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PEKO TAILINGS: Estimation of Mineral Resources

(concise report)

2017 November

Consultant:

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15 November, 2017

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Report:

PEKO TAILINGS: Estimation of Mineral Resources (concise report)

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Contributors:	
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CONCISE REPORT

The report presents Resources of the Peko mine tailings that were estimated using new drilling data.

GEOLOGICAL BACKGROUND

The mineralisation is not a natural deposit but is represented by the tailings of the Au-Cu-Fe processing plant. In total, there are 6 tailings dams at the Peko mine site (Fig. 1). The tailings were formed by slowly and evenly infilling the natural depressions by the rejects (tailings) of the processing plant. This has created horizontal layering of the mineralisation infilling tailings.

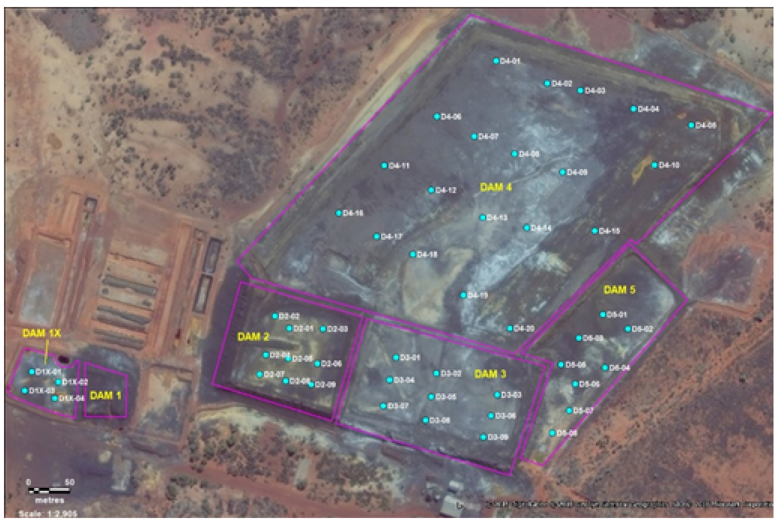


Figure 1: Map of the Peko tailings showing distribution of the drill holes drilled in 2016

The tailings consist of mainly magnetite (~80%) with smaller amounts of silicate gangue mineral and minor amounts of sulphides and quartz. The sulphide minerology consists of mainly gold bearing pyrite with small amounts of chalcopyrite, marcasite, arsenopyrite and pyrrhotite. The primary copper bearing mineral is chalcopyrite. Main cobalt bearing mineral is pyrite. Cobalt also present in arsenopyrite, which is rare and occurs only as the traces in the tailings samples.

DATA

Resource database contains 65 drill holes with 496 samples (Table 1).

Table 1: Distribution of the drill holes, drilled in 2016, by the tailings dams

Dam	No. Auger Holes	Total Metres	No. RC Holes	Total Metres	Average Depth
1	15	30			2
1X	4	8			2
2			9	126	14
3			9	83	9
4			20	180	9
5			8	20	2.5
Total	**19**	**38**	**46**	**409**	

TAILINGS DENSITY

Dry Bulk Density was determined in 1989 by Laurie Smith and Associates. For this purpose they dug two trenches in Dam 2 and three trenches in Dam 3. The bulk density of tailings was determined by measuring of the excavated volumes ranging from 25-53m^3 and the sample weights ranging from 60-100 tonnes. The bulk dry density determinations of the 5 trenches varied from 1.48 to 2.58 tonnes/m3 (ie. BDD22 - 2.31, BDD21 - 1.48, BDD33 - 2.21, BDD32 - 1.79 and BDD31 - 2.58).

Based on these data the following density values were estimated for the tailings dams:

Dam 1; 2.15 dry tonnes /m^3

Dam 2; 2.17 dry tonnes /m^3

Dam 3; 2.17 dry tonnes /m^3

Dam 4; 2.16 dry tonnes /m^3

These values were used for tailings Resource estimation in 1997 by Normandy and used for the current Resource estimation.

ESTIMATION METHODOLOGY

Resources were estimated in a 2D system.

- Geostatistical analysis was made using ISATIS, a special geostatistical software.
- The 2D model area was constrained by the boundaries of the tailings dams digitised from the map shown on the Figure 1

- Volume of the mineralised bodies was estimated using thickness of the tailings deduced form the drill holes and extrapolated between drill holes using Ordinary kriging (Fig. 2).

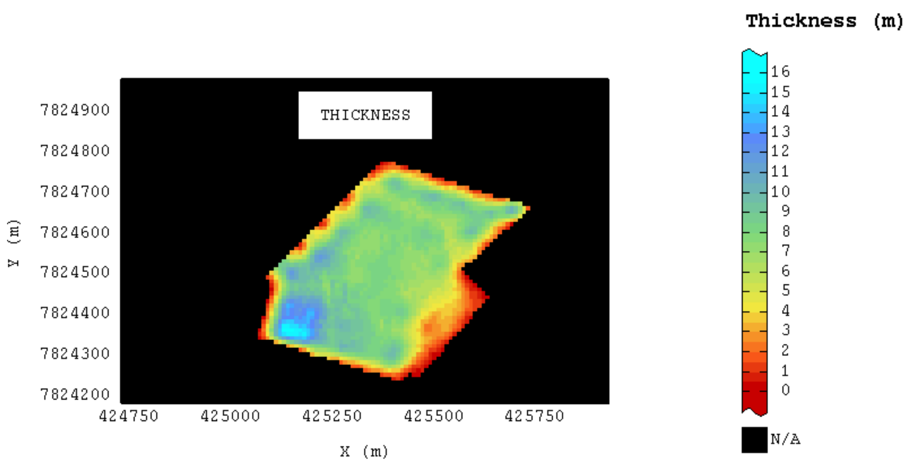
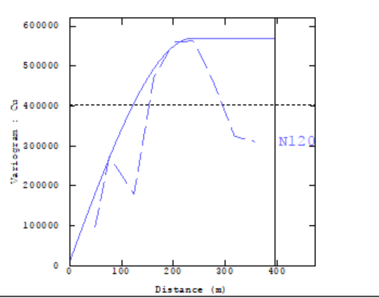
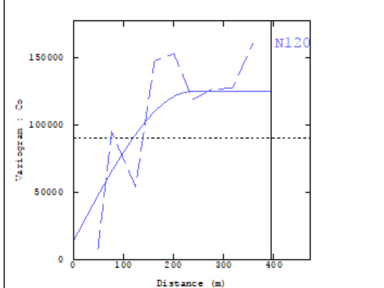


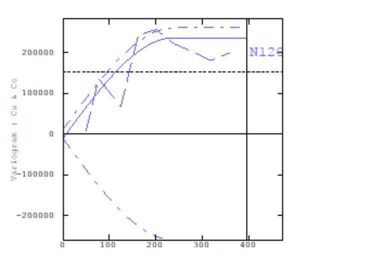
Figure 2: 2D block model showing thicknesses of the Dams 2, 3, 4 and 5

Volume of the mineralised bodies was estimated using thickness of the tailings d

- 2D variograms of Au, Cu and Co are summarised on the Figures 3 and 4:





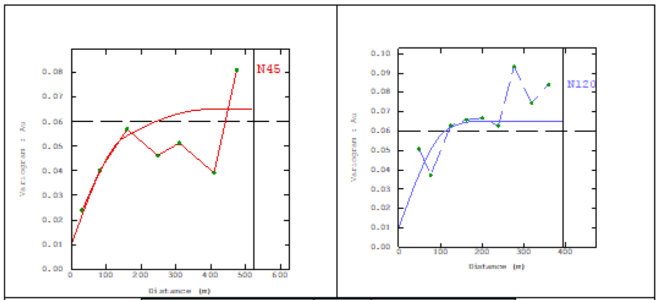


Cu		SILL	Ranges (m)		
			Major	***Minor***	
Nugget	γ_0	8990			
Spherical 1	$\gamma_{1(S)}$	560636	300	235	

Co		SILL	Ranges (m)		
			Major	***Minor***	
Nugget	γ_0	13400			
Spherical 1	$\gamma_{1(S)}$	111460	300	235	

Cu - Co		SILL	Ranges (m)		
			Major	***Minor***	
Nugget	γ_0	-10975			
Spherical 1	$\gamma_{1(S)}$	247630	300	235	

Figure 3: 2D variograms and cross-variograms of Cu - Co and their models



Structure		SILL	Ranges (m)	
			Major	***Minor***
Nugget	γ_0	0.01		
Spherical 1	$\gamma_{1(S)}$	0.03	225	145
Spherical 2	$\gamma_{2(S)}$	0.025	230	150

Figure 4: 2D variograms of Au

- Grade was estimated as follows:

  Dams 3, 4 and 5 were estimated as one body. Au by Ordinary kriging; Cu and Co by Ordinary Co-kriging;

  Dam 2: was estimated separately. Au by Ordinary kriging; Cu and Co by Ordinary Co-kriging;

  Dam 1x: grade of Au, Cu and Co was estimated as average of 8 samples collected from 4 holes drilled in this dam;

  Dam 1 was not estimated due to insufficient data.

RESULTS

Resources of the Peko tailings

Dam	Tonnage (Kt)	Grade			Contained metal		
		Au g/t	Cu %	Co %	GOLD (Koz)	COPPER (Kt)	COBALT (Kt)
1	not estimated due to insuffient data						
1x	11	2.9	0.66	0.20	1	0.1	0.02
2	384	1.6	0.48	0.21	20	1.8	0.8
3	476	1.2	0.24	0.09	18	1.1	0.4
4	2,157	1.0	0.17	0.08	68	3.7	1.7
5	136	1.2	0.09	0.02	5	0.1	0.03
TOTAL	**3,163**	**1.1**	**0.22**	**0.10**	**112**	**6.9**	**3.0**

RECOMMENDATIONS

Mineralisation is constrained by the tailings borders. A high resolution topographic model need to be created for a more detailed evaluation of the project. It is recommended to create the detailed DTM using LiDAR technology.

The drilling grid shoud be infilled to the level of details sufficient for estimation Indicated and Measured Resources and Ore Reserves.

A robust QAQC procedures for assuring integrity and high quality of the drill hole samples should be developed and implemented at the next phase of drilling.

DISCLAIMER

The report is prepared for exclusive use of PEKO BULL for the sole purpose of the mine project evaluation of the mineralised Peko tailings.

The report must be read in light of:

- report distribution and purposes for which it was intended
- its reliance upon information obtained from Peko Bull
- the limitations of the data that were explained in the JORC Check list (JORC Table 1)
- the assumptions referred to throughout the report
- limited scope imposed on the report
- other relevant issues which are not within the scope of the report.

Subject to the limitations referred to above, all due care in the preparation of the report has been exercised and that the information, conclusions, interpretations and recommendations of the report are both reasonable and reliable.

MASSA Geoservices makes no warranty or representation to a company (expressed or implied) with regard to any commercial investment decision made on the basis of the report

- the report is integral and must be read in its entirety
- this Disclaimer must accompany every copy of this report.

The conclusions of the reported study are made using various assumptions, conditions, limitations and abbreviations, main of them are briefly explained in the report.

APPENDIX 1

CP Consent Form

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COMPETENT PERSON'S CONSENT FORM

Pursuant to the requirements of ASX Listing Rules 5.6, 5.22 and 5.24 and Clause 9 of the JORC Code 2012 Edition (Written Consent Statement)

Report name

PEKO TAILINGS: Estimation of Mineral Resources (concise report)

(*Insert name or heading of Report to be publicly released*) ('Report')

Peko Bull

(*Insert name of company releasing the Report*)

Peko Tailings

(*Insert name of the deposit to which the Report refers*)

If there is insufficient space, complete the following sheet and sign it in the same manner as this original sheet.

15 November 2017

(*Date of Report*)

Statement

I, Marat Abzalov

confirm that I am the Competent Person for the Report and:

• I have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition).

• I am a Competent Person as defined by the JORC Code 2012 Edition, having five years experience that is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which I am accepting responsibility.

• I am a Fellow of The Australasian Institute of Mining and Metallurgy.

• I have reviewed the Report to which this Consent Statement applies.

I am a consultant working under the business name MASSA Geoservices

I am a consultant working under the business name MASSA Geoservices.

(Insert company name)

and have been engaged by

Peko Bull

(Insert company name)

to prepare the documentation for

PEKO tailings

(Insert deposit name)

on which the Report is based, for the period ended

15 November 2017

(Insert date of Resource/Reserve statement)

I have disclosed to the reporting company the full nature of the relationship between myself and the company, including any issue that could be perceived by investors as a conflict of interest.

I verify that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Exploration Targets, Exploration Results and Mineral Resources *(select as appropriate)*.

Consent

I consent to the release of the Report and this Consent Statement by the directors of:

Peko Bull

[signature] Signature of Competent Person	15 November, 2017 Date:
AusIMM Professional Membership:	**202718** Membership Number:
[signature] Signature of Witness:	GEOFFREY ALEXANDER HAWKINS 5 HELICONIA TURN STIRLING WA 6021 Print Witness Name and Residence: (eg town/suburb)

APPENDIX 2

JORC CHECK LIST
(Table 1)

JORC (2012) TABLE 1 Checklist of Assessment and Reporting Criteria

Section 1 - Sampling Techniques and Data

Criteria of JORC Code 2012	Explanation given in the JORC Code 2012	Details of the Reported Project
(1.1.) Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialized 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.*	Resource database includes 19 hand auger drill holes (38m drilled) and 46 track mounted RC drill holes (409m drilled). All drilling was made in January 2016. Drill holes were sampled at 1m intervals. A total of 447 samples were analysed at ALS in Perth for the following elements: Au - ALS laboratory code of assay method is Au-AA26 (fire assay with atomic absorption finish) Cu, Co, Ag, Bi, Fe, S - ALS laboratory code of assay method is ME-ICP61 (inductively coupled plasma atomic emission spectroscopy, ICP – AES)
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	Drilling in 2016 was carried using standard drilling and sampling procedures.

<table>
<tr>
<td></td>
<td>• 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.</td>
<td>Reverse Circulation and auger drilling was used to obtain 1 m samples, approximately 3 kg. The samples were delivered to ALS Metallurgy laboratory in Perth for preparation and assaying.

The 1m samples were individually dried and pulverised then portions taken from the pulverised material for fire assay determination and a further portion taken for ICP analyses</td>
</tr>
<tr>
<td>Drilling techniques (1.2.)</td>
<td>• 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).</td>
<td>Types of drilling and the distribution of the drill holes per the tailings dams is summarised in the table
<table>
<tr><th>Dam</th><th>No. Auger Holes</th><th>Total Metres</th><th>No. RC Holes</th><th>Total Metres</th><th>Average Depth</th></tr>
<tr><td>1</td><td>15</td><td>30</td><td></td><td></td><td>2</td></tr>
<tr><td>1X</td><td>4</td><td>8</td><td></td><td></td><td>2</td></tr>
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<tr><td>Total</td><td>19</td><td>38</td><td>46</td><td>409</td><td></td></tr>
</table>
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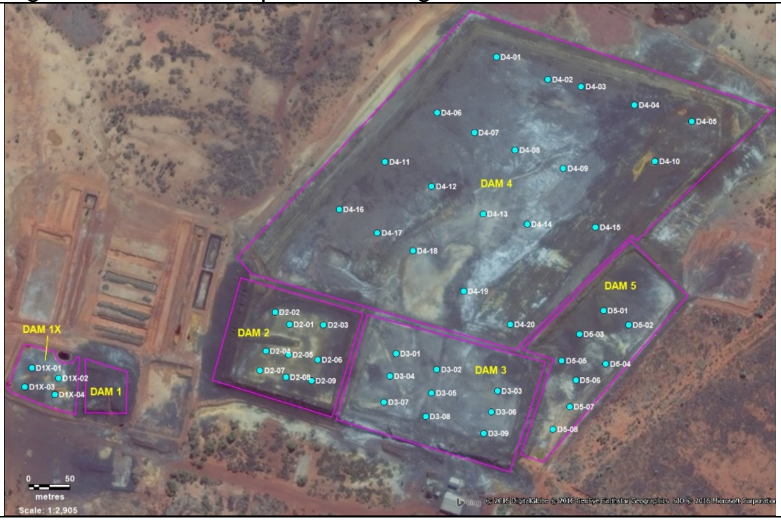
Drill sample recovery (1.3.)	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	Sample weight was recorded and used to control the samples recovery
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	The tailings at the Peko project was drilled by previous owners and RC drilling was found well suited for this environment allowing to obtain a good quality samples for Resource estimation. Based on the knowledge gained by the previous explorers the RC drilling was chosen as the main method for Resource definition drilling at the Peko tailings project.
	• *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.*	No evidences of relationships between samples recovery and grade was noted. In most of the dams there is evidence of copper and cobalt grade decreased in the upper two metres of the tailings. A.L.Govey, geologist, who reviewed the 2016 data, has explained the systematic decrease of Cu and Co grade in the upper layer of the tailings by leaching of these metals, possibly as a result of supergene weathering processes.
Logging (1.4.)	• *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.*	Geological logging was limited to documentation of the tailings material with an emphasis on recording of the depth where natural ground material has appeared in the drill hole samples. Level of detail is sufficient to support Inferred Resource estimation Drill holes were not geotechnically logged.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	Logging was qualitative. Photos of the tailings dam was made for better understanding the type of material drilled and the tailings shapes.
	• *The total length and percentage of the relevant intersections logged.*	100% of the drill holes was logged
Sub-sampling techniques and sample preparation (1.5.)	• *If core, whether cut or sawn and wether quarter, half or all core taken*	Not applicable. Non-core type of drilling (i.e RC) was used
	• *If non-core, whether riffled, tube sampled, rotary split, etc and*	RC samples were split using a riffle splitter built into the drill rig.

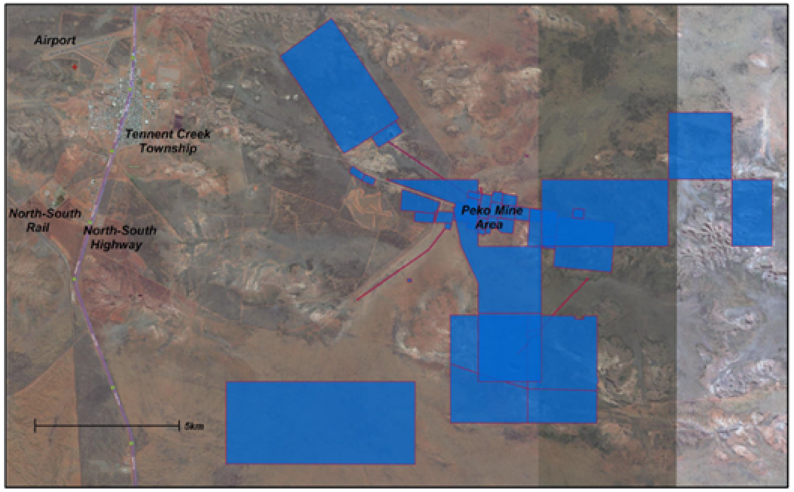
	whether sampled wet or dry.	
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	Samples were sent to the ALS laboratory where they were prepared following the standard protocol of ALS. • The samples were all checked against the logsheet supplied by the company and found to be all present and accounted for. • The samples were placed in labelled trays and dried at 95DegC for 24hours to remove any moisture. • The dried samples were placed into sealed plastic bags labelled with the corresponding sample details • The dried samples were pulverized with double silica flushed between each sample. • Portions of the pulverized sample were removed for analyses
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	Quality of the pulp pulverising was controlled by test sieving. Results confirm that 95% pass for 75 μm fraction is commonly achieved.
	• *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.*	Field duplicates was not used. Pulp duplicates were re-assayed if high grade Cu and Fe results were obtained by 1st analysis (laboratory code ME-ICP61). The samples were re-assayed using ICP-AES method, laboratory code OG62
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	3 kg sample representing 1 m of the drilled interval is a standard size of the RC samples used for estimation Resources of the base-metal mineralisation. This size is well suited for estimation of the tailings which are composed by a finer grained material then the natural ore.

Quality of assay data and laboratory tests (1.6.)	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	All analyses were made at the ALS laboratory in Perth. Au was assayed by fire assay method with atomic-absorption finish. Laboratory code Au-AA26. Cu, Co, Ag, Bi, Fe, S assayed by Inductively Couple Plasma Atomic Emission Spectroscopy, Laboratory code ME-ICP61. Sample preparation was made using 4 acid digest.
	• *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.*	Not applicable. Geophysical tools not used.
	• *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.*	Pulp duplicates were re-assayed if high grade Cu and Fe results were obtained by 1st analysis (laboratory code ME-ICP61). The samples were re-assayed using ICP-AES method, laboratory code OG62. Accuracy control was limited to using of the internal ALS reference materials
Verification of sampling and assaying (1.7.)	• *The verification of significant intersections by either independent or alternative company personnel.*	The 2016 drilling results have been compared with the previous drilling data, in particular the Resource definition database of Normandy. The comparison indicates that 2016 results are in a good agreement with the previous drilling results.
	• *The use of twinned holes.*	Twin holes were not used.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	Assays results were obtained from the laboratory in electronic format as *.csv files. The data were compiled into a single Excel file, and checked by consulting geologist (A.L.Govey). The files were electronically sent to the project CP for Resource estimation.
	• *Discuss any adjustment to assay data.*	No adjustments were made to the data.

Location of data points (1.8.)	• *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.*	Location of the drill hole collars was determined by a hand-held GPS. Holes are shallow and were drilled vertically down, therefore down hole survey was not used.
	• *Specification of the grid system used.*	MGA (GDA94) zone 53
	• *Quality and adequacy of topographic control.*	Topographic control was not used. The volume of the mineralised tailings was estimated from the thickness of the drillhole intersections and the spatial extents of the tailings that was digitised from the map of the tailing dams
Data spacing and distribution (1.9.)	• *Data spacing for reporting of Exploration Results.*	 Drill holes spacing is as follows: Dam 1x 40 x 20m Dam 2 40 x 20m Dam 3 30 x 60m Dam 4 50-60 x 80-100m Dam 5 40 x 40-50m
	• *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.*	The drill spacing is suitable for estimation Inferred Resources

	• *Whether sample compositing has been applied.*	All samples were 1 m long. No compositing of samples was used.
Orientation of data in relation to geological structure (1.10.)	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The mineralisation in tailings is essentially horizontal and all drill holes are drilled vertically intersecting the mineralisation at right angle, which ensures that the sampling is unbiased.
	• *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.*	Orientation of the drill holes is orthogonal to the strike of mineralisation providing unbiased results
Sample security (1.11.)	• *The measures taken to ensure sample security*	Sampling in the field was made by authorised personnel. In the laboratory security of samples and assays were controlled by the internal security procedures of the ALS.
Audits or reviews (1.12.)	• *The results of any audits or reviews of sampling techniques and data.*	Results of the 2016 drilling was reviewed by A.L.Govey, an independent consultant. He has concluded: " Drilling by PekoBull has successfully verified or exceeded the grade, thickness and lateral and downhole continuity of the Peko tailings deposit as reported by predecessor companies. In addition ample new sample material was made available for extensive metallurgical test work. The project has passed a significant milestone in reducing, if not eliminating, any uncertainty relating to the Au-Cu-Co grades. There is sufficient previous work to reliably establish the volume and tonnage of tailings present and hence the contained metal inventory".

Section 2 - Reporting of Exploration Results

Criteria of JORC Code 2012	Explanation given in the JORC Code 2012	Details of the Reported Project
Mineral tenement and land tenure status (2.1)	• *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.*	

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<td>• 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.</td>
<td>
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<tr>
<td>Exploration done by other parties (2.2)</td>
<td>• Acknowledgment and appraisal of exploration by other parties.</td>
<td>Several campaigns of drilling and Resource estimation was undertaken at the Peko tailings.
• Drilling by ADL in 1985 was made using an open hole power auger drill. In late 1987 three twin holes in Dams 2 and 3 showed that the 1985 ADL samples had become significantly oxidized, prompting a decision to</td>
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		redrill the dams, concentrating on Dams 1, 2 and 3 for a total of 135 holes and 1,213m (average depth 8.9m). The method of drilling and sample collection for this program is not known. • The Normandy drilling comprised 50m by 50m spaced, auger cased, core holes, with samples taken every metre downhole. This was the first confirmed use of cased holes and the implied greater confidence in sample integrity. The drilling program totalled 103 holes for 760.25 metres and covered the four main dams, a small dump east of Dam 4. For the greater part sample recoveries exceeded 90% with more difficult moist material near the bottom of the dams. Normandy found that there were no apparent high grade gold domains within the resource despite a long processing history (1954-1976) and multiple ore sources.
Geology (2.3)	• *Deposit type, geological setting and style of mineralisation.*	The mineralisation is not a natural deposit but is represented by the tailings of the Au-Cu-Fe processing plant (map is shown on the section 1.9). The tailings consist of mainly magnetite (~80%) with smaller amounts of silicate gangue mineral and minor amounts of sulphides and quartz. The sulphide minerology consists of mainly gold bearing pyrite with small amounts of chalcopyrite, marcasite, arsenopyrite and pyrrhotite. The primary copper bearing mineral is chalcopyrite. Main cobalt bearing mineral is pyrite. Cobalt also present in arsenopyrite, which is rare and occurs only as the traces in the tailings samples. Within the ferromagnetic material of the tailings, all elements (with the exception of iron) generally decrease with finer particle size.

Drill hole Information (2.4)

- *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:*

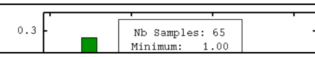
Dam	No. Auger Holes	Total Metres	No. RC Holes	Total Metres	Average Depth
1	15	30			2
1X	4	8			2
2			9	126	14
3			9	83	9
4			20	180	9
5			8	20	2.5
Total	**19**	**38**	**46**	**409**	

- *Easting and Northing of the drill hole collar.*

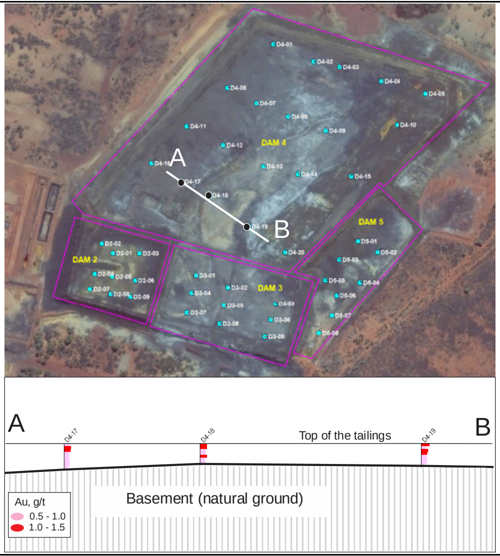
Hole ID	Depth	Contact with Ground	East (MGA)53	North (MGA)53	DAM
D1-01	2				1
D1-02	2				1
D1-03	2				1
D1-04	2				1
D1-05	1				1
D1-06	2				1
D1-07	2				1
D1-08	2				1
D1-09	2				1
D1-10	2				1
D1-11	2				1
D1-12	2				1
D1-13	2				1
D1-14	2				1
D1-15	2				1
D1X-01	2	2	424847	7824351	1x
D1X-02	2	2	424879	7824339	1x

		D1X-03	2	2	424839	7824328	1x
		D1X-04	2	2	424875	7824319	1x
		D2-01	15	14	425156	7824404	2
		D2-02	15	14	425139	7824419	2
		D2-03	15	14	425197	7824404	2
		D2-04	15	14	425128	7824372	2
		D2-05	15	14	425155	7824368	2
		D2-06	15	14	425190	7824362	2
		D2-07	15	14	425121	7824349	2
		D2-08	15	14	425152	7824341	2
		D2-09	15	14	425183	7824337	2
		D3-01	10	9	425284	7824370	3
		D3-02	12	9	425333	7824351	3
		D3-03	12	9	425406	7824326	3
		D3-04	11	9	425277	7824343	3
		D3-05	12	9	425327	7824323	3
		D3-06	12	10	425399	7824301	3
		D3-07	11	9	425270	7824312	3
		D3-08	12	9	425320	7824295	3
		D3-09	12	9	425390	7824275	3
		D4-01	12	11	425403	7824725	4
		D4-02	12	10	425465	7824698	4
		D4-03	12	10	425505	7824690	4
		D4-04	12	11	425569	7824668	4
		D4-05	12	10	425638	7824649	4
		D4-06	12	10	425332	7824658	4
		D4-07	11	9	425377	7824634	4
		D4-08	11	9	425426	7824614	4
		D4-09	11	9	425484	7824592	4
		D4-10	12	9	425594	7824601	4

D4-11	11	11	425270	7824599	4
D4-12	9	7	425326	7824570	4
D4-13	10	9	425388	7824537	4
D4-14	11	9	425441	7824525	4
D4-15	11	9	425523	7824522	4
D4-16	12	10	425215	7824542	4
D4-17	11	9	425261	7824514	4
D4-18	10	8	425304	7824493	4
D4-19	10	8	425365	7824445	4
D4-20	10	9	425421	7824405	4
D5-01	4	3	425533	7824422	5
D5-02	4	3	425563	7824405	5
D5-03	4	3	425504	7824394	5
D5-04	4	3	425536	7824359	5
D5-05	3	2	425483	7824362	5
D5-06	3	2	425500	7824339	5
D5-07	1	1	425493	7824307	5
D5-08	1	1	425473	7824280	5

	• *Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar.*	Elevation of the collars was not recorded	
	• *dip and azimuth of the hole.*	All holes drilled vertically down	
	• *down hole length and interception depth*		Average down hole length of interceptions

	• *hole length.*		6.85 m
	• *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.*	The drill hole information is material and included in this table	
Data aggregation methods (2.5)	• *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.*	Not applicable. Tailings grade was estimated geostatistically into 3D block model using 1m long samples	
	• *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.*	Not applicable. All samples are 1m long.	
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Not applicable. Metal equivalents were not estimated. Resources estimated and reported for Au, Cu and Co	
Relationship between mineralisation widths and intercept lengths (2.6)	• *These relationships are particularly important in the reporting of Exploration Results.*	Relationships between mineralisation width and intercept length is irrelevant for this study because the data was used for estimation of the tailings Resources	
	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	Mineralisation is distributed as flat lying beds in the tailings. All drill holes are vertical and intersect the mineralisation approximately orthogonally providing the good estimate of the true thickness of mineralisation	
	• *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 (2.7)	• *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.*	
Balanced reporting (2.8)	• *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.*	Not applicable because tonnage and grade of the tailings were estimated and reported as Mineral Resource
Other substantive exploration data (2.9)	• *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.*	A substantial amount of historical (pre 1987) testwork has been completed for the recovery of gold, copper and cobalt metals from the Peko tailings material. Almost all testwork completed after 1987 (mainly in the early 2000s) has been focused on magnetic separation of a suitable coal washery magnetite product. Historical flotation work on the tailings showed ~50% of the gold reports to a flotation concentrate, with the remainder to the flotation tail (consisting of magnetite plus gangue). Cyanide leaching of the float tail yielded a residue which contains 0.2 to 0.3g/t Au. Total copper and cobalt recovery of 86% to 88%, (including water soluble plus concentrate) was produced when a flotation concentrate weight of 10 to 12% was produced. Gold recoveries of 65% - 75% were regularly achieved from this historical testwork. Additional metallurgical tests have been undertaken in 2016. Results of the tests are as

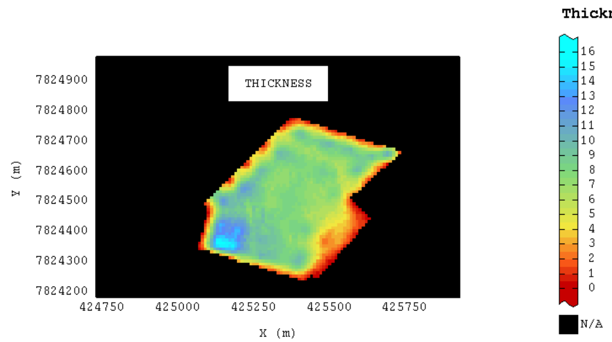
		follows: · Upfront grinding of the material is unlikely to have any additional benefits for gold, copper and cobalt extraction and can likely be eliminated from future flowsheets. · A clean sulphide concentrate can be produced from the tailings by flotation. This fact was demonstrated in the proof of concept testwork and also in previous testing (1985 to 1987), which demonstrated that flotation could recover a concentrate which amounted to between 10 to 12% of the weight containing 50% of the gold. · The tailings will produce a saleable grade coal washery magnetic concentrate. · The tailings are acidic and a significant proportion of the copper and cobalt are soluble when the tailings are mixed with water. · Historical testing also demonstrated that LoPOx leaching can have a significant improvement in total metal recovery. A 50% increase was observed for cobalt recovery.
Further work (2.10)	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Mineralisation is constrained by the tailings borders. A high resolution topographic model will be created using LiDAR technology. The drilling grid will be infilled to the level of details sufficient for estimation Indicated and Measured Resources and Ore Reserves.

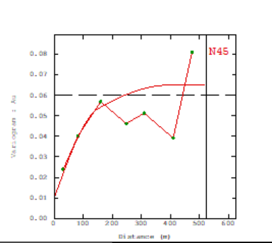
Section 3 - Estimation and Reporting of Mineral Resources

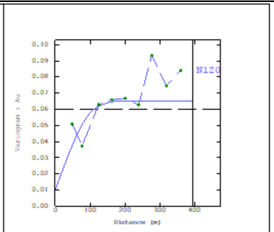
Criteria of JORC Code 2012	Explanation given in the JORC Code 2012	Details of the Reported Project
Database integrity (3.1)	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	Assays results were obtained from the ALS laboratory in electronic format as *.csv files. The data were compiled into a single Excel file, which is located on the company server which is regularly backed up. The data were electronically sent to the project CP for Resource estimation.
	• *Data validation procedures used.*	The data were checked by consulting geologist (A.L.Govey).
Site visits (3.2)	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	Dr.M.Abzalov did not visit the project site.
	• *If no site visits have been undertaken indicate why this is the case.*	Dr.M.Abzalov was approached and requested to estimate Resources of the Peko tailings in late October 2017. Timing and concurrent commitments did not permit to undertake site visit.
Geological interpretation (3.3)	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	The current interpretation is based on 65 drill holes distributed as approximately regular grid. All drillholes were sampled at 1m intervals and logged. The available information together with the mapped tailing contacts have provided a sound base for the current geological interpretation.

	• *Nature of the data used and of any assumptions made.*	496 samples from 65 drill holes
	• *The effect, if any, of alternative interpretations on Mineral Resource estimation.*	There appears to be a limited scope for alternative interpretations. The biggest uncertainty is the volume of the tailings which is approximately deuced from the thickness of the drill hole intersections.
	• *The use of geology in guiding and controlling Mineral Resource estimation.*	Understanding of the tailing infilling procedures, which was formed by slowly and evenly infilling creating horizontal layering of the mineralisation, was incorporated into the estimation procedures.
	• *The factors affecting continuity both of grade and geology.*	Layered nature of the mineralisation is created by tailing infilling procedures. The layered structure of the tailings controls distribution of the metals, including Au, Cu and Co. The grade continuities have been quantified by estimating the variograms of the main metals (Au, Cu, Co)
Dimensions (3.4)	• *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.*	(see table below)

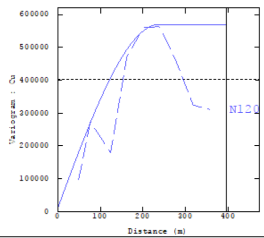
Dam	Length, m	Width.m	Depth.m
1	80	70	1.9
1x	80	60	2.0
2	150	130	14.0
3	230	140	9.1
4	400	350	9.0
5	230	100	2.5

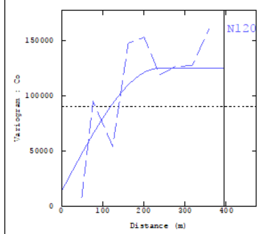
Estimation and modelling techniques (3.5)	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	Resources were estimated in a 2D system using special geostatistical software (Isatis). Volume of the mineralised bodies was estimated using thickness of the tailings which was extrapolated using Ordinary kriging between drill holes within the boundaries of the tailings dams. The boundaries was digitised from the map of the tailings.  Grade was estimated as follows: Dams 3, 4 and 5 were estimated as one body. Au by Ordinary kriging; Cu and Co by Ordinary Co-kriging; Dam 2: was estimated separately. Au by Ordinary kriging; Cu and Co by Ordinary Co-kriging; Dam 1x: grade of Au, Cu and Co was estimated as average of 8 samples collected from 4 holes drilled in this dam; Dam 1 was not estimated due to insufficient data Search neighbourhood was as follows: Radius 350 x 200m Declustering 16 sectors with 1 sample per sector Minimum number of samples 3 Grade was estimated to the 2D blocks of 40 x 40m Variograms and their estimated models of Au, Cu-Co are as follows:

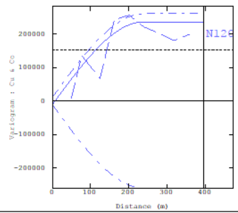




Structure		SILL	Ranges (m)	
			Major	***Minor***
Nugget	γ_0	0.01		
Spherical 1	$\gamma_{1(S)}$	0.03	225	145
Spherical 2	$\gamma_{2(S)}$	0.025	230	150







Cu		SILL	Ranges (m)		
			Major	***Minor***	
Nugget	γ_0	8990			
Spherical 1	$\gamma_{1(S)}$	560636	300	235	

Co		SILL	Ranges (m)		
			Major	***Minor***	
Nugget	γ_0	13400			
Spherical 1	$\gamma_{1(S)}$	111460	300	235	

Cu - Co		SILL	Ranges (m)		
			Major	***Minor***	
Nugget	γ_0	-10975			
Spherical 1	$\gamma_{1(S)}$	247630	300	235	

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<td>• The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</td>
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<tr><th></th><th>Dam</th><th>Tonnage (Kt)</th><th colspan="3">Grade</th><th colspan="3">Contained metal</th></tr>
<tr><td></td><td></td><td></td><td>Au g/t</td><td>Cu %</td><td>Co %</td><td>GOLD (Koz)</td><td>COPPER (Kt)</td><td>COBALT (Kt)</td></tr>
<tr><td rowspan="8">The current estimate (2017, M.Abzalov)</td><td>1</td><td colspan="7">not estimated due to insuffient data</td></tr>
<tr><td>1x</td><td>11</td><td>2.9</td><td>0.66</td><td>0.20</td><td>1</td><td>0.1</td><td>0.02</td></tr>
<tr><td>2</td><td>384</td><td>1.6</td><td>0.48</td><td>0.21</td><td>20</td><td>1.8</td><td>0.8</td></tr>
<tr><td>3</td><td>476</td><td>1.2</td><td>0.24</td><td>0.09</td><td>18</td><td>1.1</td><td>0.4</td></tr>
<tr><td>4</td><td>2,157</td><td>1.0</td><td>0.17</td><td>0.08</td><td>68</td><td>3.7</td><td>1.7</td></tr>
<tr><td>5</td><td>136</td><td>1.2</td><td>0.09</td><td>0.02</td><td>5</td><td>0.1</td><td>0.03</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>TOTAL</td><td>3,163</td><td>1.1</td><td>0.22</td><td>0.10</td><td>112</td><td>6.9</td><td>3.0</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="7">Normandy, 1997</td><td>1</td><td>72</td><td>2.2</td><td>0.86</td><td>0.31</td><td>5</td><td>0.6</td><td>0.2</td></tr>
<tr><td>1x</td><td colspan="7">did not exist in 1997</td></tr>
<tr><td>2</td><td>645</td><td>1.6</td><td>0.47</td><td>0.19</td><td>33</td><td>3.0</td><td>1.2</td></tr>
<tr><td>3</td><td>517</td><td>1.3</td><td>0.27</td><td>0.09</td><td>21</td><td>1.4</td><td>0.5</td></tr>
<tr><td>4</td><td>2,519</td><td>1.0</td><td>0.18</td><td>0.08</td><td>79</td><td>4.6</td><td>2.0</td></tr>
<tr><td>5</td><td colspan="7">was not considered as a seprate dam in 1997</td></tr>
<tr><td>TOTAL</td><td>3,753</td><td>1.1</td><td>0.25</td><td>0.11</td><td>138</td><td>9.6</td><td>4.0</td></tr>
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<td>• The assumptions made regarding recovery of by-products.</td>
<td>Recovery of the by-products was not analysed and not used in the Resource estimation</td>
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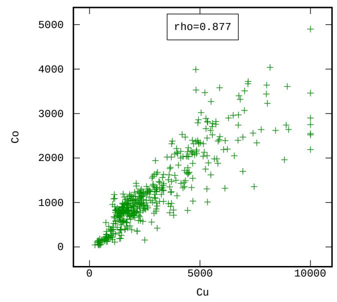
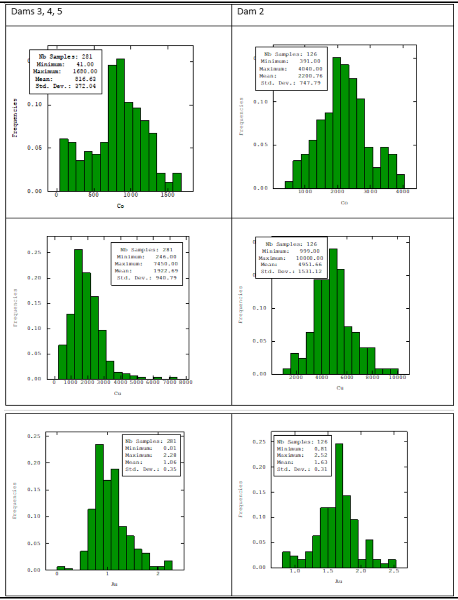
<td>• Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</td>
<td>Deleterious elements were not estimated</td>
</tr>
</table>

	• *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.*	Parent blocks are 40 x 40m. This size is optimal for the drill spacings which are as follows: Dam 1x 40 x 20m Dam 4 50-60 x 80-100m Dam 2 40 x 20m Dam 5 40 x 40-50m Dam 3 30 x 60m
	• *Any assumptions behind modelling of selective mining units.*	SMU size was not considered for the current Resource estimation
	• *Any assumptions about correlation between variables.*	Co and Cu exhibit strong correlation. The grade of these metals was estimated by Co-Kriging. 
	• *Description of how the geological interpretation was used to control the resource estimates.*	Layered structure of the mineralised tailings was understood as is considered as the main factor that controls distribution of the valuable metals, including Au, Cu and Co. This interpretation was implemented in the Resource estimation procedure

- *Discussion of basis for using or not using grade cutting or capping.*



Top-cup was not used.
Sample grades are distributed evenly without outliers.

In order to prevent smearing of the high-grade values from the Dam-2 it was estimated separately.

- *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*

Average grade of the samples was compared with the Resource block model. Results presented in the table show good reconciliation of the estimated grade of the tailings dams with corresponding them samples.

Dam	Drill hole samples			Block model		
	Cu, ppm	Co, ppm	Au, ppm	Cu, ppm	Co, ppm	Au, ppm
1						
1x	6572	1976	2.89	6572	1976	2.89
2	4952	2201	1.63	4786	2122	1.62
3	2588	983	1.17	2393	925	1.18
4	1728	807	0.99	1725	784	0.99
5	932	217	1.24	928	196	1.19

Moisture (3.6)	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	Tonnage is estimated on a dry basis, using Dry Bulk Density as a tonnage factor
Cut-off parameters (3.7)	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	Cut-off was not applied because it is assumed that the whole dam will have to be excavated.

Mining factors or assumptions (3.8)	• *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.*	Mining factors was not applied and was not considered at the given Resource estimate

Metallurgical factors or assumptions (3.9)	• *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 metallurgical assumptions made.*	The general metallurgical characteristics are: · The metal distribution within the tailings is as follows: o Gold: 50% in magnetite, 50% in pyrite; o Copper: 100% in copper sulphides; and o Cobalt: 80% in pyrite, 20% in cobalt sulphides. · Significant water soluble copper and cobalt are present in each dam. A relatively small amount of cyanide soluble copper and cobalt is also present. · The tailings contain some agglomerates which were most likely caused by the oxidising sulphides. · Based on historical (pre 1990) drilling, all but one dam is acidic in nature (Dam 1 - pH 1.6, Dam 2 - pH 4.0, Dam 3 - pH 6.0, Dam 4 - pH 7.2). It is suspected that all dams have deteriorated further since that date, as the pH of a composite from recent (2015) sampling was below pH 3.0. Historical flotation work on the tailings showed ~50% of the gold reports to a flotation concentrate, with the remainder to the flotation tail (consisting of magnetite plus gangue). Cyanide leaching of the float tail yielded a residue which contains 0.2 to 0.3g/t Au. Total copper and cobalt recovery of 86% to 88%, (including water soluble plus concentrate) was produced when a flotation concentrate weight of 10 to 12% was produced. Gold recoveries of 65% - 75% were regularly achieved from this historical testwork. Additional metallurgical tests undertaken in 2016. Results of the tests are as follows: · Upfront grinding of the material is unlikely to have any additional benefits for gold, copper and cobalt extraction and can likely be eliminated from future flowsheets. · A clean sulphide concentrate can be produced from the tailings by flotation. This fact was demonstrated in the proof of concept testwork and also in previous testing (1985 to 1987), which demonstrated that flotation could recover a concentrate which amounted to between 10 to 12% of the weight containing 50% of the gold. · The tailings will produce a saleable grade coal washery magnetic concentrate. · The tailings are acidic and a significant proportion of the copper and cobalt are soluble when the tailings are mixed with water. Historical testing also demonstrated that LoPOx leaching can have a significant improvement in total metal recovery. A 50% increase was observed for cobalt recovery.

Environmental factors or assumptions (3.10)	• *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.*	Environmental factors were not considered at the current Resource estimation

<table>
<tr>
<td rowspan="3">Bulk density (3.11)</td>
<td>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.</td>
<td>Average values, assigned to the Dams are as follows
<table>
<tr><th>Dam</th><th>DBD (t/m3)</th><th>Source</th></tr>
<tr><td>1</td><td>2.15</td><td>Resource estimation by Normandy , 1997</td></tr>
<tr><td>1x</td><td>2.15</td><td>assumed that it is simialr to Dam 1</td></tr>
<tr><td>2</td><td>2.17</td><td>Resource estimation by Normandy , 1997</td></tr>
<tr><td>3</td><td>2.17</td><td>Resource estimation by Normandy , 1997</td></tr>
<tr><td>4</td><td>2.16</td><td>Resource estimation by Normandy , 1997</td></tr>
<tr><td>5</td><td>2.15</td><td>Data was not available. The value simiar to Dam 1 was used</td></tr>
</table>
These values were determined in 1989 by digging trenches and determining the Bulk Dry Density of the bulk samples which were approximately 60 – 100 tonnes each.</td>
</tr>
<tr>
<td>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.</td>
<td>Dry Bulk Density was determined in 1989. Laurie Smith and Associates in 1989 carried out a comprehensive analysis of the specific gravity of the Peko tailings including digging two trenches in Dam 2 and three trenches in Dam 3 and determining the bulk specific gravities of volumes ranging from 25-53m^3 and with wet sample weights from 60-100 tonnes. The bulk dry density determinations of the 5 trenches varied from 1.48 to 2.58 tonnes/m^3 (ie. BDD22 - 2.31, BDD21 - 1.48, BDD33 - 2.21, BDD32 - 1.79 and BDD31 - 2.58).
Based on these data the Normandy used the following density values, that were also used in the current Resource estimation:
Dam 1; 2.15 dry tonnes /m^3
Dam 2 ; 2.17 dry tonnes /m^3
Dam 3 ; 2.17 dry tonnes /m^3
Dam 4 ; 2.16 dry tonnes /m^3</td>
</tr>
<tr>
<td>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</td>
<td>The density values reflect the location of the samples with the high values taken from near the walls where the tailings were discharged and the two low values from the centre of the dams where the fine slime fraction might be expected to accumulate.</td>
</tr>
</table>

<table>
<tr><td>Classification (3.12)</td><td>• The basis for the classification of the Mineral Resources into varying confidence categories.</td><td>The Resources are classified as Inferred because of lacking of the topographic data preventing construction of the detailed 3D model.

Data quality, quantity and the spatial distribution are sufficient for accurate estimation of the Inferred Resources</td></tr>
<tr><td></td><td>• 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).</td><td>All factors were considered when Resource was classified as Inferred. Mainly this is because of lacking of the topographic control and insufficient QAQC of the drillhole sample assays.</td></tr>
<tr><td></td><td>• Whether the result appropriately reflects the Competent Person's view of the deposit.</td><td>Dr. M. Abzalov (CP of the project) consent that Inferred Resources of the Peko tailings are as follows:
<table>
<tr><td>Tonnage (Kt)</td><td colspan="3">Grade</td><td colspan="3">Contained metal</td></tr>
<tr><td></td><td>Au g/t</td><td>Cu %</td><td>Co %</td><td>GOLD (Koz)</td><td>COPPER (Kt)</td><td>COBALT (Kt)</td></tr>
<tr><td>3,163</td><td>1.1</td><td>0.22</td><td>0.10</td><td>112</td><td>6.9</td><td>3.0</td></tr>
</table></td></tr>
<tr><td>Audits or reviews (3.13)</td><td>• The results of any audits or reviews of Mineral Resource estimates.</td><td>No audits of the Resources were undertaken</td></tr>
</table>

Discussion of relative accuracy/ confidence (3.14)	• *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.*	Quantitative assessment of the relative accuracy and confidence level in the tailings Resource estimate was not undertaken. Data distribution, with the distances between drill holes varying from 40 x 20m to 80-100m is suitable for accurate estimation of the Inferred Resources of Au, Cu and Co, which spatial continuity, according to variogram ranges is approximately 250 – 300m.

	• *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.*	Resources were estimated as 2D block model. In other words, they accurately represent the lateral changes of the Au, Cu and Co grades by can not be used for Analysis of the vertical profiles of the metal in the tailings.
	• *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	Not applicable. Production data not available for the Peko tailings