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ASX ANNOUNCEMENT

INTERPRETATION OF GRADIENT ARRAY INDUCED POLARISATION (IP) AND PREVIOUS TRANSIENT ELECTROMAGNETIC (TEM) SURVEYS AT THE OAKDALE PROSPECT, EYRE PENINSULA, SOUTH AUSTRALIA

Highlights

- **Low resistivity and anomalous IP chargeability zones probably reflecting graphite and/or pyrrhotite horizons can be traced over the entire grid. This IP survey data will assist in the planning of the upcoming drill campaign.**

- **Interpretation by Consultant Geophysicist, Michael Webb of Blue Sky Geoscience [(1)] indicates the graphite zone could be wider than intersected in the reported drill holes. Potentially up to 800 metres in the northern part of the grid.**

- **Blue Sky has recommended an initial drill traverse 400 metres wide to test this interpretation which is also supported by the TEM.**

- **Interpretation of TEM surveys undertaken previously, demonstrates the anomalous TEM signatures on lines 10 and 11 closely reflect the sub cropping graphite zones.**

- **Further TEM anomalies on lines 222 and 444, well away from the gradient array grid, correspond to known drill holes containing good grades of graphite.**

- **The information from the gradient IP, the TEM and previous aeromagnetic and ground magnetic surveys is currently being assembled in a three dimensional model by Geophysicist, David McInnes of Montana G.I.S. to further define the structural and geophysical controls on the graphite mineralisation.**

Oakdale Resources Limited (OAR) has received the Interpretation of the IP and reinterpretation of the TEM surveys from Consultant Geophysicist, Michael Webb of Blue Sky Geoscience.

The IP survey was completed over a two kilometre by one kilometre area centred on the known graphite mineralisation in diamond drill holes BLDD02 and BLDD03.

Results delineated very strong low resistivity and anomalous IP chargeability zones which can be traced for the length of the grid (refer Figure 1). Strong electromagnetic (EM) coupling effects caused by the extensive and conductive sequence of graphite and pyrrhotite have, to an extent masked the IP effects.

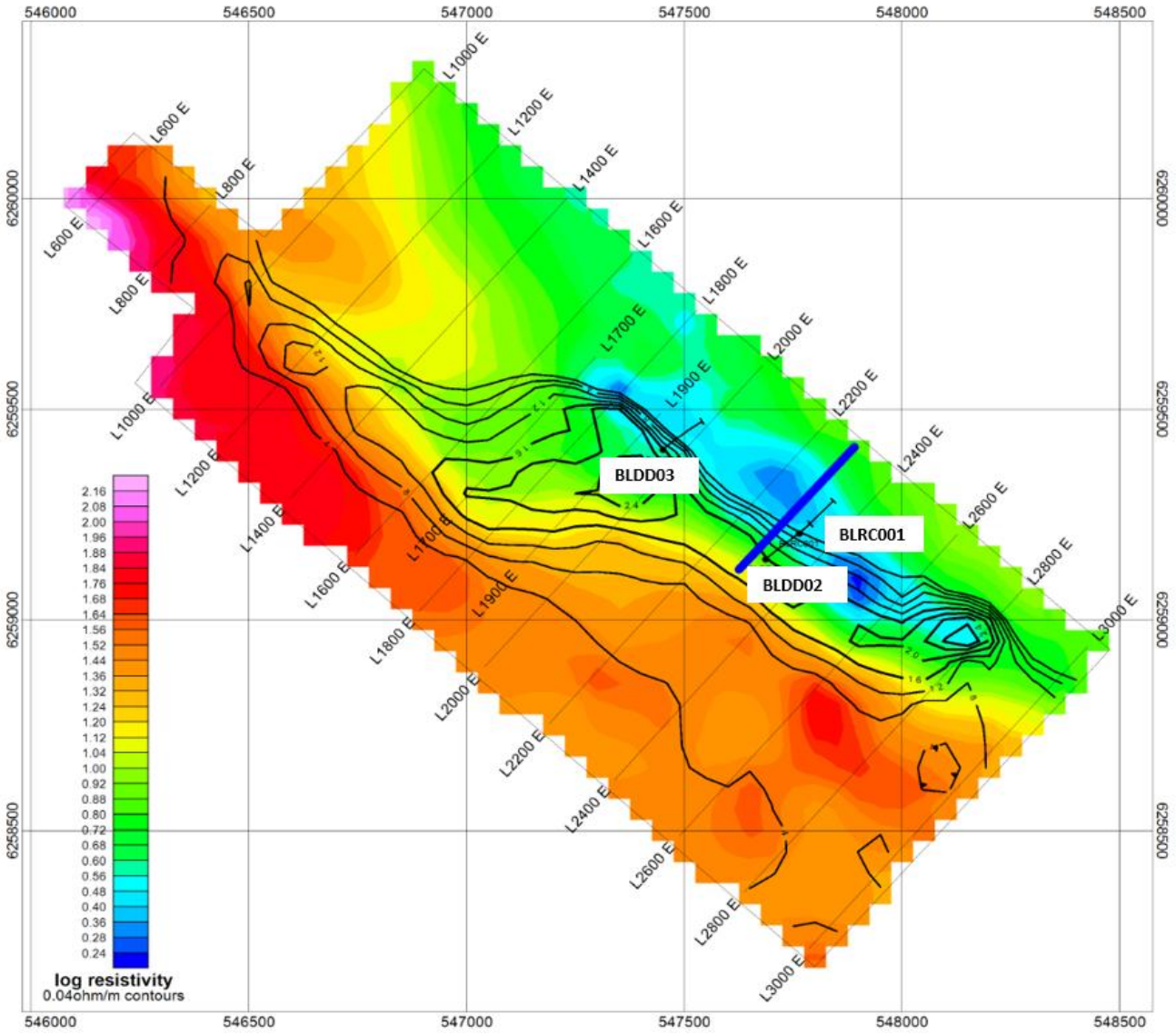

FIGURE 1. Image of the resistivity data obtained from the IP survey (log scaling). The black contours are contours of the IP chargeability with a 4msec contour interval. The locations and drill traces for holes BLDD02, BLDD03 and BLRC001 are shown. The blue line shows the location of the recommended 400m drill traverse

Blue Sky Geoscience's interpretation of this IP survey and two lines of time domain electromagnetic (TEM) data collected previously suggests that the graphite zone is wider than that intersected in the limited coverage of previous drilling and could potentially be up to 800 metres wide in the northern third of the IP survey area. Blue Sky has recommended an initial traverse 400 meters wide to test this interpretation at a narrower part of the stratigraphy (refer Figure 1).

The southern boundary of the graphite sub crop is interpreted as shown by the black line in Figure 2 (chargeability) and Figure 3 (resistivity). The northern boundary of the interpreted graphite sub-crop has not been adequately mapped by the IP survey. Two lines of existing time TEM data indicate the northern boundary of the graphite is close to the northeast edge of the IP survey area. The graphite/pyrrhotite units appear to be faulted to the south-west in the north-west half of the survey area. The IP survey data will assist in the planning of the upcoming drill campaign.

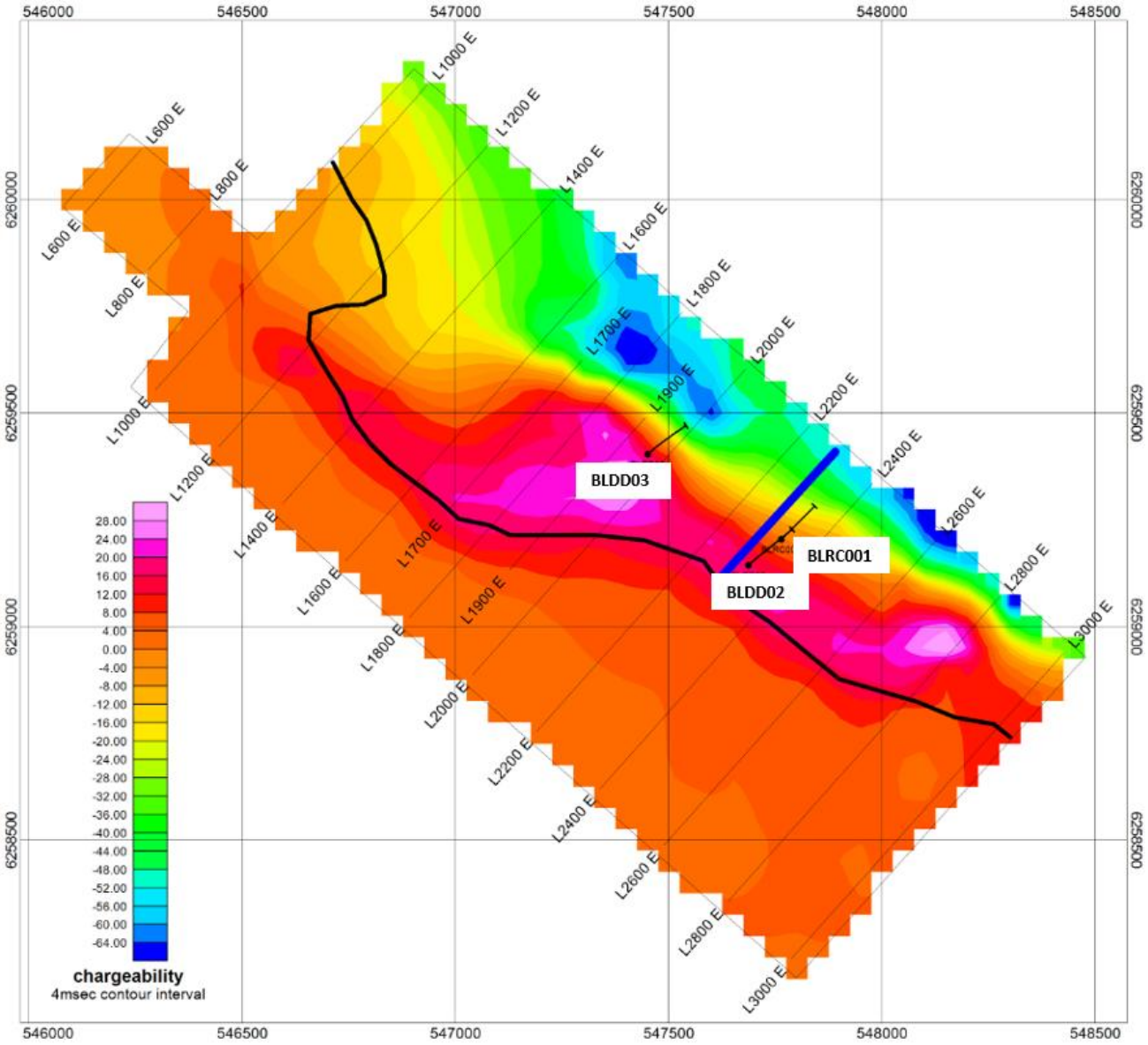

FIGURE 2. Image of the chargeability data obtained from the IP survey (note that the chargeability data have been affected by electromagnetic coupling with the large and strong conductive zone shown in Figures 2 and 3). The interpreted southern boundary of the graphite sub crop is shown with the thick black line. The locations and drill traces for holes BLDD02, BLDD03 and BLRC001 are shown. The blue line shows the location of the recommended 400m drill traverse

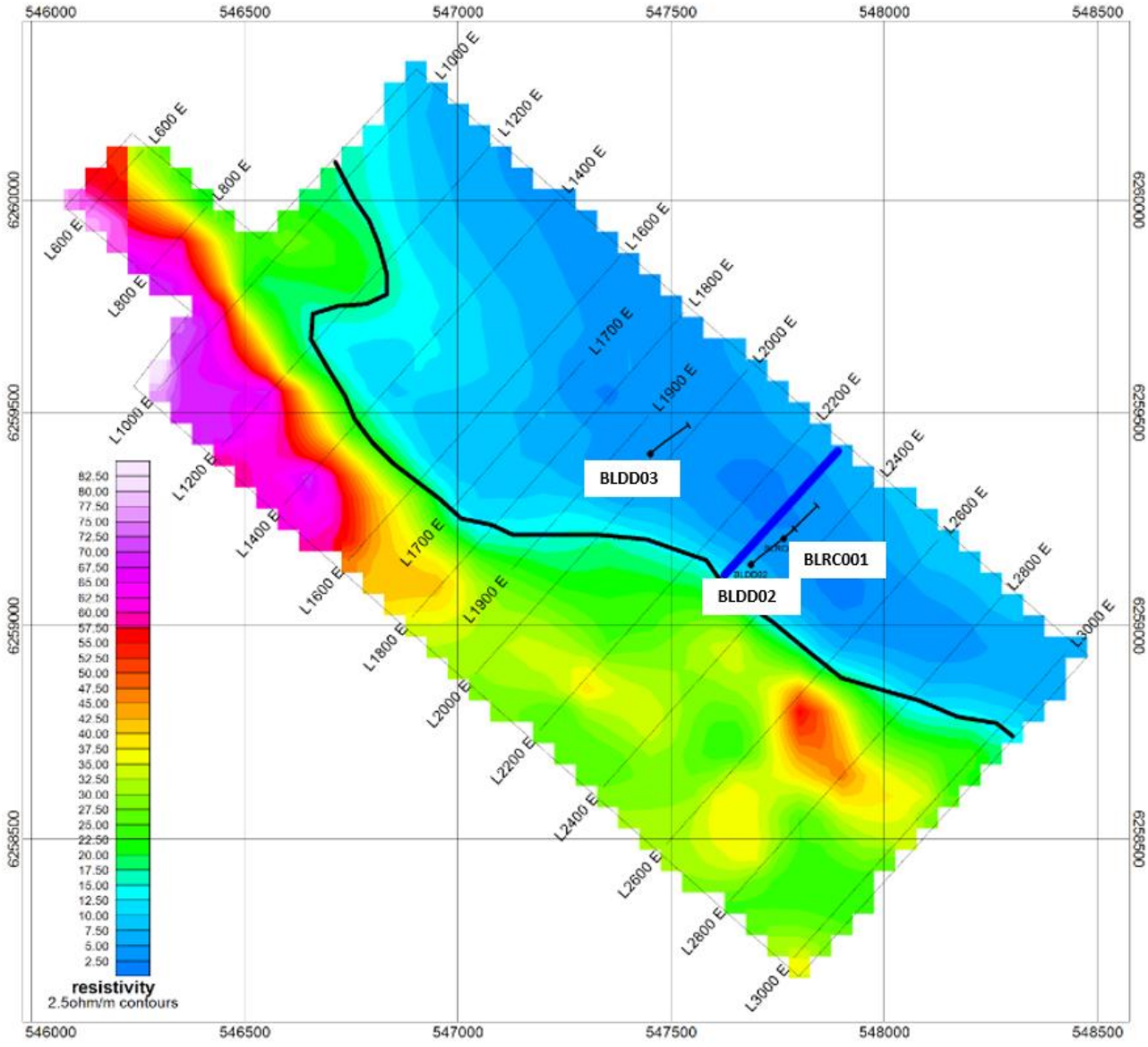

FIGURE 3. Image of the resistivity data (log scale) obtained from the IP survey. The interpreted southern boundary of the graphite sub crop is shown with the thick black line. The locations and drill traces for holes BLDD02, BLDD03 and BLRC001 are shown. The blue line shows the location of the recommended 400m drill traverse

Blue Sky Geoscience also reinterpreted the TEM surveys undertaken in 2003 on lines within and outside the IP survey area (Figure 4).

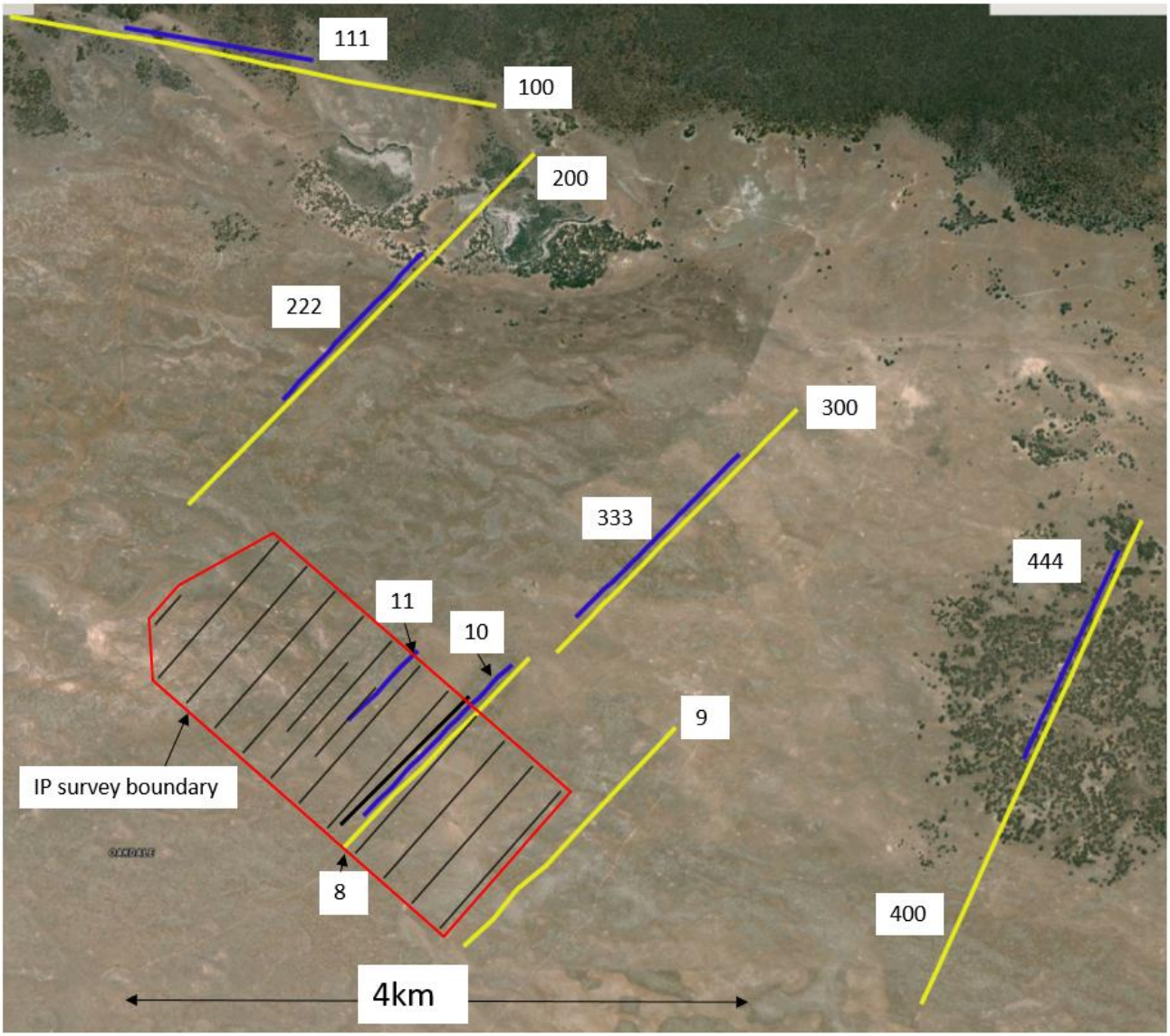

FIGURE 4. Lines of TEM data collected in 2003 are shown in yellow and blue. The IP survey coverage is outlined in red

The interpretation is as follows:

Line 11 - Hole BLDD03 intersected the EM conductor approximately 100m down hole. "The surface projection of the top of this conductor is coincident with the resistivity low mapped by the gradient IP".

Line 10 – Four separate conductors were modelled. Two of these were above drill holes BLDD02 and BLRC001, both of which intersected separate zones of graphite. The surface projection of the top of these conductors is coincident with the resistivity low mapped by the gradient IP, although the modelled conductors indicate the possibility of four graphitic units (refer Figure 5), two of which are behind drill holes BLDD02 and BLDD03 (refer Figure 6).

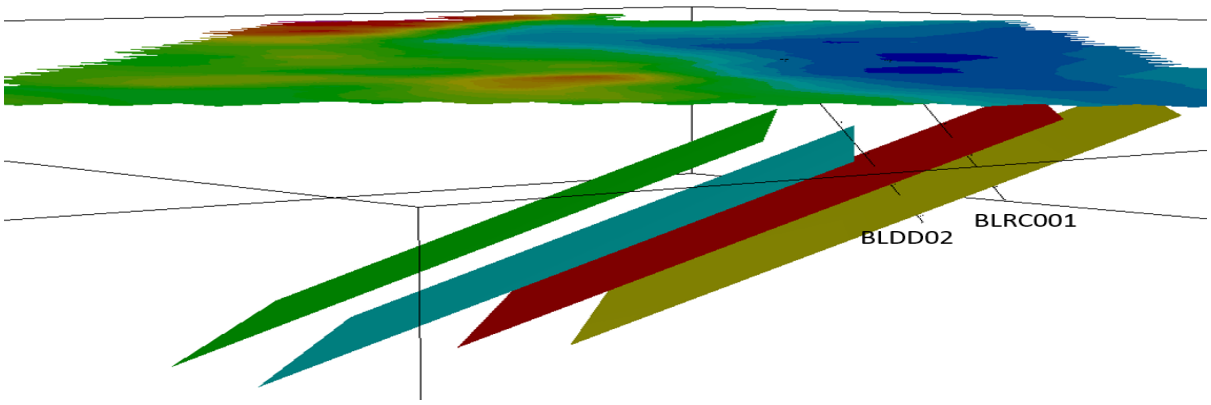

FIGURE 5. Sectional view showing the four interpreted conductive plates, the drill traces for hole BLDD02 and BLRC001 and an image of the resistivity data

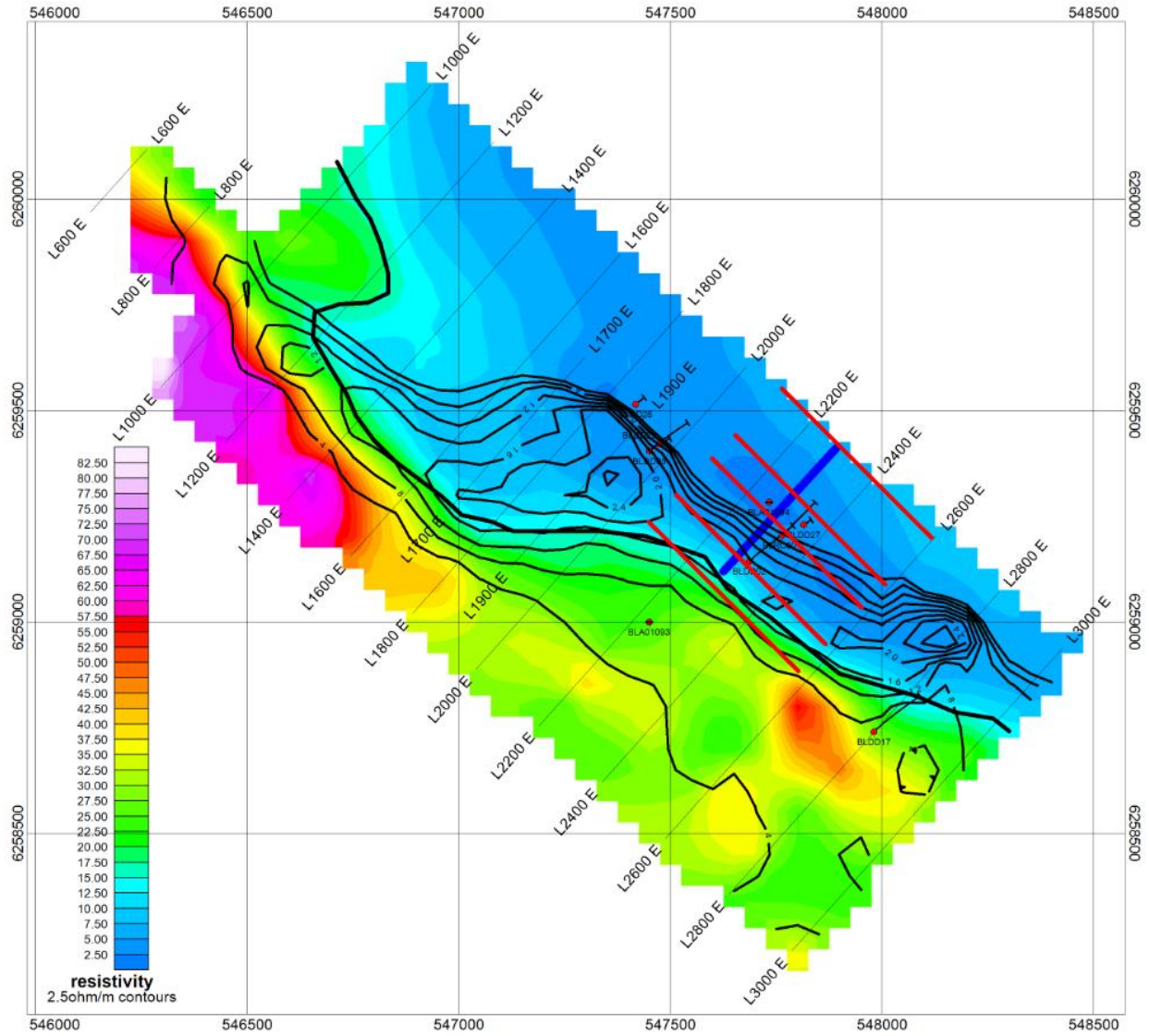

FIGURE 6. Resistivity image with a linear contour interval. Black contours outline the positive chargeability anomaly. The red lines show where the interpreted conductors subcrop. The thick blue line is the recommended drill traverse

Away from the gradient IP grid (refer Figure 4) strong TEM anomalies were interpreted on line 222, 2.1km north of BLDD02 and line 444, 3.2km east of BLDD02. Two previous drill holes were drilled to test the anomalies on lines 222 and 444. Hole number BLRC007 intersected 15m @ 10.2% carbon (start of sampling) and Hole number BLRC003 intersected 18m @ 7.9% carbon including 6m @ 18.7% carbon (start of sampling).

These strong and moderate TEM anomalies demonstrate extensive graphite continuity well away from the gradient IP grid.

1. Report by Blue Sky Geoscience Principal Michael Webb, February 2015 for Oakdale Resources Limited

2. Survey Details – Gradient Array IP

Receiver System

Data acquisition was achieved using a GDD IP receiver.

Model:	GRX32
S/N	1167
A/D converter:	24 bit
Number of rx channels:	16 channel with 6 used on this survey
Input limits:	+/-10 V
Channel times:	20 channel times starting 40msec after turn off.
Chargeability calculation	Integral from 590 to 1540msec after turn off
Temperature range:	-30°C to 54°C

Transmitter

Model:	GGT 30
Input voltage:	120V
Output current:	13.5A
Duty cycle:	50%
Base frequency:	0.125Hz

Personnel

Supervising Geophysicists:	Zonge – Simon Mann
Contractor:	Zonge
Operator:	Rajab Lokiri
Crew :	2 field assistants

Yours sincerely

John Lynch
Managing Director