Cannindah Resources Limited

ASX RELEASE

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FURTHER TRENCH SAMPLING AT PICCADILLY YIELDS SIGNIFICANT GOLD GRADES

Recent gold results from trenching of the main gold lodes at Piccadilly Mine by Cannindah Resources Limited have confirmed significant gold grades within further scout trenching.

In June 2018, Cannindah Resources reported results from the Central Trench, 888m east of the western slot area.

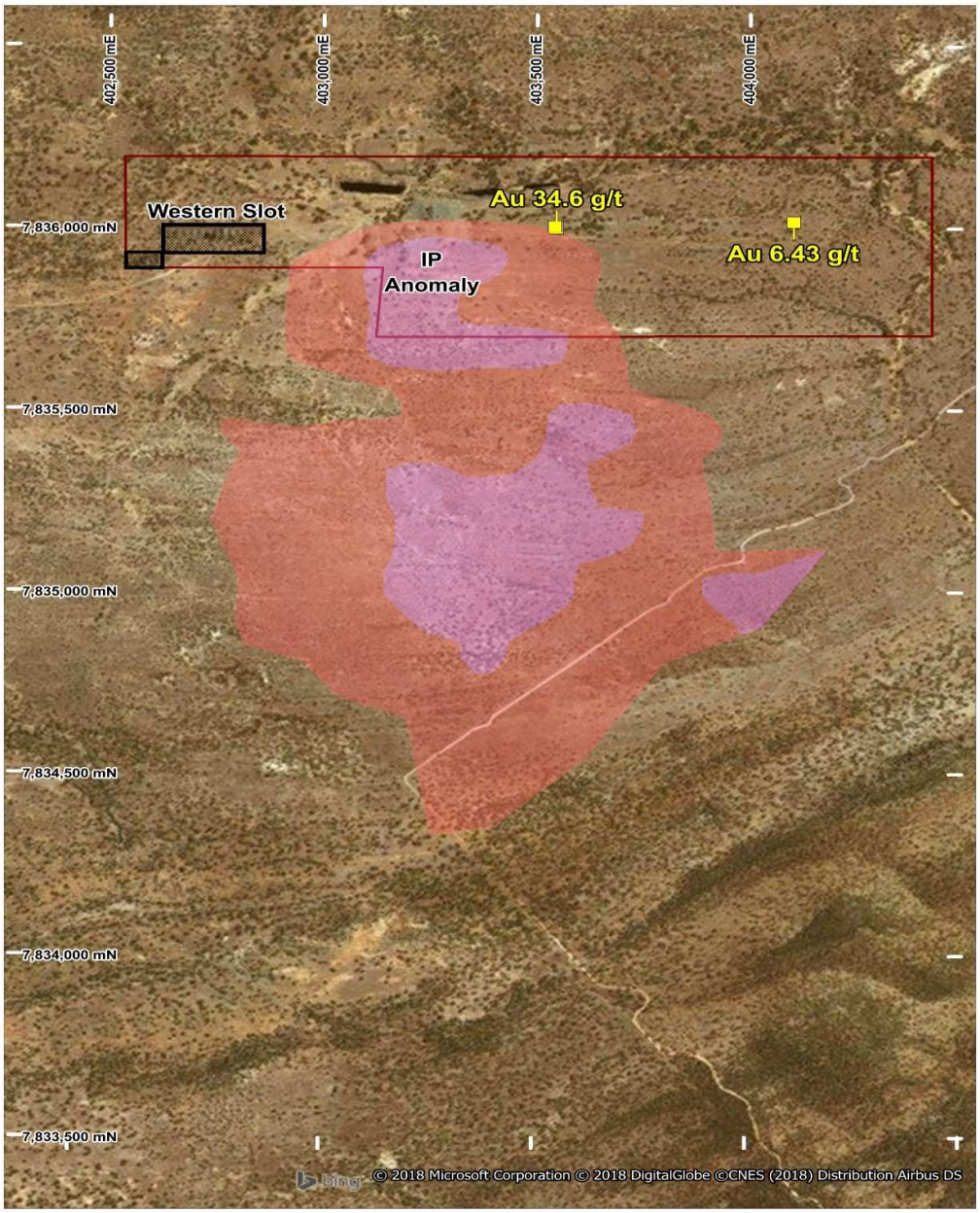
This trench is on the northern edge of an IP chargeability anomaly that the company is now targeting as a zone of high sulphide that is linked to the gold mineralisation encountered at surface. Previously reported selected rock chip sampling of vein material in the shallow (1m depth) original trench returned up to 34.6g/t Au (see ASX announcement of 22 June 2018).

Further sampling in this area, reported in the table below, has confirmed the high gold nature of this structure continuing with deeper trenching. Sampling from the side of the deeper trench from three 1m vertical channel samples of the dipping vein and alteration zone has returned Au values respectively of 3.86, 12.75 and 5.03 g/t Au.

It is not possible to determine the strike length and the downdip extent without further exploration and drilling and to a degree the thickness of the mineralisation is also unknown due to sampling being constrained by the floor of the trench. The company is planning further exploration activity in the coming weeks and months ahead as we target this zone towards the IP anomaly to the South.

Sample #	MGA_E	MGA_N	Au g/t	Lithology Desc
3019613	403543	7836001	3.86	Gossanous comb textured quartz vein 2cm, with selvedge of altered gossanous quartz sandstone and minor calcareous sandstone. I m vertical channel. Piccadilly Main Mine
3019614	403544	7836001	12.75	gossanous comb textured quartz vein 2cm, with selvedge of altered quartz sandstone and coarse-grained sandstone, minor malachite. I m vertical channel. Piccadilly Main Mine
3019615	403545	7836001	5.03	gossanous comb textured quartz vein 1-2cm cutting altered coarse grained sandstone, minor disseminated malachite, black staining manganese. I m vertical channel. Pccadilly Main Mine

Figure: Location of Second Trench Relative to Western Slot



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COMPETENT PERSON STATEMENT

The information in this report that relates to exploration results is based on information compiled by Dr. Simon D. Beams, a full time employee of Terra Search Pty Ltd, geological consultants employed by Cannindah Resources Limited to carry out geological evaluation of the mineralisation potential of the Piccadilly Mining Lease (ML1442) 80 km west of Townsville, Queensland, Australia.

Dr. Beams has BSc Honours and PhD degrees in geology; he is a Member of the Australasian Institute of Mining and Metallurgy (Member #107121) and a Member of the Australian Institute of Geoscientists (Member # 2689). Dr. Beams has sufficient relevant experience in respect to the style of mineralization, the type of deposit under consideration and the activity being undertaken to qualify as a Competent Person within the definition of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code).

Dr. Beams consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

APPENDIX 1 – JORC Code Table 1 Cannindah Resources Piccadilly Gold Mine announcement 26 July, 2018.

Section 1: Sampling Techniques and Data

Criteria	Explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.) These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sampling representivity and the appropriate calibration of any measurement tools or systems used.*	- Surface rock chip sampling was undertaken as vertical 1m continuous channels across the vein/lode structure in trenches dug by an excavator Sample size was generally 1 kg of vein and mineralised lode material. These samples are representative of narrow mineralised vein and lode material. - Sample information was recorded in pre-numbered sample books with locations originally collected with a Garmin 76 hand held GPS. - A 1kg- 1kg representative sample of vein rock chips was collected and placed in a calico bag. A representative of each sample was also retained in a plastic rock chip tray for future reference. -
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	• Samples were transported to ALS laboratories, Townsville for analysis. After crushing, pulverizing a sub-sample of each was assayed for gold using the 50g fire assay method (ALS code: Au-AA26)
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.)*	Drilling was not conducted.

Criteria	Explanation	Commentary
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Drilling was not conducted
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Drilling was not conducted
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Drilling was not conducted
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies*	Any observations on soil or rock type or comments on logistics were recorded in the sample book. The rock types were described in detail.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.	Descriptions are qualitative in nature, based on visual observations from experienced geologists..
	The total length and percentage of the relevant intersections logged.	All rock samples were described.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Drilling was not conducted.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	Drilling was not conducted.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	The above techniques are considered to be appropriate for the nature of mineralisation anticipated. The 1kg sample size is appropriate to character sample vein material
	Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples.	~~No sub-samples were taken~~
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	The sampling a channel through vein and lode material .It was designed to establish gold grades across the quartz vein and alteration selvage.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Material is narrow quartz vein and country rock altered sandstone. Gold is coarse grained in places , with some instances of visible gold in the area. In this context, close spaced sampling of 1kg were considered appropriate to determine the potential for high grade gold for indicative exploration purposes and surface evaluations. . .
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The primary assay method used is designed to measure the total gold in the sample as per classic fire assay.
	For geophysical tools, spectrometers, handheld XRF instruments, etc. the parameters used in determining the analysis including instrument make and model, reading times, calibration factors applied and their derivation, etc.	No geophysical tools, or portable XRF were used. No PXRF results are reported here. Gold results are reported on an image of previously reported IP anomalism.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	QAQC samples are monitored on a batch-by-batch basis, Terra Search has well established sampling protocols including blanks, certified reference material, and in-house standards which are matrix

Criteria	Explanation	Commentary
		matched against the samples in the program. Terra Search quality control included determinations on certified OREAS samples and analyses on duplicate samples interspersed at regular intervals through the sample suite of both the commercial laboratory batch. .Standards were checked and found to be within acceptable tolerances.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	There has been no external check assaying undertaken on the rock chip samples.
	The use of twinned holes.	Drilling was not conducted.
	Documentation of primary data, data entry procedures, data verifications, data storage (physical and electronic) protocols.	Location and sampling data were collected by field technicians and entered into sampling books which were then entered into spreadsheets. Location and analysis data are then collated into a single Excel spreadsheet. Data is stored on servers in the Company's head office, with regular backups and archival copies of the database made. Data is also stored at Terra Search's Townsville Office. Data is validated by long-standing procedures within Excel Spreadsheets and Explorer 3 data base and spatially validated within MapInfo GIS.
	Discuss any adjustment to assay data.	No adjustments are made to the Commercial lab assay data.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Locations information was originally collected with a Garmin 76 hand held GPS. Spatial accuracy is in the order of +/- 10m.
	Specification of the grid system used.	Coordinate system is UTM Zone 55 (MGA) and datum is GDA94
	Quality and adequacy of topographic control.	Pre-existing DTM is based on Shuttle Radar and adequate for exploration data
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The results reported here are indicative of the gold grades that can be obtained by continuous sampling over 1m intervals.. More sampling will be required to determine the gold grade across the veins and along strike of the veins. .
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Surface channel and trench sampling at right angles to the dip of the structure is required to provide indicative gold grade over true thicknesses of zones containing mineralised vein and lode material in this area. Close space drilling would be required to estimate a Mineral Resource or Ore Reserve..
	Whether sample compositing has been applied.	No sample compositing has been applied.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The purpose of the sampling was to establish whether high gold grades are present in the vein/lodes at Piccadilly Central Sampling was designed to obtain an indication of the gold grade over 1m which included narrow vein material and alteration selvage. It should not be viewed as representative sampling of a true

Criteria	Explanation	Commentary
		thickness Unbiased channel sampling at right angles to structure is required in this area. .
	If the relationship between drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Drilling was not conducted.
Sample security	*The measures taken to ensure sample security.*	Chain of custody was managed by Terra Search Pty Ltd. Samples were always in Terra Search's possession as they were carried in their own vehicles by road until transferred to ALS lab Townsville
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No audits or reviews have been undertaken

APPENDIX 2 – JORC Code Table 2

Section 2: Reporting of Exploration Results

Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national and environmental settings.*	Exploration conducted on ML1442 owned by Piccadilly Gold Mine Holdings Pty Ltd. This information has been provided by Piccadilly Gold Mines Pty Ltd and Cannndah Resources Limited. An access agreement with the current landholders in in place.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.	No impediments to operate are known.
Exploration done by other parties	*Acknowledgement and appraisal of exploration by other parties.*	Previous exploration has been conducted by multiple companies. MIM (1970) and Pan Australian Mining (1987). Geological mapping, rock chip sampling has been undertaken and assessed by Piccadilly Gold Mines Holdings.. Current exploration program conducted by consultant geologists Terra Search Pty Ltd, Townsville QLD.
Geology	*Deposit type, geological setting and style of mineralisation.*	Narrow gold bearing quartz sulphide veins hosted in tilted siliclastic sandstone, siltstone sediments
Drill hole information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *Easting and northing of the drill hole collar* • *Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *Dip and azimuth of the hole* • *Down hole length and interception depth* • *Hole length* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	No drilling was conducted.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	No cut-offs have been applied in reporting of the rock chip sampling exploration results.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations be shown in detail	No intercepts are reported here.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents have been used in reporting.

Relationship between mineralisation widths and intercept lengths	*The relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. down hole length, true width not known).*	No drilling was conducted.
Diagrams	*Appropriate maps and sections (with scale) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	MGA coordinates of rock chip samples are tabulated in this report. No drilling has been undertaken.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practised to avoid misleading reporting of Exploration Results.*	All sample results from the relevant trench are reported within announcement.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	The results reported here are preliminary in nature and indicative of the high gold grades that can be present in 1m channel sampling across vein and mineralised lode material along the Piccadilly structure. More sampling is required to integrate results with previous regional scale exploration data sets.
Further work	*The nature and scale of planned further work (e.g. test for lateral extensions or depth extensions or large-scale step-out drilling).*	Lateral extension of the Piccadilly vein structure will be tested with more trenching,
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Not yet determined, further work is being conducted.