



## Quarterly Activities Report: December 2015

### KalNorth Gold Mines Limited

**Date:** 29 January 2016

**ASX Code:** KGM

**Issued Capital**

443.99 million Ordinary shares

**Current Share Price**

\$0.009

**Market Capitalisation**

\$3.996 million

**Board Members**

Jiajun Hu

Non-executive Chairman

Lijun Yang

Executive Director & Company Secretary

Yuanguang Yang

Non-executive Director

**Contact Details**

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**Projects**

**Eastern Goldfields-Western Australia**

- Kurnalpi (100%)
- Lindsays (100%)
- Kalpini (100%)
- Roe (100%)
- Spargoville (100%)

The Board of KalNorth Gold Mines Limited (“KalNorth or the “Company”, ASX: KGM) are pleased to provide the report on activities and progress made during the December 2015 Quarter. A combination of various drilling programs and a ground geophysical survey to advance priority exploration targets has been completed in the Kurnalpi project. This has resulted in defining a new prospect, Schiedam, which is an emerging gold trend that requires further evaluation. Following review of these results, the Company will focus on planning and implementing a follow-up program at Schiedam.

Quarterly Highlights:

- A new prospect, Schiedam has been defined by combination of various drilling programs and a ground geophysical survey in Kurnalpi Project.
- A pro-rata non-renounceable issue of shares was completed, raising \$895,231 in gross proceeds.
- Significant progress was made in the Quarter in dealing with the Company’s debt structure resulting in (a) conversion of \$350,000 face value convertible notes to shares; and (b) agreement reached and shareholder approval received for settlement of various loans by issue of shares, with completion now awaiting Foreign Investment Review Board (FIRB) approval.
- A new \$2M convertible note was also approved by shareholders at the November 2015 AGM, with completion remaining subject to FIRB approval.

# EXPLORATION REPORT

During the December 2015 Quarter the Company completed a major phase of exploration work programs over the wholly owned Kurnalpi project. This involved a combination of various drilling programs and a ground geophysical survey to advance priority exploration targets defined by the improved geological interpretation completed and announced in the June 2015 quarterly report. The Company's exploration strategy remains focused on further evaluation of recently defined priority gold targets in the Kurnalpi project which are indicative of an emerging gold trend. Significantly, the drilling completed at Kurnalpi during the quarter was the first drilling completed on the project since the December quarter of 2012.

## Kurnalpi Project (100% KGM)

Exploration during the quarter focused on follow up evaluation of four priority targets defined from a revised geological interpretation of the Kurnalpi area announced in the June 2015 quarterly report. The new interpretation was prepared using detailed aeromagnetic and ground gravity survey data and integrated with previous geological mapping and provides a solid foundation for future exploration on the project. The priority targets evaluated in December were primarily based on the combined occurrence of gravity and magnetic anomalies (Figure 2), with the detailed gravity data acquired in 2012 and 2015 providing increased level of support to areas of interpreted alteration and structural complexity. The quarter's exploration involved Rotary Air Blast (RAB)-AirCore (AC)-Reverse Circulation (RC)-Diamond (DC) drilling and a ground-based infill gravity survey.

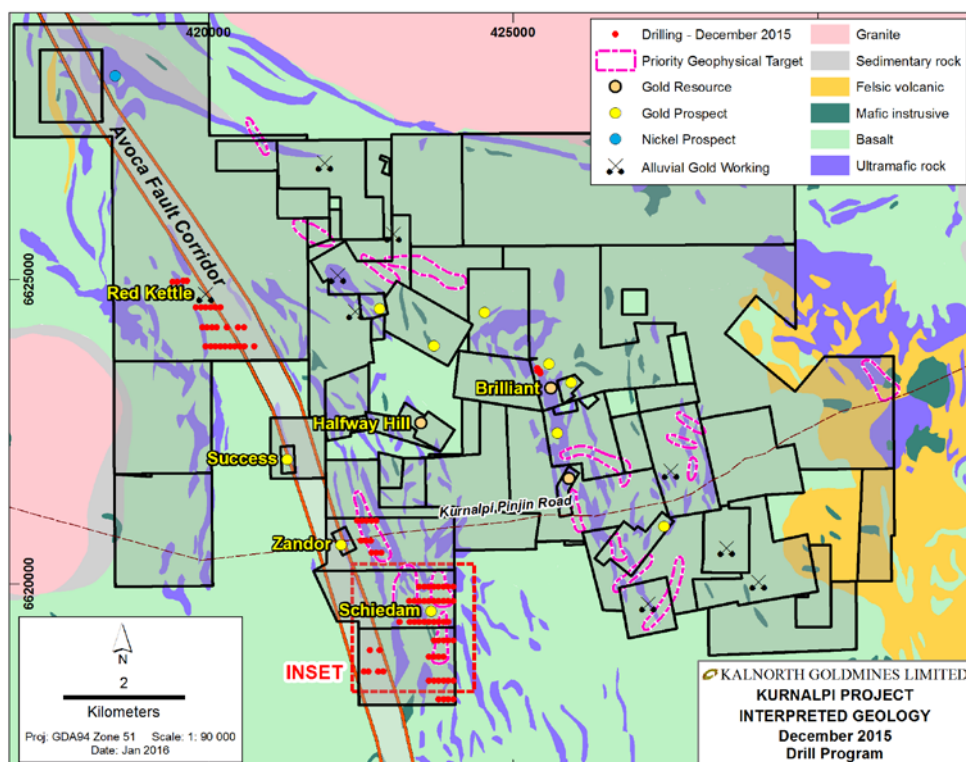
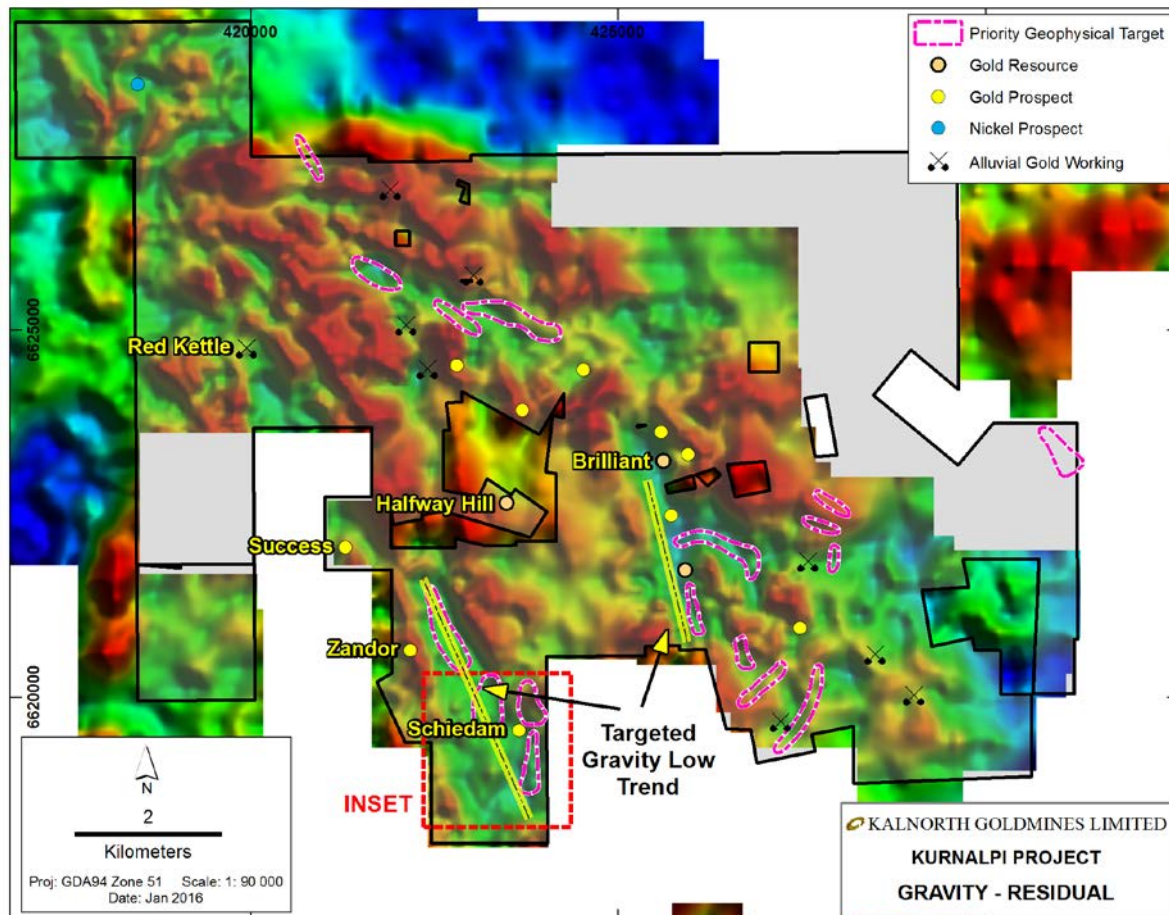


Figure 1 Kurnalpi Project-Prospect location and December 2015 drilling plan.

A total of 6186m of reconnaissance RAB and AC drilling in 91 holes was completed during the quarter evaluating three targets, being “Red Kettle”, “Zandor”, and “Schiedam” which are

located along or immediately adjacent to the regional scale Avoca Fault (refer Figure 1). At Brilliant North, two RC and two diamond drill tails for a total of 556m were completed. The ground-based gravity survey was designed to infill the 2012 Kurnalpi survey to a 125m by 125m grid spacing over the Brilliant trend. The merged and gridded image of the data is shown on Figure 2.



**Figure 2 Kurnalpi Project –Residual Gravity Image and prospect locations**

AirCore drilling of 52 angled holes at the Schiedam Prospect has identified an emerging new gold trend that is supported by results from RC blade drilling completed by a previous explorer in the period 1992-1996. The Schiedam Prospect was identified as a priority exploration target in 2015 based upon the following: proximity to the Avoca Fault, the complex structural framework and zone of magnetic destruction- coincident gravity low with the latter two features suggesting a zone of significant alteration. The area had historical (1990's era) exploration drilling with gold anomalies generated but which had not been fully evaluated or appreciated in the context of the geophysical trends. Drilling was completed over a 2km strike length with east-west lines spaced at approximately 320-400m apart and holes at 80m centers (Figure 3).

Assay results have been returned from the entire RAB-AC drill program, with encouraging intersections (plus 0.30gptAu) returned from 16 holes at Schiedam. Significant intersections include 17m at 1.03gpt Au in hole KUAC 371 and 8m at 1.43gpt Au in hole KUAC369 (Table 1) with the main intersections defining an anomalous gold trend over a 1000m strike length.

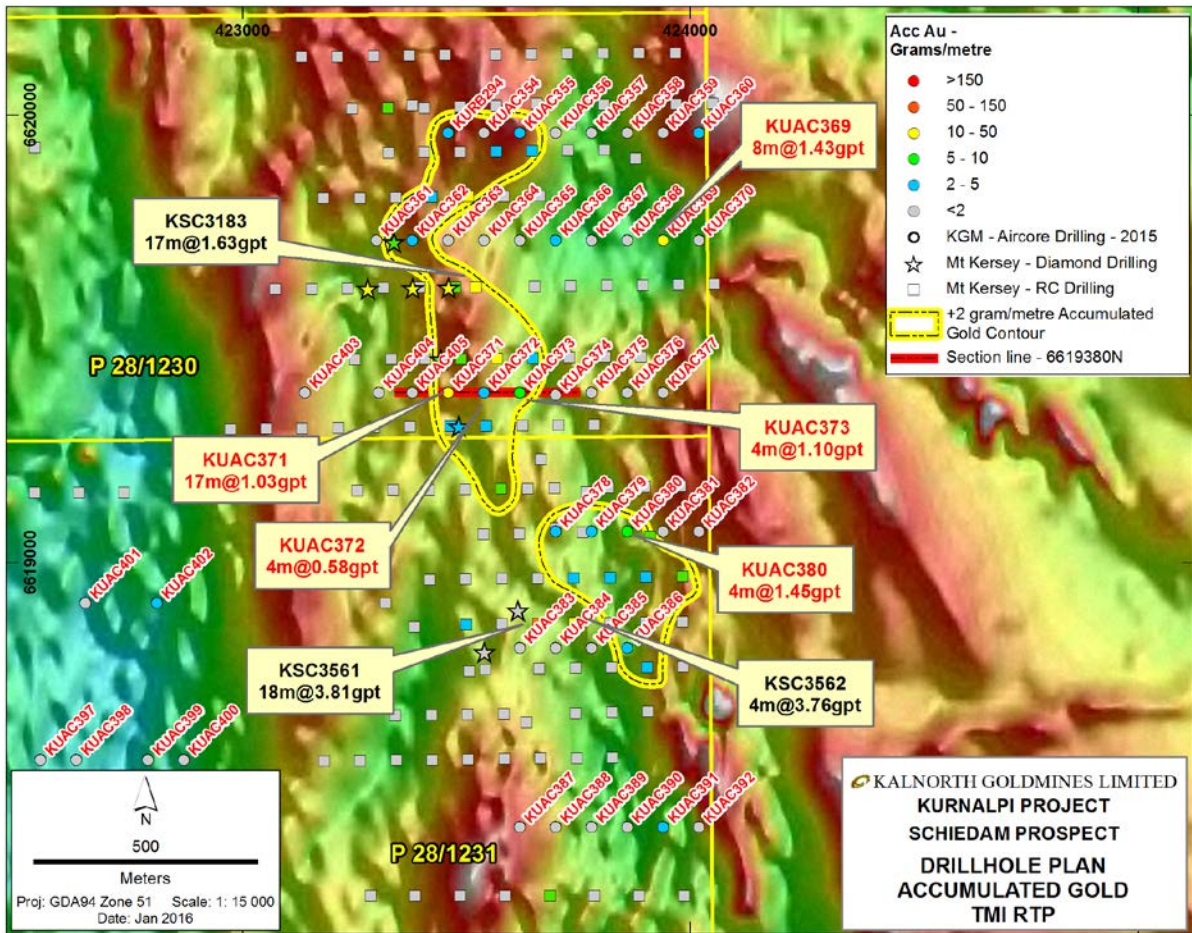


Figure 3-Schiedam Prospect-TMI RTP Aeromagnetic Image with drill hole plan.

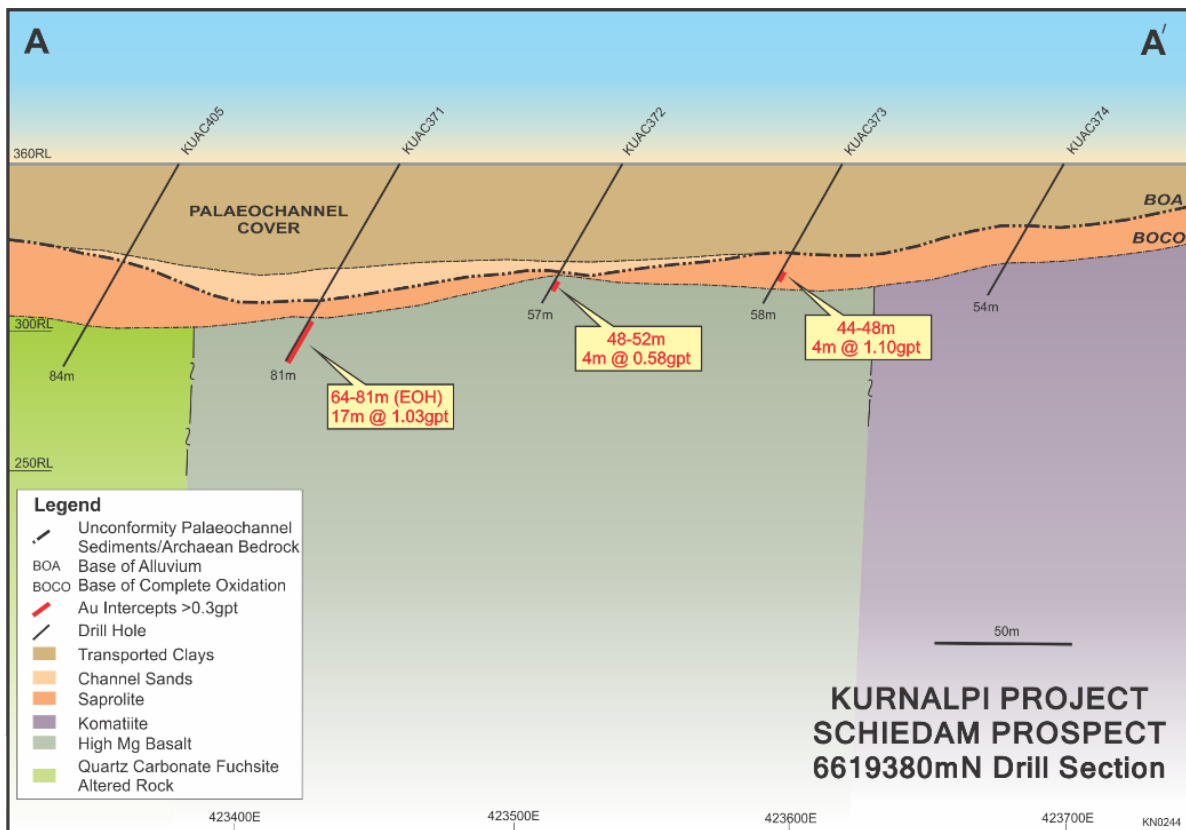
Table 1-AirCore and RAB Drilling-Kurnalpi Project

Drill hole intersections are calculated with a 0.3 g/t Au lower cut including 2m of internal dilution and minimum sample width of 1m. Samples are routinely collected as 4m composite intervals, with the last sample of each hole varying between 1-4m dependent on final hole depth. Only significant (>0.30 g/t Au) intersections are shown.

| Hole Id        | Collar N (MGA) | Collar E (MGA) | Collar RL  | Dip °      | Azimuth °  | Hole Depth (m) | Depth From (m) | Depth To (m) | Gold Intersection (downhole width) |
|----------------|----------------|----------------|------------|------------|------------|----------------|----------------|--------------|------------------------------------|
| KUAC355        | 6619960        | 423620         | 375        | -60        | 270        | 89             | 40             | 44           | 4m @ 0.41 g/t                      |
| KUAC360        | 6619960        | 424020         | 375        | -60        | 270        | 26             | 0              | 4            | 4m @ 0.45 g/t                      |
| KUAC362        | 6619720        | 423380         | 354        | -60        | 270        | 80             | 52             | 60           | 8m @ 0.59 g/t                      |
| KUAC366        | 6619720        | 423700         | 354        | -60        | 270        | 72             | 48             | 52           | 4m @ 0.37 g/t                      |
| <b>KUAC369</b> | <b>6619720</b> | <b>423940</b>  | <b>366</b> | <b>-60</b> | <b>270</b> | <b>92</b>      | <b>40</b>      | <b>48</b>    | <b>8m @ 1.43 g/t</b>               |
| KUAC369        | 6619720        | 423940         | 366        | -60        | 270        | 92             | 76             | 80           | 4m @ 0.48 g/t                      |
| <b>KUAC371</b> | <b>6619380</b> | <b>423460</b>  | <b>362</b> | <b>-60</b> | <b>270</b> | <b>81</b>      | <b>64</b>      | <b>81</b>    | <b>17m @ 1.03 g/t</b>              |
| KUAC372        | 6619380        | 423540         | 362        | -60        | 270        | 57             | 48             | 52           | 4m @ 0.58 g/t                      |
| <b>KUAC373</b> | <b>6619380</b> | <b>423620</b>  | <b>360</b> | <b>-60</b> | <b>270</b> | <b>58</b>      | <b>44</b>      | <b>48</b>    | <b>4m @ 1.10 g/t</b>               |
| KUAC378        | 6619070        | 423700         | 360        | -60        | 270        | 78             | 28             | 32           | 4m @ 0.41 g/t                      |
| KUAC379        | 6619070        | 423780         | 360        | -60        | 270        | 78             | 8              | 12           | 4m @ 0.47 g/t                      |
| <b>KUAC380</b> | <b>6619070</b> | <b>423860</b>  | <b>357</b> | <b>-60</b> | <b>270</b> | <b>49</b>      | <b>32</b>      | <b>36</b>    | <b>4m @ 1.45 g/t</b>               |
| KUAC385        | 6618810        | 423780         | 366        | -60        | 270        | 82             | 32             | 36           | 4m @ 0.42 g/t                      |
| KUAC386        | 6618810        | 423860         | 370        | -60        | 270        | 78             | 64             | 68           | 4m @ 0.31 g/t                      |

| Hole Id        | Collar N (MGA) | Collar E (MGA) | Collar RL  | Dip °      | Azimuth °  | Hole Depth (m) | Depth From (m) | Depth To (m) | Gold Intersection (downhole width) |
|----------------|----------------|----------------|------------|------------|------------|----------------|----------------|--------------|------------------------------------|
| KUAC386        | 6618810        | 423860         | 370        | -60        | 270        | 78             | 76             | 78           | 2m @ 0.55 g/t                      |
| KUAC393        | 6618110        | 423780         | 361        | -60        | 270        | 60             | 36             | 40           | 4m @ 0.41 g/t                      |
| KUAC395        | 6618110        | 423940         | 362        | -60        | 270        | 52             | 16             | 20           | 4m @ 0.83 g/t                      |
| KUAC402        | 6618910        | 422810         | 351        | -60        | 270        | 96             | 16             | 20           | 4m @ 0.77 g/t                      |
| KURB259        | 6624978        | 419654         | 370        | -60        | 270        | 69             | 16             | 20           | 4m @ 0.34 g/t                      |
| <b>KURB267</b> | <b>6623900</b> | <b>420040</b>  | <b>375</b> | <b>-60</b> | <b>270</b> | <b>50</b>      | <b>32</b>      | <b>36</b>    | <b>4m @ 1.65 g/t</b>               |
| KURB279        | 6624215        | 420140         | 375        | -60        | 270        | 121            | 116            | 121          | 5m @ 0.58 g/t                      |
| KURB294        | 6619960        | 423460         | 375        | -60        | 270        | 60             | 40             | 44           | 4m @ 0.38 g/t                      |

The drilling at Schiedam intersected a sequence of variably altered ultramafic units beneath some 10-25m of transported cover that included fine sands in places at the base of the palaeochannel (Figure 4). The ultramafic rocks consist of komatiite and High Mg basalt that transition to quartz carbonate-fuchsite altered rock with minor quartz veining. All drilling was to blade refusal.



**Figure 4 Schiedam Prospect –Drill Section 6619380N**

The only record of previous exploration at the Schiedam Prospect was by Mt Kersey Mining NL who completed several phases of drilling during the period 1992-1996 (Tables 2&3). This drilling was predominantly undertaken by a technique known as RC blade, with all holes being vertical and terminating at blade refusal. The program at the time was initially targeting gold mineralisation hosted within the palaeochannel sands at the base of the transported cover, and later focused on the bedrock mineralisation. Some 201 RC blade holes were completed over a 2500m strike length. Significant results (Table 2) from this era

of drilling include 17m at 1.63gpt Au in KSC 3183, 18m @3.81gt Au in KSC 3561 and 4m @8.48gpt Au in KSC 3558. Eight angled diamond holes were also completed (Table 3) which recorded a best intersection of 7m at 1.31gpt Au in hole KD001.

**Table 2-Historical RC Blade Drilling-Mt Kersey Mining N.L.-Schiedam Prospect**

Significant intersections (>1.0 g/t Au) from RC blade drilling completed by Mt Kersey Mining N.L. during the period 1993-1996. Samples collected as 4m or 2m composites and analysed by Fire Assay(50g) for the 1993 drilling and aqua regia digest for the 1994 drilling Collar co-ordinates based upon transformation from local grid to AMG to MGA grid ( reference WAMEX report A41137)

| Hole Id | Collar N (MGA) | Collar E ( MGA) | Collar RL | Dip ° | Azimuth ° | Hole Depth (m) | Depth From (m) | Depth To (m) | Gold Intersection (downhole width) |
|---------|----------------|-----------------|-----------|-------|-----------|----------------|----------------|--------------|------------------------------------|
| KSC3183 | 6619616        | 423521          | 350       | 90    | NA        | 89             | 54             | 71           | 17m @ 1.63 g/t                     |
| KSC3219 | 6619304        | 423465          | 349       | 90    | NA        | 71             | 68             | 71           | 3m @ 1.20 g/t                      |
| KSC3509 | 6619817        | 423504          | 350       | 90    | NA        | 70             | 52             | 56           | 4m @ 1.16 g/t                      |
| KSC3515 | 6619165        | 423577          | 349       | 90    | NA        | 63             | 52             | 56           | 4m @ 1.18 g/t                      |
| KSC3543 | 6618966        | 423740          | 350       | 90    | NA        | 82             | 76             | 80           | 4m @ 1.17 g/t                      |
| KSC3548 | 6618969        | 423982          | 352       | 90    | NA        | 76             | 56             | 60           | 4m @ 1.54 g/t                      |
| KSC3558 | 6618765        | 423744          | 350       | 90    | NA        | 68             | 60             | 64           | 4m @ 8.48 g/t                      |
| KSC3561 | 6618864        | 423660          | 349       | 90    | NA        | 74             | 56             | 74           | 18m @ 3.81 g/t                     |
| KSC3562 | 6618865        | 423742          | 350       | 90    | NA        | 78             | 0              | 4            | 4m @ 3.76 g/t                      |
| and     |                |                 |           |       |           |                | 52             | 60           | 8m @ 2.54 g/t                      |

**Table 3--Historical Diamond Drilling-Mt Kersey Mining N.L.-Schiedam Prospect**

Significant intersections (>0.5 g/t Au) from diamond drilling completed by Mt Kersey Mining N.L. during the period 1993-1994. Core samples collected as 1m intervals and analyzed for gold by aqua regia digest. Collar co-ordinates based upon transformation from local grid to AMG to MGA grid (reference WAMEX report A41137)

| Hole Id | Collar N (MGA) | Collar E ( MGA) | Collar RL | Dip ° | Azimuth ° | Hole Depth (m) | Depth From (m) | Depth To (m) | Gold Intersection (downhole width) |
|---------|----------------|-----------------|-----------|-------|-----------|----------------|----------------|--------------|------------------------------------|
| KD001   | 6619614        | 423461          | 349       | -60   | 90        | 166            | 84             | 91           | 7m @ 1.31 g/t                      |
| KD002   | 6619613        | 423381          | 349       | -60   | 90        | 208            | 132            | 135          | 3m @ 0.57 g/t                      |
| and     |                |                 |           |       |           |                | 144            | 151          | 7m @ 0.80 g/t                      |
| KD003   | 6619455        | 423443          | 349       | -60   | 90        | 201.5          | 71             | 75           | 4m @ 0.58 g/t                      |
| KD004   | 6619304        | 423485          | 349       | -60   | 90        | 221.6          |                |              | NSI                                |
| KD005   | 6618894        | 423616          | 349       | -60   | 90        | 195.2          |                |              | NSI                                |
| KD006   | 6619612        | 423280          |           | -60   | 90        | 263.15         | 191            | 196          | 5m @ 0.50 g/t                      |
| and     |                |                 |           |       |           |                | 236            | 240          | 4m @2.7 g/t                        |
| KD007   | 6619716        | 423339          | 349       | -60   | 60        | 300            | 156            | 157          | 1m @ 1.16 g/t                      |
| KD008   | 6618801        | 423540          | 348       | -60   | 60        | 292            |                |              | NSI                                |

NSI=No Significant Intersection

The company is very encouraged by the positive results from the recent air core program at Schiedam which are also supported by the historical drilling. These results from the initial wide spaced drill test of the Schiedam target area was based upon ranking of the priority targets selected from the geological interpretation completed in mid-2015, and demonstrates support for the targeting criteria. The company plans to complete a second phase AC drill program to follow up these encouraging first pass drill results.

At the Brilliant North Prospect which is located approximately 200m to the north of the Brilliant Deposit, two RC holes for 260m and two diamond holes for 296m were completed on three 40m spaced drill sections to test for the extension of the altered and mineralised dolerite that hosts the gold resource at Brilliant. The RC holes evaluated the shallower (surface to 100m vertical) position of the dolerite beneath 35m of palaeochannel sediments. The two diamond drill tails utilized existing RC holes (2011 era) as pre-collars and targeted the host dolerite some 140m from surface and some 50m down dip of the shallower RC holes.

The drilling successfully demonstrated the extension of the host altered dolerite a further 120m to the north and with continuity at depth. The dolerite is approximately 20-25m in true width and is hosted within a sequence of talc-carbonate altered komatiite. Alteration in the dolerite is restricted to hematite-pyrite-sericite selvages around narrow stacked west-dipping quartz carbonate veins. No significant economic grade intersections were recorded from the two RC holes and reporting of assay results from the Diamond core are pending. The company is encouraged by the confirmation of the continuity of host altered dolerite at the north end of the Brilliant trend and supports the Company's interpretation of a significant alteration trend to the north of Brilliant based upon results from previous reconnaissance AC drilling and interpretation of detailed ground based gravity data, which highlights a linear gravity low. The company will continue to progressively evaluate the Brilliant North alteration system with additional step out deeper drilling.

### **Lindsay's Project (100% KGM)**

The company continues to seek value from the Lindsays mine site which remains under suspension with the Department of Mines and Petroleum (DMP). This value can come from either processing of the existing stockpiles or via development of the Parrot Feathers lode resource beneath the completed Stage 2 open pit. Agreement with a preferred party to process the medium grade stockpile as reported in the September 2015 quarterly report was terminated during the December quarter. Late in the quarter discussions with another party to process the medium-grade stockpile were initiated. Subsequent to the end of the Quarter the company is pleased to report that an agreement for the processing of the medium grade stockpile has been executed with first ore being hauled for processing on January 23.

The company continues to have several parties express interest in the redevelopment of the Lindsays mine site with focus on the development of the Parrot Feathers lode beneath the base of the open pit.

### **Kalpini Project (100% KGM)**

No field work or other activity completed during the quarter

### **Spargoville Project (100% KGM)**

No field work or other activity completed during the quarter. The company continues to review its tenement portfolio to reduce holding costs and during the quarter transfer of five small prospecting licenses to one of the original royalty holders was initiated.

# CORPORATE REPORT

## **Right Issue completed and quotation reinstated**

The Company completed a 1 for 2 Non-Renounceable Rights offer which commenced in the September 2015 quarter (refer to ASX announcement on 29 July 2015). An aggregate amount of \$895,320.64 was raised comprising \$295,320.64 from subscription to entitlements and \$600,000 from issue of shortfall shares.

The suspension of trading in the securities of the Company was lifted immediately after the completion of the Right Issue.

## **Convertible Note exercised**

On 20 November 2015, the Company issued 35m shares upon conversion of convertible notes (face value \$350,000) held by Gold Fresh Limited, as previously approved by shareholders at the 2014 AGM (refer to ASX announcement on 28 November 2014).

## **Transactions approval received on AGM 2015**

Significant progress was made in repairing the Company's Balance Sheet with agreement reached for settlement of \$4.15 million of loans (together with interest accruing on those loans) by issue of shares at \$0.01 per share (being the same price at which shares were offered under the rights issue). Shareholder approval for the loan to equity settlement was received at the November 2015 AGM, with completion subject to Foreign Investment Review Board (FIRB) approval which process is in progress at the date of this report. The Company also reached agreement for a new \$2M convertible note facility with the Company's largest existing shareholder Cross-Strait Common Development Fund Co., Limited (*refer to the ASX announcement on 16 September 2015*).

The convertible note facility was also approved by shareholders at the AGM, with completion subject to FIRB approval.

## **Trialed investment**

During the quarter, the Company trialed a business opportunity to distribute infant consumables material from New Zealand into China. The product inventory purchased towards the end of the Quarter was disposed subsequent to end of the Quarter with full recoupment of costs and a small profit. The Board is now completing its evaluation and analysis of the transaction before further action, if any, is taken in this regard.

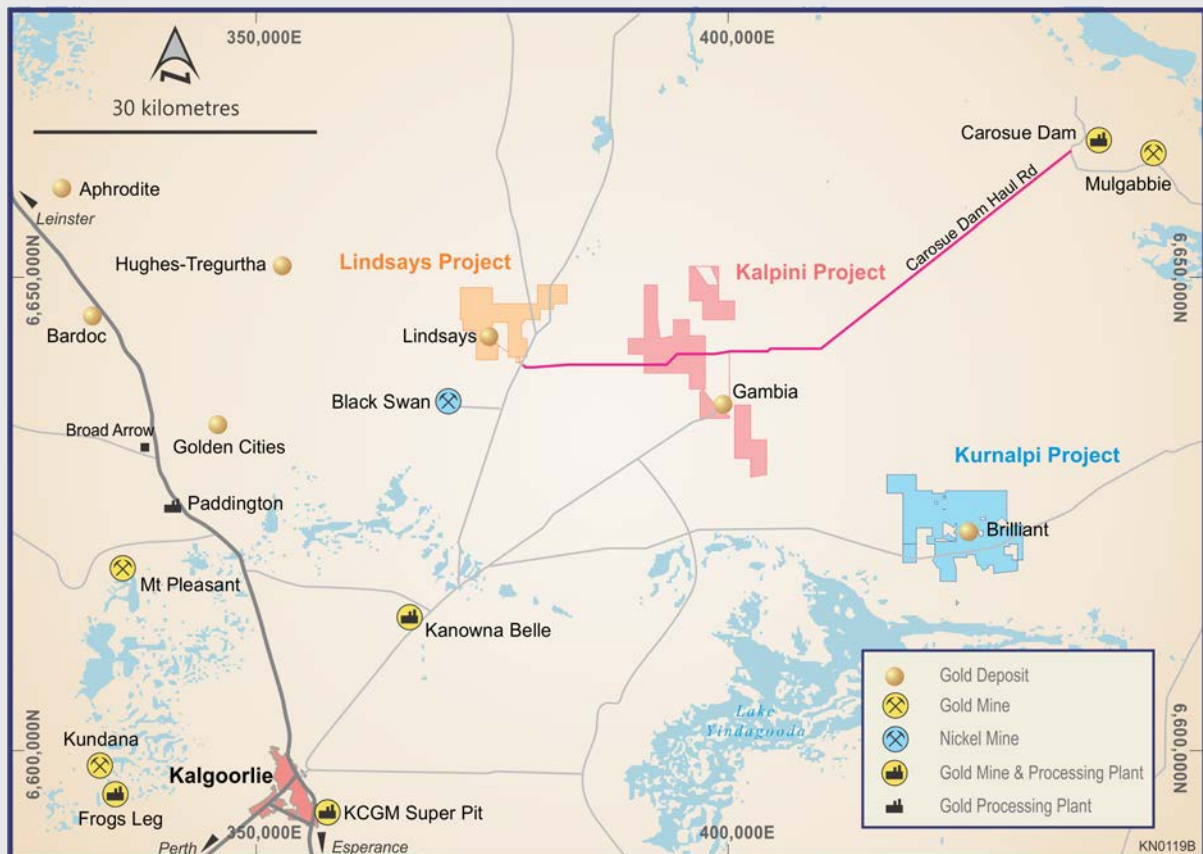
## **Cash Reserves**

Total expenditure for the December 2015 quarter amounted to \$550,060 of which \$220,225 was attributable to exploration and evaluation, compared to a total expenditure of \$212,264 in the September 2015 quarter. The cash balance at the end of the quarter was \$619,727.

**For further information please contact**

**Lijun Yang**  
**Executive Director and Company Secretary**  
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Location map of KalNorth projects showing roads and local processing plants

### About KalNorth Gold Mines Limited

KalNorth Gold Mines Limited (ASX Code: KGM) is a gold exploration company based in Kalgoorlie, Western Australia (WA). The Company's core suite of tenements, all 100% owned, are located some 50 to 80km north-east of the world renowned gold mining town of Kalgoorlie, WA. There are currently three main gold projects each with resources within the KGM holding: Lindsay's, Kalpini and Kurnalpi (collectively the KalNorth Field)..

KalNorth transitioned to gold producer in January 2013 when it brought the Lindsays Project into production. KalNorth mined Lindsays for 7 months before ceasing mining in August 2013. KalNorth is currently exploring opportunities to develop Lindsays as an underground mine focusing upon the Parrot Feathers lode beneath the Stage 2 open pit.

### Competent Person Statement-Exploration Results and Mineral Resources

*The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr Wade Johnson, a Competent Person who is a member of Australian Institute of Geoscientists. Mr Johnson is the Exploration Manager of KalNorth Gold Mines Limited. Mr Johnson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Johnson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*\*Cautionary Note - The information included in this report in relation to exploration results from drilling by the previous explorer, Mt Kersey Mining NL has been extracted from Western Australian Mineral Exploration reports (WAMEX). These reports include all the drill logs and scans of the original laboratory reports with assay results. The Mt Kersey Mining N.L. drilling was completed prior to JORC compliance and cannot be fully validated by KalNorth, however the results are considered to be indicative of the potential gold mineralisation at the Schiedam Prospect.*

## Tenement Holdings and Movements

Mining Tenements and Beneficial Interest Held as at the end of the December 2015 Quarter

| Tenement | Holder                      | Status  | Project  | Interest % |
|----------|-----------------------------|---------|----------|------------|
| E27/0411 | KALNORTH GOLD MINES LIMITED | Live    | Kalpini  | 100        |
| E27/0412 | KALNORTH GOLD MINES LIMITED | Live    | Kalpini  | 100        |
| L27/0088 | KALNORTH GOLD MINES LIMITED | Live    | Kalpini  | 100        |
| M27/0485 | KALNORTH GOLD MINES LIMITED | Live    | Kalpini  | 100        |
| E28/1477 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| E28/2015 | KALNORTH GOLD MINES LIMITED | Live    | Kurnalpi | 100        |
| E28/2153 | KALNORTH GOLD MINES LIMITED | Live    | Kurnalpi | 100        |
| E28/2226 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| E28/2256 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| E28/2512 | SHANNON RESOURCES PTY LTD   | Pending | Kurnalpi | 100        |
| E28/2541 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| M28/0007 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| M28/0066 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| M28/0072 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| M28/0076 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| M28/0084 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| M28/0089 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| M28/0090 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| M28/0092 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| M28/0113 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| M28/0374 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| M28/0375 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1097 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1100 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1101 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1102 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1103 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1104 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1105 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1106 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1107 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1108 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1111 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1112 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1113 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1114 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1115 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1116 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1117 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1118 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1119 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1125 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1126 | SHANNON RESOURCES PTY LTD   | Live    | Kurnalpi | 100        |
| P28/1154 | KALNORTH GOLD MINES LIMITED | Live    | Kurnalpi | 100        |
| P28/1155 | KALNORTH GOLD MINES LIMITED | Live    | Kurnalpi | 100        |
| P28/1156 | KALNORTH GOLD MINES LIMITED | Live    | Kurnalpi | 100        |
| P28/1157 | KALNORTH GOLD MINES LIMITED | Live    | Kurnalpi | 100        |
| P28/1180 | KALNORTH GOLD MINES LIMITED | Live    | Kurnalpi | 100        |
| P28/1184 | KALNORTH GOLD MINES LIMITED | Live    | Kurnalpi | 100        |
| P28/1186 | KALNORTH GOLD MINES LIMITED | Live    | Kurnalpi | 100        |

| Tenement | Holder                      | Status | Project       | Interest %     |
|----------|-----------------------------|--------|---------------|----------------|
| P28/1187 | KALNORTH GOLD MINES LIMITED | Live   | Kurnalpi      | 100            |
| P28/1190 | KALNORTH GOLD MINES LIMITED | Live   | Kurnalpi      | 100            |
| P28/1191 | KALNORTH GOLD MINES LIMITED | Live   | Kurnalpi      | 100            |
| P28/1226 | LUSITAN PROSPECTING PTY LTD | Live   | Kurnalpi      | 100            |
| P28/1227 | LUSITAN PROSPECTING PTY LTD | Live   | Kurnalpi      | 100            |
| P28/1228 | LUSITAN PROSPECTING PTY LTD | Live   | Kurnalpi      | 100            |
| P28/1229 | LUSITAN PROSPECTING PTY LTD | Live   | Kurnalpi      | 100            |
| P28/1230 | LUSITAN PROSPECTING PTY LTD | Live   | Kurnalpi      | 100            |
| P28/1231 | LUSITAN PROSPECTING PTY LTD | Live   | Kurnalpi      | 100            |
| P28/1254 | SHANNON RESOURCES PTY LTD   | Live   | Kurnalpi      | 100            |
| P28/1255 | SHANNON RESOURCES PTY LTD   | Live   | Kurnalpi      | 100            |
| E27/0517 | KALNORTH GOLD MINES LIMITED | Live   | Lindsays Find | 100            |
| L27/0082 | KALNORTH GOLD MINES LIMITED | Live   | Lindsays Find | 100            |
| L27/0084 | KALNORTH GOLD MINES LIMITED | Live   | Lindsays Find | 100            |
| M27/0034 | KALNORTH GOLD MINES LIMITED | Live   | Lindsays Find | 100            |
| M27/0169 | KALNORTH GOLD MINES LIMITED | Live   | Lindsays Find | 100            |
| M27/0486 | KALNORTH GOLD MINES LIMITED | Live   | Lindsays Find | 100            |
| P27/2094 | KALNORTH GOLD MINES LIMITED | Live   | Lindsays Find | 100            |
| P27/2111 | KALNORTH GOLD MINES LIMITED | Live   | Lindsays Find | 100            |
| E28/2303 | KALNORTH GOLD MINES LIMITED | Live   | Roe           | 100            |
| E28/2304 | KALNORTH GOLD MINES LIMITED | Live   | Roe           | 100            |
| M15/1806 | KALNORTH GOLD MINES LIMITED | Live   | Spargoville   | 100            |
| P15/5216 | KALNORTH GOLD MINES LIMITED | Live   | Spargoville   | 100            |
| P15/5236 | KALNORTH GOLD MINES LIMITED | Live   | Spargoville   | 100            |
| P15/5264 | KALNORTH GOLD MINES LIMITED | Live   | Spargoville   | 100            |
| P15/5392 | KALNORTH GOLD MINES LIMITED | Live   | Spargoville   | 100            |
| P15/5409 | KALNORTH GOLD MINES LIMITED | Live   | Spargoville   | 100            |
| P15/5537 | KALNORTH GOLD MINES LIMITED | Live   | Spargoville   | 100            |
| P15/5545 | KALNORTH GOLD MINES LIMITED | Live   | Spargoville   | 100            |
| P15/5546 | KALNORTH GOLD MINES LIMITED | Live   | Spargoville   | 100            |
| P15/5547 | KALNORTH GOLD MINES LIMITED | Live   | Spargoville   | 100            |
| P15/5548 | KALNORTH GOLD MINES LIMITED | Live   | Spargoville   | 100            |
| P15/5766 | KALNORTH GOLD MINES LIMITED | Live   | Spargoville   | 100            |
| P15/5772 | KALNORTH GOLD MINES LIMITED | Live   | Spargoville   | 100            |
| E27/524  | HERON RESOURCES LIMITED     | Live   | Kalpini       | 100% Au rights |

#### Tenements Relinquished During the December 2015 Quarter

| Tenement | Holder                      | Status | Death Date  | Reason      | Project       | Interest % |
|----------|-----------------------------|--------|-------------|-------------|---------------|------------|
| P28/1224 | LUSITAN PROSPECTING PTY LTD | Dead   | 08-Dec-2015 | Surrendered | Kurnalpi      | 100        |
| P28/1225 | LUSITAN PROSPECTING PTY LTD | Dead   | 08-Dec-2015 | Surrendered | Kurnalpi      | 100        |
| P27/2058 | KALNORTH GOLD MINES LIMITED | Dead   | 19-Oct-2015 | Surrendered | Lindsays Find | 100        |

#### Tenements Acquired During the December 2015 Quarter

| Tenement | Holder                    | Status  | Project  | Interest % |
|----------|---------------------------|---------|----------|------------|
| P28/1282 | SHANNON RESOURCES PTY LTD | Pending | Kurnalpi | 100        |

None of the mineral interests listed above are the subject of any farm-in / farm-out or joint venture arrangements.

**JORC CODE, 2012 Edition-Table 1 Report – Kurnalpi Project –Schiedam-Zandor-Red Kettle  
Prospects-as at 28 January 2016**

**SECTION 1: SAMPLING TECHNIQUES AND DATA**

| Criteria                            | JORC Code Explanation   | Commentary  |
|-------------------------------------|---|---|
| <b><i>Sampling techniques</i></b>   | <ul style="list-style-type: none"> <li>• <i>Nature and quality of sampling (eg 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.</i></li> <li>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li>• <i>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 (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g 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 (eg submarine nodules) may warrant disclosure of detailed information.</i></li> </ul> | <ul style="list-style-type: none"> <li>• The sampling noted in this release has been carried out using a combination of Rotary Air Blast ( RAB) drilling at Red Kettle and Zandor with AirCore ( AC) drilling at the Schiedam Prospect. The RAB program comprised 39 holes for 2836m with holes varying from 8m to 140m, the average depth being 70m. The AC program comprised 52 holes for 3434m, holes varying in depth from 18-102m with an average depth of 66m. All holes were drilled - 60° to 270° at 80m centres and drill traverses spaced approximately 320m apart.</li> <li>• Sampling and QAQC protocols as per industry best practice with further details below.</li> <li>• One metre AC and RAB samples were collected from the cyclone and laid out in rows of 10m (10 samples) on the ground. Composite 4m samples were then collected by scoop sampling the 1m piles to produce a bulk 2-3kg sample which was sent to the Laboratory in Kalgoorlie for analysis. Samples were dried, pulverised, split to produce a 40g sample for analysis by fire assay with Au determination by Atomic Absorption Spectrometry.</li> </ul> |
| <b><i>Drilling techniques</i></b>   | <ul style="list-style-type: none"> <li>• <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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).</i></li> </ul>  | <ul style="list-style-type: none"> <li>• Rotary Air Blast ( RAB) and AirCore (AC) was completed by Raglan Drilling (Kalgoorlie) using the same drill rig for purpose. The AC drill bit has a diameter of 78mm and collects samples through an inner tube to reduce contamination, but also allows better penetration through puggy channel clays. The RAB drilling blade bit has a hole diameter of 104mm.</li> </ul>   |
| <b><i>Drill sample recovery</i></b> | <ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of</i></li> </ul>   | <ul style="list-style-type: none"> <li>• The majority of the samples collected from both the AC and RAB program were dry. Minor AC samples were wet at the base of the holes.</li> <li>• Sample recovery size and sample condition (dry, wet, moist) recorded. Recovery of samples estimated to be 80-100%, with some variability to 10% particularly drilling through</li> </ul>   |

| Criteria  | JORC Code Explanation  | Commentary   |
|---|--|--|
|   | <i>fine/coarse material.</i>   | <p>puggy most transported clays.</p> <ul style="list-style-type: none"> <li>• Drilling with care (eg. clearing hole at start of rod, regular cyclone cleaning) if water encountered to reduce incidence of wet –sticky samples.</li> <li>• Insufficient sample population to determine whether relationship exists between sample recovery and grade. The quality of the sample (wet, dry, low recovery) was recorded during logging.</li> </ul>   |
| <b>Logging</b>  | <ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>  | <ul style="list-style-type: none"> <li>• Detailed logging of, regolith, lithology, structure, mineralisation and recoveries recorded in each hole by qualified geologist and exploration manager.</li> <li>• Logging carried out by sieving 2m composite sample cuttings, washing in water and the entire hole collected in plastic chip trays for future reference.</li> <li>• Every hole was logged for the entire length.</li> </ul>  |
| <b>Sub-sampling techniques and sample preparation</b> | <ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>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.</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul> | <ul style="list-style-type: none"> <li>• No core drilling completed</li> <li>• Composite samples of 4m were collected by scoop sampling 1m intervals into pre-numbered calico bags. Sample weight 2 - 3 kg. The last interval of each hole can vary between 2-5m. Samples placed in plastic and/or polyweave bags for despatch to assay laboratory.</li> <li>• The sample preparation of the RAB&amp;AC follows industry best practice, involving oven drying, pulverising, to produce a homogenous sub sample for analysis.</li> <li>• Along with composite samples, standards and blanks were inserted (around every 40 samples) and were included in the laboratory analysis. Standards were certified reference material prepared by Geostats Pty Ltd. Blanks were also prepared by Geostats from historical RC drill residues. Duplicate samples were collected at zones of interest and at irregular intervals of about 1 in every three holes.</li> </ul> |
| <b>Quality of assay data and laboratory tests</b>     | <ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in</i></li> </ul>  | <ul style="list-style-type: none"> <li>• Samples routinely analysed for gold using the 40gram Fire Assay digest method with an AAS finish at Bureau Veritas's Kalgoorlie Laboratory.</li> <li>• Gold intercepts calculated with primary Au gold values with Au1 repeat values excluded..</li> </ul>  |

| Criteria   | JORC Code Explanation   | Commentary   |
|--|---|--|
|  | <p><i>determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <ul style="list-style-type: none"> <li>• <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></li> </ul>  | <ul style="list-style-type: none"> <li>• No geophysical tools, spectrometers or hand held XRF instruments used.</li> <li>• Quality control process and internal laboratory checks demonstrate acceptable levels of accuracy. At the laboratory regular assay repeats, lab standards, checks and blanks are analysed.</li> </ul>  |
| <b>Verification of sampling and assaying</b>         | <ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li>• <i>The use of twinned holes.</i></li> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>           | <ul style="list-style-type: none"> <li>• The results have been reviewed by alternative company personnel and external consultants and no errors identified.</li> <li>• No twin holes were drilled.</li> <li>• Capture of field logging is electronic using Toughbook hardware and Logchief software. Logged data is then exported as an excel spreadsheet to the Company's external database managers which loaded to the Company's DATASHED database and validation checks completed to ensure data accuracy. Assay files are received electronically from the laboratory by the exploration manager and then forwarded to the external database contractors.</li> <li>• There has been no adjustment to the assay data. The primary Au field reported by the laboratory is the value used for plotting and reporting.</li> </ul> |
| <b>Location of data points</b>                       | <ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>  | <ul style="list-style-type: none"> <li>• Drill hole positions were surveyed using a hand held Garmin GPS with a horizontal (Easting Northing) accuracy of +/-5m. Drill azimuth is set up by the supervising geologist. No downhole surveys completed.</li> <li>• Grid System – MGA94 Zone 51.</li> <li>• Topographic elevation captured by using reading from Garmin hand held GPS with an accuracy of +/-10m and considered suitable for the flat terrain.</li> </ul>   |
| <b>Data spacing and distribution</b>                 | <ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>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.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul> | <ul style="list-style-type: none"> <li>• Hole spacing at nominal 80m centres on reconnaissance east west orientated drill lines with line spacing's varying from 200m to 340m.</li> <li>• RAB and AC samples composite range 2-5m but generally 4m. No assay compositing has been applied.</li> </ul>  |
| <b>Orientation of data in relation to geological</b> | <ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the</i></li> </ul>   | <ul style="list-style-type: none"> <li>• The East West orientated drill traverses considered effective to evaluate the northerly trending</li> </ul>   |

| Criteria                 | JORC Code Explanation   | Commentary   |
|--------------------------|---|--|
| <b>structure</b>         | <p><i>deposit type.</i></p> <ul style="list-style-type: none"> <li><i>If the relationship between the 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.</i></li> </ul> | <p>geology and regional Avoca Fault which has been interpreted from aeromagnetic data. Each drill hole is orientated appropriately to ensure unbiased sampling of the geological trends</p> <ul style="list-style-type: none"> <li>The AC and RAB drilling is reconnaissance in nature, being relatively wide spaced and the orientation of the gold mineralised structures intersected is yet to be confirmed. .</li> </ul>   |
| <b>Sample security</b>   | <ul style="list-style-type: none"> <li><i>The measures taken to ensure sample security.</i></li> </ul>  | <ul style="list-style-type: none"> <li>Individual samples were bagged in plastic bags, collected and personally delivered to the Bureau Veritas Laboratory in Kalgoorlie by the Exploration Manager. Samples were analysed in Kalgoorlie.</li> <li>Bureau Veritas check the samples received against the KGM submission form to notify of any missing or extra samples. Following analysis the sample pulps and residues are retained by the laboratory in a secure storage yard.</li> </ul> |
| <b>Audits or reviews</b> | <ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>  | <ul style="list-style-type: none"> <li>All results of this drill program were reviewed by the Exploration Manager and Executive Director. No specific site audits or reviews have been conducted.</li> </ul>   |

## Section 2: REPORTING OF EXPLORATION RESULTS – KURNALPI PROJECT-Red Kettle-Zandor-Schiedam Prospects

| Criteria                                       | JORC Code Explanation  | Commentary  |
|--|--|---|
| <b>Mineral tenement and land tenure status</b> | <ul style="list-style-type: none"> <li><i>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 park and environmental settings.</i></li> <li><i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></li> </ul> | <ul style="list-style-type: none"> <li>The Kurnalpi Project is located approximately 95 km in an easterly direction from Kalgoorlie, Western Australia and consists of a contiguous package of wholly owned tenements held under title by KGM or its wholly owned subsidiary's Lusitan Prospecting Pty Ltd and Shannon Resources Pty Ltd. The work described in this report was undertaken on Exploration Licence E28/1477, P28/1229, P28/1230 and P28/1231 held 100% by KalNorth Gold Mines Limited and are in good standing. The company signed a mining agreement in December 2012 with the Central East Native title group.</li> <li>The tenements are current and in good standing with the Department of Mines and Petroleum (DMP) of Western Australia.</li> </ul> |
| <b>Exploration done by</b>                     | <ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of</i></li> </ul>   | <ul style="list-style-type: none"> <li>At the Schiedam Prospect located within P28/1230 and P28/1231, the</li> </ul>  |

| Criteria                      | JORC Code Explanation   | Commentary  |
|-------------------------------|---|---|
| <b>other parties</b>          | <i>exploration by other parties.</i>  | only previous exploration was undertaken by Mt Kersey Mining NL during the period 1992-1996 (WAMEX reports a38841, 41137, 44716 and 47987) on now dead tenements P28/763 to 766. This exploration campaign commenced in 1993 as the "Superchannel Project" targeting gold mineralisation hosted at the base of palaeochannels where some 24 RC blade holes were drilled in several reconnaissance traverses. Attention was then focussed to bedrock mineralisation after the discovery of encouraging gold intercepts, with 201 RC blade and 8 diamond holes being drilled in 1994-1995. This drilling intersected quartz carbonate fuchsite altered ultramafic rocks with several encouraging gold intersections, mainly from the RC Blade drilling. Recent exploration by KGM has included detailed ground based gravity surveys and geological interpretation. |
| <b>Geology</b>                | <ul style="list-style-type: none"> <li>• <i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>  | <ul style="list-style-type: none"> <li>• The Kurnalpi Project is located in the Eastern Goldfields Province of Western Australia and covers Archaean age predominantly ultramafic and mafic stratigraphy. The regional scale Avoca Fault is the dominant structural feature of the area and is located on the western part of the Kurnalpi project. RAB and AC drilling at the Schiedam and Zandor Prospects which lie adjacent to the Avoca Fault has intersected a variably altered north west trending sequence of ultramafic rocks (including Komatiite) covered by up to 30m of transported alluvium. Recent and historical drilling has intersected broad zones of quartz carbonate fuchsite altered rock.</li> </ul>   |
| <b>Drill hole Information</b> | <ul style="list-style-type: none"> <li>• <i>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:</i> <ul style="list-style-type: none"> <li>• <i>easting and northing of the drill hole collar</i></li> <li>• <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li>• <i>dip and azimuth of the hole</i></li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Tables containing drill hole collar, survey, and intersection data for material drill holes are included in Tables in the body of the announcement.</li> <li>• No Information has been excluded.</li> <li>• There are historical drill holes within the Schiedam Prospect and these are depicted on the drill hole plan in the announcement.</li> </ul>  |



| Criteria  | JORC Code Explanation  | Commentary  |
|---|--|---|
|   | <ul style="list-style-type: none"> <li>• <i>down hole length and interception depth</i></li> <li>• <i>hole length.</i></li> <li>• <i>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.</i></li> </ul>  |   |
| <b>Data aggregation methods</b>   | <ul style="list-style-type: none"> <li>• <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li>• <i>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 should be shown in detail.</i></li> <li>• <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul> | <ul style="list-style-type: none"> <li>• All report grades have been length weighted. High grades have not been cut. A lower cut off of 0.3gpt Au has been used to identify significant results. These are considered significant given the first pass reconnaissance nature of the drilling.</li> <li>• Where present, higher grade values are included in the intercepts table and assay values equal to or &gt; 1.0 g/t Au have been stated on a separate line below the intercept assigned with the text 'includes' .</li> <li>• Reported AC results have been calculated using a minimum intercept width of 4m. Anomalous composite samples have not been resampled as individual 1m intervals.</li> <li>• No metal equivalent values or formulas used.</li> </ul> |
| <b>Relationship between mineralisation widths and intercept lengths</b> | <ul style="list-style-type: none"> <li>• <i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li>• <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li>• <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></li> </ul>   | <ul style="list-style-type: none"> <li>• All results are based on down-hole metres.</li> <li>• Given the wide spaced reconnaissance nature of the drilling the geometry of the mineralisation reported is not known and the true width is not known</li> </ul>  |
| <b>Diagrams</b>   | <ul style="list-style-type: none"> <li>• <i>Appropriate maps and sections (with scales) 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.</i></li> </ul>  | <ul style="list-style-type: none"> <li>• Appropriate summary diagrams ( section &amp; plan) are included in the accompanying announcement.</li> </ul>   |
| <b>Balanced reporting</b>   | <ul style="list-style-type: none"> <li>• <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></li> </ul>   | <ul style="list-style-type: none"> <li>• Significant assay results are provided in Table 1 for the recent KGM drill program.</li> <li>• Drill holes with no significant results are not reported.</li> <li>• Significant assay results from historical drilling are tabulated in the body of the report.</li> </ul>   |
| <b>Other substantive</b>  | <ul style="list-style-type: none"> <li>• <i>Other exploration data, if meaningful and</i></li> </ul>   | <ul style="list-style-type: none"> <li>• All relevant data has been included</li> </ul>   |

| Criteria                       | JORC Code Explanation   | Commentary   |
|--------------------------------|---|--|
| <b><i>exploration data</i></b> | <i>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.</i>  | within this report.  |
| <b><i>Further work</i></b>     | <ul style="list-style-type: none"> <li>• <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li>• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul> | <ul style="list-style-type: none"> <li>• Follow up infill air core drilling is being considered for the Schiedam Prospect. A program of works for additional drilling has been approved by the DMP.</li> </ul> |