ANNUAL GROUP REPORT

ML29781, 29782, 29783, 29785, 29786, 29812 and 29814
ML (Northern) 1058 and 1083

Mt Bundy, Tom's Gully Project

1st December 2017 to 30th November 2018

GR304

1:250,000 Map Sheet Darwin SD5204

Distribution:-

1. DPIR Darwin, NT
2. Primary Gold

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January 2019

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ABSTRACT

Project Name:	Mt Bundy, Tom's Gully Project
Tenement Number:	ML29781, 29782, 29783, 29785, 29786, 29812 and 29814 ML (Northern) 1058 and 1083
Group Reporting:	GR 304/13
Tenement Holder:	Primary Gold
Tenement Operator:	Primary Gold
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Report Type:	Annual Technical Report
Reporting Period:	Period ending 30th November 2018
Report Title:	Mt Bundy, Tom's Gully Project Annual Technical Report
Author:	Fan Wu, Camiel van Hinsberg
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1:250,000 Map Sheet:	Darwin SD5204
1:100,000 Map Sheet:	Noonamah (5172) and Mary River (5272)
Target Commodity:	Gold
Keywords:	Gold, drilling, Rustlers Roost, Mt Bundy,

1. EXECUTIVE SUMMARY

The GR304-13 tenement group (ML29781, 29782, 29783, 29785, 29786, 29812 and 29814 and MLN1058 and 1083) is located some 100 kilometres south-east of Darwin, and incorporates the historic mining operations at Toms Gully, Rustlers Roost and Quest. A number of the ML's in the tenement group are a consolidation of a package of historic MC and MCN's, which were consolidated in 2013. The tenements fall within the Darwin (SD 52 04) 1:250,000 map sheets and the Noonamah (5172) and Mary River (5272) 1:100,000 map sheets. Primary Gold has managed these tenements since February 2013 when they were transferred to the company as part of the acquisition of the Mt Bundy Project from Crocodile Gold Australia Operations (CGAO).

The tenements are mostly underlain by sediments of the South Alligator Group, namely the Koolpin Formation, Gerowie Tuff and Mt Bonnie Formation. The exception being the Tom's Gully Group which are dominantly underlain by the older Wildman Siltstone of the Mt Partridge Group, exposed in a gently SW plunging antiform. The Mount Bundy Granite intrudes the South Alligator and Mount Partridge Groups and is central to the mineralisation located at Tom's Gully. The licenses contain significant auriferous quartz vein systems that have been exploited by previous operators.

In 2014 Primary Gold lodged a Mine Management Plan (MMP) with the Northern Territory Department of Mine and Energy with regards to the recommencement of operations at Tom's Gully. The MMP was referred to the Environmental Protection Agency (EPA) who in late 2014 advised Primary that an Environmental Impact Statement (EIS) would be required. During 2015 Primary Gold focused on the completion and lodgment of this study. Following the EPA assessment of the EIS in late 2015 a request for further information was received and the company kept working towards a final approval of the EIS. Work included flora and fauna surveys across the Tom's Gully, Rustlers Roost and Quest 29 areas. For Tom's Gully area surface water, groundwater, aquatic ecosystem and baseline acid mine drainage studies have been undertaken. In June 2018 Hanking Australia Investment Pty Ltd took over the owner ship from Primary Gold Ltd (PGO) and became the solo owner of the project. Hanking kept working towards a final approval for the re-commencement of Tom's Gully underground.

Exploration and project development activities carried out during the current reporting period can be described as follows:

- Ongoing preparation for the submission of a supplement to the Environmental Impact Statement;
- Drilling of six RC and diamond drill holes for 1469.35 metre and 191 samples.

2. COPYRIGHT

3. INTRODUCTION

The tenements are located south and west of the Mt Bundy Granite, approximately 100km SE of Darwin and have been grouped into three packets; Toms Gully; Rustlers Roost and Quest 29 (Figure 1). The licenses were initially granted under the NT Mining Act variously in the late 1970's and early 1980's (Table 1.) The Mining Act was repealed by the Mineral Titles Act 2011 and the historic Minerals Claims were subsequently amalgamated and re-issued as the ML's listed in Table 1.

The Quest 29 Project comprises ML29781 – ML29786 tenements and were initially granted to Geopeko Ltd in the 1970's as 36 separate MCN's and MLN's which were later acquired by Renison Consolidated Mines Limited and Toms Gully Gold Mines Limited. GBS Gold acquired the tenements in 2007 from Renison before going into voluntary administration in 2008. Crocodile Gold Australia Pty Ltd acquired the tenements from GBS Gold in November 2009 and subsequently sold the licenses to Primary Minerals Ltd in February 2013.

The Rustlers Roost and Toms Gully tenement groups were granted in 1989 (expect for MLN1083, granted in 1991) to Valdora Minerals NL (Valdora), Valdora was taken over by Valencia Ventures in 1996 and re-named Rustlers Roost Mining Pty Ltd (RRMPL).

In July 2007, GBS Gold Australia Pty Ltd acquired all mining and exploration assets, located in the Toms Gully Region, including the Toms Gully and Rustlers Roost tenement group discussed in this report. Crocodile Gold Australia secured all titles (excluding MLN1083) along with other tenements after GBS Gold Australia went into voluntary administration. In October 2010 CGAO acquired an 80% stake in MLN1083 from RRMPL with the other 20% split between Karren On and Stanley Fletcher (10% each). CGAO's title to MLN1083 and all other ML's in the Mt Bundy Project was transferred to Primary Minerals in February 2013.

In May 2013 Primary Minerals applied to have the annual technical and expenditure reporting for all mining leases in the Mt Bundy Project, Tom's Gully, Rustlers Roost and Quest 29, amalgamated. This request was granted on the 24th May 2013 as GR304/13.

4. LOCATION AND ACCESS

The tenement groups (Table 1) are located about 90-110 km SE of Darwin on the south side of the Arnhem Highway between the Corroboree Park Inn and The Bark Hut Inn (Figures 1 and 2). Access from Darwin is via the Arnhem Highway to the Tom's Gully Mines turn-off, then via established station and historic gravel mine access roads for 14km to Rustlers Roost and 16km to Quest 29.

The project area contains areas of variable relief from undulating at Tom's Gully and Quest 29 to the alluvial plains of the McKinlay River around Rustlers Roost, the latter of which makes access between project areas difficult during wet season. Within the tenements access is only possible by four wheel drive vehicles.

Table 1: Mount Bundy Group Tenements

Lease	Prospect	Historic MLN/MCN	Current Area Ha	Sq. Km	Applied Date	Grant Date	Expiry Date
ML29781	Quest 29	MCN74 MCN75 MCN76 MCN77 MCN78 MCN79 MCN80	140	1.40	1-Nov-82	6-Feb-13	5-Feb-23
ML29782	Quest 29	MCN68 MCN69 MCN70 MCN71	80	0.80	1-Nov-82	6-Feb-13	5-Feb-23
ML29783	Quest 29	MCN84 MCN85 MCN86 MCN87 MCN88 MCN89 MCN90 MCN91 MLN337 MLN338 MLN339 MLN369 MLN370 MLN371 MLN372 MLN373	285	2.85	1-Nov-82	6-Feb-13	5-Feb-23
ML29785	Quest 29	MLN72 MLN73	40	0.40	1-Nov-82	6-Feb-13	5-Feb-23
ML29786	Quest 29	MCN81 MCN82 MCN83 MLN281 MLN282 MLN283 MLN284	112.52	1.13	1-Jun-73	6-Feb-13	5-Feb-18
ML29812	Toms Gully	MCN333 MCN334 MCN335 MCN336	158	1.58	6-Jun-89	6-Feb-13	5-Feb-23
ML29814	Toms Gully	MCN337 MCN338 MCN339	84.29	0.84	6-Jun-89	6-Feb-13	5-Feb-23
MLN1058	Toms Gully		681.8	6.82	12-Feb-88	3-Aug-89	2-Aug-39
MLN1083	Rustlers Roost		755.6	7.56	24-Jul-89	4-Mar-91	31-Dec-20

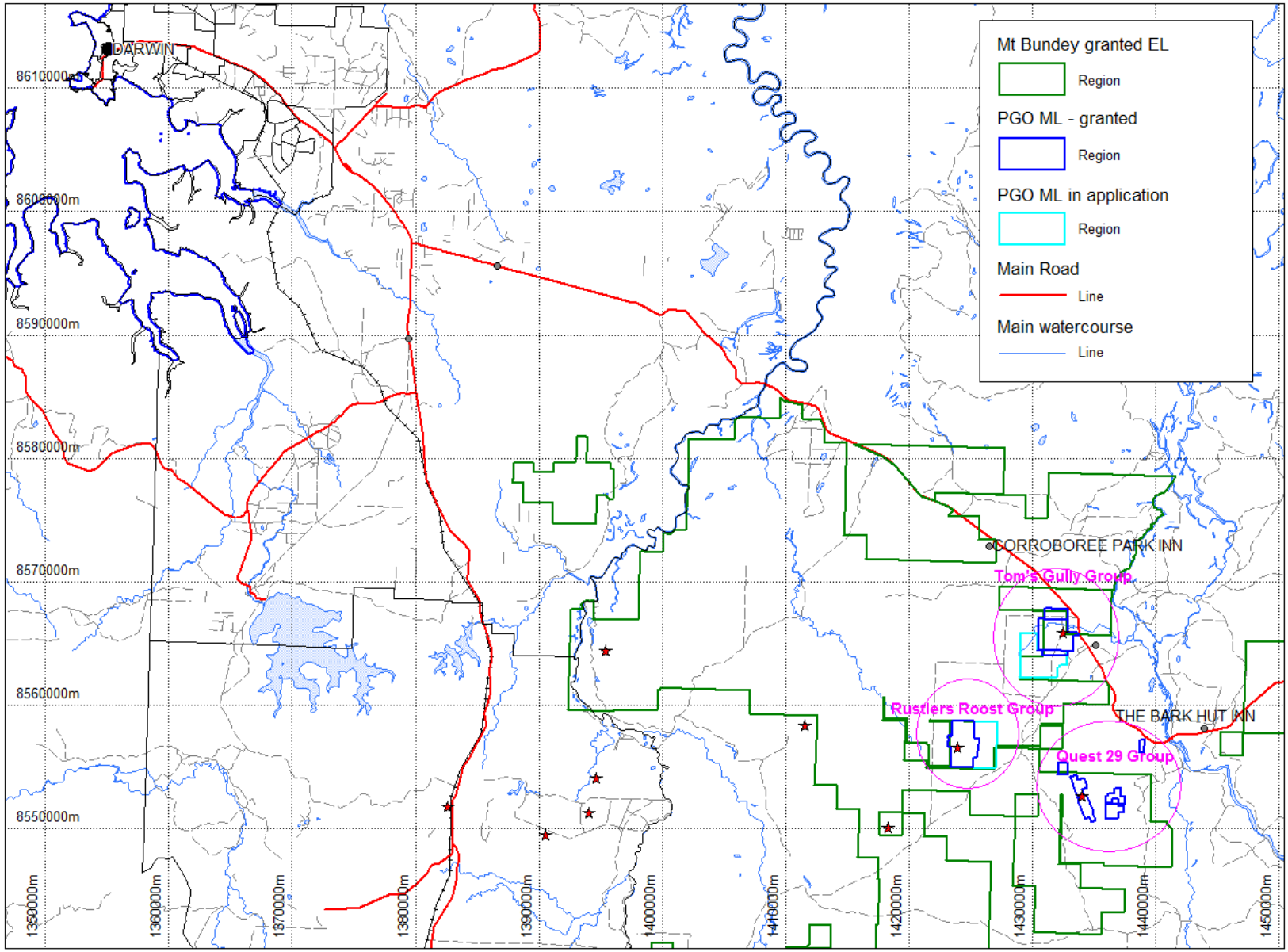

Figure 1: Mount Bundy Project Location

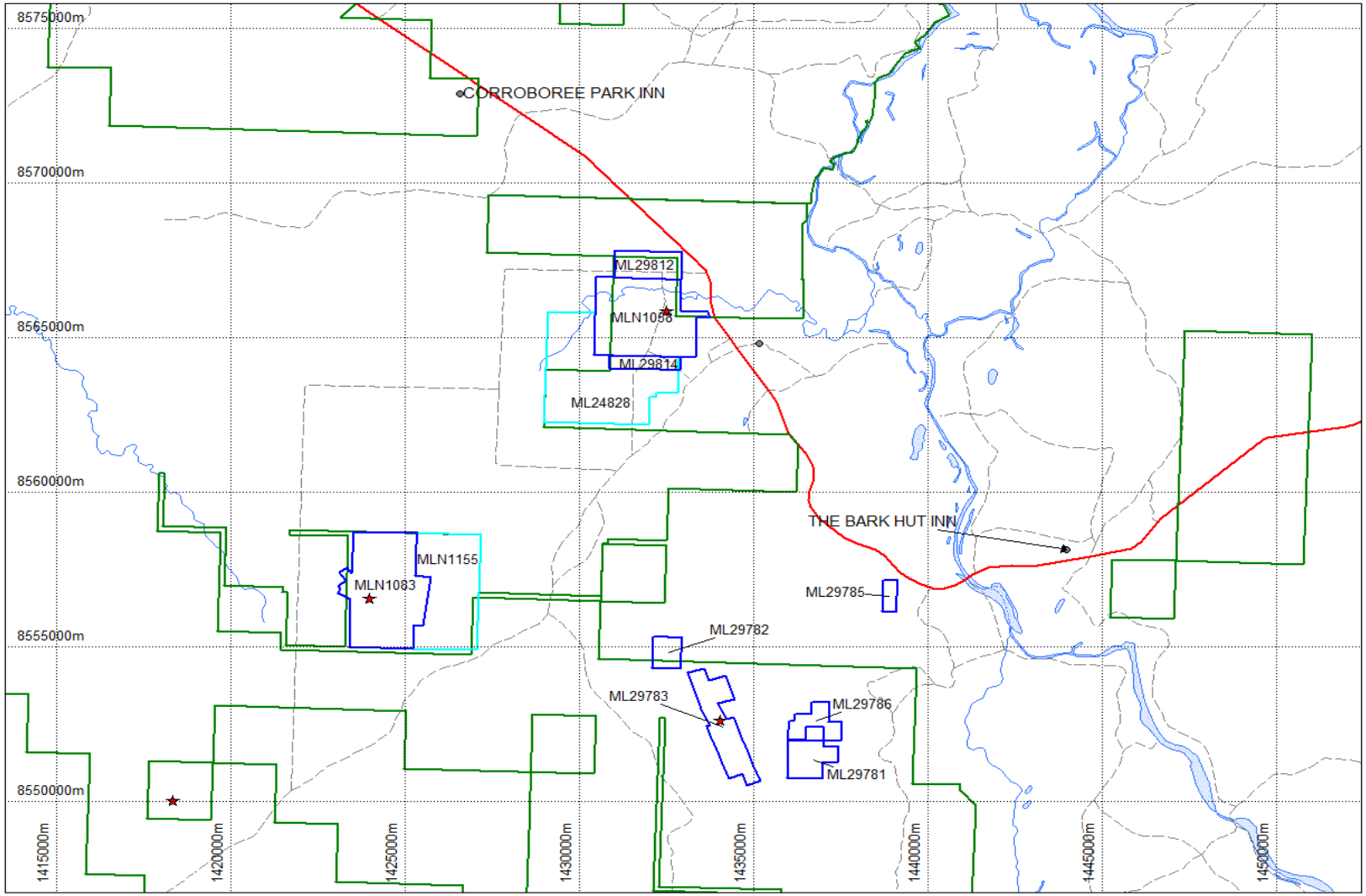

Figure 2: Mount Bundy Project mineral lease details.

5. GEOLOGICAL SETTING

Geological setting of the Mount Bundy project was compiled by the current annual report authors using the data presented in the papers and the geological reports (Ahmad et al., 2009; Edwards, M. 2012a, b; Şener, 2004; Sheppard, 1994).

6. REGIONAL GEOLOGY

The Mt Bundy (Tom's Gully, Rustlers Roost and Quest 29) group of tenements are situated within the Pine Creek Geosyncline, a tightly folded sequence of Lower Proterozoic rocks, 10km to 14km in thickness, laid down on a rifted granitic Archaean basement during the interval ~2.2-1.87Ga. The sequence is dominated by pelitic and psammitic (continental shelf shallow marine) sediments with locally significant inter-layered cherty tuff units. Pre-orogenic mafic sills of the Zamu Dolerite event (~1.87Ga) intruded formations of the South Alligator Group. During the Top End Orogeny (Nimbuwah Event ~1.87-1.85Ga) the sequence was tightly folded, faulted and pervasively altered with metamorphic grade averaging greenschist facies with phyllite in sheared zones.

The Cullen intrusive event introduced a suite of fractionated calc-alkaline granitic batholiths into the sequence in the period ~1.84-1.80Ga. These high temperature I-type intrusives induced strong contact metamorphic aureoles ranging up to (garnet) amphibolite facies, and created regionally extensive biotite and andalusite hornfels facies.

Less deformed Middle and Late Proterozoic clastic rocks and volcanics have an unconformable relationship to the older sequences. Flat lying Palaeozoic and Mesozoic strata along with Cainozoic sediments and proto-laterite cementation overlie parts of the Pine Creek Geosyncline lithologies. Recent scree deposits sometimes with proto-laterite cement occupy the lower hill slopes while fluviatile sands, gravels and black soil deposits mask the river/creek flats areas.

Regionally there is a tendency for gold mineralisation to be focused in anticlinal settings within strata of the South Alligator Group and lower parts of the Finniss River Group. This sequence evolved from initial low energy shallow basinal sedimentation to higher energy deeper water flysch facies. Dated at ~1740Ga (Sener 2004) the gold events post date the Pine Creek Orogeny and Cullen intrusive events and has favoured suitable litho-structural sites in the biotite-hornfels contact facies.

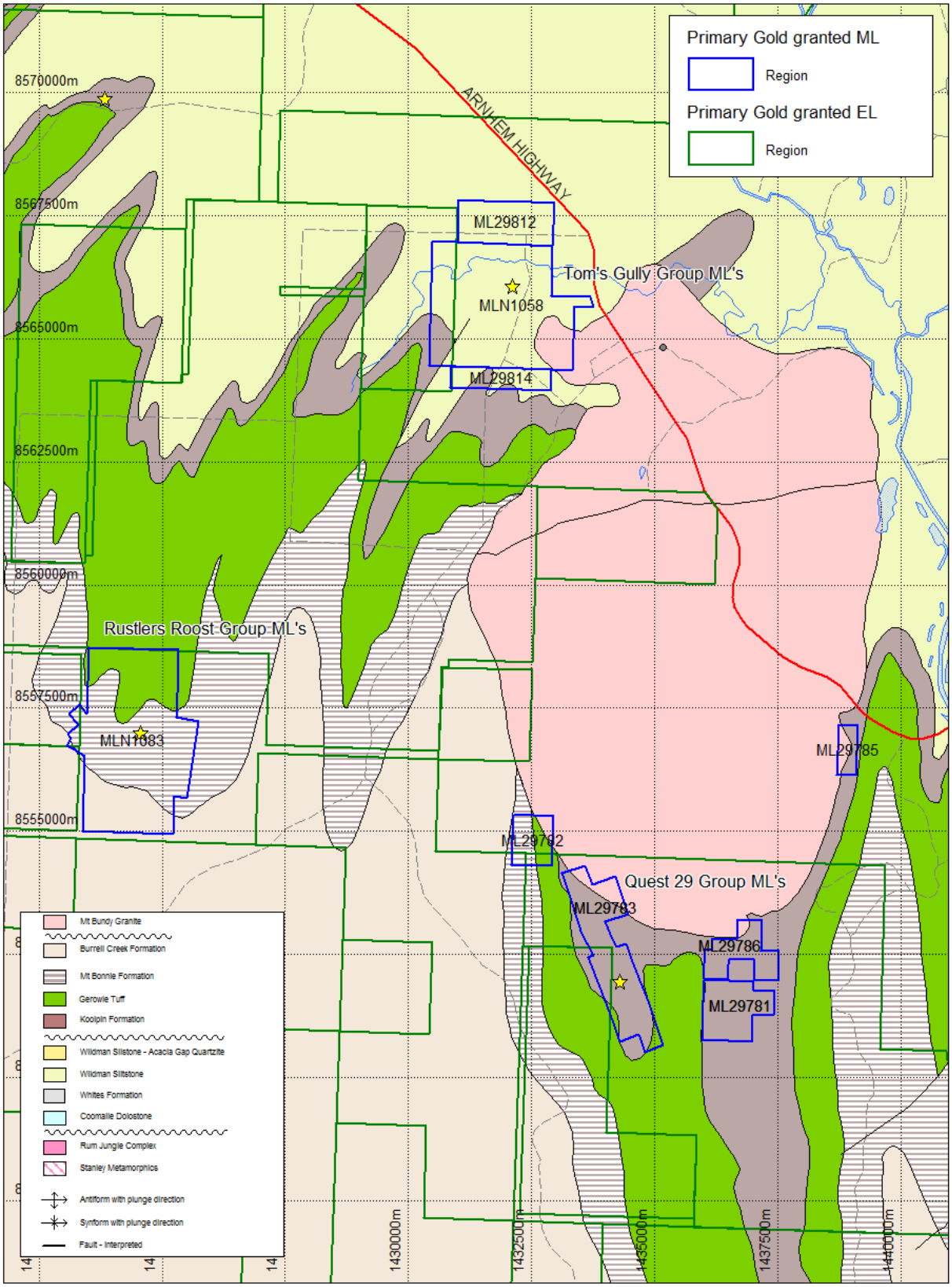

Figure 3: Mount Bundy Project, regional geology and mining licenses. Geological background is based on NTGS 1:500,000 scale map of the Pine Creek Orogen, compiled by Laily J and Doyle N (2005)

LOCAL GEOLOGY

The Quest 29 tenement group overlie rocks of the Koolpin Formation of the South Alligator Group, which is underlain by the rocks of the Mount Partridge Group. This rock sequence has been intruded by the Mount Bundy Granite, causing contact metamorphism which is intimately associated with gold mineralisation. Tertiary and Quaternary Soils and Gravel's unconformably overlie all the lower lying portions of the tenement areas, generally referred to as "Black Soils Regions". All of the Palaeoproterozoic sediments and volcanics in the Mount Bundy area were folded in a major deformation event dated around 1800 million years. The fold axes trend north- northeast, and generally plunging gently to the south.

The Rustlers Roost Group is dominantly underlain by the Mount Bonnie Formation, locally the sequence outcrops as banded carbonaceous siltstone and mudstone. The nearby post-orogenic though still Palaeoproterozoic Mt Bundy Pluton and the Mt Goyder Syenite have subjected the sediments to regional greenschist grade metamorphism and later contact metamorphic events (Figure 3).

The Mt Partridge Group underwent gentle tilting and erosion prior to the deposition of the South Alligator sediments. The sediments, volcanics and dolerite sills were then subjected to a major folding episode along the north-northeast trending regional F1 fold axes. The folds are open to tight in style and plunge consistently to the south at approximately 35°. Gold mineralisation is hosted in a planar, south dipping quartz- sulphide vein that postdates the folding event. Following the folding, an extensive array of northeast and northwest trending dolerite dykes was intruded during extensional deformation. These crop out only rarely but are clearly evident on aeromagnetic maps because of their magnetic character and continuity over distances up to 100km. The bulk of the gold mineralisation at Rustler's Roost is sitting astride the W-SW dipping fold limb between the Backhoe Syncline to the west and the Dolly Pot Anticline.

The Tom's Gully Deposit consists of a shallowly south dipping quartz reef in graphitic shale and siltstone of the Wildman Siltstone unit within the thermal aureole of the post-tectonic (1831+/- 6Ma) Mt Bundy pluton. Carbonaceous shales and siltstones dominate the lithologies in the vicinity of the Tom's Gully Mine. Drilling has spanned a stratigraphic interval of approximately 300m and this has been tentatively divided into three lithological units within the siltstone, based on carbon content. The central 20m unit is distinct in that it contains a number of grey, tuffaceous horizons.

Gold mineralization comprises a minimum of two south southwest plunging sulphidic ore shoots which are intimately associated with brecciation and recrystallization of early barren quartz. Where early quartz is absent from the thrust, gold mineralization is not well developed, indicating that this secondary brittle fracturing was essential to sulphide and gold deposition (Sheppard, 1996). The metamorphic overprint has resulted in a mineral assemblage in the sediments of varying proportions of quartz, sericite, graphite, biotite, pyrite and andalusite with accessory tourmaline and rutile. Locally, the sediment package dips southerly and the reef appears to be conformable with the sediments. However, mapping has demonstrated that the structure cross cuts the fold structures. The sediments are generally well banded, with little structural fabric. However, within 1 to 2m of the reef, a deformation fabric is typically present. This comprises shearing and varying degrees of brecciation, with the fabric parallel to the reef orientation. Similar deformation occurs in the vicinity of the Crabb and Williams Faults which are major controlling structures on the east and western end of the deposit respectively. In the

deposit area, the Tom's Gully mineralization is hosted by a planar quartz sulphide vein which strikes east - west and dips south at approximately 30° near the outcrop position to near horizontal some 1,500 meters down dip (280 meters deep). Sheppard (1996) interpreted the mineralized "reef" to be hosted in the D2 thrust fault with fluid transport to the thrust acted as a décollement zone. Field relationships and micro fabric studies suggest that quartz and sulphide were deposited in a reactivated thrust during wrench shear along several north-northeast trending faults associated with emplacement of the Mt Bundy pluton.

7. PREVIOUS EXPLORATION

Initial exploration in the Tom's Gully / Rustlers Roost region was carried out by Carpentaria Exploration (CEC) a division of Mt Isa Mines Pty Ltd in 1986. The outcropping Tom's Gully Lode was identified during a regional stream sediment sampling program conducted by CEC during that time. Initial drilling of the prospect began in April 1987 which led to the commencement of an open cut mine in 1988. Carpentaria Gold Pty Ltd (CGPL) operated the Tom's Gully Open Cut Mine from 1988 – 1991, mining to a depth of 90m and producing 100,000oz of gold from 330,000t of ore. CGPL commenced a decline from the base of the pit to access ore below the pit floor but this was terminated due to difficult ground conditions in the Crabb Fault at the eastern end of the ore body.

In 1992, CGPL sold the mine and associated leases to Esmeralda Exploration Ltd ("Esmeralda") who removed the services from the previously developed decline and allowed the pit to flood.

Kakadu Resources NL ("Kakadu") acquired Tom's Gully from Esmeralda and built and commissioned a plant in May 1995 to re-treat the tailings. It is estimated that Kakadu treated some 65,000 tonnes of tailings at an overall recovery of about 35%. Kakadu went into receivership in 1995 and was re-organised into Sirocco Resources NL in 1997, renamed Renison in 2002.

Renison added a crushing circuit, re-commissioned the Tom's Gully treatment plant and commenced mining at Quest 29 in the latter part of 1999. Approximately 450,000t of ore was mined and treated at either the Tom's Gully treatment plant or the Quest 29 dump leach facility.

In 2003 and 2004, Renison undertook a feasibility study on Toms Gully underground and in 2005 commenced underground operations, continuing until 2007 when the mine was placed on care and maintenance. Underground mining by Renison yielded some 63,000t of ore grading 3.7g/t Au.

GBS Gold acquired the Tom's Gully Project in July 2007 and undertook a feasibility study on the project which supported a planned 35,000oz per annum project for 3.5 years at 7.1g/t Au. GBS commenced mining in 2008, however, only minimal mine development was completed before mining was suspended and GBS was placed in administration.

In 2009 Crocodile Gold Australian Operations Pty Ltd (CGAO) acquired the Tom's Gully Project from the administrators and in 2010 the development of Tom's Gully re- commenced, however in August 2010 operations at Tom's Gully were put on hold.

In February 2013 Primary Gold Ltd purchased the Tom's Gully and greater My Bundy Project from CGAO and announced a successful feasibility study for Tom's Gully in August 2013.

The earliest record of ground exploration conducted at Quest 29 is from the 1980's when field investigations were carried out by Kakadu Resources and Geopeko/Carpentaria Gold Pty Ltd. During this program, field mapping was carried out and areas of interest were sampled.

In 1990, a Geopeko and Carpentaria Gold Pty Ltd joint venture explored the project area for gold and base metal mineralisation. Work was concentrated on MLNs 337, 339 (now ML29783) and adjoining tenements. Here, a program of soil and rock chip sampling and ground magnetics was undertaken. It led to delineation of gold and base metal anomalies. In the same year, MLN 337 was explored where 10 RC holes were drilled for 480 m.

In 1990-91, Geopeko located gold mineralisation associated with lenses of pegmatite within MLN 339. Six costeans and one diamond hole was drilled to test the mineralisation. Reconnaissance rock sampling and mapping confirmed the southern end of the line of costeans to have the greatest potential. Eleven RC holes totalling 622 m were drilled. During this program 394 samples were retrieved for assay. Gold grades as high as 41.0 g/t over 1 metre width was encountered.

A Joint Venture of Carpentaria Gold and Geopeko carried out a program of soil geochemistry, costeaning and drilling in the eastern group of tenements in 1992-93. Earlier Carpentaria Gold had drilled seven RC holes for 356 m into a lead target. A total of 201 samples were taken and analysed for Au, As, Ag, Cu, Pb and Zn. In drill hole QPB4 grade as high as 1.0 g/t was encountered. 535 soil samples were collected at 25 m x 100 m and assaying of samples showed gold peak value of 721 ppb with background values of 10 ppb. In the southern-most part of the area (MLN 337) an open ended 40 m x 150 m gold anomaly trends parallel to grid. During the same program, four costeans were dug at 50 m intervals across the gold geochemical anomaly. A total of 242 samples were collected from these costeans. Twelve sections returned gold grades over 0.5 g/t. highest intersection of gold mineralisation of 160 g/t was returned from BHS2.

During 1994, a campaign of geological mapping and drilling was carried out to test the gold mineralisation at Quest 29 prospect. Geological mapping was carried out on part of the area on 50m x 50m grid and in places it was closed up 25m x 25m. Mapping outlined the dolerite and anticline in the Koolpin Formation. Diamond drilling was followed by two phases of RC drilling. This program identified extensive low grade of gold resources.

From 2007 to 2009, GBS Gold conducted several technical reviews of the project, acquired aeromagnetic and radiometric survey data and completed several reconnaissance field visits.

No on ground exploration was undertaken by CGAO at the Quest Prospect.

A review of the Quest 29 and Quest 30 prospects, including the surrounding tenements was conducted during the 2011 reporting year by CGAO. The project review included analysis of historic and recent geophysical and geochemical data. The area of historic operations has been subject to an ongoing program of care and maintenance.

Work completed by Primary from 2013 to 2017 involved further review of data associated with the known Rustlers Roost, Quest 29 and Toms Gully deposits. Studies were carried out for the commencement of mining. These included diamond drilling of ten holes at Tom's Gully, updates of resource estimations, metallurgical tests, a LiDAR topographic survey to provide terrain information and imagery, and environmental studies for the for the Environmental Impact Statement. The company also investigated the tailings dams and waste rock dumps at Tom's Gully as a potential resource of gold by auger and RC drilling and trenching. Only the tailings dam south of the sulphide waste dump contained gold with an average of 2.18g/t Au.

8. EXPLORATION ACTIVITY 1 DECEMBER 2017 TO 30 NOVEMBER 2018

Exploration and project development activity during the current reporting period are displayed on the exploration index map (Figure 4) and can be described as follows:

- Ongoing preparation for the submission of a supplement to the Environmental Impact Statement to advance the Tom's Gully deposit to production. Studies included acid mine drainage assessment, groundwater modelling, aquatic ecosystem survey, assessment of tailing storage facility, etc.

Table 2: Tom's Gully drilling summary. RC – reverse circulation; RCD – reverse circulation with diamond tail; DD – diamond

Hole type	Hole number range	No. of holes	Total metres
RC	TGRCD046	1	147
RCD	TGRCD047–50	4	1240.45
DD	TGGT01	1	80.9
	Grand total:	**6**	**1468.35**

- An RC and diamond drilling programme at Tom's Gully during October and November. Main purpose was to confirm the presence and trend direction of the high-grade ore shoot of the quartz reef. Furthermore, samples were collected for metallurgical tests, ore sorting and gold recovery, and a geotechnical study. A total of six holes for 1469.35 metres were drilled (Table 2). The diamond tail of TGRCD046 was cancelled following an underground redesign and consequently falling outside the mining envelope.
  The Tom's Gully deposit is hosted by the Paleoproterozoic Wildman Siltstone Formation and is composed of bedded and laminated fine-grained to very fine-grained graphite-bearing shales. Graphite content increases with increasing depth and proximity to the auriferous quartz reef. The sedimentary sequence is intruded by sills and dykes of grey-green fine- to medium grained lamprophyres. These dykes and sills are related to the intrusion of the Mount Goyder Syenite adjacent to the open pit. Hole TGGT01 is believed to be in close proximity to the syenite contact, because of the strong silica alteration of the host siltstone.
  The auriferous quartz reef is flat lying and up to a metre thick in holes TGRCD047, 048 and 049 (Figure 5). Pyrrhotite and arsenopyrite are the dominant sulphides and to a lesser extent pyrite, chalcopyrite, galena and sphalerite. Small rafts of graphitic shale are incorporated within the reef. The reef sits within a ductile shear zone and high shear

strain has resulted in the formation of C' shear bands oblique to the shear zone margins. Spider quartz veining within the shear zone increases strongly towards the quartz reef and can make it difficult to distinguish the boundary. However, a good indicator is the presence of sulphides as these are absent within the spider veinlets. Consequently, the quartz reef also has a much higher density than the surrounding rock (>3.0 tonnes/BCM compared to 2.7-2.8 tonnes/BCM). For hole TGRCD050 a small section of graphitic shale with strong spider veining within a larger lamprophyre most likely indicates that the quartz reef has been destroyed by the intrusive and not necessarily means it is pinching out.

A total of 165 samples were sent off to Jinning Testing and Inspection in Perth for assaying and met testing. Furthermore, another 26 samples were sent to SGS environmental for waste characterisation. Results haven't been received during the reporting year.

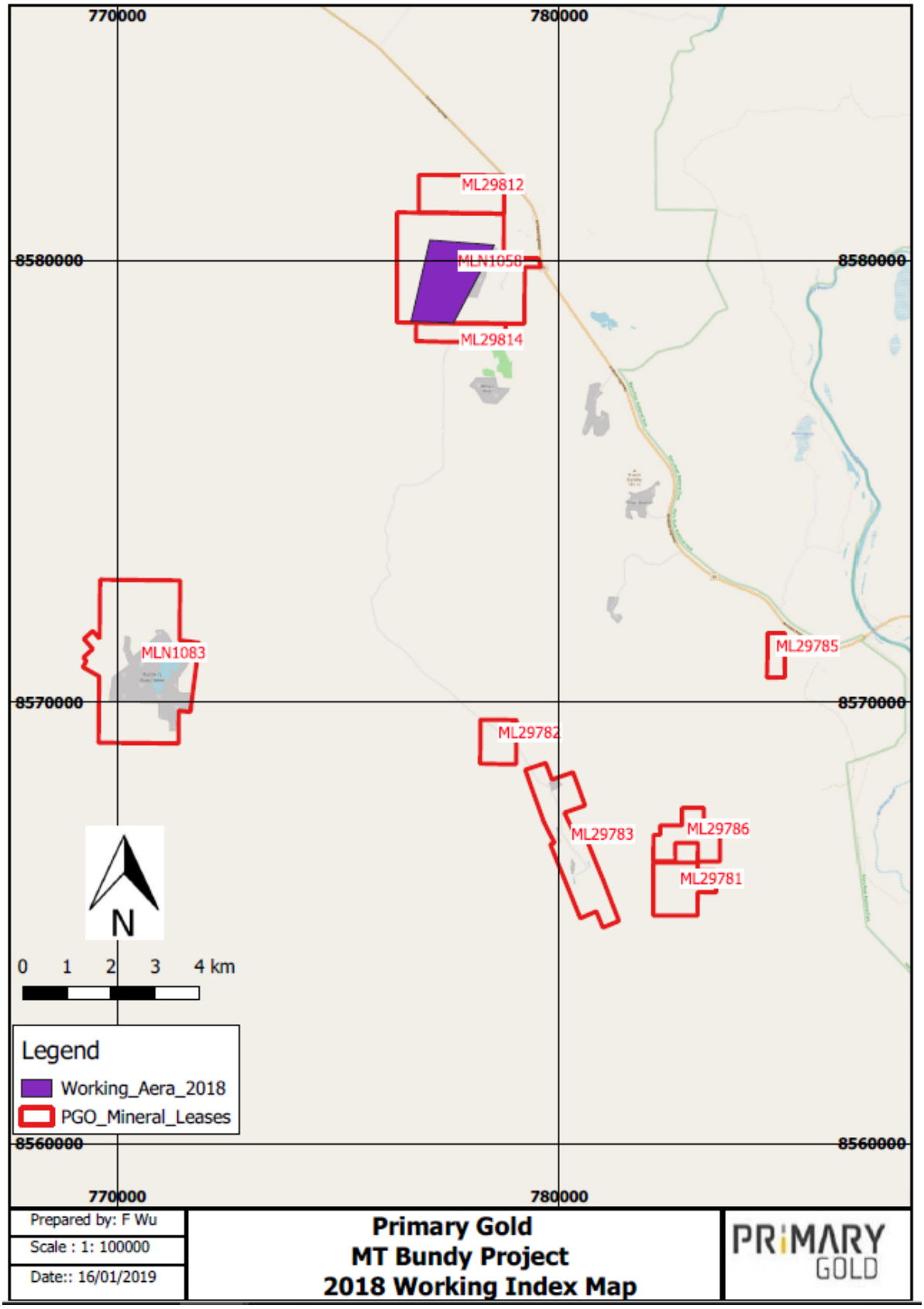

Figure 4: Exploration Index Plan

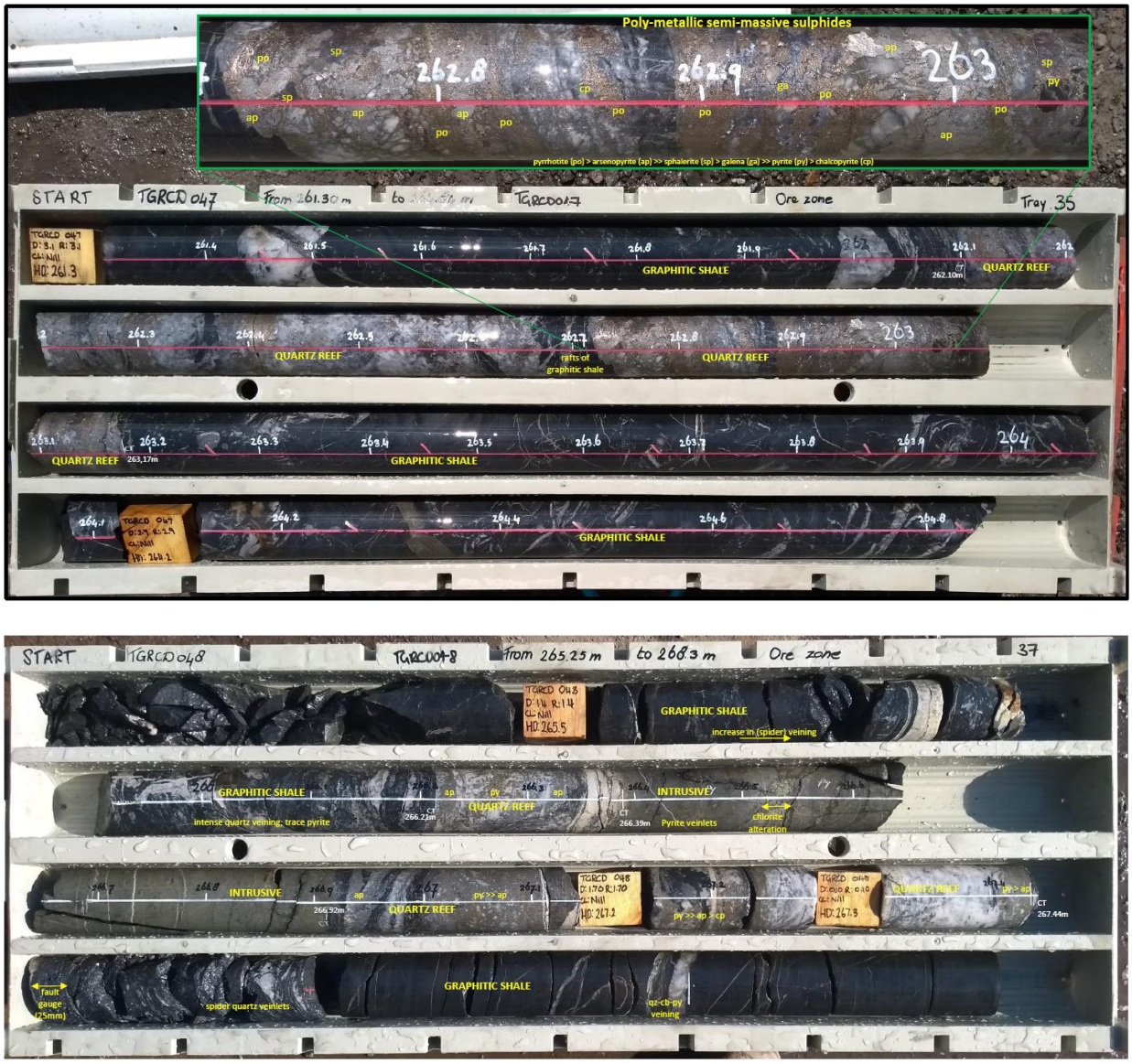

Figure 5: Diamond drill core from the ore zones for holes TGRCD047 and TGRCD048. The red line is an ori line representing bottom of hole, the white line is a cut-line.

9. FORWARD PROGRAM YEAR ENDING 30 NOVEMBER 2019

The activities for the year ending November 2019 will be mainly focused on advancing the Tom's Gully deposit to production. Priority tasks will be finalising the Environmental Impact Statement and optimising the gold extraction process. Furthermore, focus will be on brownfield exploration to locate any additional sources of ore for the mill. Mineralisation is open at depth and in places along strike. There is also the potential for repeated lodes as the deposit has only been drilled 20 metres past the known mineralisation.

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