

Quarterly Activities Report to December 2021

Highlights

- **Notable results during the quarter were for hole 21CAEDD003 returning and aggregate of 493m @1.17%CuEq from surface** (see ASX release 9th November 2021). This was followed by gold within hole 3 being intercepted at 567m returning **11m @ 3.4g/tAu** (see ASX release dated 16th November 2021). Simply put we set out to increase size and grade of Mt Cannindah and have located significant copper and gold in the current program which is on-going. These excellent results during the quarter were then followed up with the first **26m of hole 4 showing 13.5m @ 2.06%Cu from 12m to 26m including 2m @ 6.01%Cu hole 21CAEDD004** (refer ASX Announcement 29 November 2021). Importantly the first 26m of the hole was the only part of the hole that was assayed at that time and has since been assayed to completion. Results have been released from the completed hole showing an impressive **81m @1.3%Cu, 0.6g/tAu, 22.5g/tAg** (see ASX release dated 25th January 2022). As in the previous quarter there are still a number of holes that have been completed and are awaiting assay results we are currently drilling hole number 9.
- At the time of writing this report the drill rig remains on site drilling hole **21CAEDD009** at Mt Cannindah. This hole is currently at more than 200m in depth and the plan is to continue into hole #9 as long as our consulting geologists continue to observe copper rich chalcopyrite likely resulting in the high-grade copper sections similar to those reported to date in our earlier holes reported in the quarter. Opening up the Mt Cannindah resource area to the north is the catalyst for commencing hole #9. This likely northern extension of the project by hole 9 (which is 200m metres north of hole 8) provides very encouraging data for the increase in scale of the Mt Cannindah resource as discussed during the quarter in the AGM presentation (see ASX release dated 17th December 2021).
- During the quarter the company also successfully raised capital via a placement to an existing major shareholder at a significant premium to the trading price of the company at the time to raise \$1.5M AUD (see ASX release dated 2nd November). The original planned 1,450m of diamond drilling at the Mt Cannindah breccia was significantly extended due to the extent of the copper intercepts with excellent Cu grade being encountered as outlined above. The program has identified areas which extend the current JORC resource, determine the continuity of higher-grade copper and gold zones, and has located new areas for follow up both to the North and to the South at Mt Cannindah. All the aims of the current program as outlined in the previous quarters have been met and drilling is on-going.
- The Mt Cannindah project is going to provide the company with a significant amount of target area to explore in the coming months. The significant exploration successfully being undertaken by the company demonstrates the underlying value of the Mt Cannindah copper gold project. This is a massive opportunity for our shareholders and is located within an existing mining lease approximately 100km from the port of Gladstone. The nearby town of Monto services all the current project needs for accommodation, hardware and transport.
- Drilling at the Mt Cannindah project currently continues and will continue for some time with the drill rig currently on hole number 9 and plans for Cannindah East drilling to commence after hole 9 is completed. The number of samples at the laboratory in Townsville continues to rise by the week as in previous quarters and we intend to continue this trend over the coming months.

Corporate

- During the quarter the company indicated it had raised funds to continue drilling. We have been using these funds for exactly that and have been getting excellent results, we intend for this to continue. Access to funding remains adequate for our planned and current programs across both projects. As is often the case with successful exploration programs the board should consider various proposals/strategies for future funding and other matters and will update shareholders at the appropriate time.

- The cash balance at the date of this report (29 Jan 2022) is \$1.1 million.
- The company remains debt free.
- The Board is currently working through the usual commercial discussions that occur when commercial transactions are contemplated. The company will update shareholders on any discussions regarding any potential transactions relating to the company where appropriate and always in accordance with the ASX listing rules.

PROJECTS:

New EPM application area

EPMA Percy Marlow abuts CAE's Piccadilly project tenement package in the Burdekin Basin region, represented by granted EPMs 18322, 16198 and ML1442. The Percy Marlow EPMA is situated in the Townsville -Charters Towers Mining District within the Charters Towers Regional Local Government Authority and within UTM Zone 55 (MGA). EPMA is located 5km to 50 km to the north of Charters Towers.

The EPMA is transected by the Burdekin River. Access to the tenement is (1) on the south side via the Kennedy Development Rd (2) on the north and east side by the Flinders Highway, then the Dotswood - Marlow Road from Mingela to Hervey Development Road then secondary roads and station tracks. The Dalrymple National Park, covering Mount Keelbottom, is excluded from the sub-blocks that overlap the EPMA area. The prospectivity of the Percy Marlow area for gold is highlighted by the following:

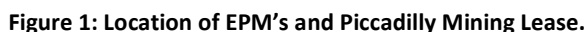
- For the past decade, CAE/PGMH has explored the Piccadilly region resulting in the development of a coherent intrusive related gold model which identifies the scale and gold prospective geological, geophysical and geochemical features.
- CAE will now adopt the same approach to explore the Percy Marlow area, CAE is in a unique position to utilize the Piccadilly experience to apply scale, geophysical modelling of magnetics and IP and multi-element zoning patterns through the EPMA area.
- Terra Search managed previous exploration over the Marlow area. In the late 1980s this led to delineation of high-grade gold zones at the nearby Keelbottom Prospect and the discovery of a buried strong magnetic feature at Marlow.
- Subsequent drilling of the Marlow magnetic high revealed it to be gold bearing with a very high-grade intersection of **2m @ 85 g/t Au, elevated copper 500ppm to 2350 ppm Cu** and some other intersections of anomalous gold.
- In the past few years Terra Search has also been involved in enhancing the ground magnetic coverage of the area utilizing high resolution walking magnetometers, which have brought out key structural controls of mineralisation.
- Other prospective areas are highlighted by a number of old gold mines and known gold mineral occurrences such as Sandy Creek within the sub-blocks of the EPMA and Keelbottom and Percy Springs prospects adjacent to the EPMA.
- CAE plans to leverage off their exploration consultant, Terra Search's understanding of the geology of the area. For example, to the south, recent geological mapping updates carried out on behalf of the Geological Survey Queensland (GSQ) by Terra Search (Beams et al.,2016) have reinterpreted many of the Ravenswood Batholith granitic units in the area. This association is also enhanced by Terra Search's unique store of geological and mineralisation knowledge of the Charters Towers – Ravenswood district, built up over decades of exploration through the district which documents published research and unpublished reports in this regard.
- A further enhancement is the reprocessing of regional geophysical data sets undertaken during desk top studies related to CAE's assessment of the district.
- CAE has access to all surface geochemical, drill, and geological data that Terra Search has collated and compiled across the Charters Towers-Ravenswood region in the past 30 years, eg 1980's projects onwards

with compilations for explorers & DNRME. CAE/Terra Search will now apply the lessons learned, from Explorer 3 data interrogation to (1) target potential gold and copper systems which are coincident with prospective geological units and (2) to use surface geochemical sampling and geological prospecting to screen the area for multi-element signatures of large scale intrusive related mineral systems.

- CAE's exploration approach will be to utilize proven surface geochemical exploration methods, that our experience shows work for the Charters Towers-Ravenswood region, such as stream sediment (-80 mesh and -2mm samples), soil, rock chip sampling, geological prospecting, and integrate these with innovative exploration such as associated stream sediment sampling of the coarse fraction (-5mm +2mm) or mixed media Lag, Bulk Cyanide Leach samples and Heavy Mineral Concentrates.
- Such an approach will ensure that, in addition to sensitive gold analysis, many of the previously un-sampled critical metals, will be picked up. Data processing will extend to sophisticated statistical analysis (eg Principal Component Analysis).
- CAE /Terra Search is in a position to initially deploy a range of geophysical surveying instruments such as high-resolution magnetometers and gravity meters. These geophysical instruments will be particularly relevant to tracking prospective geological units having magnetic and density contrasts. Shoot controls are of particular interest to the initial exploration stage.
- Exploration of this EPMA would be directed primarily to drill testing of targets that are likely to have been enhanced with electrical geophysics (IP and EM).
- Percy Marlow EPMA rationale has been formulated by CAE/Terra Search as a local exploration group with decades of expertise and practical knowledge across north Queensland and elsewhere, CAE/Terra Search are still hungry to repeat past exploration successes. The attraction of CAE's strategic Percy Marlow project is that any discovery will be ideally located, close to the mining centre of Charters Towers and extremely welcome at a time when mined resources in the district are diminishing faster than new discoveries have been replacing them.
- In summary, as Percy Marlow EPM title holders, CAE/PGMH will add immediate value to the project. Cost effective and innovative exploration will begin immediately the EPM is granted, as CAE/Terra Search "hit the ground running" following up targets and concepts that we have developed from years of experience in the region.
- With the benefit of its pre-existing knowledge base and data sets, CAE/Terra Search rates the chances of making a discovery of economic benefit to this region of Queensland as high and looks forward to the progress of this EPM application.

Piccadilly Project

Cannindah Resources Limited has purchased Piccadilly Gold Mine Holdings Limited to gain access to 174.35 km² surrounding the mining lease at Piccadilly. As a result of this deal being completed, EPMs 16198 and 18322 are now under the operational control of Cannindah Resources Limited (see Figure 1 below).



Terra Search have been involved in the exploration of the surrounding EPMs for Piccadilly Gold Mine Holdings Limited from the early stages of the program. Dr Gregg Morrison from Klondike Exploration Services has directed his extensive international gold exploration experience to understanding and interpreting the Piccadilly Gold Mining District. Dr Morrison has previously developed mineralisation and zoning models for north Queensland intrusive related gold mines such as Kidston, Mt Leyshon, and Mt Wright, which have cumulatively produced over 7 million ounces of gold. Figure 2 below is the schematic exploration model that Dr Morrison has interpreted for the Piccadilly Mining District on the basis of existing exploration data. Cannindah Resources' consultants consider that the multi-element,



geochemical zoning pattern that occurs over several kilometres at Piccadilly is similar in style and scale to the other major north Queensland intrusive gold systems.

Piccadilly Cross Section Cartoon

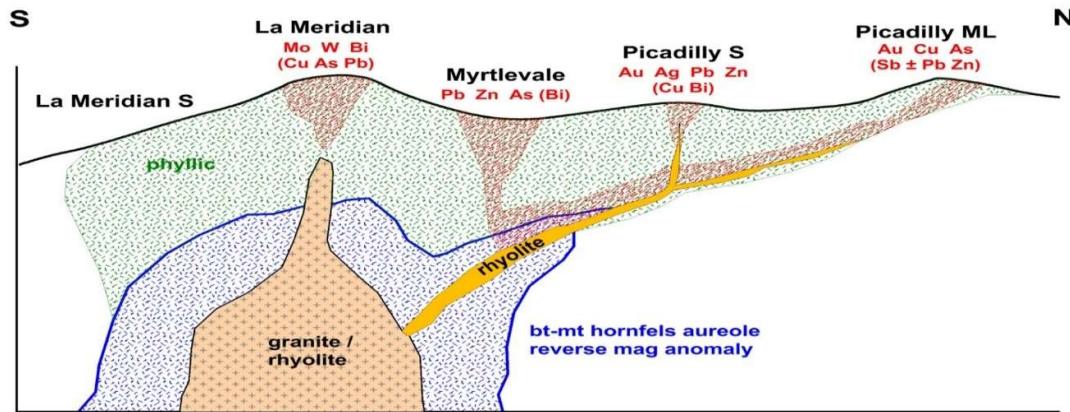


Figure 2: Schematic Model of Interpreted Intrusive Related mineral system at Piccadilly. Note idealised geological north south cross section, looking west (after Beams & Morrison, 2015)

Figure 2 shows the Piccadilly Mining Lease to the north, with suggested mineralisation dipping to the south towards the intrusive related source. It is interesting to note that this figure was created some years ago by Dr Morrison, on behalf of Piccadilly Gold Mine Holdings Limited, and that the recent work completed by Cannindah Resources Limited has confirmed that the high-grade gold in the Mining Lease does indeed dip to the south towards this area.

Given the cross-sectional dimension in Figure 2, the interpreted intrusive related gold system target potentially presents Cannindah with a very large, bulk-tonnage gold target area that is drill ready and kilometres in scale. A number of geological, geochemical and geophysical surveys have been completed across the EPMs surrounding the mining lease:

- Rock chip sampling
- Soil sampling
- Geological mapping
- PIMA mineralogical determination
- Ground based magnetic geophysical survey
- Induced Polarisation geophysical survey
- Portable XRF analysis

Cannindah Resources Limited has undertaken its review of this data in conjunction with work being evaluated within the mining lease area. Some 34.8km of IP surveying has been completed, resulting in a clearly defined target zone for the intrusion-centred gold system. Figure 3 below shows an image of the IP chargeability anomaly modelled at 106m. The image is a predictive model of the intensity of sulphide development that appears concentrated in and south of the ML.

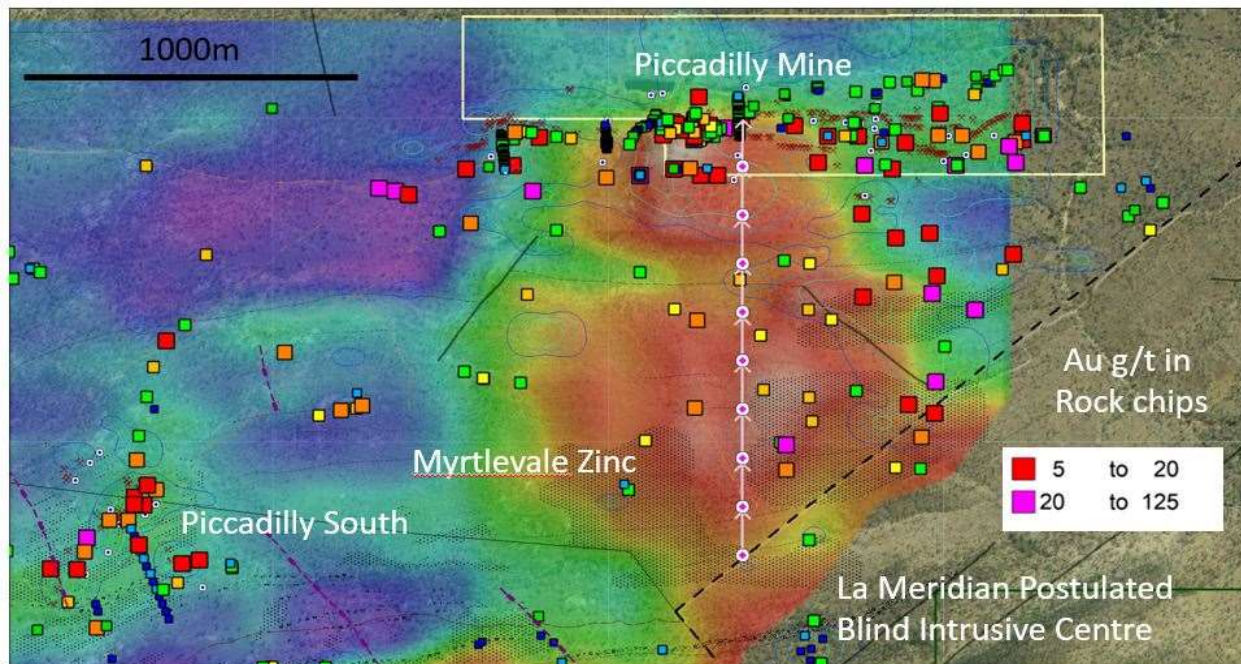


Figure 3. Image of modelled IP Chargeability at a depth slice of 106m below surface , overlain with surface rock chip colour coded gold values.

The IP anomaly show above overlaps with an even more extensive area of gold anomalies in both rock chip and soil samples. The line of proposed drill holes outlined in Figure 3 commences from the area where Cannindah has confirmed mineralisation within the Mining Lease boundary and steps to the south across the set veins and the south-dipping master structure that is highlighted by the more intense IP anomaly. Given the high-grade gold material obtained in the recent exploration and announced to the ASX over recent months, Cannindah is very excited to be planning the exploration of this potentially company-making target – a target that has many times been described by consultants as sharing similar geochemical zoning patterns to major North Queensland intrusive related gold systems such as Kidston, Mt Leyshon, and Mt Wright.

The focus of the company's recent drilling program was to confirm the existence of more gold bearing veins, identifying a possible bulk-tonnage target that is currently expressed as being kilometres in scale. Cannindah Resources Limited will continue to work through targeting further drilling in conjunction with the significant amount of existing data sets covering the Piccadilly Mining District to ensure that all future drilling is highly targeted and expands outwards from known mineralisation. Recently a request for further reports on the area which were not contained in the open file with the department was made to the DNRME. After some discussion by Dr Simon Beams on the company's behalf the report was released to Cannindah Resources Limited. This report contains previously unknown drilling data from many years ago and Terra Search are currently entering the drill hole assay data into the data set for Piccadilly.

We are very focussed on delivering a great outcome for shareholders over the coming months ahead as further work occurs in relation to the EPM area along with the ML.

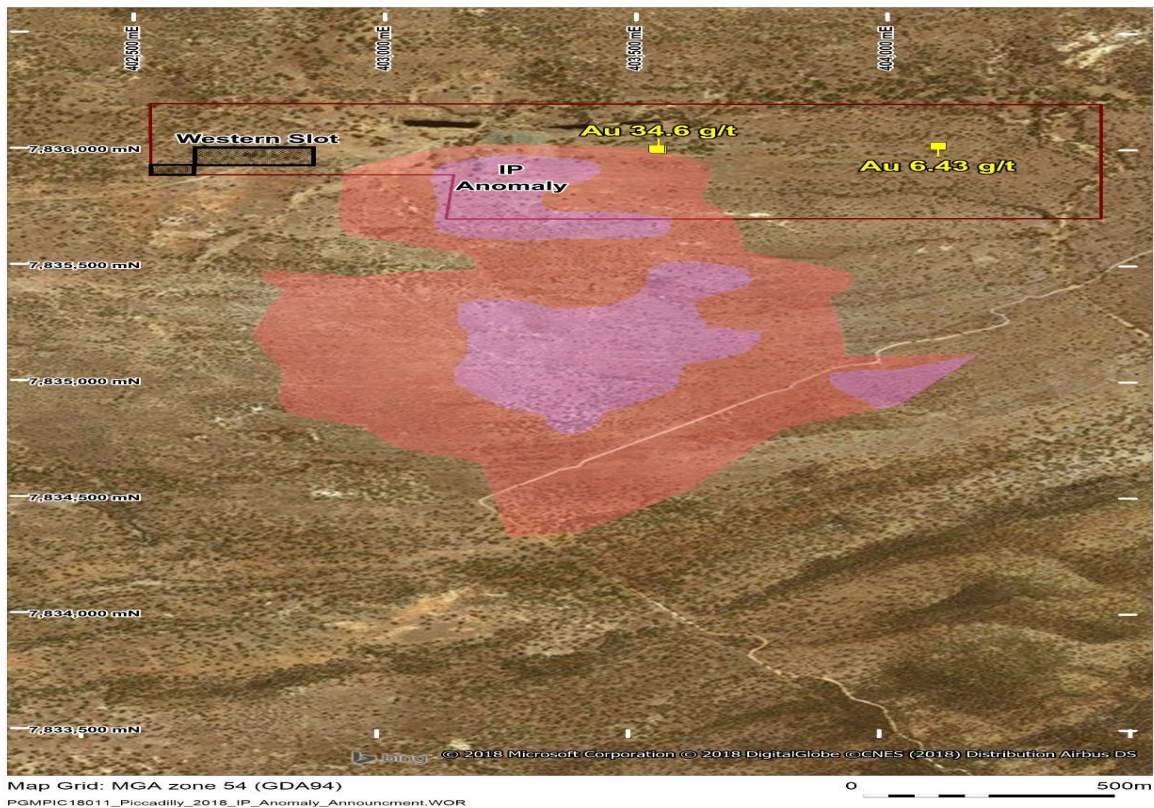


Figure 4: Location of Second Trench Relative to Western Slot

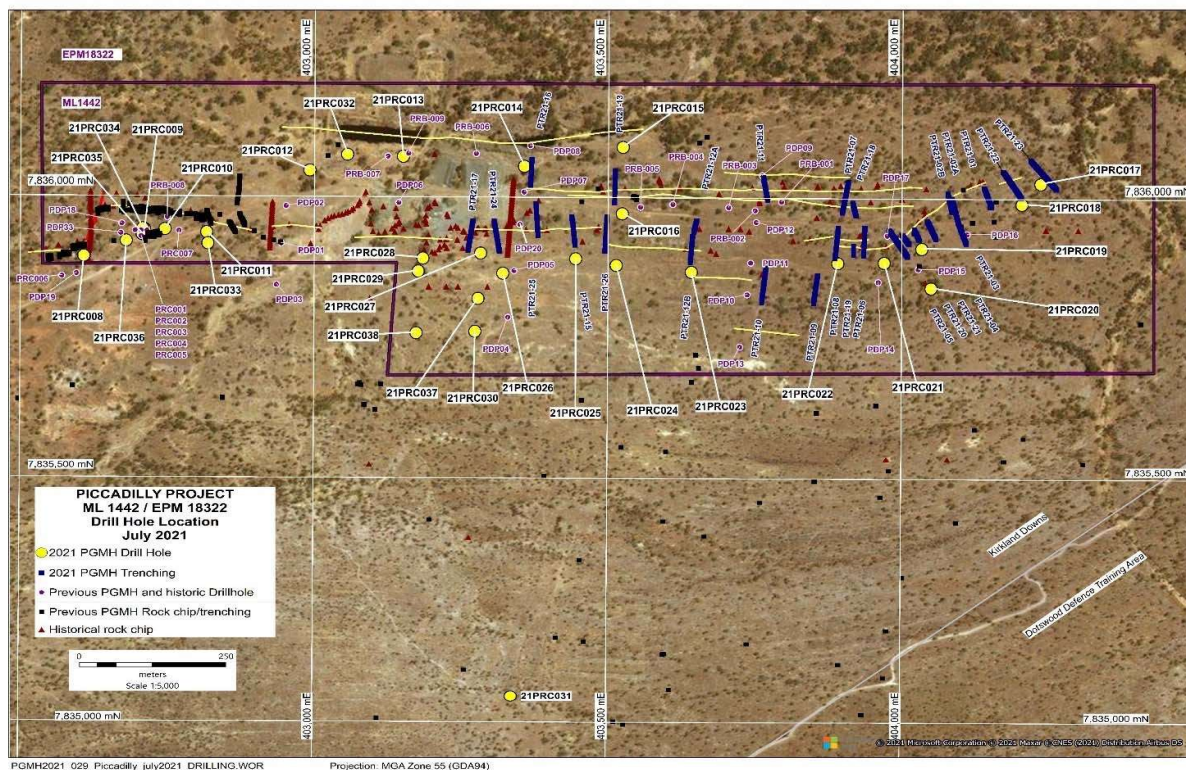


Fig 5. Piccadilly Mine area, June-July 2021 drill locations, Cannindah Resources Limited, in relation to 2021 trenching.

Mount Cannindah Project

Located approx. 100km south of Gladstone, Qld

- The Mt Cannindah Project represents a large (greater than 9km²) high level “porphyry style” Cu-Au-Ag mineralised system. Current drilling is planned such that it may locate new areas of interest and extend the current JORC resource area along with testing the continuity of high-grade copper zones. Geological interpretation of key targets within this porphyry copper/gold system reveals similarities to the style of mineralisation at Newcrest’s Cadia and Ridgeway Cu/Au deposits in NSW.
- Current drilling at Mt Cannindah has produced significant intercepts of Copper mineralisation. Holes 21CAEDD002, 21CAEDD003, 21CAEDD004 have been the only holes thus far that have had assays completed on them. This provided the company with 282m @ 1.28%CuEq in hole 2, 493m @ 1.17CuEq for 21CAEDD003, and 81m @ 1.3%Cu for 21CAEDD004. There are a number of other holes that have been completed and are awaiting assay from hole 5 to hole 8. Historical drilling within the area of Mt Cannindah North returned very interesting gold grades as well worthy of further investigation as it relates to the gold system at Mt Cannindah, such as QMCMDD025 (**0.2m @ 46.4 g/t Au & 98.2 g/t Ag at 245m**), in QMCMRC016 (**2m @ 2.54 g/t Au, 8.9 g/t Ag & 0.39% Cu from 16 to 18m, and 3m @ 5.28 g/t Au, 7.2 g/t Ag & 0.32% Cu from 25-28m**) and in RC53 (**4m @ 1.8 g/t Au from 116 to 120m**), and in CM21 (**10m @ 2.29 g/t Au, 12.6 g/t Ag & 0.33% Cu from 12 to 22m**).
- The company will be drilling at Mt Cannindah for some time yet with a view to continuing to establish continuity of the Cu grade and to build a better understanding of the JORC resource as well as expanding the size of it. Potential for the link between the mineralisation at Mt Cannindah and Cannindah East will also be followed up in future holes.

The following summary of the prospect areas provides an insight into some of the potential for the known target areas within the Cannindah project for further exploration:

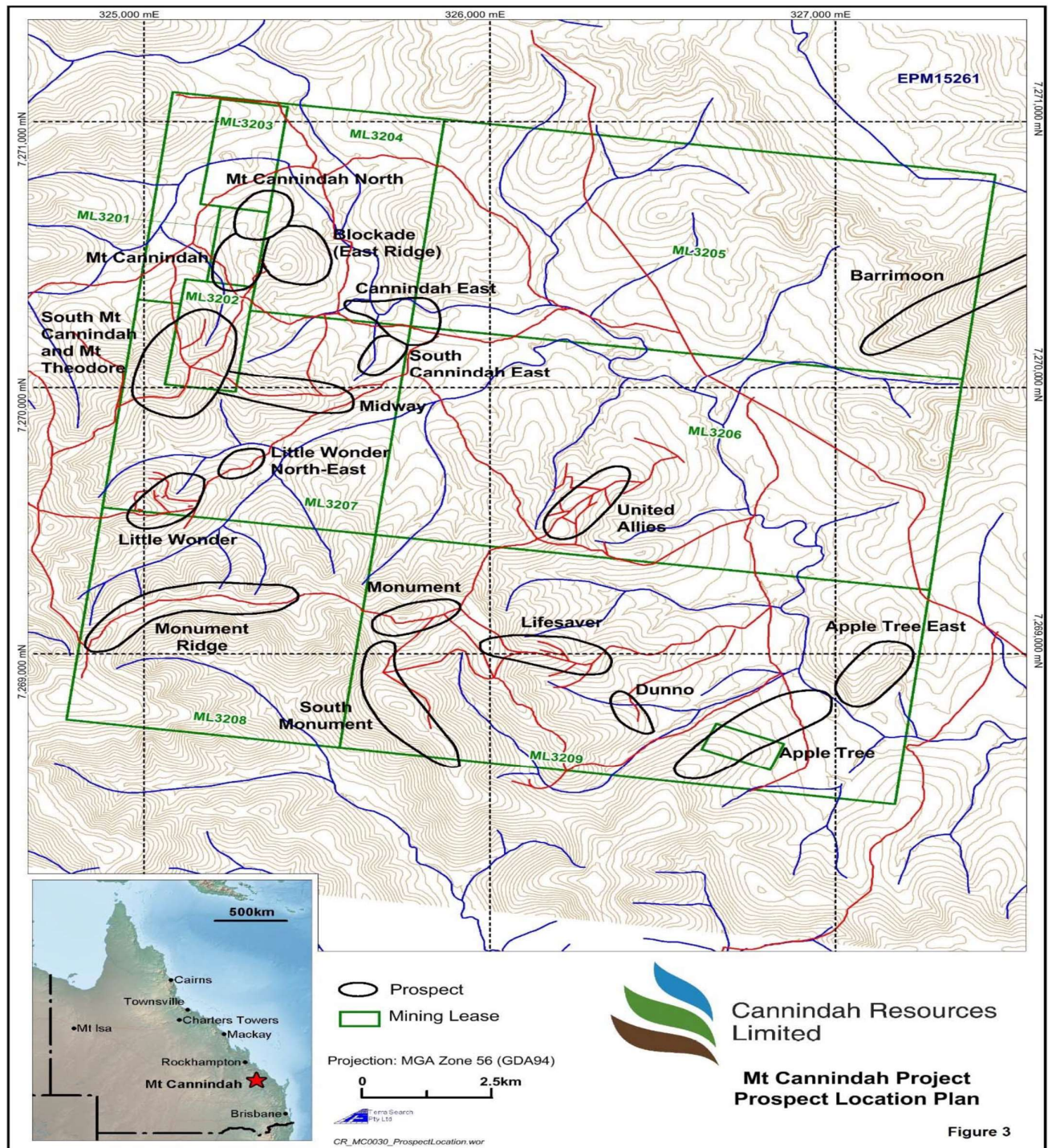
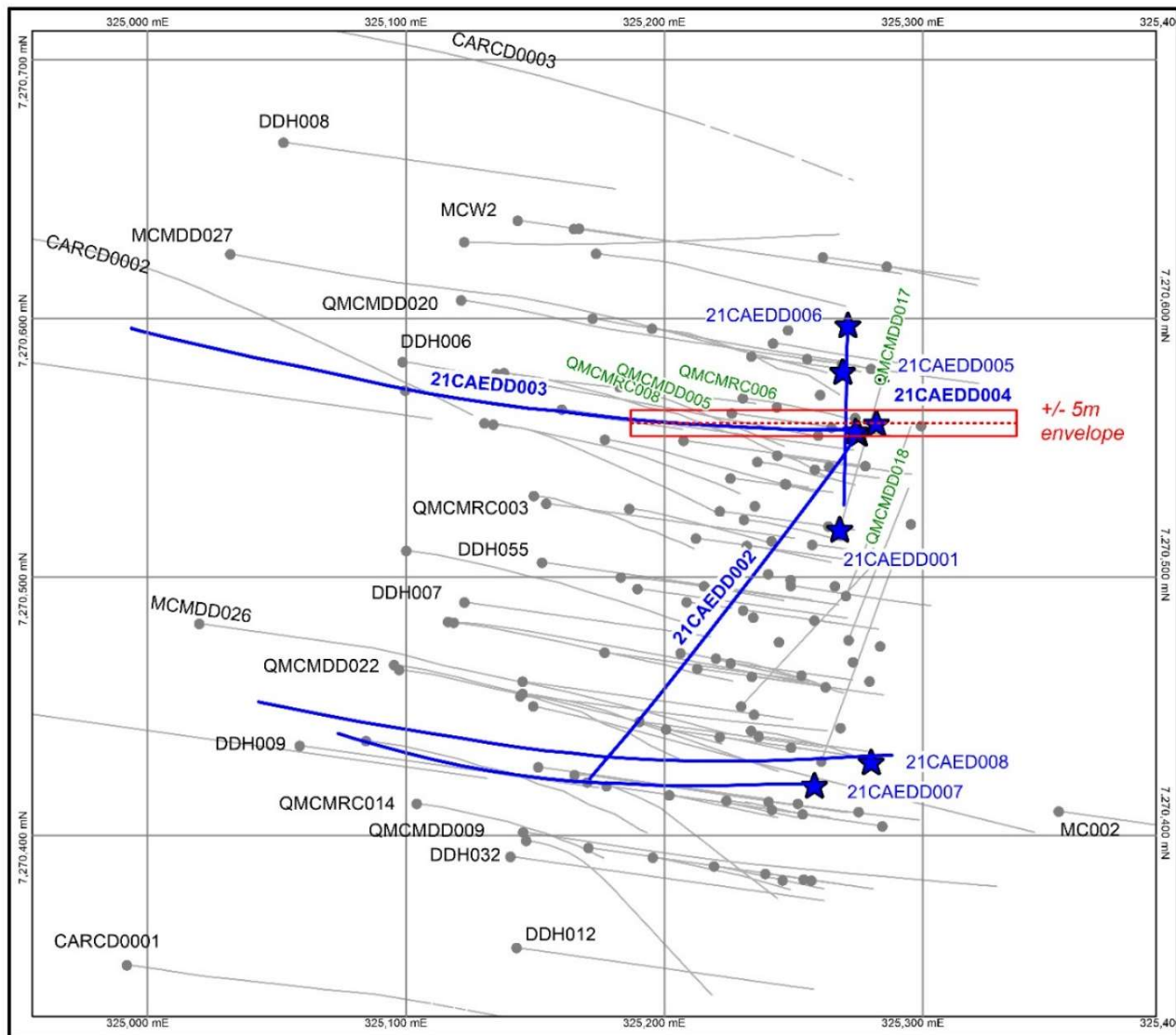


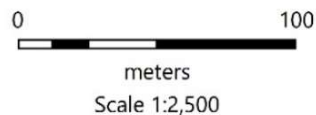
Figure 5: Mt Cannindah Project – Map of Potential Target areas



LEGEND

- ★ CAE 2021 Drillhole
- Historical Drillhole (other Companies)

MGA Zone 56 (GDA94)



Mt Cannindah Mine
Plan view of CAE & Historical Drilling
showing Cross section
+/- 5m envelope
21CAEDD003 & DD004

CAE_MC_220002



Cannindah Resources
Limited

Figure 6 Location of CAE & Historical Drilling Mt Cannindah Mine area. Updated January 2021

Little Wonder-Midway-Cannindah East Prospects

The presence of a significant breccia fault structure has been confirmed between Little Wonder (LW) and Cannindah East (CE). This structure hosts felsic dykes that have introduced hydrothermal fluids, which have altered and mineralised the fault breccia in proximity to the felsic dykes. High grade Au-Ag veins are known at LW and CE within strong alteration. Both these areas (and Midway) are now drill targets for extensions to mineralisation and to possibly locate high grade veins that could be mined by underground methods.

North Mt Cannindah

It is apparent that the potential northerly extension of the Mt Cannindah mineralisation has not been adequately tested which is why we have now commenced hole #9. Several historical shallow holes in this area may not have been deep enough (or were poorly positioned) to test for plunging mineralisation. A very deep angle hole drilled from the west (CARCD003) may not have gone far enough or could be too deep at this location (about 550m below surface) for a realistic test. The presence of weak mineralisation in DDH017 is encouraging for possible mineralisation continuing to the north or north-east. We are currently at more than 200m depth in hole 9 and look forward to getting the assay results to confirm this extension of the resource area.

Also encouraging is that core hole QMCMDD017 shows good Cu-Au-Ag mineralisation at depth below very low grades in DDH019, RC52, CM21 & QMCMRC016, indicating that good mineralisation is deepening to the north-north-east. If successful, additional drilling could be done to the north to provide further extensions to the known Cannindah resource area. These E to W holes like hole 9 would also test the Au-Ag intercepts in QMCMDD025 (20m @ 46.4 g/t Au & 98.2 g/t Ag at 245m), in QMCMRC016 (2m @ 2.54 g/t Au, 8.9 g/t Ag & 0.39% Cu from 16 to 18m, and 3m @ 5.28 g/t Au, 7.2 g/t Ag & 0.32% Cu from 25-28m), in RC53 (4m @ 1.8 g/t Au from 116 to 120m), and in CM21 (10m @ 2.29 g/t Au, 12.6 g/t Ag & 0.33% Cu from 12 to 22m).

East Ridge (Blockade) Prospect

The significance of the three MIM holes and Newcrest's MC002 is that they show the East Ridge contains sporadic anomalous gold, silver, and copper mineralisation within the altered angular breccia that makes up much of this East Ridge. Combined with the presence of old gold workings (Blockade), local anomalous soils, and a deep IP anomaly, this makes this East Ridge area a potential target for deeper Cu-Ag-Au mineralisation. It is possible the altered breccia over the East Ridge is actually an upper "alteration plume" that could zone downward into significant mineralisation with higher sulphide content in breccia and veins.

It is surprising that west azimuth angle holes were not used in the past to test the Mt Cannindah "ore zone" by drilling under the East Ridge (Blockade Mine). It is proposed that reconnaissance and research be done in this area, including potentially more IP lines. If further encouragement can be raised for this Blockade area, then two or three angle holes could be drilled to the west under the central part of this ridge.

South Mt Cannindah & Mt Theodore

South Mt Cannindah: The previous drilling immediately south of the "ore body" at Mt Cannindah shows narrower zones of weak copper and gold mineralisation (about 0.40 to 0.60% Cu and 0.1 to 1.0 g/t Au & 3 to 5 g/t Ag) extending for about 50 to 75m south (see DDH012 & 032 and QMCMDD009 and CARCD001). There is a short gap due to a failed drill hole (DDH013), before mineralisation picks up from 150 to 250m in three holes close to Mt Theodore (see DDH016 & 027 and CARCD004). The intercept in hole DDH016 is the most significant with 14.3m @ 1.64% Cu, 0.67 g/t Au & 28.4 g/t Ag (including 8.2m @ 2.33% Cu, 0.73 g/t Au & 32.6 g/t Ag). This DDH016 intercept is at 200m vertical depth and lies beneath a much weaker zone in DDH015, which is at 50m vertical depth. This provides encouragement that the grade and thickness of mineralisation is increasing with depth. The intercept in DDH027, which is located 65m south of DDH016, continues this zone with 18.5m @ 0.75% Cu, about 0.2 g/t Au, & ~11 g/t Ag at 100m vertical depth. Within the DDH027 intercept there are three narrow high-grade intervals (0.5 to 1.0m) with 2.4 to 6.6% Cu, 0.31 to 1.55 g/t Au, & 28 to 54 g/t Ag.

Mt Theodore: Although Mt Theodore is made up of strongly brecciated rock, it is a relatively high hill due to the strong alteration that has healed the breccia and made it resistant to erosion. This alteration is related to at least two felsic dykes that intrude the breccia on Mt Theodore. The altered breccia contains significant sulphide mineralisation that,

based on analysis, would appear to be mostly pyrite. However, there is some gold anomalism that is present in the soils, and locally in the rock, that was the focus of early miners. Some low-level copper is also present in soils. The presence of sulphides at depth is supported by two IP lines that show moderate chargeability responses under Mt Theodore.

The potential for gold mineralisation under Mt Theodore is enhanced by hole CARCD004 which is located about 150m NNE of Mt Theodore. CARCD004 contains an intercept of 75m @ 0.23 g/t Au, at a vertical depth of 250m. It could be this is the outer fringe of what may lie beneath Mt Theodore. The high Cu-Au-Ag intercepts in holes DDH016 & 027 lie just to the north-east of Mt Theodore, and may be present at depth along the east side of Mt Theodore.

No drill holes have tested under Mt Theodore, and no explanation is made for the large volume of alteration. It is possible this alteration is a cap or plume above significant Au-Ag and Cu-Au-Ag mineralisation in a vein-breccia system associated with felsic dykes. It is proposed that a significant effort be made to test for deeper mineralisation to the south of Mt Cannindah, and in particular under Mt Theodore. This should entail the use of an IP/resistivity survey looking to depth (~300m), followed by moderately deep drilling to test chargeability anomalies and specifically under the alteration zone at Mt Theodore.

Apple Tree

The Apple Tree prospect is a broad fault breccia zone that has been intruded by multiple felsic dykes that have released hydrothermal fluids into the breccia, adjacent to the dyke contacts. The fluids have provided significant copper, silver, gold, and molybdenum into the re-fractured and brecciated altered rock. The zone of known mineralisation is up to 800 metres long and 50 metres wide and none of the earlier drilling has tested below about 36 metres depth. A deep IP chargeability response is present, opening up the possibility for a deeply mineralised system. It is proposed that a detailed IP survey be conducted over Apple Tree with the aim of defining drill targets at depth and along strike.

United Allies

The United Allies prospect has several historical high-grade copper drill intercepts that appear to be associated with felsic dykes and related hydrothermal alteration and mineralisation. The dykes have intruded into structures within a broad polymict breccia zone that is thought to trend NE-SW.

The breccia has undergone variable argillic to phyllic alteration with local silicic alteration that has healed the breccia. It is noted that the alteration in the Newcrest core hole (MC004) appears to be stronger and more widespread than the alteration seen in the trenches. Almost all of the breccia in the MC004 appears to be strongly altered, whereas the surface trenches show local zones of alteration within larger areas of clayey matrix breccia (thought to be a fault breccia). Hence, the more pervasive alteration in MC004 may indicate a strengthening of alteration with depth.

A very deep IP response occurs beneath United Allies on the IP sections produced by GeoDiscovery in 2011. This needs further reprocessing work.

The presence of higher copper assays with maroon coloured limonite at around 100m downhole in MC004 (est. ~70m vertical depth), may indicate deep oxidation and supergene copper mineralisation. This possibility appears to be supported by several of the MIM holes in the vicinity of MC004, where significant copper mineralisation is present to over 40m depth. The possibility for deeper supergene copper could improve the resource potential of this area.

Most of the early drilling was vertical and did not target the dyke/alteration structures. Hence many holes only returned modest copper results. Where drill holes did intersect dyke edges, the copper grade was generally quite high. It is proposed to drill several angled drill holes to test the dyke/structure contacts at about the level of supergene enrichment. This could add significant resource tonnes for the prospect. An IP survey would also be helpful in trying to define the deep chargeability response seen below United Allies.

Lifesaver, Monument, South Monument, & Dunno

These four prospects contain significant vein and breccia mineralisation related to structures and felsic dykes that have introduced the hydrothermal solutions. These mineralised structures are closely related to very strong soil assays for copper, gold, and molybdenum throughout the greater area. It is apparent that many of the ridges in this area are underlain by similar mineralised structures.

The presence of good copper and local gold mineralisation in trenches and shallow drill holes at Monument, Lifesaver, and Dunno raise the possibility that these areas could be considered potential open pit targets, as well as possible underground targets for high grade Cu-Au-Ag veins.

It is proposed that shallow angle drilling be done on all of these prospects to better define the mineralised structures. Assuming encouraging results, the shallow drilling could be followed by an IP/resistivity survey to define the mineralised structures to depth. This could then be followed by deeper drilling to test the mineralised structures at depth.

Monument Ridge

Monument Ridge contains two types of hydrothermal breccia that are associated with faulting and the intrusion of felsic dykes. Gold in soils are strongly anomalous on the central part of the ridge, and an IP chargeability anomaly appears to underlie the ridge. It is likely that altered sulphide-bearing structures occur in the core of Monument Ridge and possibly in several nearby ridges.

The Monument Ridge and other nearby ridges need to be mapped and sampled in more detail to better understand the structural control on potential deeper mineralisation. IP lines could be run at right-angles to ridges at strategic locations, to better define the chargeability responses under the ridges. Ultimately angled drill holes should be used to test for mineralisation underlying the ridges.

Barrimoon Vein

The sheer size of the Barrimoon vein and alteration structure makes it a viable target for a potential epithermal to mesothermal gold/silver deposit. The length is about 4 kilometres and the width of the shear/vein zone appears to be in the tens of metres.

The other positives for the Barrimoon vein are:

- The moderately anomalous assays for gold (0.05 to 0.21 g/t Au) and arsenic (100s of ppm As) from many rock chip samples at various locations along the vein.
- The presence of gold in gossan shears and veins in Carboniferous sediments at the Golden Crown gold prospect on the east end of the Barrimoon structure.
- The highly anomalous bismuth and tellurium in the rock and trench samples at Golden Crown.
- The presence of felsic dykes intruding into the Barrimoon structure, similar to that seen at Cannindah. This tends to support the connection of the Barrimoon vein to the Cannindah intrusive complex.
- No drilling has tested the vein at the unconformity between the older sediments and younger overlying volcanics (other than at Golden Crown, which is 3-4 km from Cannindah).

Given the apparent high level of this vein in the epithermal-mesothermal system, it is suggested that this vein needs to be tested between 200m to 350m below the present surface. Ideally, drill holes should test just above and just



below the level of the unconformity between the Carboniferous sediments and the overlying Triassic andesitic volcanics. The initial drilling could use RC holes angled north-west from the lower slopes on the south side of the vein.

Kalpowar Fault

If the Kalpowar Fault formed before or during the emplacement of the Cannindah Intrusive Complex, then there is a possibility it could be mineralised. More recent movement on this fault has allowed erosion to form the present river valley. Oxidation can be expected to be quite deep in a large fault occupying such a river valley. Thus, any sulphides present would also be oxidised to great depth and would be difficult to detect by IP.

If evidence arises showing the Kalpowar Fault is younger than the Cannindah intrusive complex, then nothing need be done. If, on the other hand, it remains debatable, then further work should be considered to resolve the question and target possible mineralised areas. This work could include the re-assessment of the Newcrest IP/resistivity data, followed by a new IP survey of two or three lines attempting to look deep on the most likely sites. If successful in finding a chargeability anomaly, then drilling could be contemplated.

For further information, please contact:

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**APPENDIX
TENEMENT TABLE**

TENEMENT TYPE	TENEMENT NUMBER	PROJECT NAME	LOCATION
EPM	14524	Barrimoon	Queensland
EPM	15261	Mt Cannindah 2	Queensland
ML	3201	Mt Cannindah	Queensland
ML	3202	Mt Cannindah	Queensland
ML	3203	Mt Cannindah	Queensland
ML	3204	Mt Cannindah Extended 1	Queensland
ML	3205	Mt Cannindah Extended 2	Queensland
ML	3206	Mt Cannindah Extended 3	Queensland
ML	3207	Mt Cannindah Extended 4	Queensland
ML	3208	Mt Cannindah Extended 5	Queensland
ML	3209	Mt Cannindah Extended 6	Queensland
ML	1442	Piccadilly	Queensland
EPM	16198	Piccadilly	Queensland
EPM	18322	Piccadilly	Queensland
EPM	27788	Percy Marlow	Queensland
EPMA	27841	Percy Windsor	Queensland

The Piccadilly mining lease and EPM's are held by Piccadilly Gold Mines Holdings Limited a 100% owned subsidiary of CAE.

All tenements are 100% held by CAE with no farm in / farm out arrangements in existence at the end of the quarter and at the date of this statement.