

Kingston-Keith Project – Western Australia

Evaluation Report

25 May 2020



Summary

The Kingston-Keith Project is located 450 kilometres north of Kalgoorlie in the Yilgarn region of Western Australia. Infrastructure in the area is very good: national highway, gas pipeline, mining towns, and airfields. Western Australia is one of the premier mining jurisdictions the world attracting billions of dollars of capital investment annually.

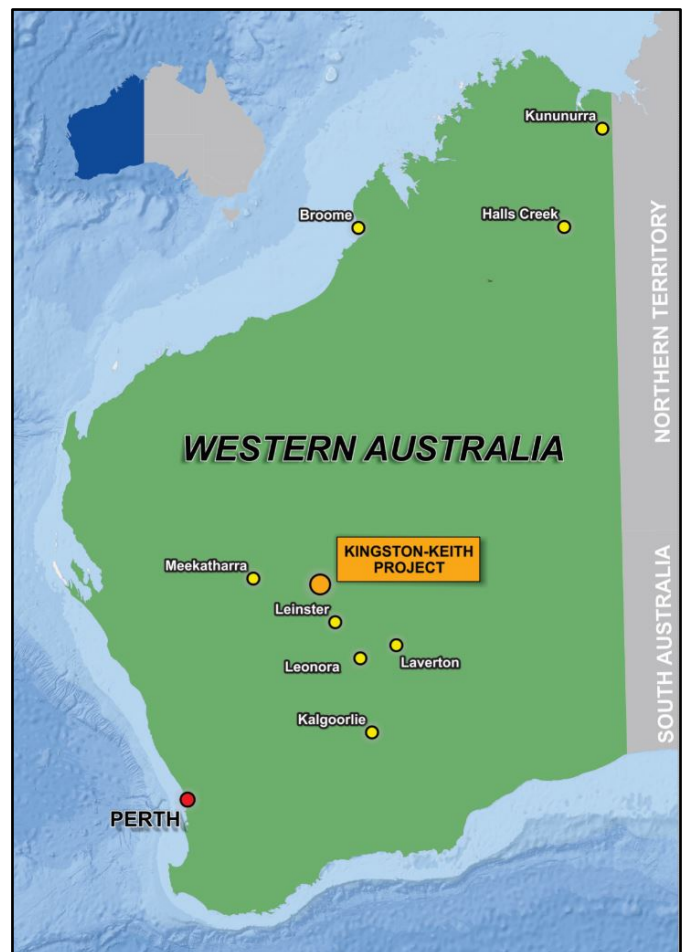
The project comprises exploration licence E53/1953 covering an area of 152 square kilometres. This tenement is surrounded by ground held by some of the world's major mining companies, BHP and Norilsk, where huge deposits of nickel and large deposits of gold are exploited by both open cut and underground mines. Geologically the project lies in the Wiluna Mine Sequence of the Norseman Wiluna Greenstone Belt, a particularly fertile sequence of rocks where mineralising processes which occurred billions of years ago have created ore bodies of gold and also nickel sulphide. Over 40 million ounces of gold have been produced/defined from this greenstone belt.

The region has a long history of exploration and mining going back over 100 years. The area covered by tenement E53/1953 has certainly been the subject of mineral exploration in the past, as would be expected by ground close to major discoveries and mines. However, the intensity of mineral exploration surveys and drilling is surprisingly light. This results from most previous holders being nickel companies, their focus on the sequence of ultramafic rocks immediately west of the tenement, and a concentration of exploration budgets on extending known deposits.

Positive attributes of the Kingston-Keith Project are:

- Excellent infrastructure for exploration and mining
- Low sovereign risk for development and mining
- Greenstone belt hosts numerous and large gold deposits Wiluna (8.0 Moz gold) and Agnew (3.8 Moz)
- Covers a deep mantle-tapping crustal-scale structure
- Located within a fertile corridor of rocks within the greenstone belt – the Agnew-Bellevue-Kathleen-Mt Keith-Kingston-Matilda-Wiluna gold corridor
- Under explored for gold – due to nickel miners holding the ground
- Historical gold workings: Kingston, Enterprise, Mt Keith
- Previous drilling has intersected significant gold grades but not followed up adequately
- Geochemical anomalies have not been followed up adequately

A four stage exploration program is suggested for the Kingston-Keith Project involving compilation, synthesis, mapping, geochemical sampling, structural targeting, aircore



and RC drilling, with budget of A\$1.75M for undertaking stages 1 to 3. A valuation using the comparative transactions method provides an indicative market value of A\$3M for exploration licence E53/1953.

Property Location

The Kingston-Keith Project is located 450 kilometres north of Kalgoorlie and 45km south of Wiluna within the East Murchison Mineral Field of the North-Eastern Goldfields of Western Australia. Situated between the Mount Keith nickel mine operated by BHP in the south and Matilda gold mine to the north. Project access is very good with the Goldfields Highway passing 2 kilometres to the west which links the major mining centres of Newman in the north and Kalgoorlie in the south. There is excellent infrastructure in the area to support exploration, project development and mining operations including transport (national highway), a natural gas pipeline with a feeder line into the Mount Keith mine, the mining towns of Wiluna to the north and Leinster to the south, where supplies and airfields (with daily flights to Perth) are located. Currently 6 gold and 2 nickel processing plants are operating in the district (150 kilometre radius). Western Australia is a major gold producer - 268 Moz of gold over the past 130 years and 7 Moz in 2019. Western Australia is a pro-mining jurisdiction (value of mineral production in 2019 was A\$167 billion), with a world-class service industry developed around the hundreds of mining operations throughout the state. Where mineral exploration results in the discovery of an economic deposit, there can be high certainty that successful mining will follow.

Tenement

The project is held as exploration license E53/1953 comprising 60 sub-blocks and covering an area of 152 square kilometres. It was granted in March 2020 for a period of 5 years to Duketon Consolidated Pty Ltd. Annual expenditure commitment is currently A\$60,000.

Geology

Geologically, the Kingston-Keith Project is located in the Agnew-Wiluna Greenstone Belt. Rock types are mainly volcanics, felsics, mafics, ultramafics, gabbro, with minor granitic and sedimentary rocks. All rocks are Archean-aged (around 2.7 billion years old) and have been metamorphosed and deformed by deep crustal processes. It is these deep crustal deformation processes have caused the formation of the so many gold deposits in the greenstone belts of Western Australia.

The project covers a 30km length of the Keith Kilkenny fault, a major north-northwest trending geological structure, one of the largest faults in the Yilgarn region. It is a deep mantle-tapping crustal-scale structure which is considered by geologists to be crucial to the formation of major nickel and gold deposits along its length.

Regional Gold Mineralisation

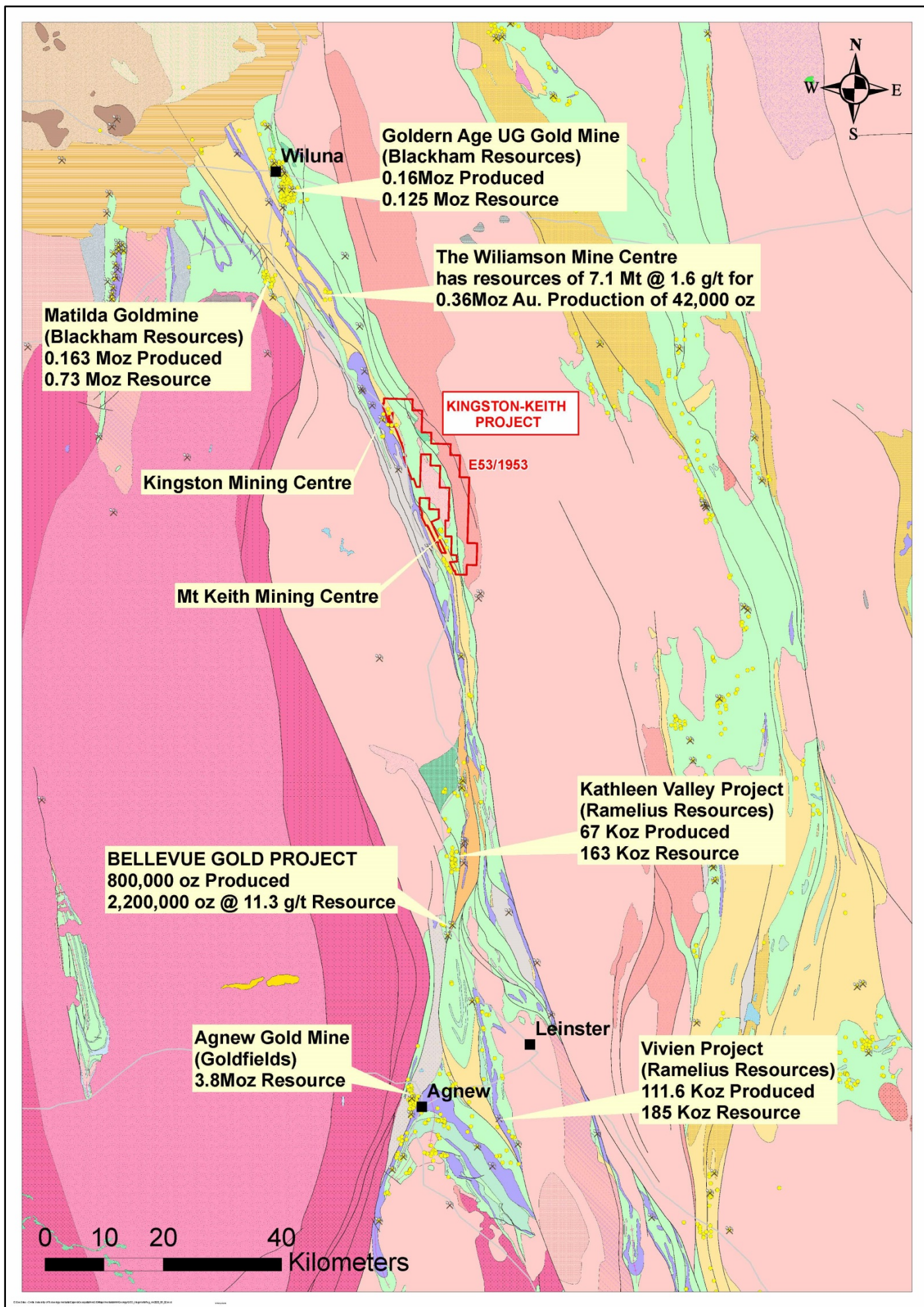
The Agnew-Wiluna Greenstone Belt is host to world class gold deposits; including the Wiluna and the Agnew gold deposits, which have produced **8.0** million ounces of gold and **3.8** million ounces of gold respectively. Other deposits in the area include the Matilda gold mine (**0.89 Moz**), Williamson Mining Centre (**0.4 Moz**), Kathleen Valley (**0.3 Moz**) and Bellevue (**0.7 Moz**).

Geologically the project lies in the Wiluna mine sequence, also known as the Agnew-Bellevue-Kathleen-Mt Keith-Kingston-Matilda-Wiluna gold corridor. This is a particularly fertile corridor of rocks within the overall greenstone belt, where mineralising processes have created numerous gold ore bodies, including the huge Wiluna and Agnew gold deposits.

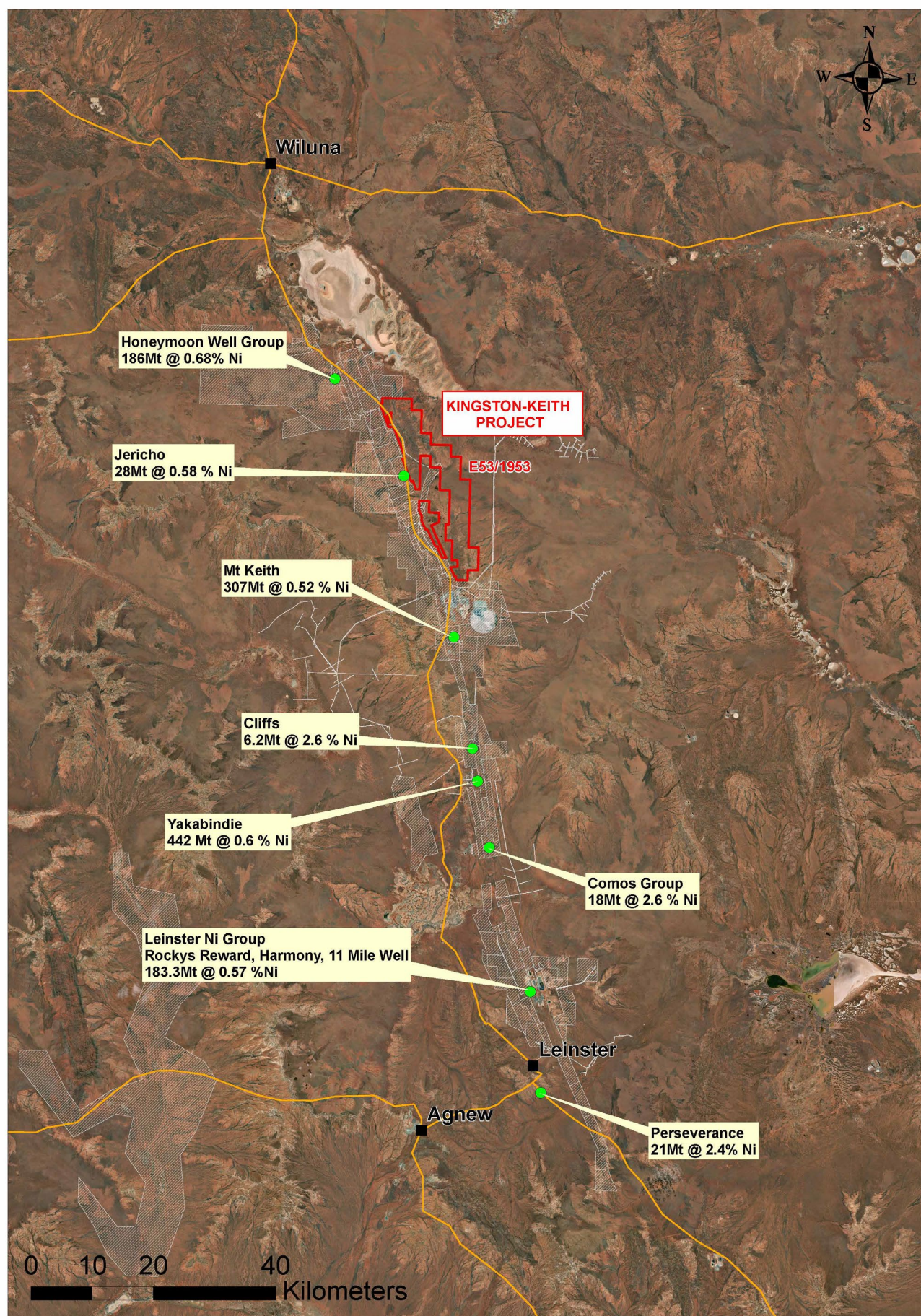
Previous exploration focused on nickel not gold

The Agnew-Wiluna Greenstone Belt is also host to world class nickel deposits; including the Mount Keith, Honeymoon Well, Jerico, Cliffs, Yakabindie, Cosmos, Rockys Reward, Harmony and Perseverance nickel sulphide deposits. These are all located in a narrow band of ultramafic rocks which occurs immediately west the Project's western boundary. Both open cut and underground nickel mines have exploited these deposits since the 1970's with nickel processing plants located at Mount Keith and Leinster. BHP own all the mines currently operating and the two processing plants. For much of the last 50 years nickel mining companies and nickel exploration companies have held most of the ground

of the Agnew-Wiluna Greenstone Belt explorers. The gold explorers have been generally unable to peg tenements within the belt and the nickel miners have focused on nickel exploration, generally ignoring gold.



Currently the project tenement is surrounded by ground held by two of the world's major nickel mining companies, BHP and Norilsk. Their ground holdings are marked in white crosshatch in the figure below. This nickel focus has resulted in under exploration for gold which is evident in a review of previous exploration activities.



The project area is relatively lightly explored for gold with sparse surveys and shallow drilling. This presents an opportunity for making new discoveries of gold deposits which have not been detected by past exploration. The area's promise has not been adequately tested. Nevertheless, the past gold exploration which has been undertaken within the project boundaries has yielded a number of very interesting results which are summarised below.

Kingston-Enterprise Prospect

Mineralised zones are evident at surface by numerous historical shafts and artisanal workings at several locations within the project including the Kingston and Enterprise workings. Gold ore is hosted within narrow shear parallel quartz veins, splays and stockworks in mafic, metasediment, and volcanoclastic rocks. Kingston-Enterprise area was initially prospected in 1902, with three periods of mining activity in 1911-1921, 1934-1937 and 1951-1985. Mining was small scale but gold grades were commonly above 15 g/t, up to a maximum of 80g/t. Total production of the field is recorded as 5,222 ounces.

Recent exploration has included detailed underground geological mapping and sampling of old gold workings. This work determined that the historical mining followed north plunging high grade ore shoots within a north trending steeply dipping siliceous and ferruginous shear zone within a mafic volcanic, intrusive and sedimentary sequence where gold is hosted within quartz veins and splays off the main veins. Grab samples of the ore veins ranged from 25 to 33 g/t Au. The maximum width exposed and sampled in the old workings across the shear zones was 1.75 metres @ 4.96 g/t Au. Gold is structurally controlled, occupying northerly-trending, steeply west dipping shear zones. Gold is present in both quartz lenses and in sheared sedimentary rocks, with multiple ore shoots.

Mt Keith Historical Goldfield

The historical Mt Keith goldfield overlaps the western boundary of the project. Here multiple historical mines have produced 18,400 ounces of gold from approximately 17,000 tonnes of ore. Barrack explored here from 1987 to 1990, drilling RAB and RC holes around and under the old workings, which returned positive results of 2m @ 15.0 g/t, 12m @ 2.89 g/t and 6m @ 1.4 g/t. Mineralisation was found to be hosted in multiple geological environments including shear zones along lithological contacts, shears within ultramafic rocks and tension fractures within porphyry and in granite. Underground sampling of 64 old workings returned high grade gold mineralisation with the most notable being 0.5m @ 21.5 g/t, 0.6m @ 21 g/t, 0.65m @ 25 g/t, 0.65m @ 68 g/t, 0.7m @ 36 g/t Au, confirming the high-grade gold bearing nature of the Mt Keith-Kingston section of the Agnew-Bellevue-Kathleen-Mt Keith-Kingston-Matilda-Wiluna gold corridor.

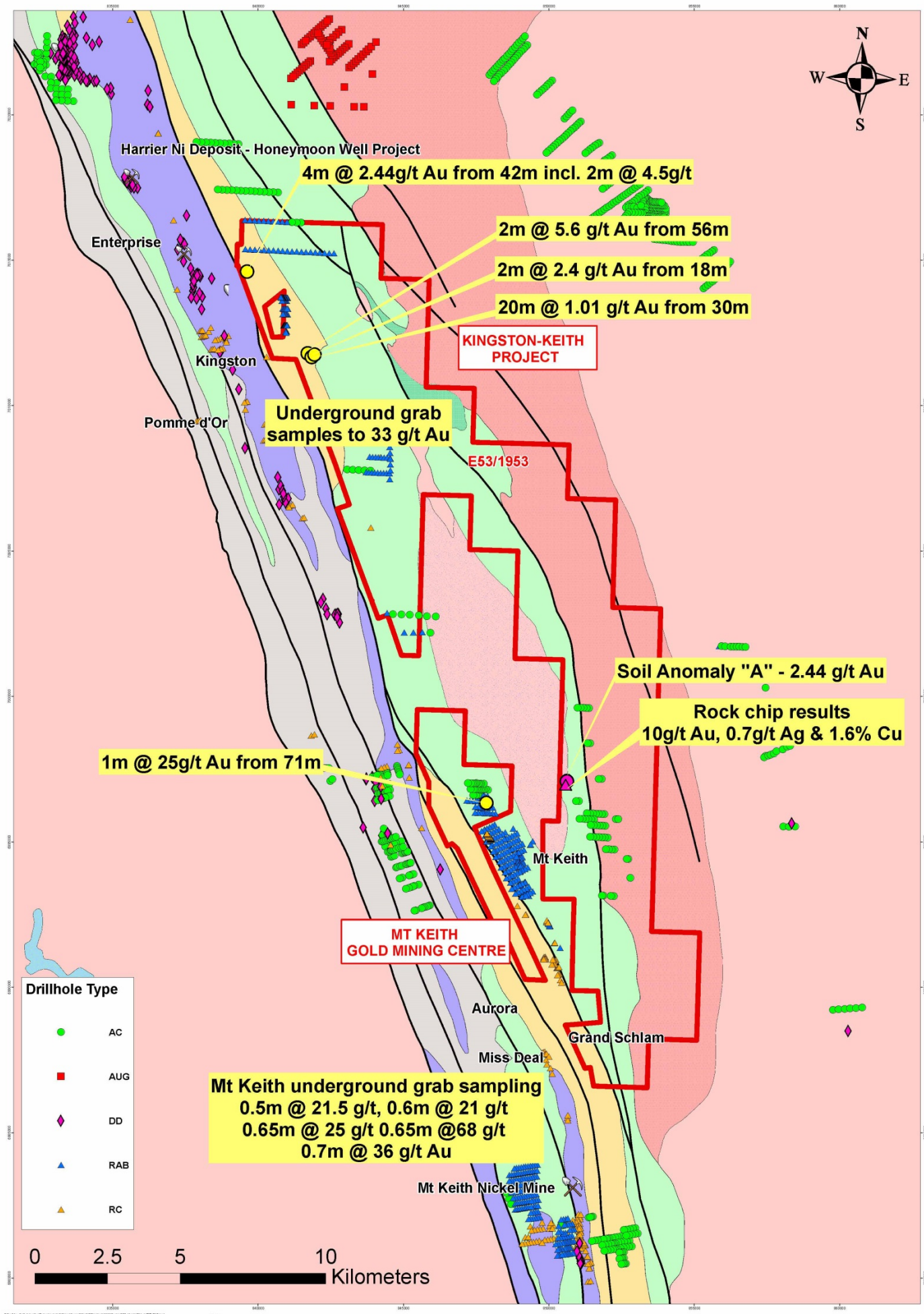
Drilling Results

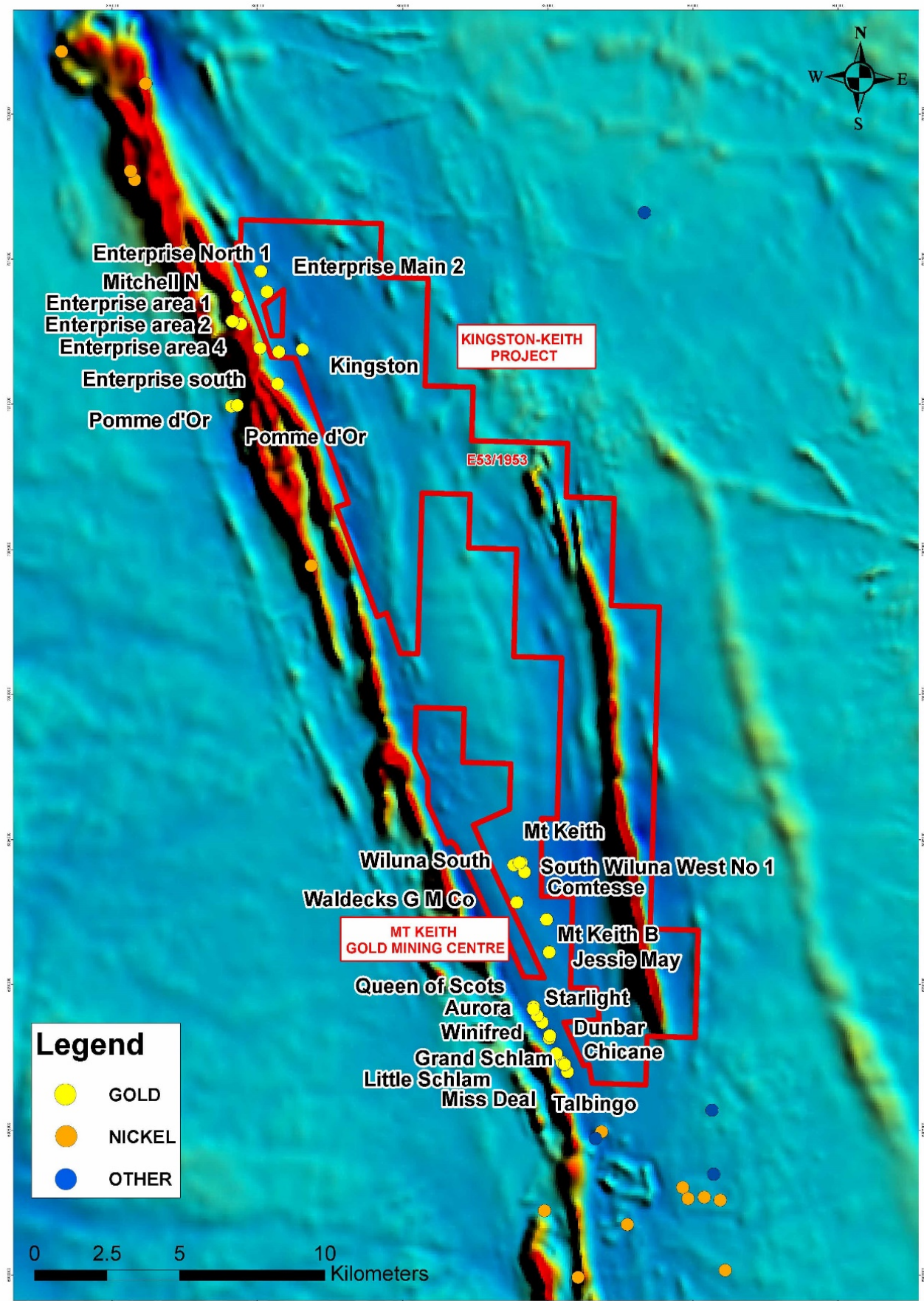
Drilling by exploration companies around historical workings and mines has highlighted the impressive grade and tenor of the mineralised system, with grades up to 25g/t. Significant gold intercepts in drilling include:

- **1 metre @ 25.0 g/t Au from 71 m deep**
- **20 m @ 1.0 g/t Au from 30 m**
- **4 m @ 2.4 g/t Au from 42 m**
- **2 m @ 2.4 g/t Au from 18 m**
- **2 m @ 5.6 g/t Au from 56 m**
- **8 m @ 5.8 g/t Au from 16 m**

Geochemical Exploration

Modern exploration has included geochemical and geophysical techniques. Several geochemical anomalies remain untested. A gold-copper-silver soil anomaly with a peak value of 2.44 g/t Au, with follow up rock chips returning 10g/t Au, 0.7g/t Ag and 0.52-1.6% Cu, warrants drill testing. In the eastern part of the tenement, elevated gold in soil assays define coherent trends up to several kilometres in strike length. These zones of anomalous gold at surface provide targets for drilling to depth.





Future Exploration Recommendations

The Kingston-Keith Project is an under-explored, highly prospective area with significant potential for the discovery of economic gold deposits. Past exploration on the project has seen drill holes return good gold grades over significant widths, however much more exploratory drilling is required to determine the continuity of mineralisation and to define

mineral resources. Most of the drilling to date within the Kingston-Keith Project has not tested the down-dip and down-plunge potential of the high-grade ore shoots within the shear zones, with mineralisation remaining open. Most of the tenement has not been drill tested to depth.

Ultramafic rocks have been mapped within the tenement and these are considered prospective for nickel, copper and platinum. Specifically there is potential for supergene komatiite-hosted nickel sulphide targets within the Mount Keith Ultramafic Unit in the west, and within the mapped ultramafic units of unknown affinity in the southeast.

A four phased approach is recommended for future exploration on the Kingston-Keith Project. Stage 1 would involve compilation of previous exploration data, regional synthesis using public domain data, aeromagnetic and structural interpretation, geological target generation followed by geological mapping of targeted regions. Stage 2 would involve an initial testing of generated targets using aircore drilling, geochemical assessment of the whole property involving the regolith mapping, broad geochemical sampling, multielement geochemistry and structural targeting. Stage 3 would involve RC drilling of the high priority prospects, aircore drilling of new geochemical targets and potentially geophysical surveys of specific target areas. Stage 4 would involve close spaced RC and diamond drilling to define mineral resources where appropriate, and RC drilling of new target areas. An exploration budget of A\$1.75M is estimated for undertaking stages 1 to 3. The cost of stage 4 would depend on the results of previous stages.

Valuation

The exploration potential based on current and known resources and reserves projects in the area is approximately in the vicinity USD\$10 million. With a successful exploration /resource drilling program within the leases could contain up to USD\$1 billion resource value. The prolific nature and success of previous exploration for gold in this region as based on the existence of many multiple billion dollar resource/mining companies operating makes this a highly prospective area.

In addition, the historical exploration drilling has also shown a strong potential for nickel sulphides and base metals which can reach the potential value up to USD\$5 billion as already demonstrated by the current mining players in the region like BHP Nickel West and Norilsk adding value to the gold potential.

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