balstrup Fault zone, particularly that part with an intense shear/structural fabric. The melange texture is closely associated with a sharp increase in graphite content. Rolled and sheared breccia clasts are primarily quartz, with some coarse-grained cross-cutting calcite veins occasionally present. Minor narrow 2-3mm pyrite and pyrrhotite veins with accessory siderite visible in bottom 2m of interval. Interval is significantly more carbonaceous from 333.8m to end of interval.
337.9	341.3	-	(OMS) massive sulphide	Sulphide zone is predominantly massive pyrrhotite with occasional 4-5mm pyrite blebs and rare blebs of interstitial quartz. The upper contact is fairly sharp, yet highly irregular, with the pyrite forming a flame-shaped contact with the graphitic, contorted siltstone sediment. The lower contact is knife-sharp, the oriented core suggesting the sulphide vein is near vertical in attitude, with a N-S cross section displaying the true thickness of the vein.
341.3	446.5	-	(SDL) dolomite	Recrystallised dolomite with regular jointing and fracturing, with pyrite veining and clots often located preferentially alomg fractures. Weakly developed skarn from 430m onwards, with green chlorite and possibly actinolite becoming common. Upper contact with massive iron sulphide is more intensely hornfelsed with irregularly shaped thin whispy magnetite veinlets interspersed with siderite visible. Trace of clean white coloured magnesite at 436m. Siderite appears in minor amounts, associated with dark green coloured irregularly shaped actinolite masses.
446.5	457.1	-	(SCI) carbonaceous siltstone	Highly contorted carbonaceous quartzose siltstone band, thinly laminated, with only occasional narrow 10cm bands approaching cataclasite texture. Some serpentine present in amorphous growths near bottom of interval.
457.1	475	-	(SCA) carbonate undiff	Talc-carbonate altered carbonaceous siltstone. Interval contains a 1100mm semi massive pyrite-quartz-sphalerite vein between 472.4 - 473.5m with a trace of sphalerite, the upper pyrite vein contact being quite carbonaceous. Bottom of interval is gradational over about one metre into a dolomitic unit. The sulphides once again occur at a carbon-rich silt/dolomite contact.
475	503.8	-	(SDL) dolomite	Dolomite exhibiting a moderate degree of intensity of skarn mineralisation, characterised by serpentine, talc and a little matrix pyrite, magnetite and accessory pyrrhotite.
503.8	528	-	(MSK) skarn	Weak to moderately developed but very interesting zone of carbonate replacement sulphidic mineralisation centred on dolomite siltstone contact. Mineralisation seems to be more focussed in the siltstone rather than the dolomitic host. Notable pyrite vein 520.6-521.7m (not massive). Notable pyrrhotite-rich replacement zone 525.6-527.6m. Matrix magnetite present as a very fine-grained groundmass in places. Minor galena-sphalerite vein inclusions at approximately 509.4m.
528	554	-	(SCI) carbonaceous siltstone	Weakly hornfelsed carbonaceous siltstone with occasional irregularly shaped thin whispy pyrrhotite-rich veinlets, with minor galena and sphalerite present.
554	662	-	(FZ) fault zone	Tenth Legion Fault melange, quite intensely developed and highly graphitic, much wider than previous corresponding zone in SY800. Some intervals of calc-silicate overprint of carbonaceous unit introducing creamy white minerals including magnesite (584.3 - 587m). Occasional clasts replaced by pyrrhotite, rare clots of coarse-grained galena and sphalerite present in places. From 555.5m - 560.3m comprising the hanging wall, a weakly developed skarn assemblage of magnetite, siderite, talc, serpentine and pyrrhotite is present.
662	701.47	-	(SBS) black shale	Contorted black shale moderately hornfelsed to 666m, then far less altered to end of interval. 5-10mm steeply-dipping fine-grained pyrrhotite veining. Occasional 2-10mm wide whispy irregularly shaped quartz and calcite veining present.
701.47	714.8	-	(C) Calc-silicate rock	Magnesitic breccia zone with calc-silicate alteration of probable dolomite, however no original texture is now visible. Talc, magnesite, serpentine and pyrrhotite all present as part of the alteration assemblage. Notable magnetite-pyrrhotite-calcite vein 712.1 - 712.9m.
714.8	739.5	-	(SDL) dolomite	EOH. Lithology consists of a distinctive weakly calc-silicate and siderite altered moderately graphitic and weakly magnetite altered dolomite unit. Some evidence of brecciation present in places.

Figure 7: Geological summary of hole SY801

The massive sulphide vein also delineated a lithology change - from siltstone cataclasite melange to calc-silicate altered dolomite. The upper contact was fairly sharp, yet highly irregular in nature, with pyrite forming a flame-shaped contact with the graphitic, contorted siltstone sediment. The lower contact was knife-sharp, the oriented core suggesting the sulphide vein is near vertical in attitude, with a N-S cross section displaying the true thickness of the vein.

Figure 8: Close-up of a section of core interpreted as Gordon Limestone (~129m)

Figure 9: Balstrup Fault mineralisation – transition from siltstone cataclasite to altered dolomite

The Balstrup Fault footwall (Tenth Legion Fault hanging-wall) lithologies consisted mainly of calc-silicate altered dolomite, and hornfelsed carbonaceous siltstone.

Perhaps the most interesting mineralisation zone encountered in the hole was intersected between 503.8 – 528m. A weak to moderately-developed zone of sub-economic replacement style sulphidic mineralisation including galena and sphalerite occurred near a dolomite-siltstone contact (Figure 10, Figure 11). The mineralisation, dominated by pyrite and pyrrhotite, surprisingly seems to be more focused in the siltstone, rather than the dolomitic rock. This seems to be a recurring theme, and there is mounting evidence to suggest that the dolomites in the Boss/Balstrup field are generally poor hosts for economic accumulations of replacement mineralisation. The dolomites certainly are hosts to a large array of skarn alteration minerals, but not Pb/Zn sulphides to any great extent. It seems that a very altered, calcite-veined (calcareous) carbonaceous siltstone is generally a better host for lead-zinc replacement mineralisation around Comstock.

Figure 10: Replacement-style mineralisation within siltstone (~524m)

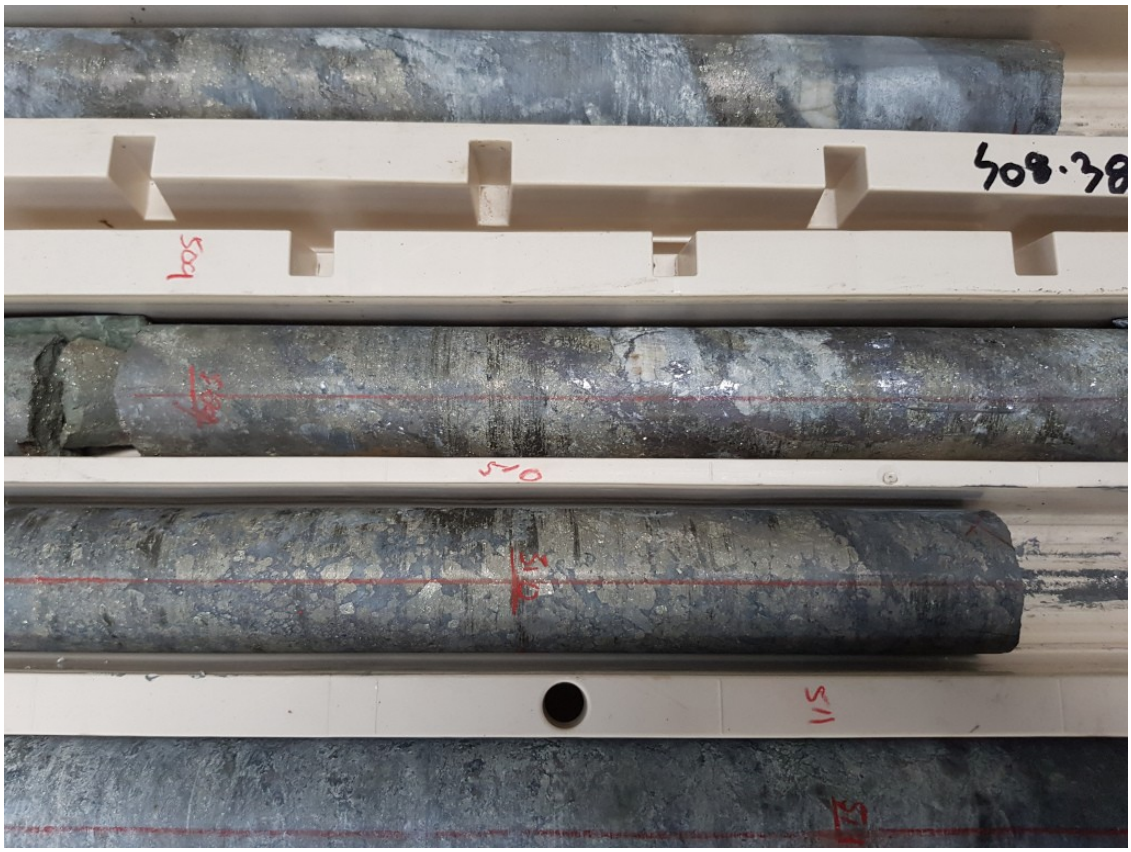

Figure 11: Replacement-style mineralisation within altered carbonaceous siltstone (~510m)

The Tenth Legion Fault Zone (554 – 662m; Figure 12) was characterised by a melange of carbonaceous siltstone with rolled and sheared clasts. The fault tectonic fabric is best described as a carbonaceous matrix-supported breccia with angular siliceous clasts commonly 10-15mm in size. The Tenth Legion Fault melange was much wider than the previous corresponding zone in hole SY800. Occasionally, melange clasts were replaced by pyrrhotite, with rare clots of coarse-grained galena and sphalerite present in places. From 555.5m - 560.3m (comprising the hanging wall) a weakly developed skarn assemblage of magnetite, siderite, talc, serpentine and pyrrhotite was present.

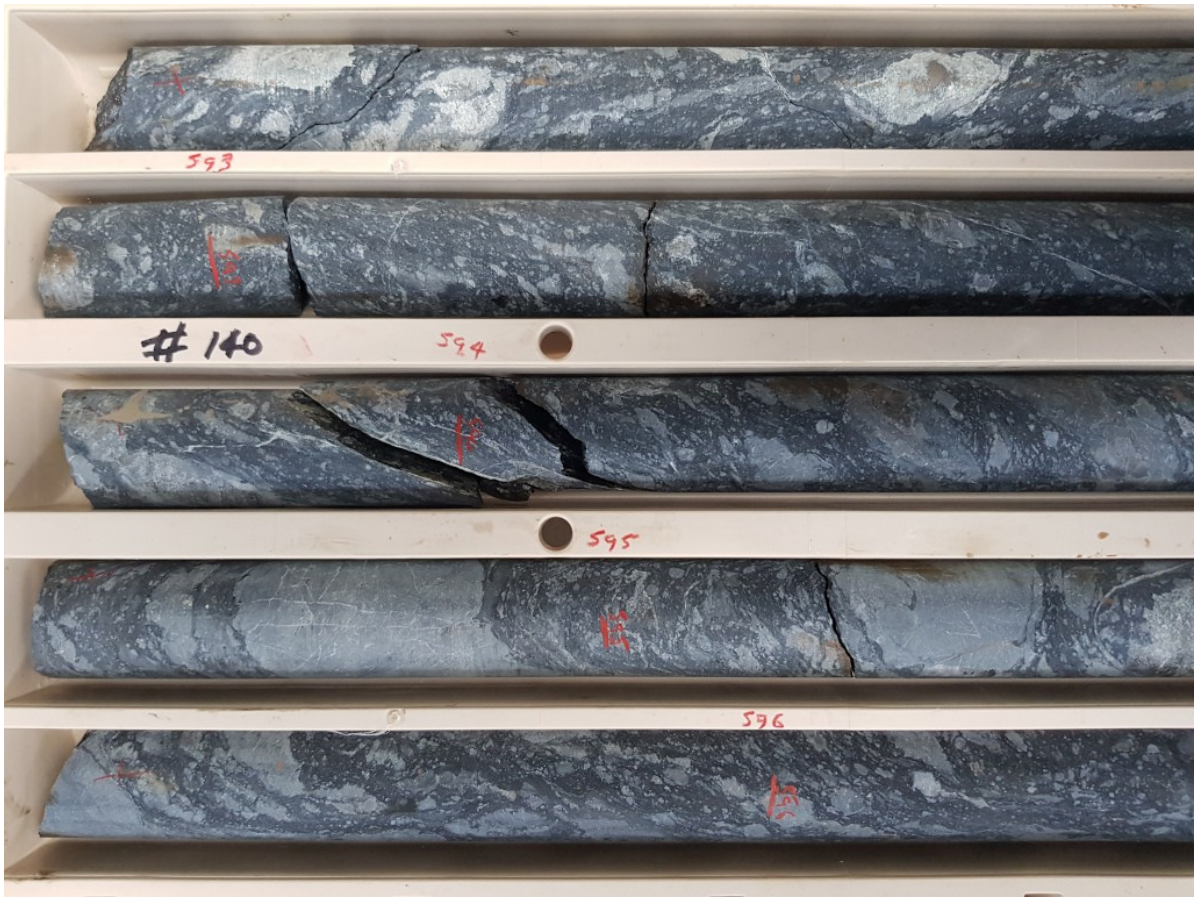

Figure 12: Melange/cataclasite within Tenth Legion Fault zone (595m)

Below the Tenth Legion Fault Zone a magnesitic breccia zone was present, with calc-silicate alteration of probable dolomite, however no original texture was visible. Talc, magnesite, serpentine and pyrrhotite were all present as part of the alteration assemblage. A notable magnetite-pyrrhotite-calcite vein was present between 712.1 - 712.9m.

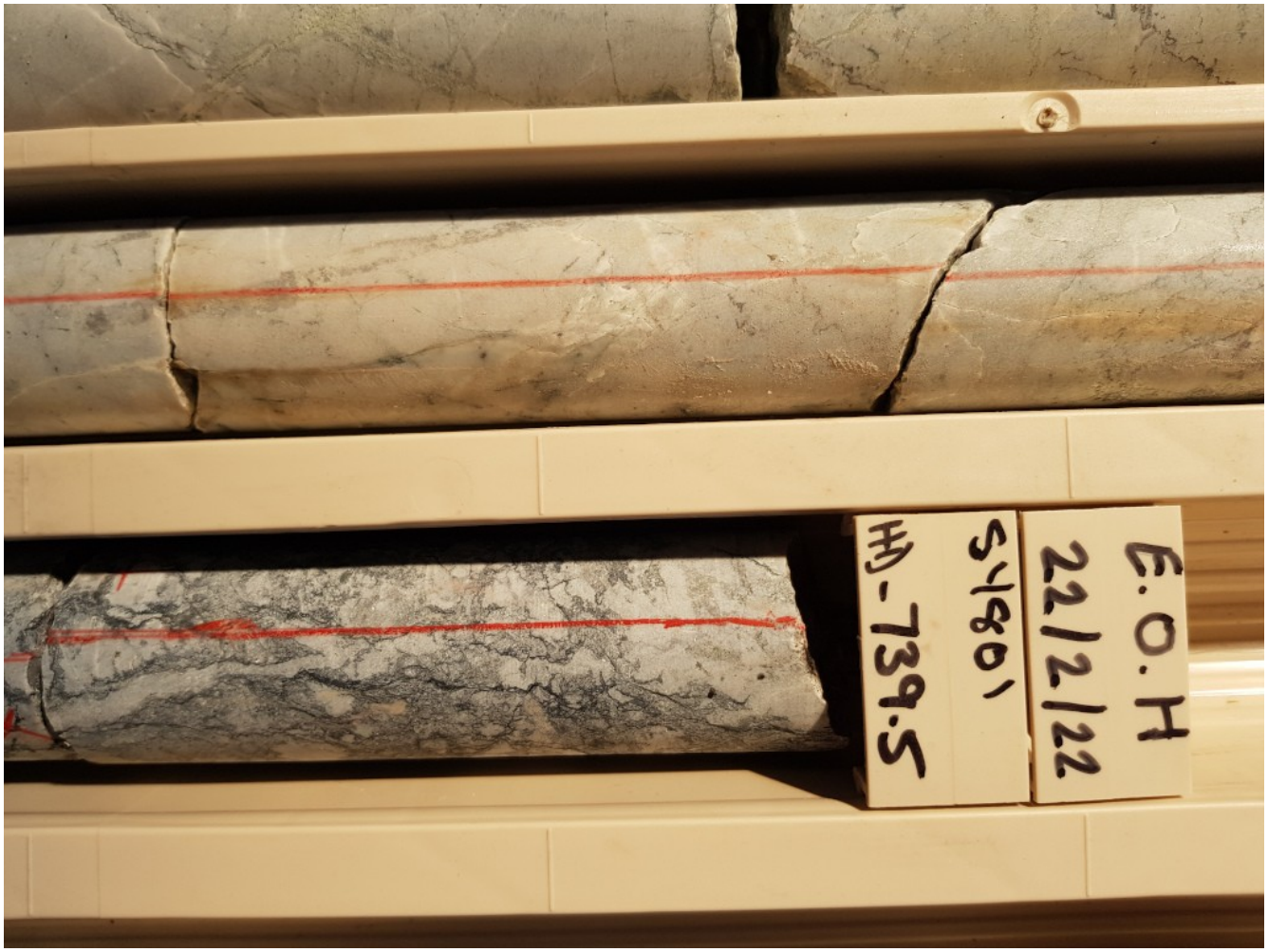

Figure 13: End of hole

3.2.1 Assay Results

As previously mentioned, nine intervals plus one Geostats P/L Certified Reference Material sample were selected for geochemical analysis, including gold.

Assayed species (Pressed-powder XRF, ICP-OES and Fire Assay) were: Sn, As, Fe, S, Mn, MgO, Ca, WO3, Cu, Pb, Zn, Ag, Ni, Co, Mo, Sb and Au - SGS laboratories performed the analysis.

The interval 338 – 341.3m (Figure 9) was chosen to represent the Balstrup Fault sulphide mineralisation. This zone, logged as mostly pyrrhotite, displays few anomalous concentrations of elements with the exception of Antimony, where values are only in the few hundred ppm range. There is a trace of gold mineralisation in two of the three samples of about 0.14 g/t Au.

The interval 504 – 507m (Figure 14) was selected for assay as it hosts some interesting minor replacement sulphide mineralisation at a siltstone – dolomite contact. No elements were present in particularly anomalous quantities, one slightly elevated copper value suggesting trace chalcopyrite was present.

The interval 525 – 527.6m (Figure 15) coincided with a pyrrhotite-rich replacement zone within altered siltstone. There is elevated Pb and Zn values in this interval in the range of about 0.2 – 1.3%.

Table 2: Sample details

Sample Type	Sample Number	From (m)	To (m)
Core sample (see Figure 9)	3000	338	339
Core sample (see Figure 9)	3001	339	340
Core sample (see Figure 9)	3002	340	341.3
Core sample (see Figure 14)	3003	504	505
Core sample (see Figure 14)	3004	505	506
Core sample (see Figure 14)	3005	506	507
Core sample (see Figure 15)	3006	525	526
Core sample (see Figure 15)	3007	526	527
Core sample (see Figure 15)	3008	527	527.6
GBM908-12 (Cu-Pb-Zn)	3009	0	0

Figure 14: Assayed interval 504 - 507m

Figure 15: Assayed interval 525 – 527.6m

Figure 16: SY801 in progress

4 Environmental and Rehabilitation Activities

The drill pad site required almost no preparation for the drill rig due to it being located in an already flat and cleared area previously used for hole SY800.

No rehabilitation activities have been undertaken at the drill site of SY801 at this time.

5 Conclusions and Recommendations

SY801 broadly met the basic objectives of the hole. The hole drilled straight, reached design-depth, exhibited good core recovery, traversed two major structures and provided further information on the Balstrup Fault mineralisation and encountered zones of stratabound, replacement style sulphide mineralisation, dominated by pyrrhotite. Assay results were disappointing, with no significant values worthy of follow-up.

There is insufficient encouragement however to warrant further deep drilling of the Balstrup Fault structure near section 357850E in the vicinity of the SY800 and SY801 holes.

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Appendix A

Table 3: Drill log summary for SY801

Depth From	Depth To	Lithology	Lithology Description
0	86.5	(H) Shale and siltstone	Greywacke turbidite sequence of light grey to dark grey shale and siltstone with lesser volcaniclastic derived sandstone. 9 - 10.5m consists of a carbonaceous micritic band reminiscent of a typical Gordon Limestone unit. Interval is partially oxidised with occasional vughs with some sparry calcite infills in places. Trace of pyrite veining parallel to bedding in some places. Lower contact of interval is faulted with core very fractured from 85m to 89.5m. Occasional carbonaceous bands 10-15mm thick, acting as the focus for fracturing. Base of total oxidation almost at surface, partial oxidation down to approximately 80m.
86.5	89.5	(FZ) fault zone	Structurally - defined transition zone from more volcaniclastic sandstone dominant lithology to a dominantly impure lime-rich micritic nature.
89.5	183	(SLM) limestone	Dominantly impure lime micrite to lesser fine-grained calcarenite, very similar to the Gordon Limestone, effervesces with dilute HCl. Interbeds/ fault wedges of volcaniclastic sandstone also present in the interval. Thin 4-5mm irregularly shaped calcite veinlets common. From upper contact of interval down to 130m core is generally fractured and broken, with small cavities relatively common. Lower contact of interval gradational over 4-5m to laminated siltstone.
183	219.5	(H) Shale and siltstone	Finely laminated and banded siltstone, weakly hornfelsed with occasional ankerite and sericite veinlets running almost parallel to the LCA. Clots of pyrrhotite associated with rare thin 1mm pyrite veining. Strike 135@45 dip NE of bedding.
219.5	312	(H) Shale and siltstone	Greywacke sequence with graded bedding and occasional larger lithic fragments present. Interval is not greatly different to overlying interval, however some moderate hornfelsing noticeable from 298m onwards, increasing in intensity towards bottom of interval. Interval has interbeds of more volcaniclastic derived sandstone, such as 219.6 - 232.3m. Darker coloured pyrrhotite veined zone 261.7 - 266.2m appears to also

		be more hornfelsed. 20cm sphalerite-galena veinlet at 289.7-289.9m. Vein is not massive sulphide, but contains a siderite gangue with compositional banding. Calcite veining commonly 2mm thickness, mostly random orientation, however a steeply dipping vein set is apparent.
312	337.9 (FZ) fault zone	First instance of cataclasite/tectonic melange in carbonaceous siltstone. Knife-sharp upper contact. Some zones markedly less sheared such as 317.2 - 320.8m which still has the primary texture of a carbonaceous siltstone visible. This interval basically constitutes the main extent of the Balstrup Fault zone, particularly that part with an intense shear/structural fabric. The melange texture is closely associated with a sharp increase in graphite content. Rolled and sheared breccia clasts are primarily quartz, with some coarse-grained cross-cutting calcite veins occasionally present. Minor narrow 2-3mm pyrite and pyrrhotite veins with accessory siderite visible in bottom 2m of interval. Interval is significantly more carbonaceous from 333.8m to end of interval.
337.9	341.3 (OMS) massive sulphide	Sulphide zone is predominantly massive pyrrhotite with occasional 4-5mm pyrite blebs and rare blebs of interstitial quartz. The upper contact is fairly sharp, yet highly irregular, with the pyrite forming a flame-shaped contact with the graphitic, contorted siltstone sediment. The lower contact is knife-sharp, the oriented core suggesting the sulphide vein is near vertical in attitude, with a N-S cross section displaying the true thickness of the vein.
341.3	446.5 (SDL) dolomite	Recrystallised dolomite with regular jointing and fracturing, with pyrite veining and clots often located preferentially alomg fractures. Weakly developed skarn from 430m onwards, with green chlorite and possibly actinolite becoming common. Upper contact with massive iron sulphide is more intensely hornfelsed with irregularly shaped thin whispy magnetite veinlets interspersed with siderite visible. Trace of clean white coloured magnesite at 436m. Siderite appears in minor amounts, associated with dark green coloured irregularly shaped actinolite masses.
446.5	457.1 (SCI) carbonaceous siltstone	Highly contorted carbonaceous quartzose siltstone band, thinly laminated, with only occasional narrow 10cm bands approaching cataclasite texture. Some serpentine present in amorphous growths near bottom

		of interval.
457.1	475 (SCA) carbonate undiff	Talc-carbonate altered carbonaceous siltstone. Interval contains a 1100mm semi massive pyrite-quartz-sphalerite vein between 472.4 - 473.5m with a trace of sphalerite, the upper pyrite vein contact being quite carbonaceous. Bottom of interval is gradational over about one metre into a dolomitic unit. The sulphides once again occur at a carbon-rich silt/dolomite contact.
475	503.8 (SDL) dolomite	Dolomite exhibiting a moderate degree of intensity of skarn mineralisation, characterised by serpentine, talc and a little matrix pyrite, magnetite and accessory pyrrhotite.
503.8	528 (MSK) skarn	Weak to moderately developed but very interesting zone of carbonate replacement sulphidic mineralisation centred on dolomite siltstone contact. Mineralisation seems to be more focussed in the siltstone rather than the dolomitic host. Notable pyrite vein 520.6-521.7m (not massive). Notable pyrrhotite-rich replacement zone 525.6-527.6m. Matrix magnetite present as a very fine-grained groundmass in places. Minor galena-sphalerite vein inclusions at approximately 509.4m.
528	554 (SCI) carbonaceous siltstone	Weakly hornfelsed carbonaceous siltstone with occasional irregularly shaped thin whispy pyrrhotite-rich veinlets, with minor galena and sphalerite present.
554	662 (FZ) fault zone	Tenth Legion Fault melange, quite intensely developed and highly graphitic, much wider than previous corresponding zone in SY800. Some intervals of calc-silicate overprint of carbonaceous unit introducing creamy white minerals including magnesite (584.3 - 587m). Occasional clasts replaced by pyrrhotite, rare clots of coarse-grained galena and sphalerite present in places. From 555.5m - 560.3m comprising the hanging wall, a weakly developed skarn assemblage of magnetite, siderite, talc, serpentine and pyrrhotite is present.
662	701.47 (SBS) black shale	Contorted black shale moderately hornfelsed to 666m, then far less altered to end of interval. 5-10mm steeply-dipping fine-grained pyrrhotite veining. Occasional 2-10mm wide whispy irregularly shaped quartz and calcite veining present.
701.47	714.8 (C) Calc-silicate rock	Magnesitic breccia zone with calc-silicate alteration of probable dolomite, however no original texture is now

		visible. Talc, magnesite, serpentine and pyrrhotite all present as part of the alteration assemblage. Notable magnetite-pyrrhotite-calcite vein 712.1 - 712.9m.
714.8	739.5 (SDL) dolomite	EOH. Lithology consists of a distinctive weakly calc-silicate and siderite altered moderately graphitic and weakly magnetite altered dolomite unit. Some evidence of brecciation present in places.