



EAGLE MOUNTAIN MINING

ASX Announcement | Date 22 JANUARY 2019

Quarterly Report December 2018

HIGHLIGHTS

- Diamond drilling at the Silver Mountain copper-gold project in Arizona commenced during the quarter following the successful completion of water well drilling
- Diamond drilling continued during the quarter along the Pacific Horizon exploring for both Proterozoic VMS and Cu-Au Quartz-Carbonate Breccia
- Extensive alteration was intersected in most of the drill holes
- Two additional drill holes have been planned near the Pacific Mine to further test the alteration and structural setting

Eagle Mountain Managing Director, Charles Bass, commented:

"The Company commenced the first modern drilling program over the consolidated Silver Mountain project area during the quarter following the completion of a very productive water well on our privately held licences.

Whilst it is early days at Silver Mountain, we are excited by what we are seeing in the drill core. The extent of alteration certainly supports the initial observations that there are at least four different styles of mineralisation in this complex project. We announced plans to test for mineralised breccia at depth by drilling two new holes not part of the original drill program.

I am looking forward to the completion of drill core logging and receiving all assays from the drill holes along the Pacific Horizon. Putting the results into context will allow us to assess the mineralisation potential along the Pacific trend.

During the current quarter, we will be moving the drill rig to explore the porphyry mineralisation potential at the Scarlett prospect."



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DIAMOND DRILLING

What is commonly regarded as "exploration success" is the discovery of a quality ore deposit. Such an achievement demands several geologic criteria be fulfilled. The purpose of drilling is to establish that those criteria exist, and then use these criterion "clues" to vector into a zone where they all come together - that nexus is an ore body. The criteria commonly regarded as necessary are:

- a) a "source" of metal-bearing fluids;
- b) a "plumbing system" to deliver those fluids;
- c) a physical "setting" where those fluids can deposit their metals; and
- d) "preservation" - a place that preserves those metals without later break-up or disruption.

Drilling at the Pacific Horizon prospect is in its infancy. In designing the drill holes, we drew on whatever information had been previously collected (surface sampling, mapping, and geophysics) as well as the experience and professional sense of our technical staff.

There is a detailed process that is required to be able to accurately assess each of these criteria and put all information into context, so as to establish the potential for an orebody to exist, and the type of orebody. This process is as follows:

- 1) Achieving good core recovery – not rushing drilling and destroying core in the process;
- 2) First pass core assessment by drill geologists (preliminary logging and photographs);
- 3) Transfer of core to Silver Mountain's core yard in Tucson and matching core to that photographed by drill geologists to insure no issues during transport;
- 4) Detailed structural measurements of oriented whole core (physical setting and plumbing systems);
- 5) Physical measurements are made, such as bulk density;
- 6) Detailed logging of rock type, alteration type, intensity and minerals (source, physical setting and preservation);
- 7) Detailed photography of wet and dry core;
- 8) Cutting of selected lengths of core with half the core sent for assay and half preserved;
- 9) Bagging and tagging of cut core sent for assay; and
- 10) Assay analysis.

Once all the above information from all drill holes in a drill program has been thoroughly analysed, then we have the required information to vector into zones where they all come together, possibly indicating an orebody. This is when a second phase of drilling is planned.

Prior to the Christmas break, drilling was completed on the first 8 holes of the initial proposed 27-hole program. Drilling is progressing as expected with detailed drill core logging and assaying being conducted on a continuous basis.



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Figure 1. Drill Rig at the Pacific Mine – Hole 1

Drilling along the Pacific Horizon was designed to test for two of the four styles of mineralisation at the Silver Mountain Project (refer to ASX announcement dated 14 December 2018):

- Cu-Au Quartz-Carbonate Breccia
- Proterozoic VMS (Volcanogenic Metal Sulphide)

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Figure 2. Quartz-Carbonate Breccia with disseminated chalcopyrite – Hole 5

The high grade Cu-Au Quartz-Carbonate Breccias that are found on the waste dumps of the Pacific and Buffalo Mines have no surface expression, and are thought to exist as discrete buried pods of mineralisation. It is difficult to target this style of mineralisation and drilling may provide only a proximal indication of their existence.

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Figure 3. Hydrothermal Brecciation and Veining, Brecciation and Alteration in meta chert – Hole 7

Unlike the buried Quartz-Carbonate Breccias, the Proterozoic VMS expresses itself at surface as a well-defined gossanous horizon (Pacific Horizon) that extends for over 9 kilometres of strike length. Drilling has proven this system extends to depth and is highly altered in many places with several pulses and styles of alteration fluids (see Figure 3 above). It is critical to understand the faulting and fracturing systems that led to this fluid influx.



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The orientation of initial diamond drilling was designed to be perpendicular to the trend of the Pacific Horizon. However, analysis of core samples showed that some structures associated with alteration are not effectively tested by the current drilling orientation (refer Figure 4 below).

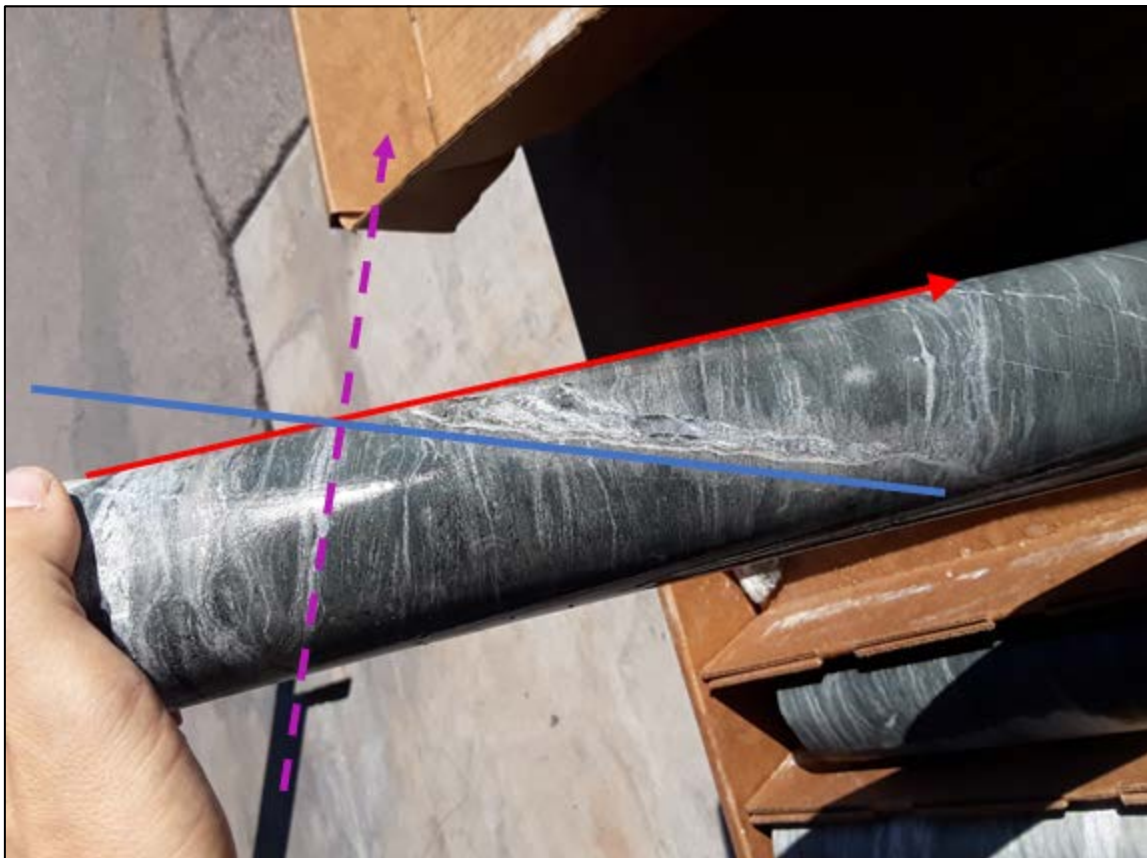


Figure 4 Correlation between current drilling orientation (red) and quartz-carbonate veining (blue line, parallel to actual vein). The ideal drilling orientation to test the vein is the dashed purple line.

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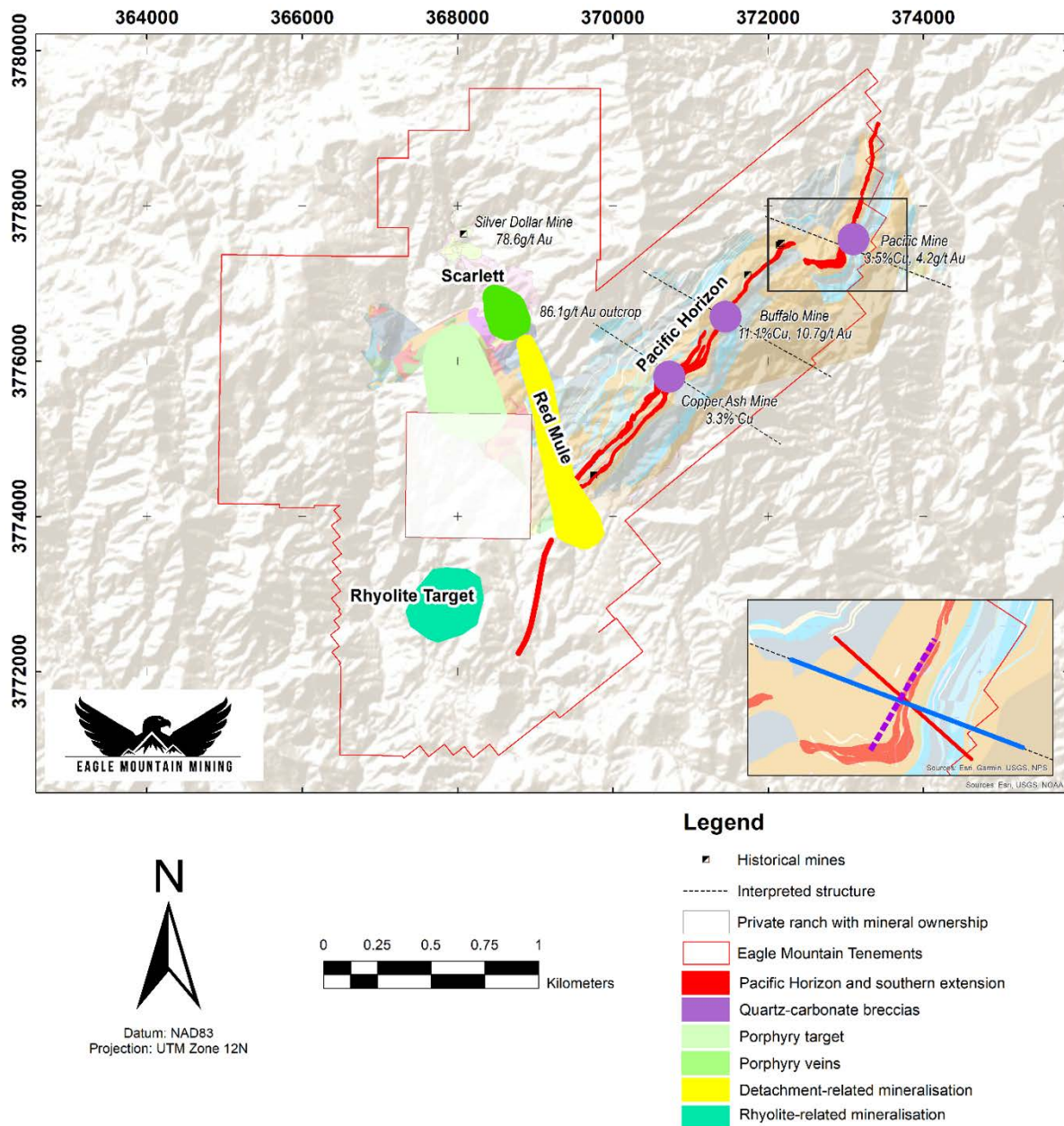


Figure 5 An overview of the Silver Mountain Project landholding and unique mineralisation styles. Inset shows the correlation between current drilling orientation (red), veining (blue) and ideal drilling orientation (purple) as presented in Figure 4.

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Preliminary interpretation of core samples suggests the alteration zones in the vicinity of the Pacific Mine could be part of the same mineralised system which generated the high-grade breccias found on the waste dump.

As a result, the Company advised that it had developed a strategy to test new targets which involves:

- Changing the drilling orientation to intersect some of the structures associated with mineralisation at a more favourable angle; and
- Drilling the potential depth extension of the Pacific Mine below the historical workings.

Drilling of the first of these two new holes commenced in early January 2019.

Late in the quarter, a downhole electromagnetic survey was completed on six of the holes to test for massive sulphide mineralisation. Results of the survey are with our geophysicist for interpretation.

CORPORATE

Cash

The Company had \$3.35 million on hand at the end of the quarter.

Non-Renounceable New Option Entitlement Offer

During the quarter, Eagle Mountain completed a non-renounceable new option entitlement offer raising \$231,250 from the issue of 23,125,000 new options. The options were short dated and the Company accepted applications from a small number of option holders for 26,599 ordinary shares at \$0.40 per share and 26,599 piggy back options exercisable at \$0.80 on or before 15 December 2019 were issued. The balance of the options expired on 15 December 2018 in accordance with their terms.

Annual General Meeting

The Company held its AGM on Friday 16 November 2018 and all resolutions put to shareholders were passed.



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For further information please contact:

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Mark Pitts

B.Bus, FCA, GAICD
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COMPETENT PERSON STATEMENT

Information in this report relating to Exploration Results is based on information compiled under the supervision of Mr Charles Bass who is an employee of the company. Mr Bass is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientist. He holds shares and options in the Company. Mr Bass has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bass consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Where the Company references results from previous ASX announcements, JORC Table 1 disclosures are included within them. The Company confirms that it is not aware of any new information or data that materially effects the information included in those announcements, and that the form and context in which the Competent Persons findings are presented have not been materially modified from the original reports.

EAGLE MOUNTAIN MINING LIMITED

Eagle Mountain is a copper-gold explorer focused on the strategic exploration and development of the highly-prospective Silver Mountain Project located just outside of Phoenix, Arizona.

Arizona is at the heart of America's mining industry and home to some of the world's largest copper discoveries. Silver Mountain, which comprises three prospects, Pacific Horizon, Scarlett and Red Mule, lies on the same geological setting that hosts world-class porphyry copper mines such as Bagdad, Miami and Resolution, one of the largest undeveloped copper deposits in the world. It also lies on the southern extension of the metallogenic belt that hosts United Verde and Iron King.

The Company is undertaking an aggressive exploration drilling program which commenced in the first half of FY19.

Eagle Mountain is led by founder and Managing Director Charles Bass. Mr Bass has a proven track record in mining, having previously co-founded both Eagle Mining Corporation, a highly successful gold miner, and Aquila Resources, which was acquired by Baosteel and Aurizon Holdings for \$1.4 billion in 2014.

Schedule of interests in mining tenements

All of the Eagle Mountain mineral licences are presently located in the State of Arizona, United States of America, refer to the location map. (ASX Listing Rule 5.3.3)

(a) Interests in mining tenements as at 31 December 2018

Prospect & Tenure type	Claim Reference (Tenement)	Percentage held at beginning of quarter	Percentage held at end of quarter	Notes
Pacific Horizon				
Patented Claims (26 individual claims)	Empire, Copper Ash, Palestine, Buffalo, Little Pittsburg, Austin, Wellington, Eagle, Number Ten, Number Eleven, Number Twelve, Number Thirteen, Noonday, South Noonday, Dudley, Comet, Alameda, Virginia, Mars, Ashland, Oakland, Sunnyside, Cuprite, Azurite, Yavapai and Jumbo	100%	100%	
Unpatented Claims (150 individual claims)	SMM#1-14, SMM#17-145, SMM#147, SMM#149, SMM#151, SMM#155, SMM#157, SMM#159, SMM#161	100%	100%	
Exploration Permit (1 individual permit)	08-117371	100%	100%	
Scarlett				
Unpatented Claims (92 individual claims)	SCA#1-15, SCA#57-133	100%	100%	
Exploration Permit (2 individual permits)	08-117369, 08-117373	100%	100%	
Red Mule				
Unpatented Claims (98 individual claims)	SMM#146, SMM#148, SMM#150, SMM#152, SMM#153, SMM#154, SMM#158, SMM#160, SMM#162-207, SMM#210-212, SCA#16-56	100%	100%	
Exploration Permit (2 individual permits)	08-117370, 08-117372	100%	100%	
Rhyolite Target				
Unpatented Claims (84 individual claims)	SMMSO#001 - #084	100%	100%	
Exploration Permit (1 individual permit)	08-120101	100%	100%	

(b) Tenements acquired and disposed of during the quarter

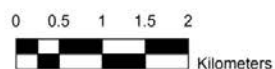
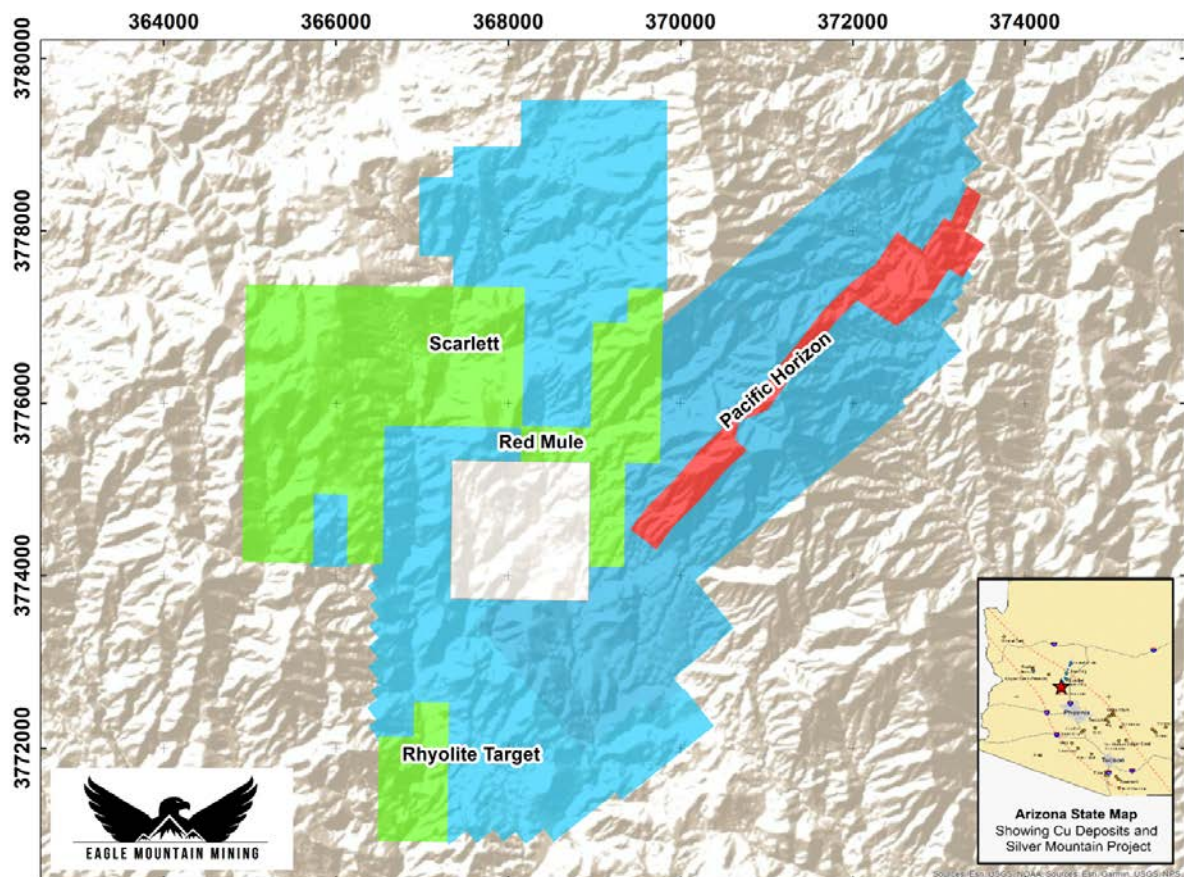
None

(c) The beneficial percentage interests held in farm-in or farm-out agreements as the end of the quarter

None

(d) The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

None



Legend	
■	Patented Claims
■	Exploration Permits
■	Unpatented Claims
■	Private ranch with mineral rights

Location map of the Silver Mountain Project with licence areas shown

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Eagle Mountain Mining Limited

ABN

34 621 541 204

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2,130)	(3,171)
(b) development	-	-
(c) production	-	-
(d) staff costs (<i>administration and corporate</i>)	(59)	(116)
(e) administration and corporate costs	(121)	(243)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	32
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – rent incentive rebate	-	-
1.9 Net cash from / (used in) operating activities	(2,299)	(3,498)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(85)	(115)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets - bonds	(105)	(105)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – cash on acquisition of subsidiary	-	-
2.6	Net cash from / (used in) investing activities	(190)	(220)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares and options	231	231
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(51)	(79)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(3)	(6)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	177	146

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,631	6,795
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,299)	(3,498)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(190)	(220)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	177	146
4.5	Effect of movement in exchange rates on cash held	32	128
4.6	Cash and cash equivalents at end of period	3,351	3,351

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,351	3,743
5.2 Call deposits	1,000	1,888
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,351	5,631

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

59

-

Office Rent paid to an associated entity of Mr Bass, a director of the Company - \$21,000. Director remuneration \$38,000.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

-

-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1,400)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(60)
9.5 Administration and corporate costs	(140)
9.6 Other:	-
9.7 Total estimated cash outflows	(1,600)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

Company secretary

Date: 22 January 2019

Print name: Mark Pitts

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.