



05 October 2016

## ASX ANNOUNCEMENT

By Electronic Lodgement

### MRV METALS PTY LTD CONFIRMS JORC RESOURCE – MT GUNYAN

It is with great pleasure the board of Moreton Resources Limited announces its “Maiden JORC” for the Mt Gunyan Deposit which is regarded by the company as a significant prospect, that will support the proposed “Granite Belt Project” as a second phase development opportunity, behind the already announced Twin Hills Mine, to which the Company already released its JORC on September 19, 2016.

This latest advancement, now brings to the potential project precinct to 2 standalone JORC compliant resources and 3 Advanced Exploration Targets that have all now been announced to market during the course of last 3 months. (Hawker Advanced Exploration Target is off the Granite Belt Project ML application area, but with potential to be serviced by centralised processing should a minable resources be proven).

These announcements have now culminated in validating the extensive potential of this proposed project as a Silver, Copper, Gold and potentially other base metals resource. To this end, the companies Environmental Approvals are well advanced and are working through the due process. The Mining Licence application as lodged in late July 2016, also continues to work its way through the due process. The Company is expecting to release a project overview to the market, outlining the Granite Belt Projects’ potential in the next several days.

Specifically however in regard to the Mt Gunyan Silver and Gold Resource the following are the high level Resource Estimates as provided by Datageo Geological Consultants, who are our authorised Competent Person for the Mt Gunyan Asset. The Company is extremely pleased about this validation work and the fact that the resource contains estimated resources of Silver (Ag) and minor Gold (Au), although there had been some significant high grade Gold intercepts that will require follow up in our advancement plans.

Mt Gunyan Mineral Resource above 26.5g/t Ag			
Class	Tonnes	Ag g/t	Au g/t
Measured	160,000	61.0	0.11
Indicated	3,130,000	56.1	0.06
Inferred	399,000	44.7	0.03
<b>TOTAL</b>	<b>3,689,000</b>	<b>55.1</b>	<b>0.06</b>

“The material reported in the table is all material above an RL of 440m at a cut-off to provide an in situ grade of 55g/t Ag. The RL chosen is the minimum elevation (less 10m) which was indicated in open cut optimisation studies conducted by the previous owner on the very similar 2012 model.”

Technical Information relating to the Mt Gunyan Mineral Resource Estimate, taken from DataGeo’s Report, is included with this announcement.



Datageo Geological Consultants' Principal, was the Geology Manager for the former owner and operator of the Twin Hills Mine who estimated the Mt Gunyan Mineral Resource model, upon which this announcement is based.

In addition to the announcements released to the market in July, whereby significant Copper/Silver Exploration Targets in Harrier, Hornet and Hawker were identified, the Company is also currently finalising its total project overview for release to the market. What has been identified at this stage is that there are significant targets throughout the entire approx. 150sqkm of tenement holdings which highlight the potential for Silver, Copper, Zinc, Lead and Gold, which have all been identified through soil sampling and other techniques.

The Company is now in a position to firm up the Granite Belt Project strategy and will commence updating the market in due time, upon the progress of the relevant approvals processes to realise the opportunities highlighted above.

The Company has also been in consultation and negotiation with the current occupiers of the land, and is seeking to finalise a CCA (Conduct and Compensation Agreement) which will allow access to the site, which in turn will allow this exciting project to continue not only through the legislative assessment phases but also the Company's assessments and final determinations upon potential restart strategies.

The board of Moreton Resources is extremely pleased with the progress of not only the MRV Metals subsidiary business but also the MRV Tarong Basin Coal Project, and as such both will form the basis for multiple announcement releases in the following weeks and months.

Regards

**Jason Elks**  
**Executive Chairman**  
**Moreton Resources Limited**

#### **COMPETENT PERSON STATEMENT**

The information in this report/release which relates to Mineral Resources for the Twin Hills Mine, Granite Belt Project is based on and accurately reflect a report prepared by Mr Peter Ball 2016, which accompanies this announcement.

Mr Ball has the necessary experience relevant to the style of mineralisation, the type of deposit and the activity undertaken to qualify as a 'Competent Person' under the JORC Code for Reporting of Mineral Resources and Ore Reserves (2012 Edition).

Mr Ball has given his consent to the inclusion of the information from his Report. Mr Ball is Principal of DataGeo Geological Consultants (an independent geological consultancy) and a member of the Australasian Institute of Mining and Metallurgy.

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## 15.0 Resource Reporting Criteria and Comments

### 15.1 Reporting Criteria

The data and interpretation utilised and the resultant mineral resource estimate for the Mt Gunyan Deposit is summarised as follows: -

- **Geology and Mineralisation Interpretation**
  - The deposit consists of steeply to moderately east dipping roughly north south trending mineralisation hosted by altered sediments and displaying anomalous silver content. The main mineralisation occurs over a strike length of 650m, a depth of 170m to 200m and a width which varies between 20 and 350m.
  - Silver minerals have not been identified, it is suspected that silver occurs in the galena lattice.
  - The zones of mineralisation are wire framed as were surrounding lower-grade anomalous region
  - Gold was modelled in a similar manner but separately to the silver
- **Drill Information and Sampling**
  - The deposit has been drilled from surface using diamond coring, reverse circulation and open hole percussion techniques. The core recovery is generally very good, greater than 95% whilst the quantity of material returned by the other two methods is unknown.
  - Holes were surveyed by DGPS and the orientation and inclination at collar is set out using clinometer. Down hole survey was recorded at intervals averaging 30m down hole with either single or multi-shot cameras.
  - The diamond drilling and sample collection techniques consist of returned core stored in core boxes labelled with the hole number and length contained. The core is transported to the core storage area where it is logged geologically and intervals for analysis are marked up by the site geologist. The intervals selected for analysis had the core either quartered (pre Alcyone) or halved (Alcyone) at site to be sent for preparation and analysis. Standards and blanks were included in Alcyone programs only. Reverse Circulation holes had from sample collected every 1m from the cyclone. Two adjacent samples were combined and riffle split to approximately 3Kg. These sub-samples were stored in numbered calico bags. The open hole percussion samples were also collected at 1m down hole intervals from the cyclone into large numbered plastic bags from which sub-sample was selected by spearing and combined with the adjacent sample into 2m composites.
- **Sample Preparation and Analysis**
  - Drill samples have been prepared and analysed at commercial accredited laboratories in Queensland
  - The preparation is by drying, crushing, riffing and pulverising.
  - Ag and Au content is determined using grade range related methods by either acqu regia or acid digest with atomic absorption or emission spectrometry finish. High grade Ag results (>40ppm) were analysed using similar techniques with higher detection limits.
  - QAQC protocols were only adopted in the most recent Alcyone drilling

- where standards and blanks were included with routine samples submitted to the laboratory at the rate of 1 of each per drill hole.
  - Comparisons of assays from the different sampling types indicated that there was potentially evidence of sample size influencing silver grade.
- Estimation Methodology
  - The drill hole information is composited within the mineralisation interpretation to the most common sample length within the dataset – 2m
  - Grade is estimated by inverse distance with the estimation constrained by a hard boundary representing the interpretation and with grade estimated into a block model with a cell size of 5mE x 20mN x 5mRL from top-cut 2m composite data.
  - Density is applied as a default according to position relative to the weathering profile.
- Validation and Classification
  - The silver and gold block grade estimates are validated against the composites both globally and spatially (for silver)
  - The block estimates are classified according to geological confidence, length of search, number of composites and location. A secondary overview of Indicated blocks was used to re-assign some blocks based on position.
- Reporting
  - Reporting cut-off has been applied to achieve an in situ grade of 55g/t Ag. As such a reporting cut-off of 26.5g/t Ag was been utilised.
  - The reporting location is approximately adjacent to optimal pits generated from studies based on the 2012 model, being above 440mRL.
- Mining and metallurgy
  - No direct metallurgical test work has been located but given Mt Gunyan is considered geologically similar (at least that part of it which is anomalous in silver) to Twin Hills it indicates that finely crushed material would likely return an Ag recovery of +60% in heaps using cyanide. This is based on material grading at least 50g/t Ag.
  - An optimisation based on owner operated open pit mining, crushing, stacking and processing (as per Twin Hills) indicated that the economical cut-off could be set at 26.5g/t Ag based on appropriate parameters and costs at the time – 2012.
- Ownership and Approvals
  - The exploration tenure was acquired by MRV Metals Pty Ltd in 2016 from the Administrator appointed by Alcyone.
  - Tenement applications are in place for a mining license and an overlapping mineral development license which cover the Deposit and the location of previous/existing infrastructure
  - Government Approvals including an environmental authority to recommence a mining, crushing and heap leach processing have yet to be obtained/finalised.

Tables 27 and 28 summarise the assessment and reporting criteria for this estimate and refers only to the data used for such.

Table 27: Sampling Techniques and Data		
Criteria	Explanation	Comments
Sampling techniques	<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> </ul>	The deposit has been drilled and sampled by diamond coring, reverse circulation and percussion methods with holes on variable spacings around the hill. The total metres is 21,575 from 306 holes within the immediate vicinity of the Deposit. The holes are drilled mostly on sections along the NS strike and vary in orientation from perpendicular to the mostly steeply east dipping mineralisation to more down dip.
	<ul style="list-style-type: none"> <li><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> </ul>	Initial surface drilling identified near surface mineralisation which was supplemented by deeper drilling to highlight mineralisation for potential underground mining. The subsequent drill holes mostly in filled and extended the mineralisation coverage down dip. The deeper holes were mostly surveyed using industry standard methods with collars and orientation recorded. The diamond core was logged for sulphide content, lithology and other geological features.

	<ul style="list-style-type: none"> <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>	<p>The diamond core was either HQ or NQ size. The mineralised intervals and adjacent locations were sampled by cutting the core in 1/2 or 1/4 based on the logging. The RC and PC sample return was collected in 1m intervals and either spear or riffle split to collect sub-samples which were combined into 2m down hole composites. The preparation and analysis was undertaken at accredited commercial laboratories. The entire sample was dried and crushed to 2mm and then split and a portion pulverised to 95% passing a minimum of 75microns. The analysis was of aqua regia digested subsamples with either atomic absorption or ICP finish. Not all samples in mineralisation were assayed.</p>
<i>Drilling techniques</i>	<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>	<p>A subset of 296 holes totalling 20,900m was selected as appropriate for resource estimation. Within this subset were diamond drilling (38 holes) with variable orientation, is cored from collar and with a maximum depth of 223m. The core was not orientated. The RC holes (39 holes) mostly oriented to the west with maximum depth of 162m and the PC holes (219 holes) mostly vertical to a maximum depth of 200m.</p>

<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> </ul>	The core recovery recorded in the database indicates it is usually in excess of 95% which is supported by observation and re-measurement from the core in the yard. There is nothing recorded concerning the amount and consistency of material recovered from the RC or PC drilling.
	<ul style="list-style-type: none"> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> </ul>	The cyclone was fully enclosed to reduce dust and thus loss of fines.
	<ul style="list-style-type: none"> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	Whilst no assessment has been reported the competency of the core would tend to preclude any potential issue of sampling bias. However there is some evidence that larger samples may provide more representative samples given the nature of the mineralisation.
<i>Logging</i>	<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> </ul>	Geological recording of lithology, mineralisation, veining, alteration, weathering, structure is appropriate to the style of the Deposit.
	<ul style="list-style-type: none"> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography</i></li> </ul>	geological logging is both in summary and detailed for the information listed above and includes mineralisation type and content, some angle to core axis information (core only), vein type, incidence and frequency. Not all geological logs are recorded in the database but appear on hardcopy logs.
	<ul style="list-style-type: none"> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	the entire length of all holes, apart from any surface casing, was logged.

<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> </ul>	the majority is 1/4ed with the Alcyone core 1/2ed. A mechanical cutting device was used. It is not known if the core was consistently taken from one side of the stick.
	<ul style="list-style-type: none"> <li><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> </ul>	The RC and PC samples were collected at 1m intervals from the cyclone and either riffle split or spear sampled. Two adjacent samples were combined. All material was sampled as returned - usually dry. Wet holes were re-drilled.
	<ul style="list-style-type: none"> <li><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> </ul>	based on information provided and the test work comparisons the field sampling techniques were appropriate. The use of commercial laboratory facilities for the preparation of samples is industry standard practise and the techniques used appropriate to the style of mineralisation.
	<ul style="list-style-type: none"> <li><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> </ul>	Prior to Alcyone QAQC samples (standards and blanks) were not used with only sample duplication for RC and PC holes carried out. Alcyone adopted standards and blanks included with the samples submitted for analysis.
	<ul style="list-style-type: none"> <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> </ul>	Field duplicate sampling from the PC and RC holes, when conducted, is supportive of the original results. 1/2 v 1/4 core comparisons assay results have been observed and are generally fair.
	<ul style="list-style-type: none"> <li><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	The silver mineralisation style and the relatively low local grade variance combined with the domaining and lack of bias between the various drilling sample types provides confidence in the overall silver grade of the deposit being fairly represented.



<i>Quality of assay data and laboratory tests</i>	<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> </ul>	The assay techniques applied for the measurement of silver content is appropriate for the determination of the level of silver in the sample. The routine technique was aqua regia digest with ICP-AES analysis with over range values repeated using a similar digest with atomic absorption spectroscopy finish.
	<ul style="list-style-type: none"> <li><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></li> </ul>	none applied
	<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>	Only the most recent drilling (by Alcyone) has included Standards and Blanks at 1 of each per hole. Fields Duplicates were used for RC and PC drilling. Comparisons between drill sample types revealed some evidence of higher silver grade with increased sample volume.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li><i>The verification of significant intersections by either independent or alternative company personnel.</i></li> </ul>	high grade mineralisation in the core was observed and verified by Alcyone personnel with intercepts compiled correctly.
	<ul style="list-style-type: none"> <li><i>The use of twinned holes.</i></li> </ul>	Twinning of holes (DD v RC/PC) has been conducted with reasonably supportive results.

	<ul style="list-style-type: none"> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols</i></li> </ul>	For most holes primary data was recorded onto paper logs and sample record sheets. More recent directly onto electronic spread sheets and validated against code tables by the database manager.
	<ul style="list-style-type: none"> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>	none undertaken
<i>Location of data points</i>	<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> </ul>	The collar positions are surveyed by a contractor from known surface datum. The orientation and dip at the start of the hole was recorded and similar information down hole is recorded by single shot camera.
	<ul style="list-style-type: none"> <li>• <i>Specification of the grid system used.</i></li> </ul>	The regional grid is GDA94 Zone 56 and the Deposit is laid out on this grid. Elevation is according to AHD.
	<ul style="list-style-type: none"> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>	Topographic control is taken from site surveys and hole collar surveys and is adequate for the control required.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> </ul>	Overall the drill holes are spaced on average on sections along strike between 20m and 50m apart; across strike generally between 5m and 30m but up to 50m (quite variable due to positioning difficulties on the hill) and vertically approximately 30m (but variable) with the most density of information in the top 50 to 80m. This drilling is over the strike length of 650m, a maximum width of 350m (average 250m) and maximum vertical extent of 170 to 200m depending on position.

	<ul style="list-style-type: none"> <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> </ul>	<p>Successive drilling programs have in filled the previous and on the majority of occasions drilling has returned mineralisation in the expected locations. This provides a high degree of confidence in the geological continuity. Close spacing drilling provides good supporting for positioning of mineralisation by zone/domain.</p>
	<ul style="list-style-type: none"> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<p>The sampling reflects the geological conditions. For mineral resource estimation a 2m composite length was chosen given that this is the dominant sample length in the more recent drilling.</p>
<i>Orientation of data in relation to geological structure</i>	<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 deposit type.</i></li> </ul>	<p>The drilling is oriented as best as possible to perpendicular to the geology/alteration containing or controlling the mineralisation. Drilling is in some locations down dip and the influence of this drilling is recognised in the estimation methodology.</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>There may be the opportunity for some bias in holes which are mostly down dip - this is not the norm within the deposit.</p>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<p>The chain of custody adopted by Alcyone and as best known from previous companies is appropriate and based on responsibility and documentation.</p>

<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	DataGeo when working as Alcyone's Geology Manager reviewed field procedures and in combination with the database manager audited the data.
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**Table 28: Estimation and Reporting of Mineral Resources**

<b>Criteria</b>	<b>Explanation</b>	<b>Comments</b>
<i>Database integrity</i>	<ul style="list-style-type: none"> <li><i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i></li> </ul>	The data utilised had been validated by Alcyone and its database management consultant by comparing laboratory result sheets and sample intervals on the drill logs to the contents of the database. The majority of assays were reloaded from original ALS result sheets obtained from ALS's archive. All new drill information was electronically compiled and validated.
	<ul style="list-style-type: none"> <li><i>Data validation procedures used.</i></li> </ul>	The database manager utilises a SQL Server database and loads data with the contents checked against validation tables. The process adopted provided sufficient confidence in the database contents to state that it accurately represents the drill information.
<i>Site visits</i>	<ul style="list-style-type: none"> <li><i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i></li> </ul>	The competent person regularly visited the site as part of his responsibility as Geology Manager for Alcyone.
	<ul style="list-style-type: none"> <li><i>If no site visits have been undertaken indicate why this is the case.</i></li> </ul>	not applicable
<i>Geological interpretation</i>	<ul style="list-style-type: none"> <li><i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i></li> </ul>	The confidence in the geological interpretation is considered good as it is supported drilling, mapping and relatively close spaced drilling. The geological sequence is near identical to the nearby Twin Hills Deposit which is well understood. The mineral domaining is generally against well known orientations.
	<ul style="list-style-type: none"> <li><i>Nature of the data used and of any assumptions made.</i></li> </ul>	Only physical data obtained in the field was utilised.

	<ul style="list-style-type: none"> <li>• <i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i></li> </ul>	The application of hard boundaries to reflect the position of the domains is supported by the field and drilling observations.
	<ul style="list-style-type: none"> <li>• <i>The use of geology in guiding and controlling Mineral Resource estimation.</i></li> </ul>	The presence of alteration in favourable rock types provides the geological control and this combined with presence of silver is used to constrain the interpretation
	<ul style="list-style-type: none"> <li>• <i>The factors affecting continuity both of grade and geology.</i></li> </ul>	The higher-grade silver occurs mostly on the northern and southern flanks of the hill which is generally well mineralised. All silver mineralisation is disseminated within the host rock and/or occurs in association with fine quartz sulphide veins. The position and style of mineralisation impacts the grade continuity.
<i>Dimensions</i>	<ul style="list-style-type: none"> <li>• <i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i></li> </ul>	The deposit occurs over the strike length of 650m, a maximum width of 350m (average 250m) and maximum vertical extent of 170 to 200m depending on position. The deposit remains open at depth. The individual high-grade lens vary between 250m in strike length; up to 20m in width and between 120m and 170m in vertical extent.
<i>Estimation</i>	<ul style="list-style-type: none"> <li>• <i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i></li> </ul>	For silver the modest size of most zones/domains and the subsequent number of included composites plus the good statistical composite behaviour supported the use of inverse distance to the power of 2 as the estimation technique. Grade estimation was carried out in Vulcan <sup>TM</sup> application. Density was assigned by weathering position using default values based on the nearby Twin Hills Deposit. The composites were created within each zone/domain and input to the grade estimation was restricted to those composites which were within the zone/domain being estimated. Top-cuts were applied to the composites based on statistical analysis. Estimated blocks were informed a three step strategy with orientation set to the orientation of the zone/domain being

		estimated. The initial (primary) search was 35m x 25m x 5m in strike, dip and across dip-strike plane. This search range was expanded by double the length for blocks not informed in the primary search and again in the final search strategy. This strategy informed on average 78% of the blocks in the primary and secondary search. For gold inverse distance to the power of 3 was used with domaining and top-cutting strategies applied to the composites.
<i>and modelling techniques</i>	<ul style="list-style-type: none"> <li><i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i></li> </ul>	Comparison of the estimate in global terms to previous model is generally within expectations. There is no production data for comparison.
	<ul style="list-style-type: none"> <li><i>The assumptions made regarding recovery of by-products.</i></li> </ul>	The silver "ore" contains gold which is estimated within the model. Gold is recovered in the leach process with a recovery factor of 45% based on test work.
	<ul style="list-style-type: none"> <li><i>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</i></li> </ul>	No assessment of deleterious elements has been made, it is noted that the "ore" contains some base metals which could interfere with the recovery process.
	<ul style="list-style-type: none"> <li><i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i></li> </ul>	The block model was constructed using blocks which were 5mE x 20mN x 5mRL. Sub-celling to 1/2 the block size in each direction was adopted to ensure accurate volume representation. Grade estimation was to the parent block size.
	<ul style="list-style-type: none"> <li><i>Any assumptions behind modelling of selective mining units.</i></li> </ul>	not applicable
<i>Estimation</i>	<ul style="list-style-type: none"> <li><i>Any assumptions about correlation between variables.</i></li> </ul>	whilst comparisons have been made between silver and gold no correlation

		was observed and the result did not influence the estimation process.
<i>and modelling techniques (continued)</i>	<ul style="list-style-type: none"> <li><i>Description of how the geological interpretation was used to control the resource estimates.</i></li> </ul>	Hard boundaries were applied to the Zones/Domains. Grade was estimated within these boundaries.
	<ul style="list-style-type: none"> <li><i>Discussion of basis for using or not using grade cutting or capping.</i></li> </ul>	Statistical analysis of the silver indicated that it was fairly normally distributed according to the coefficients of variation thus only the extreme outliers were controlled by top-cutting. For gold the populations were positively skewed and thus to minimise the influence of higher-grade composites they were top-cut and their influence was restricted to the primary search distances.
	<ul style="list-style-type: none"> <li><i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i></li> </ul>	Volume validation was carried out by comparison of the solids representing the mineralisation to the block model. Grade validation was carried by both global comparison of the average estimated grade to the average input grade and spatially by comparison of the estimated grades to the input grades by position. Also visual comparison was used.
<i>Moisture</i>	<ul style="list-style-type: none"> <li><i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i></li> </ul>	The tonnages were estimated using default density applied by weathering profile position. The defaults were based on information from the nearby Twin Hills Deposit.
<i>Cut-off parameters</i>	<ul style="list-style-type: none"> <li><i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i></li> </ul>	A 30g/t Ag boundary appears to define statistically and geologically the margins of the more continuous higher-grade mineralisation whilst 10g/t Ag provides the extent of the mineralisation. Gold zones were defined using a 0.1g/t boundary given there was gold outside the silver zones.

<p><i>Mining factors or assumptions</i></p>	<ul style="list-style-type: none"> <li>• <i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i></li> </ul>	<p>No mining has occurred. The 2012 model was optimised using 65% silver recovery on a crushed ore heap cyanide leach process. Mining, blast, haul, crushing, stacking and processing costs were driven by owner operation using existing mining fleet, and upgraded crushing and stacking infrastructure. The basis for comparison was the nearby Twin Hills operation and any mining at Mt Gunyan would utilise infrastructure and process at Twin Hills. A target grade of 55g/t Ag in situ is thought necessary and a reporting cut-off of 26.5g/t Ag is required.</p>
<p><i>Metallurgical factors or assumptions</i></p>	<ul style="list-style-type: none"> <li>• <i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the</i></li> </ul>	<p>Given the geological similarities it is thought that the metallurgical characteristics of the Deposit will be similar to Twin Hills and thus amenable to heap leaching with cyanide. Late in its project ownership Alcyone commenced column testing but the results have not been made available if indeed the tests were completed.</p>



	<i>metallurgical assumptions made.</i>	
<i>Environmental factors or assumptions</i>	<ul style="list-style-type: none"> <li><i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i></li> </ul>	The project is within an application for a mining license. All of the necessary licensing and environmental approvals need to be obtained.

<i>Bulk density</i>	<ul style="list-style-type: none"> <li><i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i></li> </ul>	Density has been assumed based on results achieved at the nearby Twin Hills Deposit. The assumptions are applied to the model by weathering position.
	<ul style="list-style-type: none"> <li><i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</i></li> </ul>	No specific measurements have been made at Mt Gunyan.
	<ul style="list-style-type: none"> <li><i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i></li> </ul>	The material is generally fairly uniform as evidenced from the core and the geological setting. Application of weathering position is felt appropriate but direct measurement is required to confirm the defaults.
<i>Classification</i>	<ul style="list-style-type: none"> <li><i>The basis for the classification of the Mineral Resources into varying confidence categories.</i></li> </ul>	The classification is based on the quality and amount of input data and the physical domainning which is supported by drilling observation of the mineral system. Shortcomings in QAQC have been offset by the amount of drilling data. Higher confidence areas have more supporting data, areas of lower geological support reflect a lower classification.
	<ul style="list-style-type: none"> <li><i>Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i></li> </ul>	The input data particularly the more recent is consistent and closely spaced enough to support the projection of the geological interpretation at depth. Later drilling programs have successfully in filled earlier programs in mineralised locations predicted by the initial program. The estimated grade correlates reasonably well with the input data given the nature of the mineralisation.

	<ul style="list-style-type: none"> <li>• <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i></li> </ul>	The Mineral Resource estimate reflects the Competent Persons understanding of the Deposit.
<i>Audits or reviews.</i>	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of Mineral Resource estimates.</i></li> </ul>	No audits have been undertaken but comparison to previous models by other companies indicates that the model is appropriate in tonnes and grade at a global scale.
<i>Discussion of relative accuracy/ confidence</i>	<ul style="list-style-type: none"> <li>• <i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i></li> </ul>	relative accuracy has not been quantified given the mineral resource is volume and sample constrained. The confidence in the mineral resource is defined by the classification adopted as per the guidelines of the 2012 JORC code.
	<ul style="list-style-type: none"> <li>• <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></li> </ul>	The statement relates to global estimates of tonnes and grade.

	<ul style="list-style-type: none"> <li>• <i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i></li> </ul>	no comparisons are able to be made.
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## 15.2 Comments

Generally the confidence in the resource estimate is quantified in the classification with in the case of Mt Gunyan the following being major influences: -

- input data – whilst there is some uncertainty in the knowledge concerning the older data (pre Alcyone) and the mix of drill sample types there is sufficient understanding and support for the sample information to have good confidence in the outcome.
- mineralisation interpretation – based on core logging and surface mapping and has similarity to the well understood and nearby Twin Hills Deposit which has had a significant amount of mining support
- estimation methods - the variation in the drill information from zone to zone and within zones supports the use of the techniques adopted. This was confirmed by the statistical and to a lesser extent the geo-statistical analysis.

The following issues/observations are made concerning the mineral resource: -

- The QAQC information from pre-Alcyone data is almost non-existent and from the Alcyone program is limited. A re-sample program from the existing core should be undertaken for confirmation purposes. Although this shortcoming is significant given the amount of drill information and it's confirmed location it is felt that it would not significantly impact the mineral resource
- The data collection procedures and data storage techniques need to be formally audited to demonstrate compliance with industry practise and standards.
- Specific gravity information should be collected over the extent of the mineralisation by weathered position
- The geology logs need to be entered into the database
- The impact of potential deleterious metals needs to be determined to see if such needs to be modelled for predictive purposes.
- A geological model needs to be established.

Overall there does not seem to be much risk with the global silver mineral resource in the form presented.

**It is important to be aware that the estimation technique adopted produces smoothed grade outcomes. It is therefore appropriate only to reporting of this resource at or about the mineralisation boundary grade. Any attempt to raise the reporting cut-off above this could/would produce unreliable results.**

The higher grade silver zones within the larger overall domains are on some occasion quite small – i.e. at the minimum down hole width of 2m. These should be reviewed against the overall mining requirement to ascertain if the strategy is supportable in a mining sense.

#### **16.0 Competent Person Statement**

The information in this report that relates to Mineral Resources is based on information compiled by Peter Ball, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy, membership number 109775.

Mr Ball is employed by and is a Director of DataGeo Geological Consultants and was contracted by MRV Metals Pty Ltd to update the mineral resource stated within this report.

Peter Ball 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 Resources and Ore Reserves. Peter Ball consents to the use of the information within this report in the form and context in which it appears.



Peter Ball  
Date: 30<sup>th</sup> September 2016