ANNUAL GROUP REPORT
GR354

EL's 29330, 29717, 30128, 30234, 30255, 30809 and 30824.

Mt Bundy Project

For Period 1 December 2017 - 30 November 2018

Darwin and Pine Creek 1:250,000 map sheets
Noonamah, Mary River, McKinley River and Batchelor 1:100,000 map sheets.

Distribution:-

1. **DPIR Darwin NT**
2. **Primary Gold, Perth**

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The Mt Bundy group of exploration tenements is located about 90 km SE of Darwin, along the Arnhem Highway. Most of the licences were originally granted to Renison Consolidated Mines NL, in 2003 and the project was then known as the Au Quest Project. GBS Gold Australia acquired the tenements in 2007 until going into voluntary administration in 2008. On 6 November 2009, Crocodile Gold Australia Operations (CGAO) acquired the Mt Bundy exploration licences from GBS Gold Australia (liquidated). During 2012 CGAO entered into a sales arrangement with Primary Gold Ltd (PGO) for the Mt Bundy Project which was finalised in February 2013. PGO then assumed responsibility for exploration of the project. In June 2018, Hanking Australia Investment Pty Ltd took over the owner ship from Primary Gold Ltd (PGO), became the solo owner of the project.

The Mt Bundy Project area encompasses a suite of meta-sedimentary rocks of the Mt Bonnie Formation and the Burrell Creek Formation. These comprise brown to grey-green, thickly bedded to massive, fine to coarse feldspathic meta-greywacke with graded bedding in places and minor lenses of volcanilithic pebble conglomerate; brown to grey, laminated phyllite, slate and mudstone and minor quartz-mica schist.

In May 2014 the Department of Mines and Energy approved an application to amalgamate the Mt Bundy tenements. This reduced the number of contiguous titles in the project from 24 to just 2; EL30371 and EL30124. The move from the Australia Geodetic Datum to the Geodetic Datum of Australia in 2000 resulted in a number of small vacant ground slivers within the Mt Bundy Project. PGO applied for these small parcels in 2014 and they were granted in November 2014. These small slivers were incorporated into EL30371 and EL30124 and the amalgamated tenements were reissued in 2015 as EL30809 and EL30824. In April 2017, EL29330 and EL30255 were incorporated into the reporting group.

Throughout the reporting period PGO has continued regional reconnaissance and data evaluation of the extensive historic data set. This has led to approximately three weeks of reconnaissance field trips to validate the tenor, geography and geology of historic prospects and the new exploration targets determined from the past geochemical surveys. A four weeks soil sampling program was conducted at EL30809 and EL30824, A total of 2620 soil samples were collected. All soil samples were tested for gold and other 35 elements. At the same time PGO has commenced a staged exploration approach across the project with the first stage examining the zones of known gold mineralization with subsequent stages concentrating on prospective areas that are less known and/or explored. This staged approach resulted in 9 HQ size diamond drill holes being drilled on EL30809 for a total of 2230m and 2595 samples. Samples results are waiting while this report is being written.

Also during the period, the company's technical and financial resources are still being utilized for the collection of data and information required to address the issues identified by the government and public stakeholders during the assessment of the Toms Gully Mine Environmental Impact Statement (EIS). Work associated with the EIS involved the finalization and lodgement of documents associated with the EIS Supplement.

With the changes to senior management and the board completed, a staged exploration approach has been adopted starting with exploration at the known zones of mineralization and radiating outwards to less understood areas. As such exploration activity during the current reporting period has focused on areas of known mineralization and surrounds at Rustlers Roost.

2 COPYRIGHT

3 **INTRODUCTION**

The Mt Bundy group of exploration tenements are located about 90 km SE of Darwin, along the Arnhem Highway. The tenements fall within the Darwin (SD 52 04) and Pine Creek (SD 52-08) 1:250,000 map sheets and the Noonamah (5172), Mary River (5272), McKinley River (5271) and Batchelor (5171) 1:100,000 map sheets.

The licences were originally granted to Renison Consolidated Mines NL, in 2003 and the project was then known as the Au Quest Project. GBS Gold Australia acquired the tenements in 2007 until going into voluntary administration in 2008. In November 2009, CGAO acquired the Mt Bundy exploration licences after purchasing all assets held by GBS Gold Australia (liquidated), subsequently selling the project to Primary Gold Ltd in February 2013. In June 208, Hanking Australia Investment Pty Ltd 100% acquired PGO and became the owner of the project. Rum Jungle Uranium Limited had the rights to explore for uranium on EL10382 and EL2438 (tenements that were amalgamated into EL30809) as per a joint venture agreement with previous owners, GBS Gold.

The Mt Bundy Project was given Group Technical Reporting status in December 2010 as GR184/12. PGO applied for the re-instatement of this in May 2013 following finalisation of the purchase of the Mt Bundy Project. In 2014 PGO moved to simplify the tenement holdings at Mt Bundy and applied the NT DME to have the 24 contiguous licenses forming the majority of the Mt Bundy Project amalgamated into two exploration licenses. In May 2014 these were granted as EL30371 and EL30124. Further to this, a number of vacant land slivers, (partial blocks) where located within EL30371 and EL30124. These slivers were the result of the shift from the AGD to GDA datum in 2000. In 2015 Primary applied for grant of these slivers, which was approved, and in 2015 they were amalgamated into the surrounding, existing tenure. In June 2015 replacement titles were issued which incorporated the amalgamated slivers (EL30809, formerly EL30371 and EL30824, formerly EL30124). Exploration Licences 29330 and 30255 were added to the Mt Bundy group in April 2017.

On grant of the amalgamated titles, reporting group GR184/12 was nullified and an application to reinstate group reporting based on the updated tenement numbers was made. This was granted in late 2014 as GR354. In late December 2015 the company amended the licences included in GR354 to include the replacement titles EL30809 and EL30824 and to include the recently granted EL30234. In April 2016, EL29330 and EL30255 were amalgamated into GR354.

In this report, exploration activity conducted from 1 December 2017 to 30 November 2018 is discussed.

4 LOCATION AND ACCESS

The Mt Bundy tenements are situated 90km SE of Darwin NT along the Arnhem Highway. Access to the tenements is via the Tom's Gully and Rustler's Roost access road from the Arnhem Highway or directly from the Arnhem Highway and secondary tracks. These tracks provide good access for 4WD vehicles during the dry season, however these tracks become impassable after heavy rain, and therefore no access is possible throughout the wet season.

Access to EL29330, the most southerly licence of the group, is by the Stuart Highway and then via Haynes and Wild Horse Hill Road. 4WD access to the licence is good, however access is not feasible throughout the wet season due to heavy rains.

The Mt Bundy tenements fall within the Darwin and Pine Creek 1:250,000 map sheets and the Noonamah, Mary River, McKinley River and Batchelor 1:100,000 map sheets.

The majority of exploration licences occur on pastoral stations with a lesser area on freehold lots. During the reporting period Primary maintained ongoing dialogue with pastoral owners and lot holders to gain access where work has occurred and is proposed into the future. This dialogue included access letters to support the Mine Management Plans for drilling approval.

To protect against the potential damage of Aboriginal heritage sites, three Aboriginal Areas Protection Authority - Authority Certificates were granted across the project. One of the certificates covered a portion of EL29330, while the remaining two Authority Certificates covered four separate areas within EL30809 and EL30824. Two extra applications cover EL30255, EL30234, EL30128, EL30809 and EL30824 are under assessed by AAPA, certificates are due at early of 2019.

Figure 1 shows the Mt Bundy tenement group location.

5 TENEMENT DETAILS

The Mt Bundy group of exploration tenements were originally granted to Renison Consolidated Mines NL from 2002 to 2007. GBS Gold Australia Pty Ltd acquired all tenements of the Mt Bundy exploration group on 25 July 2007. Due to financial difficulties, GBS Gold Australia went into voluntary administration in September 2008 and all assets were placed under care and maintenance. On 6 November 2009, Crocodile Gold Australia purchased all assets held by GBS Gold Australia (liquidated) in the Northern Territory, including the Mt Bundy Project.

Details of the current tenements in reporting group GR354 are shown in Table 1 and Figure 1. In addition, tenements EL29330 and EL30255 were added to the project in 2017.

Table 1 - Mt Bundy Group tenement details

Lease	Type	Status	Current Area (blocks)	Applied Date	Grant Date	Expiry Date
EL29330	EL - Exploration Licence (NT)	Granted	66	16-Jan-12	23-Oct-12	22-Oct-18*
EL29717	EL - Exploration Licence (NT)	Granted	13	16-Jan-12	8-Jan-14	7-Jan-20
EL30128	EL - Exploration Licence (NT)	Granted	7	14-Oct-13	20-May-14	19-May-20
EL30234	EL - Exploration Licence (NT)	Granted	9	30-Dec-13	11-Aug-15	10-Aug-21
EL30255	EL - Exploration Licence (NT)	Granted	16	17-Jan-14	3-Mar-16	2-Mar-22
EL30809	EL - Exploration Licence (NT)	Granted	152	26-Nov-14	3-Jul-15	02-Jul-21
EL30824	EL - Exploration Licence (NT)	Granted	185	26-Nov-14	3-Jul-15	02-Jul-21

*renewal application under assessment

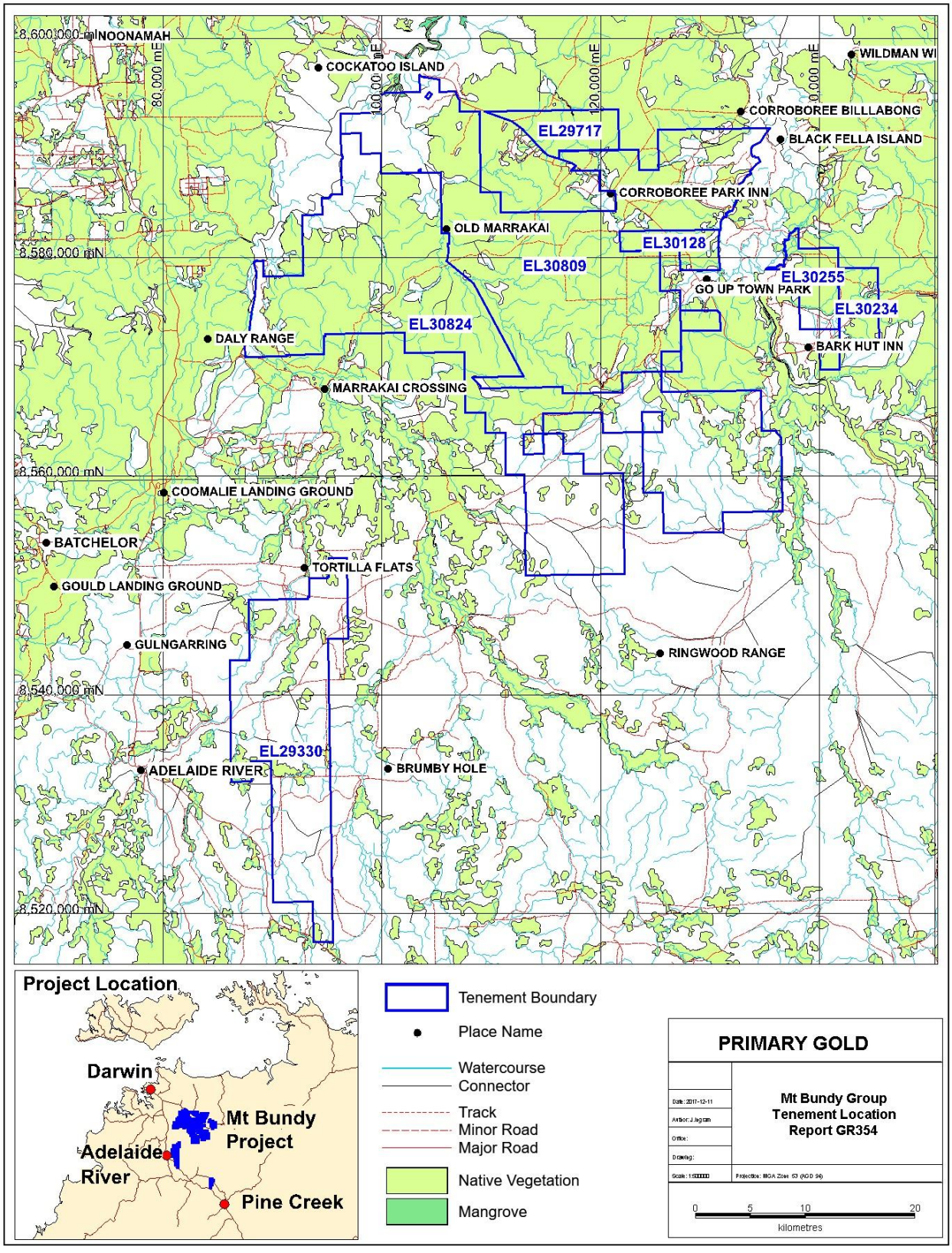

Figure 1 - Mt Bundy group tenement location

6 GEOLOGICAL SETTING

6.1 REGIONAL GEOLOGY

The Mt Bundy group of exploration tenements are situated within the Pine Creek Orogen, 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 (Figure 2). Pre-orogenic mafic sills of the Zamu Dolerite event (~1.87Ga) intruded the lower formations of the South Alligator Group (Ahmad et al 2009). 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 batholith into the sequence in the period ~1.84-1.1.78Ga. 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 Orogen 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.

The Pine Creek Orogen hosts significant resources of gold. In total, there are over 250 gold deposits and occurrences including operating mines (Figure 3). Most of the gold deposits were found in the Central Domain and display one or more of the following affinities;

- Proximity to fractionated Cullen Suite granitoids as a source for mineralising hydrothermal fluids.
- Antiform host.
- Quartz vein association – lode style, sheeted veins, stock works and saddle reefs.
- Associated with iron rich sedimentary rocks.

Alteration associated with mineralisation is low grade chlorite-quartz-carbonate-graphite with local hornfels in proximity to granite aureoles. Mineralisation is found in most stratigraphic units of the Finniss River and South Alligator Groups and also in the upper portions of the Mt Partridge Group (Wildman Siltstone) with local and regional structures having the most significant impact on the locus for mineralisation.

Four main styles of gold mineralisation are described within the Mt Bundy area:

- Sheeted and stock-worked quartz-sulphide veins forming along major anticlinal hinges
- Sediment hosted stratiform gold mineralisation and quartz – sulphide vein hosted stratabound gold mineralisation in cherty iron formation and carbonaceous mudstones.
- Stratiform, massive to banded sulphide-silicate-carbonate mineralisation
- Sediment hosted stratiform and stratabound gold mineralisation in chert, dolomitic and sulphidic shales with sheeted quartz – sulphide veins.

Within the Central Domain (Figure 3), deposits are largely restricted to either NW to NNW trending zones of the Pine Creek shear Zone and to the east the Noonamah-Mount David Lineament. Gold and quartz veins are usually found close to or within anticline hinge zones which are in close proximity to the contact aureole of the Cullen Suite Granites in zones of

competency contrast or low pressure.

Host units belonging to the Finness River and South Alligator Groups are typically low grade greywacke-siltstone-shale successions. No significant mineralisation has been identified in arenaceous units. Quartz veining is generally not found in the Cullen Granites and with the exception of Giants Reef and Bonrook deposits, gold mineralisation is restricted to argillaceous sediments

Gold mineralisation appears to be related to the I-type members of the Cullen Batholith, formed as a result of fractionation and differentiation processes during magma emplacement. That ultimately led to the evolution of hydrothermal fluids responsible for gold mineralisation in the adjacent meta-sediments (Bajwah, 1994).

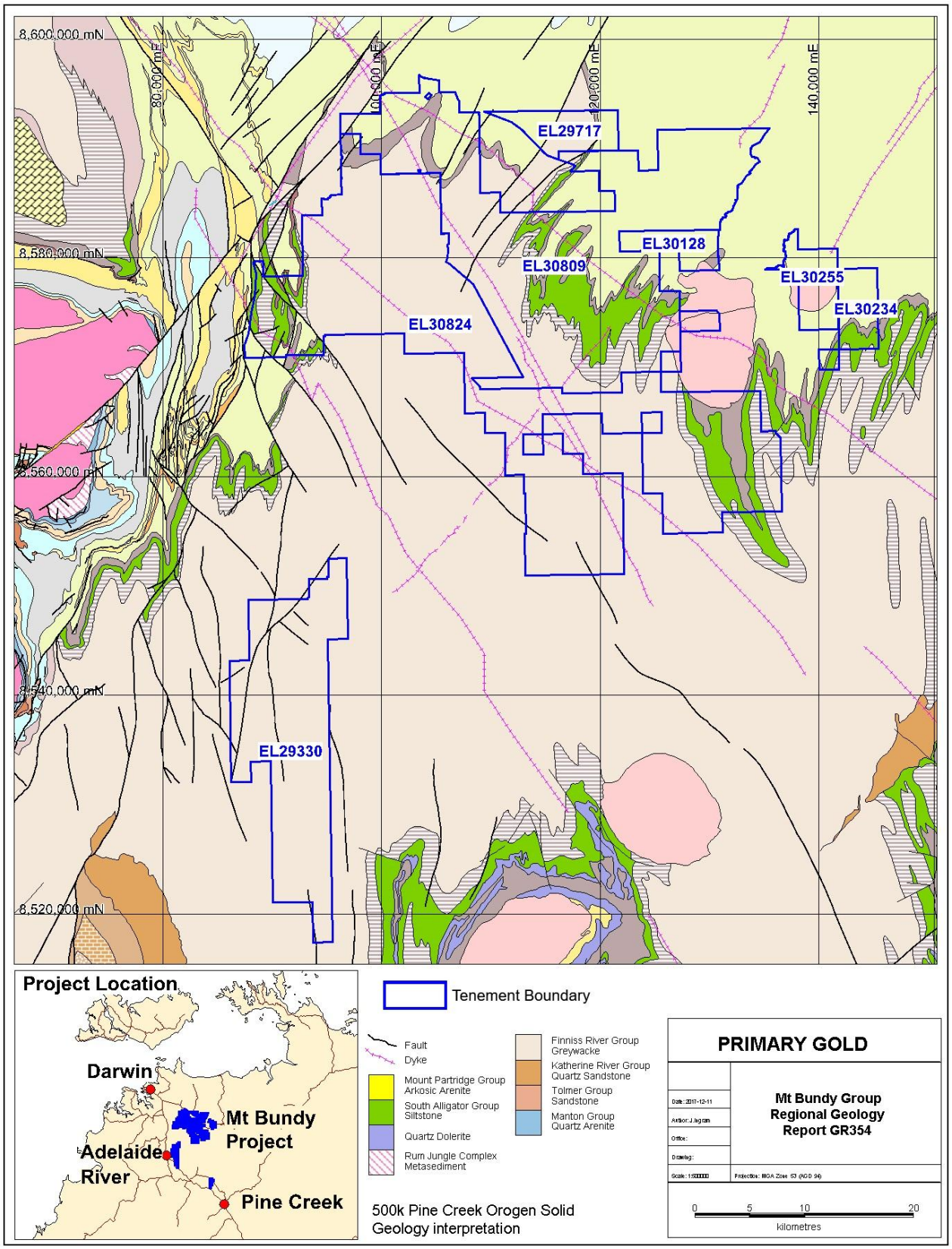

Figure 2 - Mount Bundy Project regional geology, after NTGS Geology of the Pine Creek Orogen 1:500,000 scale map compiled by Laily J and Doyle N (2005)

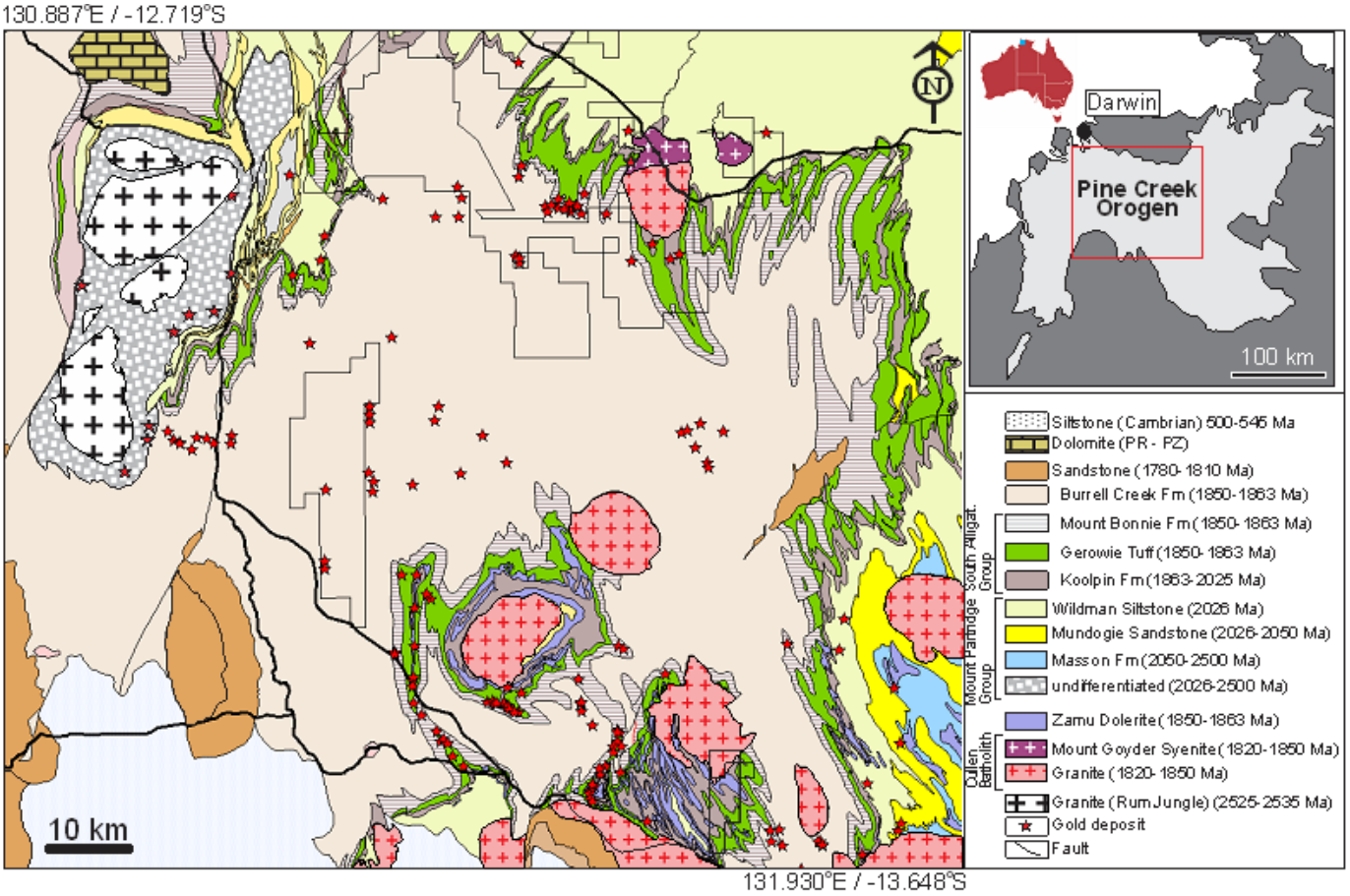

Figure 3 - The Central domain geology of the Pine Creek Orogen (based on the NTGS geological map of 1:500,000 scale). Primary tenements are shown for the reference (polygons drawn by fine black lines)

6.2 LOCAL GEOLOGY

The Mount Partridge Group is represented by the Wildman Siltstone, which is interpreted to be up to 1500m thick. In the Mt Bundy Region the Wildman Siltstone consists of laminated and banded shale, carbonaceous and often pyritic siltstone inter-bedded with undifferentiated volcanics in up to 100m interbeds, minor dolomitic sediments may also be present. The sediments near the granite intrusion may also be hornfelsed. The Wildman Siltstone is interpreted to be prospective for large tonnage, low-grade gold deposits and small tonnage, high-grade deposits. Wildman Siltstone hosts the Tom's Gully gold deposit.

The Koolpin Formation, Gerowie Tuff and the Mount Bonnie Formation represent the South Alligator Group. The rocks of the South Alligator Group are considered to be prospective for either large tonnage, low grade gold deposits (such as that at the nearby Rustler's Roost gold mine) or small tonnage, high grade deposits.

The Koolpin Formation comprises ferruginous siltstone and shale, which is commonly carbonaceous and pyritic. Chert bands and nodular horizons are common and lenses of ironstone occur occasionally, as haematitic breccias throughout the sequence into undisturbed quartz-veined siltstone and shale. Minor components of dolomite can also occur. The Koolpin is one of the most prospective units in the Mt Bundy Region for hosting mineralisation (West Koolpin, Taipan, BHS and North Koolpin Open Pits at Quest 29) are all within Koolpin sediments.

The Gerowie Tuff conformably overlies the Koolpin and has similar characteristics of siltstones and shales but is not as iron rich. Within the Mt Bundy Region it is dominated by graded beds of siliceous tuffaceous mudstones grading to greywacke and arenite, diagenetically altered, up to 600m thick, and generally poorly mineralised. The highly siliceous component of the tuffs and arenites make them resistant to erosion, and they tend to form areas of high relief.

The Mount Bonnie Formation conformably overlies the Gerowie Tuff and is dominated by a shallow marine sequence of interbedded and graded siltstone, chert and greywacke with occasional BIF's. The unit can be up to 600m thick and is generally iron rich and may be siliceous in places. The Mount Bonnie Formation hosts the Rustler's Roost deposit.

Conformably overlying the Mount Bonnie Formation is the Burrell Creek Formation interpreted as a sequence of fine to coarse marine sediments and appears to be part of continuous sedimentation process. Due to the lack of marker horizons and poor exposure the width of the unit is unknown but is thought to be >1000m. This Formation is considered prospective for large low-grade gold deposits and has the potential for small high-grade deposits. High-grade deposits such as Bandicoot, Marrakai and the Ringwood deposits all lie on a major deep-seated magnetic trend (Hall, 2006).

The Zamu Dolerite is easily weathered and within the project area occurs as small rubbly boulder outcrops that are poorly exposed, as a result of its weathering profile. It consists of altered quartz dolerite and gabbro and is generally narrow and broadly conformable to bedding as thin sills. The Zamu Dolerite is the only known suite of mafic intrusives that were emplaced prior to regional metamorphism and deformation. The Zamu Dolerite appears to have a controlling influence on the mineralisation at Quest 29 within the Koolpin sediments but this is not fully understood at this stage. Mineralisation is also hosted within this unit at Quest 30 and also at Chinese Howley.

Tenement EL29330, located immediately east of the Stuart Highway near Adelaide River and approximately 50km SW of Toms Gully (Figure 2), is largely covered by Cainozoic alluvial and colluvial sediments.

7 PREVIOUS EXPLORATION

Prior to the grant of the current Mt Bundy exploration licences the earliest known record of exploration in the area was briefly undertaken by Australian Geophysical Pty Ltd. From 1967 – 1971 exploration activities included geochemical and geophysical surveys and some limited RAB drilling, primarily looking for uranium and base metals with no recorded success.

During the early 1970's exploration within the region was undertaken by Geopeko. Interpretation of new BMR aeromagnetic and radiometric survey data, collected in 1970, outlined a large number of potential target areas throughout the region, which were subsequently investigated by ground based geophysics, geochemical sampling, stream sediment sampling; soil geochemistry; rock chipping, geological mapping, costeaning, and limited drilling. These sampling programs identified several uranium and base metal anomalies. These anomalies were dubbed "Quest" numbers for identification and became the focus of Geopeko's exploration activities for some six years.

Further work was also conducted by Optimal Mining/ ACA Howe Australia and then by Aquitaine Australian Minerals/ Pan D'Or Mining/ Jimberlana Mining during the early 1980's. Continuing through the 1980's, the Mt Bundy area was also explored by Australia Coal and Gold Holdings, Euralba Mining/Burmine/ Carpentaria Gold Joint Venture.

Carpentaria Gold discovered the Tom's Gully deposit in 1986, from stream sediment sampling. They continued the exploration campaign throughout the Mt Bundy project area for a number of years, however had limited success outside of Tom's Gully, only finding very small scale prospects. Further exploration was also conducted by Cyprus Gold Australian Corporation/ Greenbushes/ Moline Joint Venture. During the late 1980's and into 1990 Western Mining Corporation used stream sediment sampling, trenching, and drilling to explore for gold and base metals. Additional work was also completed by Normandy Exploration, Mount Isa Mines and Poseidon Exploration. From 1993 to 1995 Normandy Poseidon explored for diamonds, base metals and gold. The most recent exploration completed by Poseidon Exploration was aimed primarily at the discovery and evaluation of lamprophyre dykes, which were found to be shedding kimberlitic indicator minerals.

From the late 1990's until 2002 Kakadu Resources, Dominion Gold, Territory Goldfields and Northern Gold conducted drilling and completed several campaigns of rock, soil and stream sediment sampling.

Renison Consolidated Mines NL acquired the first of the current Mt Bundy licences in 2002 (EL10368) with subsequent licences being granted in 2003. EL24151 and SEL25348 (now EL25348) were granted in 2007. Renison conducted several desktop reviews with reconnaissance field visits and mapping. New satellite images were purchased, remote sensing data reprocessed and historic GIS data acquired and validated. Renison also conducted an aeromagnetic and radiometric survey over the Mt Bundy project area during the 2005 to 2006 exploration year. Analysis of the geophysical survey data revealed a NW-trending deep-seated fault structure with a number of gold prospects located on the margins. Another NNW-trending narrow feature, likely to be a dolerite dyke, intersected the fault and also showed presence of number of gold prospects.

During 2007 the Mt Bundy tenements were purchased by GBS Gold Australia who conducted a review of the project area until they went into voluntary administration in 2008. At the same time, JV partner, Rum Jungle Uranium Pty Ltd undertook an active exploration program which involved a high resolution VTEM survey, geological mapping, geochemical sampling and RC drilling. A total of 33 RC holes were drilled on EL10382 (Anniversary Breccia) for 4,162 metres which led to identification of low grade uranium, copper, cobalt and nickel mineralisation.

During 2009-2010, Crocodile Gold Australia took control of the Mt Bundy exploration tenements and conducted a project review. JV partner Run Jungle Uranium Pty Ltd (RJU) focused exploration efforts over EL's 10382, 23174 and 24288, targeting anomalies identified from the geophysical survey in the previous year.

Soil sampling completed by RJU on EL10382 identified the Anniversary Breccia which was subsequently RC drilled during the 2008-2009 reporting period. Follow up soil sampling and drilling at the Anniversary Breccia Prospect identified low level uranium and silver anomalies and whilst not economic they extended the area of interest at the prospect.

A soil sampling program was also conducted at Hardies Billabong on EL23174. A total of 56 samples were collected and found to be anomalous in Zn, Pb, Mn and Co. Following on from the soil sampling program, 5 RC holes were drilled identifying some low level Zn anomalies were noted associated with black shales intersections. No further work has been conducted at Hardies.

Three RC holes were drilled for 169m on the Black Cockatoo prospect on EL24288. All holes intersected the outcropping grey-pink coarse biotite granite (Mt Bundy Granite). Results revealed that the holes were generally barren of mineralisation.

In 2011 Taiga Geological Consultants conducted a review of historic geophysical data over the Mt Bundy project area. This review culminated in the production of prospectivity maps for the Mt Bundy Project in which different geophysical, geological and structural conditions considered favourable to the formation of economic gold mineralization were identified. The analysis highlights some areas of interest which were followed up with some reconnaissance field visits.

In the first year since acquisition of the project, the work completed by Primary Gold was restricted largely to desktop evaluations and regional reconnaissance sites visits. During 2014 Primary undertook a number of small reconnaissance soil sampling programs designed to validate and extend previously defined soil anomalies at BHS north and Rustlers East, 78 samples were collected. Anomalous stream sediment samples collected by previous explorers at the Un-named and Fenceline Prospects were validated by the collection of 21 stream sediment samples and in late 2014 372 soil samples were collected over the area spanning the Fenceline and Un-named Prospects, now referred to as Rustlers North. The results from these programs can be found in the 2014 Annual technical Report.

In 2015, exploration activities involved desktop assessments to refine the understanding of the varied mineralization styles within the Mt Bundy Project, while the Toms Gully minesite was undergoing an Environmental Impact Statement assessment to restart operations.

During 2016, with a corporate refocus and data review, on-ground exploration recommenced with work focused on sampling quartz veins and reviewing their geological settings. In total, 30 samples were collected, including 24 samples collected from the exploration targets outside of the known resources (i.e. Toms Gully, Rustlers Roost and Quest 29). Results of this program include samples returning Au (g/t): 4.32, 0.77, 0.31, 0.14, 0.12 and 0.1 g/t**.**

In 2017, PGO continued regional reconnaissance and data evaluation of the extensive historic data set. This has led to approximately 2 weeks of reconnaissance field trips to validate the tenor, geography and geology of historic prospects and the new exploration targets determined from the past geochemical surveys. A total of 9 rock chip samples were collected. At the same time PGO has commenced a staged exploration approach across the project with the first stage examining the zones of known gold mineralization with subsequent stages concentrating on prospective areas that are less known and/or explored. This staged approach resulted in 34 reverse circulation drill holes being drilled on EL30809 and EL30824 for a total of 4917m and 4917 samples.

8 EXPLORATION ACTIVITY YEAR ENDING 30 NOVEMBER 2018

Exploration activities were suspended for the first half of the reporting period due the sale process. In June 2018, Hanking Australia Investment Pty Ltd 100% acquired PGO and became the solo owner of the project. Exploration activities were resumed since then, Hanking's geology team assessed the PGO's data during project due diligence, therefore a staged exploration approach was quickly generated and approved by new management team. The staged exploration approach across the project with the first stage examining the zones of known gold mineralization with subsequent stages concentrating on prospective areas that are less known and/or explored.

The exploration strategy for the Mt Bundy Project for the reporting period ended 30 November 2018 has been to;

- Improve and validate the potential for the Mt Bundy exploration licences to provide additional ore sources for the proposed re-commencement of operations at Tom's Gully, which is central within the Mt Bundy exploration licenses.
- Complete a regional soil sampling program to define new drill targets.
- Apply new Aboriginal Areas Protection Authority clearances over future drill targets.
- Validate and consolidate all historical data into a major database.

In-field activities during the reporting period included: soil sampling, grab sampling, diamond drilling and several geological field trips (Figure 4):

- Several short field reconnaissance trips with a total length of three weeks were undertaken. Purpose of these trips was to get familiarised with the regional geology, understand controls on mineralisation both at Quest 29 and Rustler's Roost and assess the mineral prospectivity. Of interest was a NW-SE trend of gold identified by a prospector to the southwest of the Rustler's Roost open pit. The trend coincides with a magnetic high and is related to an intrusive dolerite dyke, which couldn't be identified in the field. However, the area has the potential to host a stratigraphic analogue to the Quest 29 Zamu dolerite zone and more follow-up work is required.

  A total of 24 grab samples were collected during all the trips. Best result is 0.53 g/t

Au for sample MBRK001. Assay results of 14 remaining samples were still pending by the end of the reporting period.

- The historic heap leach stockpiles at Quest 29 and Rustler's Roost may represent a potential source of additional low-grade mill feed. A small program of respectively 35, 51 and 22 grab samples from the Quest 29 and Rustler's Roost North Cell and South Cell was conducted to assess the heap leaches for remaining gold. Grab samples were sent off to be analysed for gold by fire assay by Jinning Testing and Inspection in Perth. By the end of the reporting period assay results were still pending.
- Two soil sample programmes were conducted over the dry season (Aug 2018). The programmes targeted areas not covered by historic soil sampling. The first area is to the northwest of the Rustler's Roost open pit and covered an area of 9.2 by 6.8 kilometre. Sample density was 200 by 200 metre and a total of 1630 samples were collected. Accessibility of the area was sometimes difficult, because of the steep hilly terrain, creeks and flood plains, and therefore not all locations could be sampled. The second programme covered an area 2.2 by 2.1 kilometre over the Anniversary and Anniversary West prospects. Sample density was 100 by 50 metre for a total of 990 samples. Soil samples were collected at selected points and sieved down to minus two millimetre.

  All samples were analysed for 38 elements in total at Jinning Testing and Inspection lab in Perth. Gold, platinum and palladium were analysed by 30g fire assay and the other elements by a mixed acid digest involving nitric, perchloric and hydrochloric acid all followed by a ICP-OES finish. Results were encouraging (Figure 5). A large gold anomaly is centred around the Tanya anticline and the historic North Annie workings. The geological and structural setting is similar to the Rustler's Roost open pit: both occur along an anticlinal structure and within the same Mount Bonnie formation. Arsenic is strongly elevated along the Tanya and Dolly Pot anticlines and moderately along the Robertsons anticline. Only at the historic Robertsons workings gold is weakly elevated. The Tanya anticline is the most prospective to find a similar deposit like Rustler's Roost. More infill soil sampling is required along the structure probably at a 50 by 50 metre density possibly followed by some drill traverses. Furthermore, soil sampling should be extended to the south along the anticlinal structure.
- A HQ diamond drilling programme of nine holes (RRDH01–09) for a total of 2229.65 metre was completed at the end of the reporting year (Sept–Nov 2018). The purpose of the drilling was to increase the confidence of the resource in areas were drilling was sparse and extend the mineralised gold sequences when open at depth. Furthermore, a geotechnical study was undertaken to help future mine planning as well as metallurgical testing: bond ball mill index and gold recovery. The holes were designed around the Rustler's Roost open pit targeting the higher-grade sections of the resource model. Drilling rates varied from hole to hole and overall recoveries were good. Half-core samples were collected at half-metre or one-metre intervals for the complete hole and sent off to Jinning Testing and Inspection in Perth for fire assay. Assay results were still pending by the end of the reporting period.

  The Rustler's Roost deposit is hosted by a sequence of fine- to medium grained clastic sediments. Gold is related to two sets of quartz veining. The main one is grey cherty quartz parallel to the stratigraphic bedding and lamination of the shale host (Figure 6). The veins have often a wavy appearance and occasionally show some kind of lamination and contribute to the gold tenor of the Dolly Pot gold sequence and Beef Bucket gold sequence. The timing of formation of these veins is unclear, but

seems to be related to the deposition of the host rock. The second set of veining are white flat-lying vuggy quartz-sulphide veins with occasionally visible gold. However, the very thin nature (less than three centimetres in thickness), wide spacing and limited continuity of these veins make them very hard to model. The mine sequence stratigraphy is intruded by irregular dykes which post-date mineralisation.

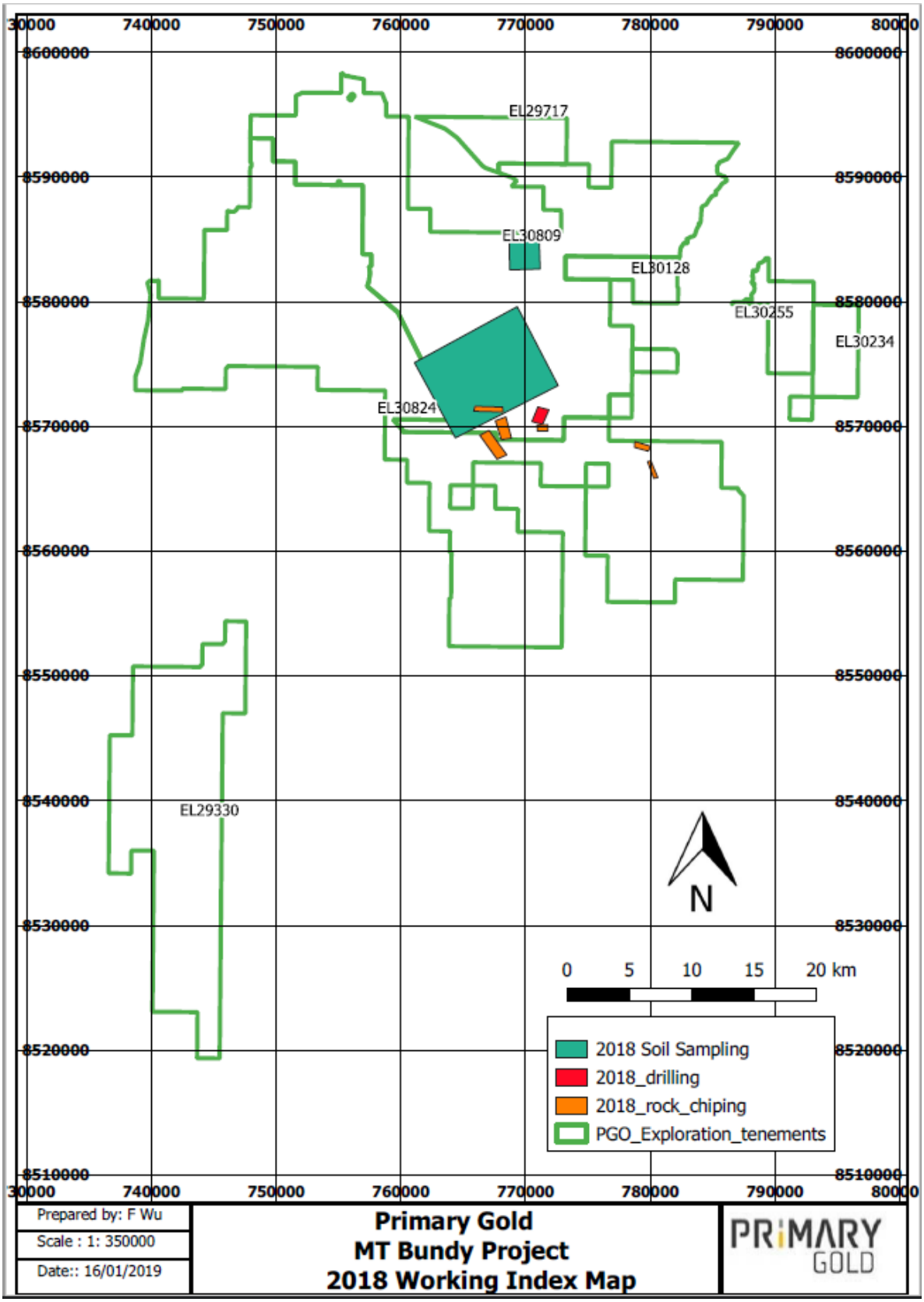

Figure 4 - Mt Bundy Project Exploration Index Plan.

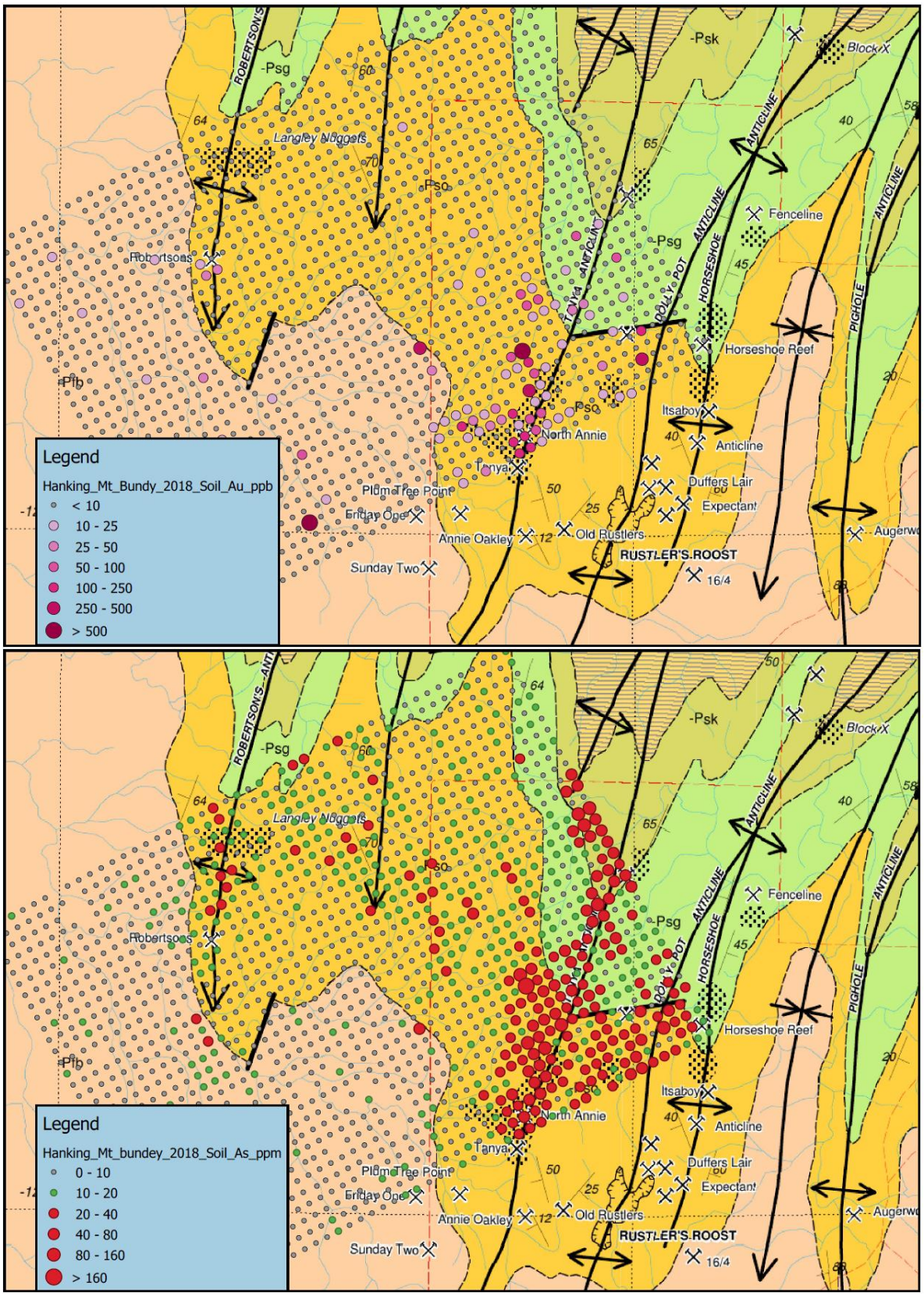

Figure 5 – Soil sample results for respectively gold and arsenic posted on the geological map.

Figure 6 – Mineralised quartz vein from the Beef Bucket gold sequence in hole RRDH09.

Table 2 - Mount Bundy Group tenement diamond hole information.

Hole ID	Project	Easting MGA94 Zone52	Northing MGA94 Zone52	RL	Azi (magnetic)	Dip	End of hole (m)
RRDH01	Rustler's Roost	8570459	771116	74	0	-90	207.70
RRDH02	Rustler's Roost	8570539	771082	79	266.6	-56	147.20
RRDH03	Rustler's Roost	8570760	770952	68	86.6	-63	314.80
RRDH04	Rustler's Roost	8570345	771132	73	266.6	-55	183.60
RRDH05	Rustler's Roost	8570516	771357	92	311.6	-60	252.50
RRDH06	Rustler's Roost	8571062	771211	107	266.6	-55	217.90
RRDH07	Rustler's Roost	8570959	770902	75	86.6	-45	300.00
RRDH08	Rustler's Roost	8570565	771267	87	266.6	-65	282.35
RRDH09	Rustler's Roost	8570660	771312	89	266.6	-55	323.60

9 FORWARD WORK PROGRAM / CONCLUSIONS AND RECOMMENDATIONS

For the first part of 2019 the main focus will be on interpreting the drill results of the Rustler's Roost 2018 drill programme and organising the metallurgical testwork. Based on all the results the pit design has to be re-optimised and re-designed.

Exploration activities for the year 2019 will range from grassroot projects to advance projects. An example of a grassroot target is the gold trend identified by a prospector to the southwest of the Rustler's roost open pit. The area has the potential to host a stratigraphic analogue to the Quest 29 Zamu dolerite zone. Field mapping didn't identify any mineralisation, but was most likely ineffective, because of the lack of outcrop. A possible next step is to drill a couple of lines perpendicular to the gold trend. Other targets are the gold anomalies identified by this year's soil sample programmes. An infill program will be designed to better define the anomalies possibly with follow-up drilling. A more advanced project is the Rustler's Roost area. Mineralisation is cut off by faults both to the northwest and south of the existing pit and offers scope to increase the resource. Initially work will involve field mapping and possible followed up by drilling. Also the Quest 29 trend is still open along strike and at depth and requires follow-up work.

Also, if results of the heap leach sampling at Quest 29 and Rustler's Roost are encouraging a small aircore programme will be designed to better define the amount and grade of the stockpiles.

Furthermore, a detailed geophysical survey will be conducted, as well as more soil sampling and heritage surveys.

10 **REFERENCES**

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