# Drilling at Schiedam confirms and extends gold system


**KalNorth Gold Mines Limited**

**Date: 10 June 2016**

**ASX Code: KGM**

**Issued Capital**
894.24 million Ordinary shares

**Current Share Price**
$0.029

**Market Capitalisation**
$25.93 million

**Board Members**
Jiajun Hu
Non-executive Chairman

Lijun Yang
Executive Director & Company Secretary

Yuanguang Yang
Non-executive Director

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**Projects**
**Eastern Goldfields-Western Australia**

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

**The Board of KalNorth Gold Mines Limited ("KalNorth or the "Company", ASX: KGM) is pleased to provide a report and update on the results of an Aircore drilling program completed at the Schiedam Prospect at Kurnalpi. The prospect was identified as an emerging new gold trend as a result of an initial drilling program in December 2015 evaluating a high priority target defined from a geophysical interpretation of the Kurnalpi Project. The company is pleased with the initial success at Schiedam, a result of an investment in acquiring and interrogating detailed gravity and aeromagnetic data in early 2015.**


Summary:

- Infill and extensional geochemical blade refusal drill program confirms and extends main Schiedam gold in basement anomaly
- Better results from the 29 hole program include:-
  4m at 2.50gpt Au from 52m in KUAC409
  12m at 0.60gpt Au from 64m in KUAC423
  4m at 2.13gpt Au from 56m in KUAC425
- Gold anomaly related to zone of demagnetization of regional stratigraphy and gravity low within altered ultramafic rocks.
- Basement rocks masked by up to 30m of Palaeochannel clays, sands and recent gravels that has hindered previous exploration last undertaken in the mid 1990's
- Broader geochemical gold anomaly defined over a 1500m strike length from wide spaced air core drilling.
- Planning underway for additional air core drilling and deeper RC drilling being advanced.

## Kurnalpi Project (100% KGM)

In April, the company completed a small phase (29 holes, 2039m) of angled air core drilling at the Schiedam Prospect ( Figure1) to follow up the positive gold results returned from an initial drill test in December 2015 ( refer December 2015 Quarterly report). The Schiedam Prospect was recognized as a top priority target subsequent to a geophysical interpretation of the Kurnalpi Project undertaken in early 2015. The target was based primarily 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 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 of the basement lithologies. 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 and the Palaeochannel cover sequence. The initial drill test in December 2015 was completed over a 2km strike length with east-west lines spaced at approximately 320-400m apart and holes at 80m centers

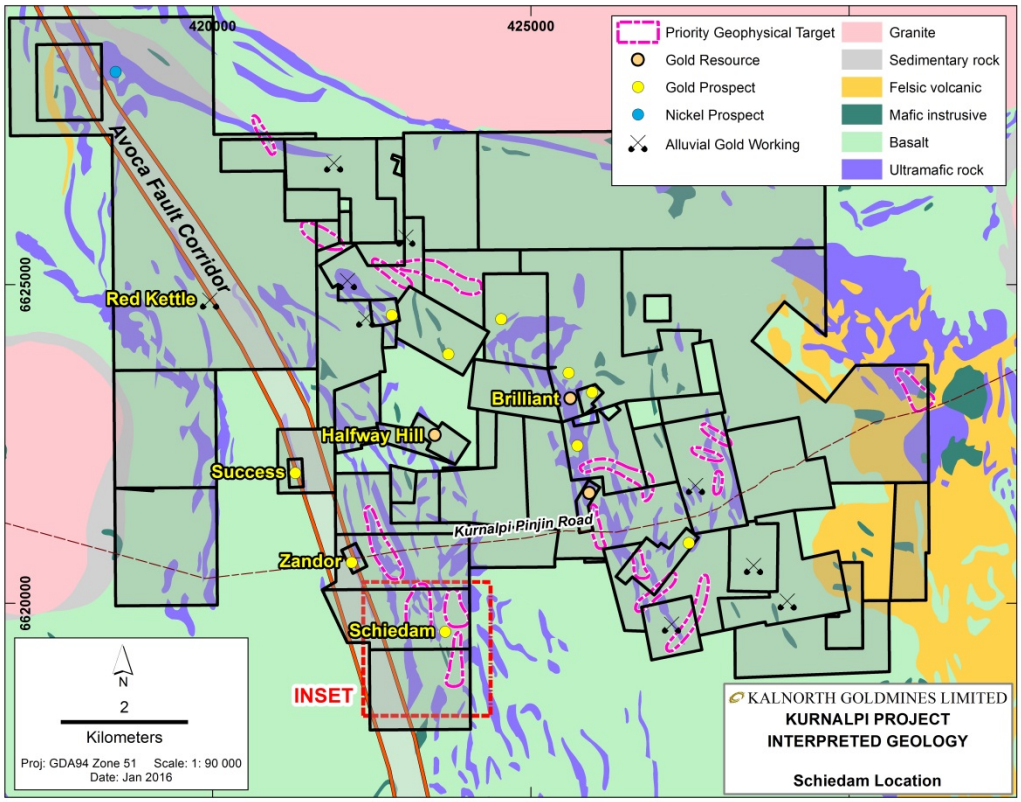



**Figure 1 Kurnalpi Project-Schiedam Prospect location**

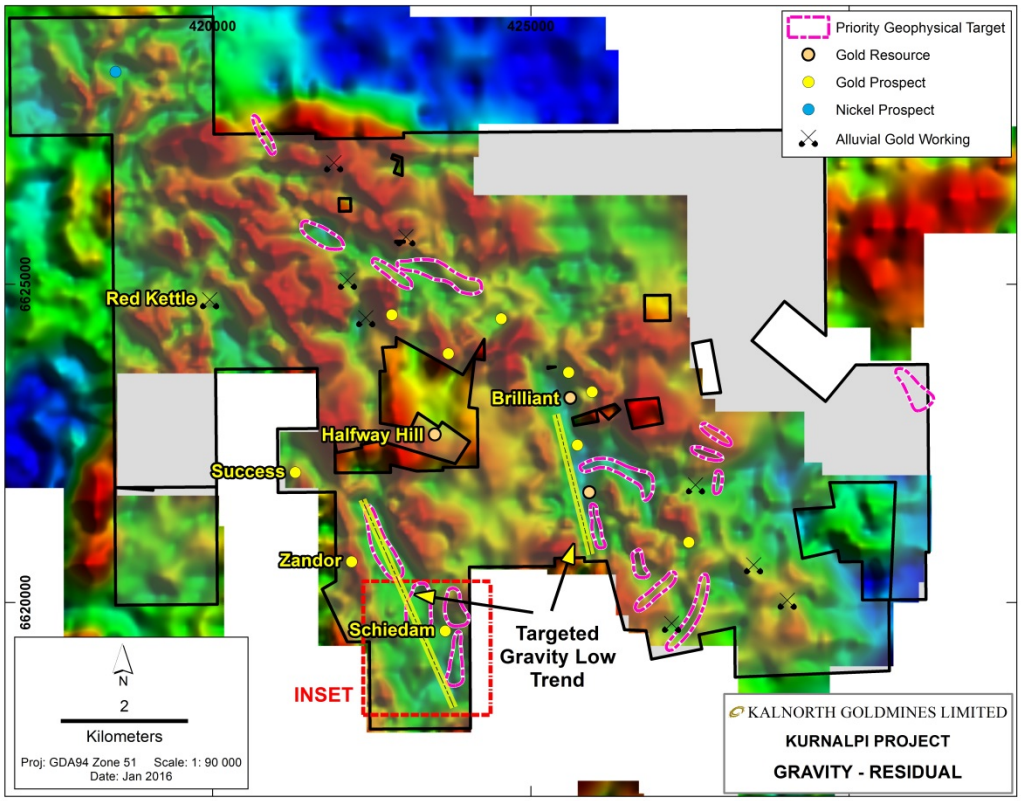



**Figure 2 Kurnalpi Project –Residual Gravity Image and prospect locations**

Encouraging intersections (plus 0.30gptAu) were returned from 16 of 52 holes drilled at Schiedam which included 17m at 1.03gpt Au in hole KUAC 371 and 8m at 1.43gpt Au in hole KUAC369 with the main intersections defining an anomalous gold trend over a 1000m strike length ( Refer ASX:KGM December 2015 Quarterly report). 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 .The ultramafic rocks consist of komatiite and High Mg basalt that transition to quartz carbonate-fuchsite altered rock with minor quartz veining.

The success of this program, led to a follow up small program of angled air core drilling to infill the better results on existing drill lines to 40m drill centres but to also to complete two infill drill lines and two extensional lines with holes at 80m centres. The aim of this program was to confirm and increase the drill density over the core gold anomaly recognized from the 2015 drill program. The drill spacing is down to 160m between drill lines and either 40-80m between drill holes over a strike length of approximately 750m. The drilling intersected a sequence of predominantly variably altered and weakly deformed ultramafic rocks (komatiite). The most intensely altered zones are now manifested as a quartz carbonate fuchsite rock.

The gold results from the April 2016 drill program were very encouraging with 10 of the 29 holes drilled recording drill intercepts of greater than 0.30gpt Au ( refer Table 1) which are considered anomalous given the wide spaced pattern of the drilling to scope out the geochemical footprint of the system. This and the results of the 2015 drill program have now defined a northerly trending basement gold system over a 500m strike length and with a

width of 50-100m wide based on interpretation of the maximum gold value in the drill hole.(Figure 3). Importantly infill drilling around Hole KUAC 371 (17m @1.63gpt Au EOH) was supported by hole KUAC 417 which intersected 5m at 0.36gptAu from 76m to EOH. (refer Figure 4). This has defined a gold system at the base of each hole which are 40m apart and is a key target for follow up deeper reverse circulation or diamond drilling.

The company is very encouraged by the results of the recent drill program that has confirmed and extended an emerging gold discovery in the Kurnalpi Project. The success of this initial discovery can be attributed to the acquisition of detailed gravity data and interrogation-interpretation of geophysical data in early 2015 by the companys consultants Core Geophysics that led to the recognition of the area as a priority target for evaluation.

Planning is underway for additional infill air core drilling of the main Schiedam anomaly and additional gold anomalies along the 1500m. In addition, planning of early stage diamond drilling to gain a better appreciation of the geology and structural attributes of the basement rocks is also in progress and expected to commence in the June quarter.

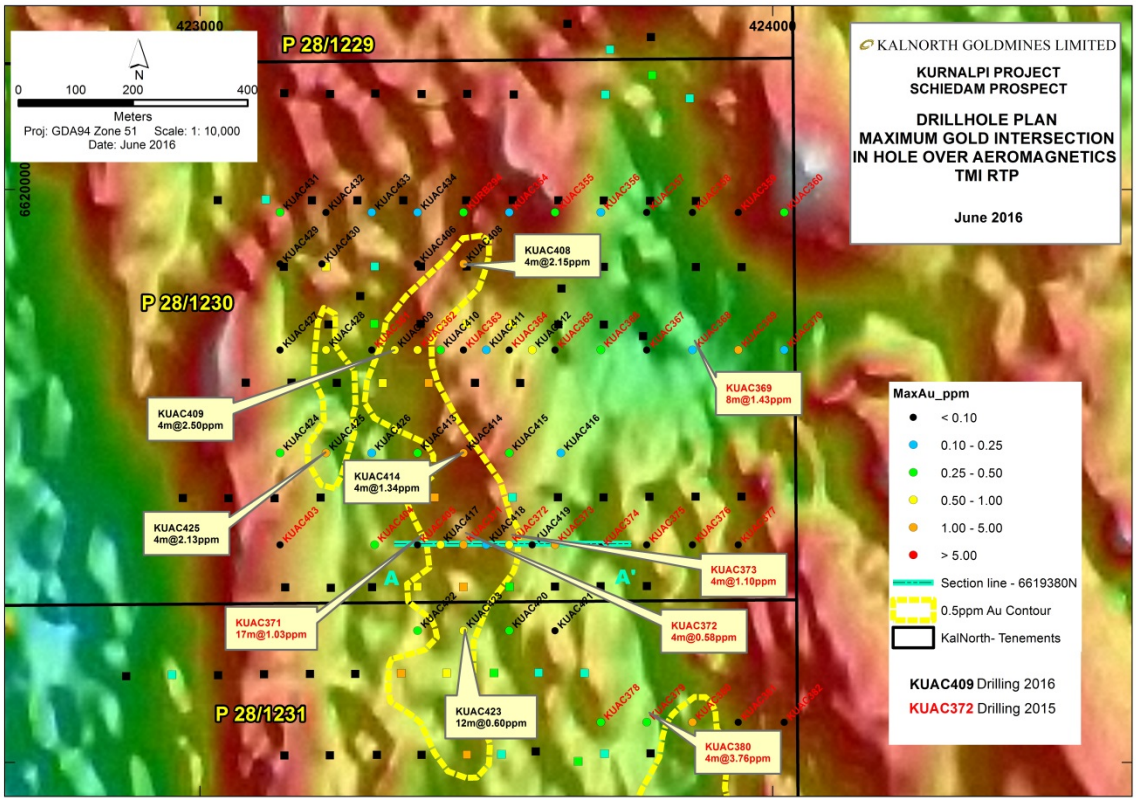



**Figure 3-Schiedam Prospect-TMI RTP Aeromagnetic Image with drill hole plan.**

**Table 1- April 2016 AirCore Drilling Results Schiedam Prospect-Kurnalpi Project**

Drill hole intersections are calculated with a 0.3gpt Au lower cut including 4m of internal dilution and minimum sample width of 4m. Samples are routinely collected as 4m composite intervals, with the last sample of each hole varying between 1-5m dependent on final hole depth. Only significant (>0.30ppmAu) 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) |
|---|---|---|---|---|---|---|---|---|---|
| KUAC408 | 6619870 | 423460 | 363 | -60 | 270 | 68 | 48 | 52 | 4m @ 2.15 ppm |
| KUAC409 | 6619720 | 423340 | 363 | -60 | 270 | 73 | 44 | 48 | 4m @ 0.55 ppm |
| KUAC409 | | | 363 | -60 | 270 | | 52 | 56 | 4m @ 2.50 ppm |
| KUAC412 | 6619720 | 423580 | 363 | -60 | 270 | 69 | 44 | 52 | 8m @ 0.37 ppm |
| KUAC413 | 6619540 | 423380 | 363 | -60 | 270 | 84 | 72 | 76 | 4m @ 0.50 ppm |
| KUAC414 | 6619540 | 423460 | 363 | -60 | 270 | 84 | 52 | 56 | 4m @ 1.34 ppm |
| KUAC417 | 6619380 | 423420 | 363 | -60 | 270 | 81 | 68 | 72 | 4m @ 0.59 ppm |
| KUAC417 | | | 363 | -60 | 270 | | 76 | 81 | 5m @ 0.36 ppm |
| KUAC420 | 6619230 | 423540 | 363 | -60 | 270 | 86 | 56 | 64 | 8m @ 0.39 ppm |
| KUAC423 | 6619230 | 423460 | 363 | -60 | 270 | 78 | 64 | 76 | 12m @ 0.60 ppm |
| KUAC425 | 6619540 | 423220 | 363 | -60 | 270 | 60 | 56 | 60 | 4m @ 2.13 ppm |
| KUAC428 | 6619720 | 423220 | 363 | -60 | 270 | 60 | 4 | 8 | 4m @ 0.57 ppm |

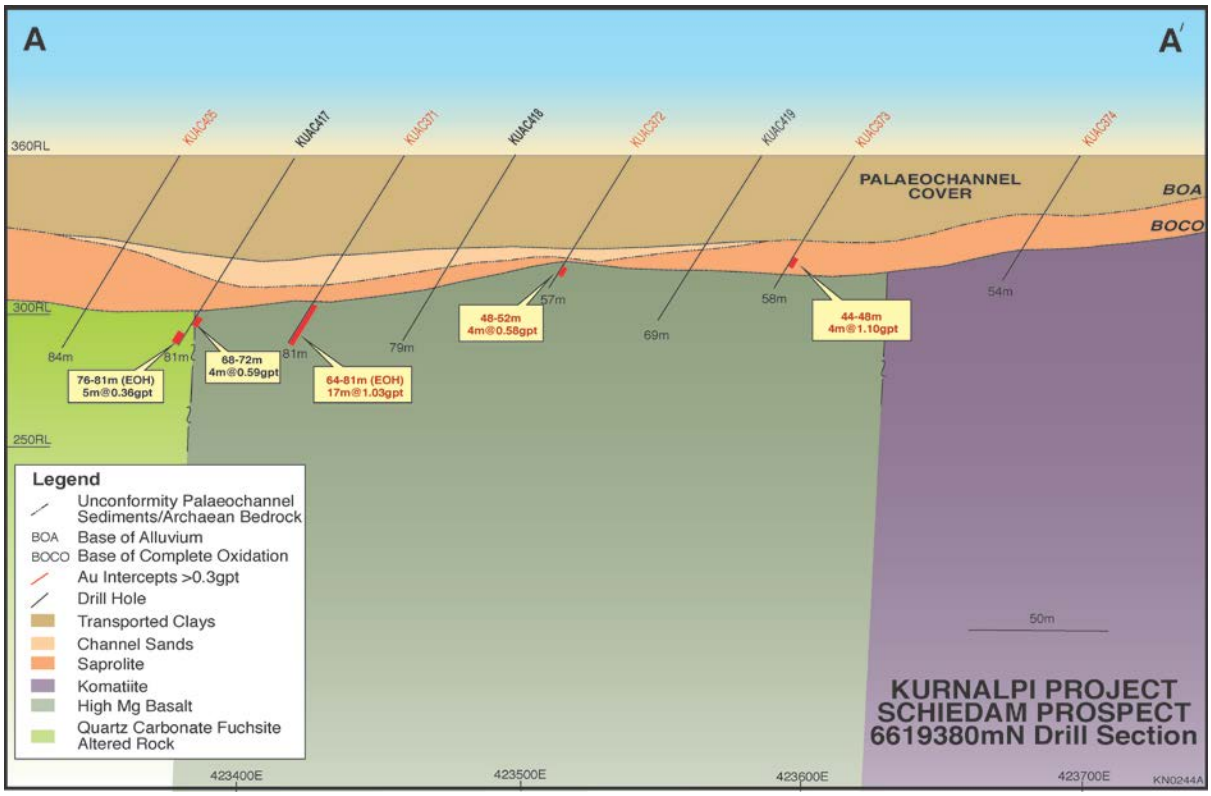
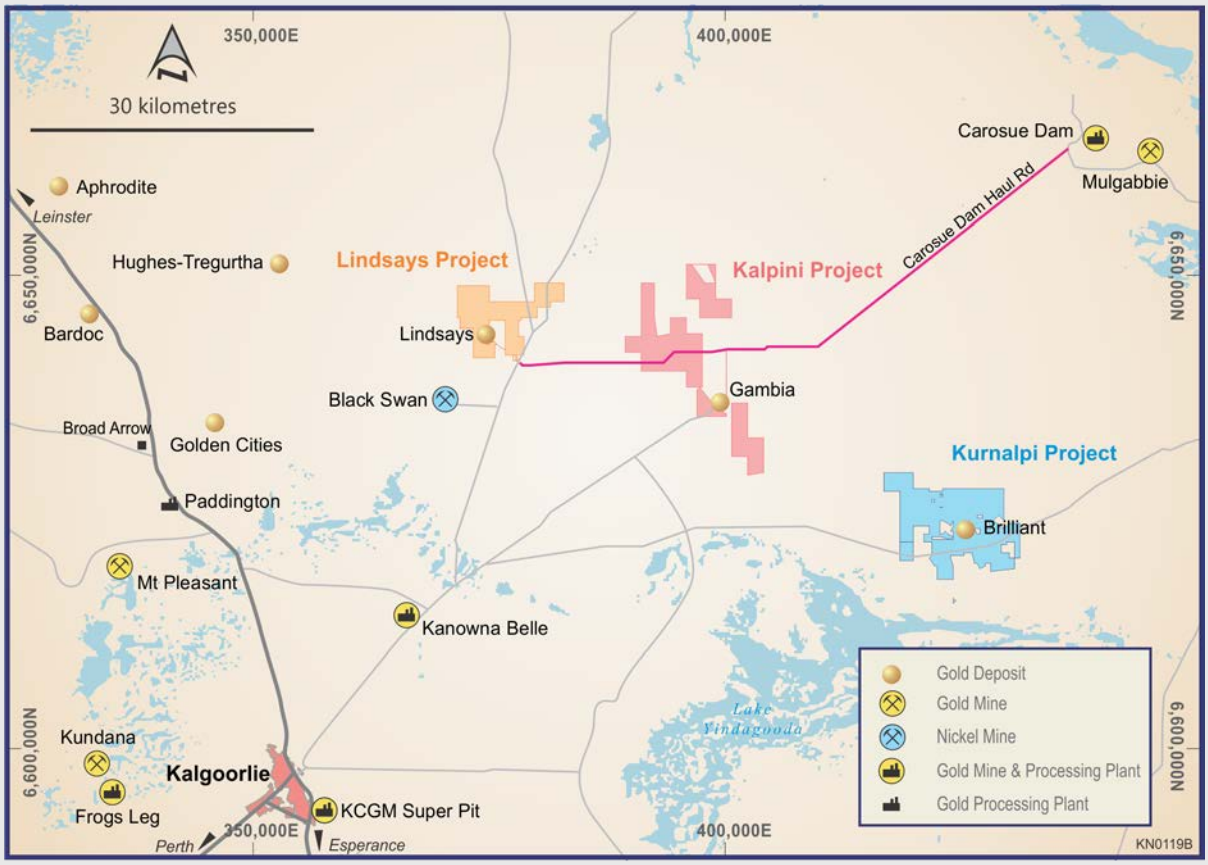



**Figure 4 Schiedam Prospect –Drill Section 6619380N**

NSI=No Significant Intersection

**For further information please contact:**

**Lijun Yang**
**Executive Director and Company Secretary**
**Email**: info@kalnorthgoldmines.com




*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**

*Information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr Lijun Yang, a Competent Person who is a member of Australian Institute of Geoscientists. Mr Yang is the Executive Director of KalNorth Gold Mines Limited. Mr Yang 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 Yang consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

**JORC CODE, 2012 Edition-Table 1 Report – Kurnalpi Project –Schiedam-Zandor-Red Kettle Prospects-as at 10 June 2016**

## SECTION 1: SAMPLING TECHNIQUES AND DATA

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| ***Sampling techniques*** | • *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.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *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.* | • The sampling noted in this release has been carried out using AirCore (AC) drilling at the Schiedam Prospect.. The AC program comprised 29 angled holes for 2039m, holes varying in depth from45-87m with and average depth of 60m. All holes were drilled -60$^0$ to 270$^0$ at 80m centres on new infill lines, and 40m on existing drill lines.<br>• Sampling and QAQC protocols as per industry best practice with further details below.<br>• AC samples were collected from the cyclone at 1m intervals and laid out in rows of 10m (10 samples) on the ground. Composite 4m samples were then collected by scoop sampling the 1m piles with a flour scoop 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. |
| ***Drilling techniques*** | • *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).* | • The AirCore (AC) drilling was completed by Raglan Drilling (Kalgoorlie). 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 palaeochannel puggy clays and fine sands. |
| ***Drill sample recovery*** | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *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.* | • The majority of the samples collected from the AC drill program were dry. Minor AC samples were wet at the base of the holes.<br>• 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 puggy moist transported clays.<br>• Drilling with care (eg. clearing hole at start of rod, regular cyclone cleaning) if water encountered to reduce incidence of wet – sticky sample and cross contamination.<br>• 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. |
| ***Logging*** | • *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* | • Detailed logging of, regolith, lithology, structure, mineralisation and recoveries recorded in each hole by qualified geologist and exploration manager.<br>• Logging carried out by sieving 2m |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | composite sample cuttings, washing in water and the entire hole collected in plastic chip trays for future reference.<br>• Every hole was logged for the entire length. |
| ***Sub-sampling techniques and sample preparation*** | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *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.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • No core drilling completed<br>• 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. Collected 4m Samples placed in plastic and/or polyweave bags for despatch to assay laboratory.<br>• The sample preparation of the AC follows industry best practice, involving oven drying, pulverising, to produce a homogenous sub sample for analysis.<br>• 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. |
| ***Quality of assay data and laboratory tests*** | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>• *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.*<br>• *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.* | • Samples routinely analysed for gold using the 40gram Fire Assay digest method with an AAS finish at Bureau Veritas's Kalgoorlie Laboratory. A Bottom of Hole (BOH) sample was also collected and analysed for a full suite of multielements by XRF and LA ICPMS at the Bureau Veritas laboratory in Perth.<br>• Gold intercepts calculated with primary Au gold values with Au1 repeat values excluded.<br>• No geophysical tools, spectrometers or hand held XRF instruments used.<br>• 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. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| ***Verification of sampling and assaying*** | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • The results have been reviewed by alternative company personnel and no errors identified.<br>• No twin holes were drilled.<br>• Capture of field logging is electronic using Toughbook hardware and Logchief software. Logged data is then exported as an excel spreadsheet to the Companys 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.<br>• There has been no adjustment to the assay data. The primary Au field reported by the laboratory is the value used for plotting, interrogating and reporting. |
| ***Location of data points*** | • *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • 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.<br>• Grid System – MGA94 Zone 51.<br>• Topographic elevation captured by using reading from Garmin hand held GPS with an accuracy of+-10m and considered suitable for the flat terrain. |
| ***Data spacing and distribution*** | • *Data spacing for reporting of Exploration Results.*<br>• *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.*<br>• *Whether sample compositing has been applied.* | • Hole spacing at nominal 80m centres on new in fill east west orientated drill lines with line spacing's varying from 160m to 320m. Infill drilling to 40m centres on existing drill traverses completed in December 2015.<br>• RAB and AC samples composite range 2-5m but generally 4m. No assay compositing has been applied. |
| ***Orientation of data in relation to geological structure*** | • *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>• *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.* | • The East West orientated drill traverses considered effective to evaluate the northerly trending 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<br>• 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. |
| ***Sample security*** | • *The measures taken to ensure sample security.* | • 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. BOH samples sent to Bureau Veritas Laboratory in Perth.<br>• Bureau Veritas check the samples received against the KGM submission form to notify of any missing or extra samples. Following |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | analysis the sample pulps and residues are retained by the laboratory in a secure storage yard. |
| ***Audits or reviews*** | • *The results of any audits or reviews of sampling techniques and data.* | • All results of this drill program were reviewed by the Exploration Manager and Executive Director. No specific site audits or reviews have been conducted. |

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

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| ***Mineral tenement and land tenure status*** | • *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>• *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.* | • 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 Prospecting Licence's P28/1230 and P28/1231 held 100% by Lusitan Prospecting Pty Ltd and are in good standing. The company signed a mining agreement in December 2012 with the Central East Native title group.<br>• The tenements are current and in good standing with the Department of Mines and Petroleum (DMP) of Western Australia. |
| ***Exploration done by other parties*** | • *Acknowledgment and appraisal of exploration by other parties.* | • At the Schiedam Prospect located within P28/1230 and P28/1231, the 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 (2015-2016) exploration by KGM has included detailed ground based gravity surveys, geological interpretation and Ac drilling ( Dec 2015). |
| ***Geology*** | • *Deposit type, geological setting and style of mineralisation.* | • The Kurnalpi Project is located in the Eastern Goldfields Province of Western Australia and covers Archaean age predominantly ultramafic and mafic stratigraphy. The |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | 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 Prospects which lie adjacent (east) 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 (palaeochannel). Recent and historical drilling has intersected broad zones of quartz carbonate fuchsite altered rock, considered to be a former Ultramafic.. |
| ***Drill hole Information*** | • *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*<br>• *easting and northing of the drill hole collar*<br>• *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>• *dip and azimuth of the hole*<br>• *down hole length and interception depth*<br>• *hole length.*<br>• *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.* | • Tables containing drill hole collar, survey, and intersection data for material (gold intersections >0.30gpt Au) drill holes are included in Tables in the body of the announcement.<br>• No Information has been excluded.<br>• There are historical drill holes within the Schiedam Prospect and these are depicted on the drill hole plan in the announcement. |
| ***Data aggregation methods*** | • *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.*<br>• *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.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • 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.<br>• Where present, higher grade values are included in the intercepts table and assay values equal to or > 1.0 g/t Au have been stated on a separate line below the intercept assigned with the text 'includes' .<br>• Reported AC results have been calculated using a minimum intercept width of 4m. Anomalous composite samples have not been resampled as individual 1m intervals.<br>• No metal equivalent values or formulas used. |
| ***Relationship between mineralisation widths and intercept lengths*** | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be* | • All results are based on down-hole metres.<br>• Given the wide spaced reconnaissance nature of the drilling the geometry of the mineralisation reported is not sufficiently known and the true width is not known |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | *reported.*<br><br>• *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').* | |
| ***Diagrams*** | • *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.* | • Appropriate summary diagrams (section & plan) are included in the accompanying announcement. |
| ***Balanced reporting*** | • *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | • Significant assay results are provided in Table 1 for the recent KGM drill program.<br>• Drill holes with no significant results are not reported.<br>• Significant assay results from historical drilling are tabulated in the body of the report. |
| ***Other substantive exploration data*** | • *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | • All relevant data has been included within this report. |
| ***Further work*** | • *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br><br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | • Follow up Reverse Circulation drilling is being considered for the Schiedam Prospect to allow a deeper testing of the mineralisation defined by the air core drilling |