Pegmont Mines Limited

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30 November 2018

The National Stock Exchange of Australia
The Manager
Level 3
1 Bligh Street
SYDNEY NSW 2300

Dear Sir,

Progress Report on Templeton
EPM 26647

We attach a report prepared by Mr Jacob Rebek (Senior Advisor – Geology) on Progress of exploration in the Templeton EPM 26647 located some 50 kilometres west of Mount Isa in North-west Queensland, at 30 September 2018.

This report has been prepared according to JORC reporting standards by Mr J Rebek and is available for market release and general dissemination.

Mr Jacob Rebek is an independent qualified person. He has reviewed the technical content of this report and consents to the information provided in the form and context in which it appears.

On behalf of the Board of Directors,

Malcolm A Mayger
Managing Director

Consent

This is to confirm that I consent to sending the report "Progress of exploration in Templeton EPM 26647 - 27.11.2018" which I have prepared on basis of work done by David Hewitt and I, to Stock Exchange.

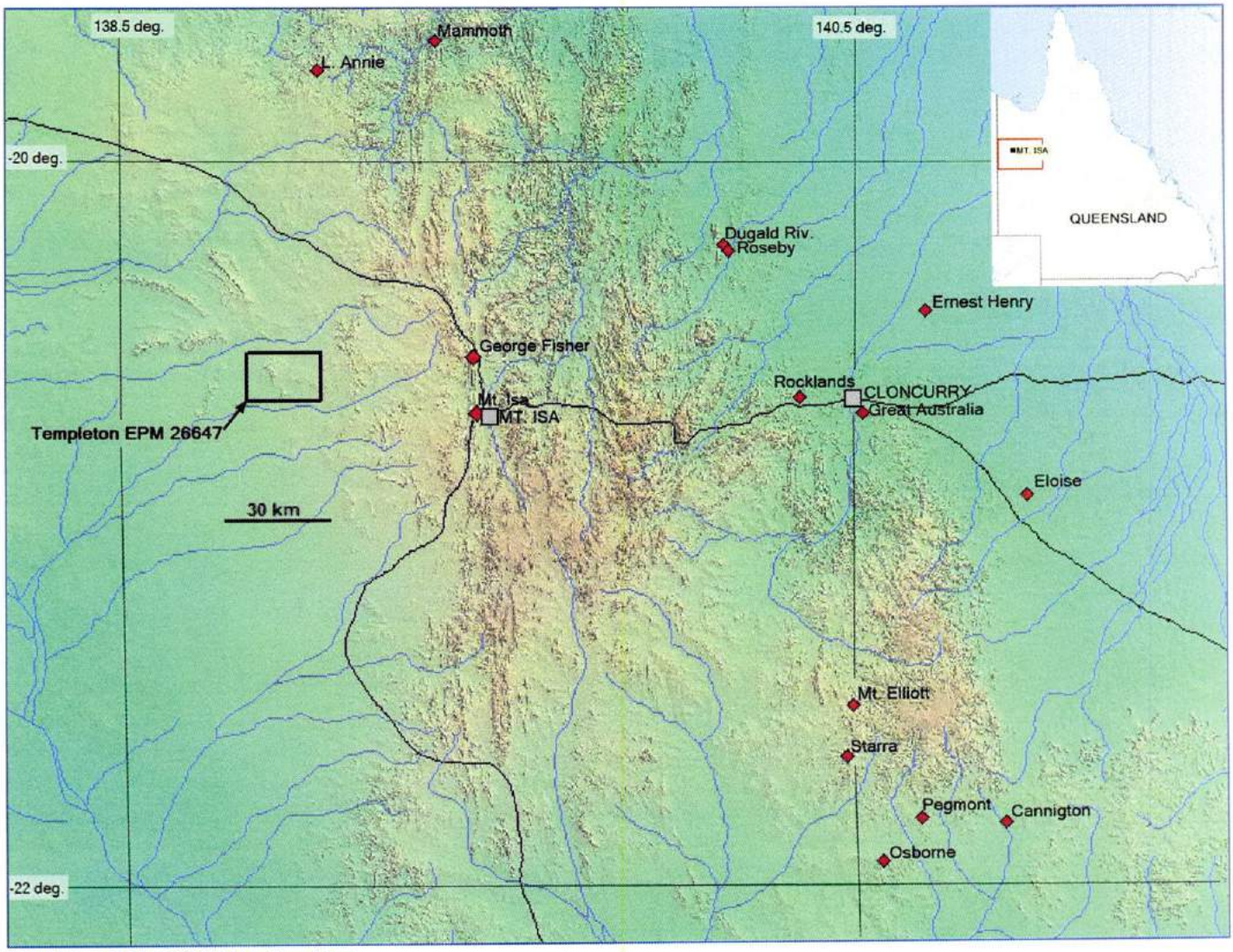
Rado Jacob Rebek
Member of The Australian Institute of Mining and Metallurgy
Member of Australian Institute of Geoscientists

Signed:

Dated 27 November 2018

Progress of exploration in Templeton EPM 26647

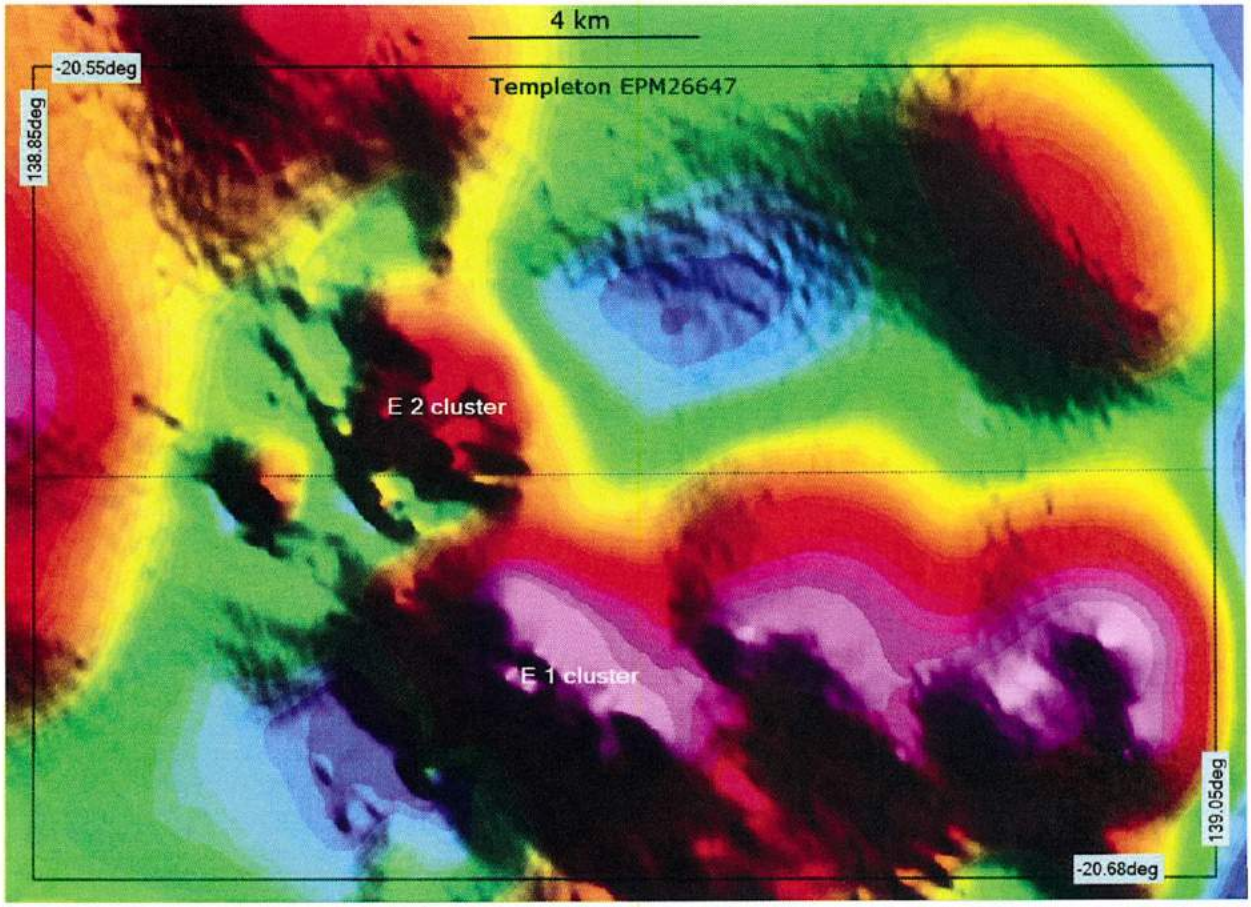
Templeton EPM 26647 is located in western part of Mount Isa – Cloncurry mineral province, approximately 50km WNW of Mount Isa.



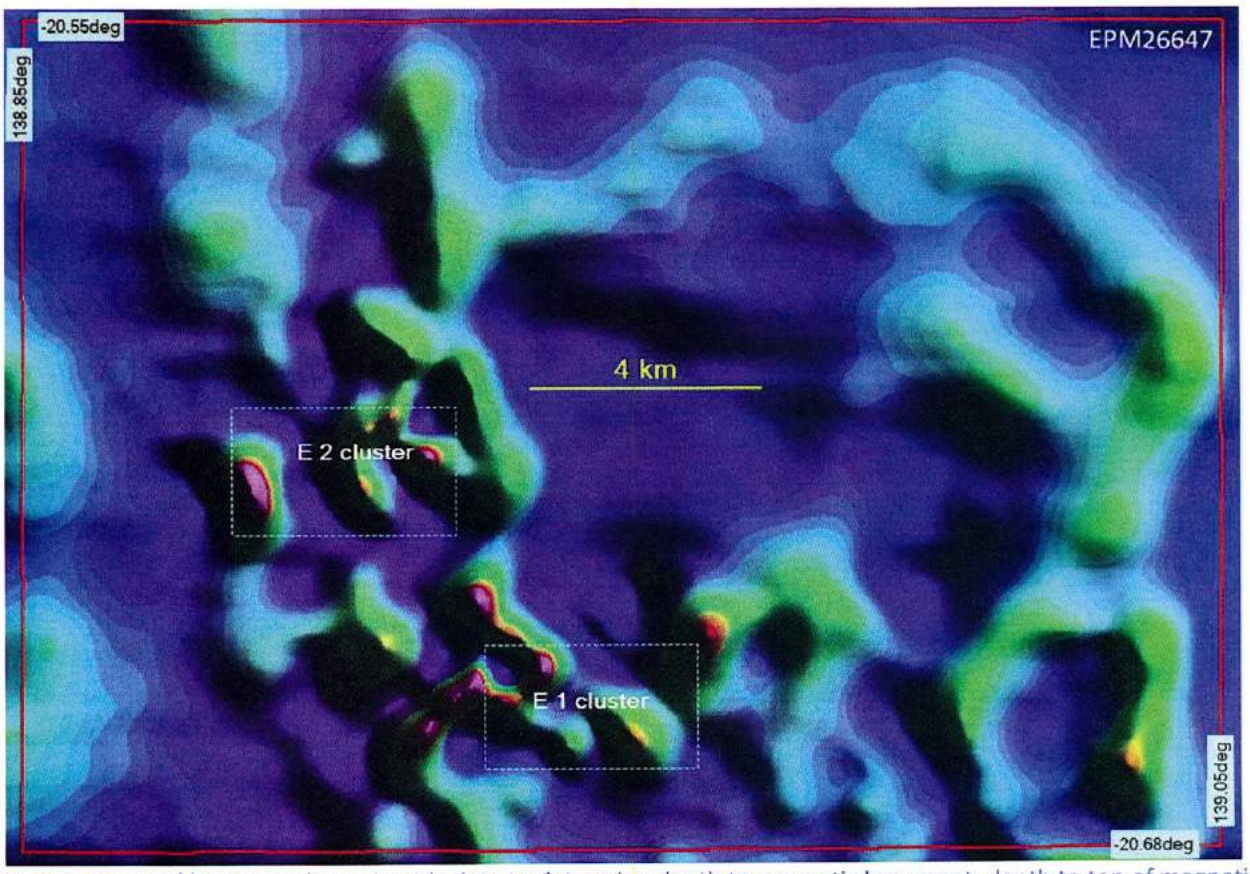
Templeton EPM 26647 Location Map
Red diamonds: Main Deposits

Field work by Pegmont Mines Limited geological team commenced in Templeton EPM 26647 July 2018. A surface exploration programme has been undertaken by traversing on foot to make geological observations and collect samples from outcrops.

The objective of exploration in Templeton EPM 26647 is to test bullseye magnetic targets similar to those tested in eastern parts of Mount Isa – Cloncurry mineral province, where deposits like Ernest Henry, Eloise, Cannington, Pegmont and Osborne have been discovered by drill testing magnetic anomalies.



Total Magnetic Intensity magnetic map (data from a magnetic survey at 200m line spacing have been downloaded from Queensland Government Mines Online website and processed to make detailed magnetic maps)



Magnetic map prepared by processing magnetic data to determine depth to magnetic basement; depth to top of magnetic body is shown with contour lines that are akin to topographic contour lines; if the top of bullseye anomaly is yellow, it is 500m below surface; if the top is red it is 300-400m below surface and if it is pink it is 200-300m below surface; there are two clusters of bullseye magnetic anomalies with pink tops (i.e. tops 200-400m below surface); dashed light blue outlines are boundaries of a more detailed maps of Northern and Southern Cluster below.

Bullseye magnetic anomalies with pink tops (i.e. tops 200-400m below surface) represent targets for drill testing.

Due to large number of magnetic targets, surface exploration has been undertaken by traversing on foot to make geological observations and collect samples from outcrops, the objective being to obtain data and information to assist in selection of high priority magnetic targets.

In Templeton EPM 26647, due to gentle terrain and lack of recent erosion, a very old oxidised weathering profile has been preserved. Where the Proterozoic bedrock is comprised of hard quartzitic rocks, there are low rises (10-20m above surrounding flat ground with alluvial and colluvial cover) with outcrops. In most cases the outcrops look barren, but in some areas, fracturing and brecciation was observed. Due to quartz veins and varying amounts of limonite in fractures and in matrix between fragment of breccia, a conclusion was made that fracturing and brecciation observed in outcrops from which samples have been collected, is due to hydrothermal alteration and mineralisation.

In some of the samples, geochemically anomalous assays for copper, cobalt, arsenic, bismuth and zinc were obtained, confirming the conclusion made on basis of geologic observations that fracturing, brecciation and quartz veining is due to hydrothermal alteration and mineralisation.

Based on geological observations and the type of geochemical anomalies, a conclusion was made that in sulphide zone at depth there is potential for discoveries of copper mineralisation. This is consistent with the experiences obtained in other parts of Mount Isa – Cloncurry mineral province and in other similar mineral provinces (for example in South Australia) where by drill testing of bullseye magnetic anomalies, one can find copper mineralisation.

Original copper concentrations in sulphide zone from which the copper concentrations detected in our samples have been derived during oxidation and weathering may be located directly vertically below the outcrops from which samples have been collected. However, in some of the outcrops on gentle slope from which samples were collected, the amount of limonite (mixed with small amount of silica to make it hard and resistant to erosion) was rather high (in some cases assays gave >50% Fe), so that the term 'ferruginous limonitic crust' was used in geological descriptions – here are photos of sample site TE314 and assays for TE314 and adjacent similar site TE315:

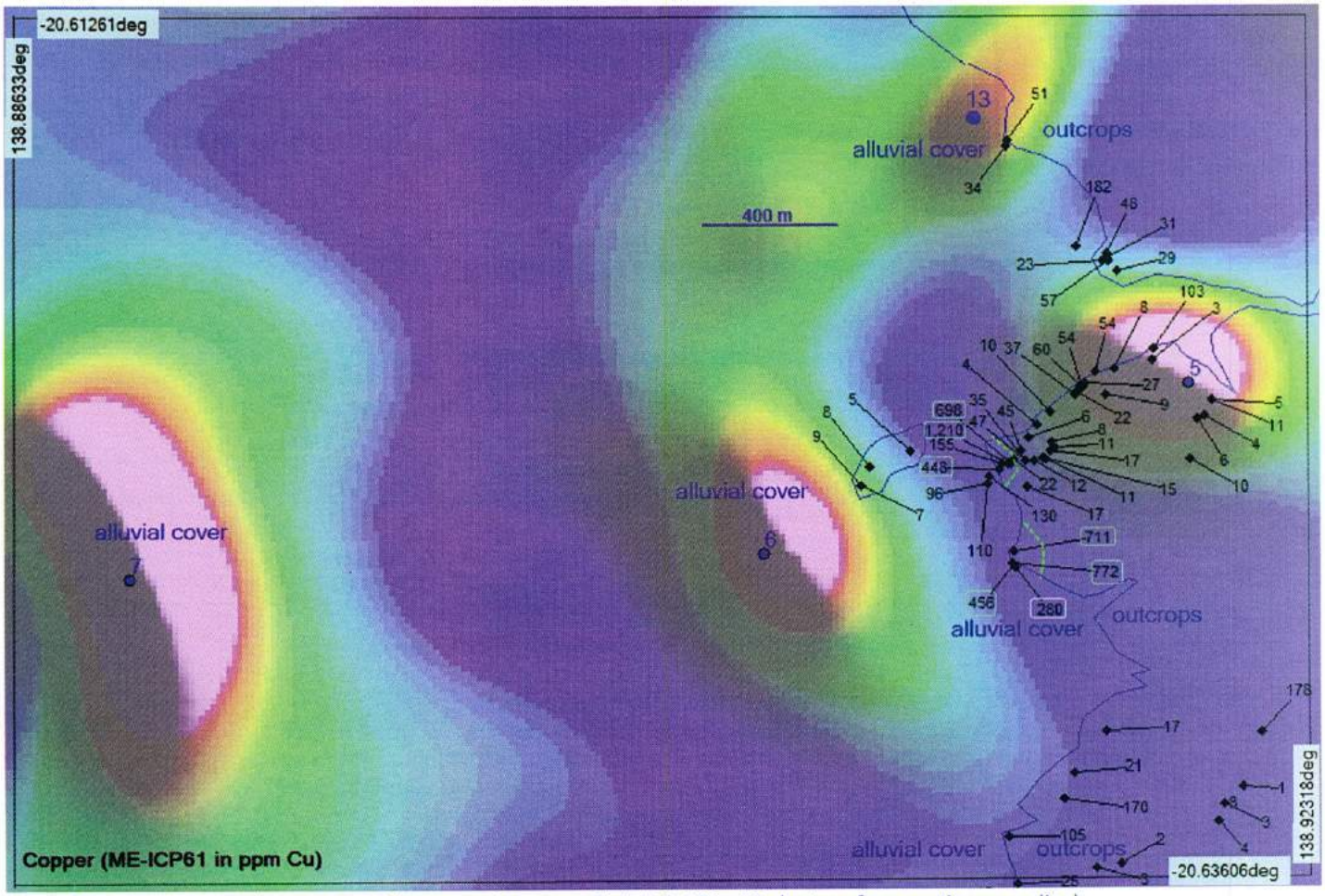
SampleID	Au 21	Au 22	Ag	As	Ba	Bi	Ca	Co	Cu	Fe	Mg	Mn	Mo	Ni	P	Pb	S	Sb	V	Zn
TE314		<0.002	<0.5	140	470	4	0.07	56	456	>50	0.02	875	2	68	>10000	7	0.05	<5	152	82
TE315		<0.002	<0.5	20	150	<2	0.06	39	280	>50	0.02	703	<1	83	>10000	4	0.03	6	52	152

Based on what is shown in photos above, one can conclude that copper geochemical anomalies (in this case 456ppm Cu and 280ppm Cu) are representing concentrations which may have moved a certain distance down slope.

On one hand, copper geochemical anomalies are significant because in some samples with abundant limonite the assay values are as high as **400 - 1210ppm Cu** while in some other samples with equally abundant limonite the assay values are as low as **6 - 12ppm Cu** - the conclusion is that in some cases the source of limonite is copper sulphide mineralisation and in other cases pyrite concentrations from other parts of zoned hydrothermal system.

Geological observations and sampling of outcrops in Templeton EPM 26647 have led to conclusions that:

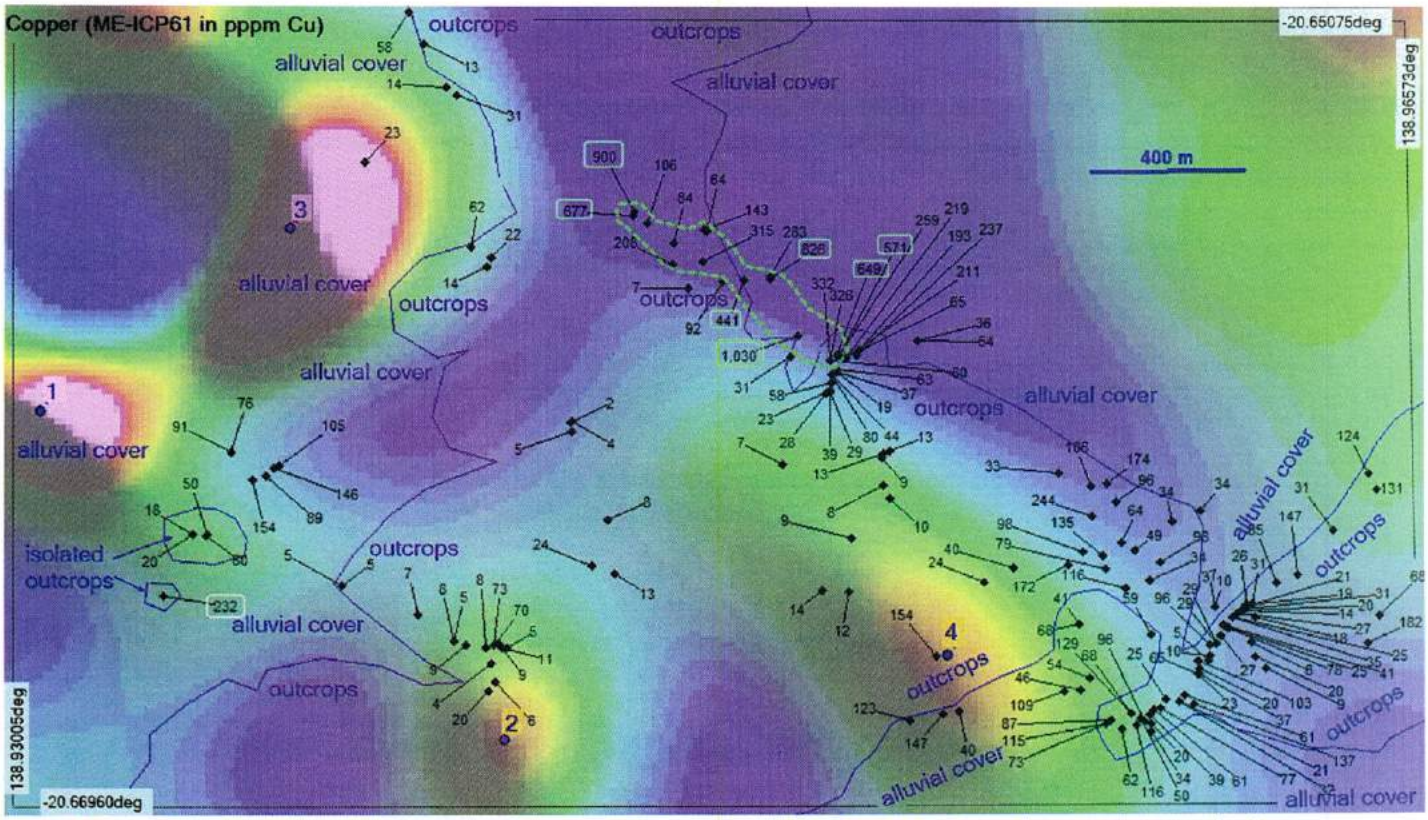
1. Hydrothermal alteration and mineralisation systems with metal assemblage similar to Mt. Isa and Mammoth (copper sulphides in some parts and arseniferous & cobaltiferous pyrite in some other parts of hydrothermal system) are present in areas with magnetic targets in Templeton EPM 26647
2. Due to down-slope migration, one cannot be sure about the exact location of source of copper in sulphide zone at depth
3. In any case, due to limited extent of outcrops, the best copper mineralisation may be found in areas with thin colluvial and alluvial cover
4. Results of geological observations and sampling of outcrops are useful for prioritising of magnetic targets
5. In Northern Sector, based on results of geological observations and copper assay results of samples from outcrops:
   - ⇨ **Magnetic targets 5 and 6** have been confirmed to be **higher priority** targets due to elevated copper assays in outcrops of fractured brecciated rocks with limonite and quartz veins in vicinity of magnetic bodies
   - ⇨ **Magnetic target 13** was low priority on basis of magnetic modelling, but has been elevated to **medium priority** due to outcrops of fractured brecciated rocks with limonite and quartz veins in immediate vicinity of the magnetic body
   - ⇨ **Magnetic target 7** is located in area of alluvial cover long way from outcrops, so that results of surface exploration are not relevant for ranking and this target remains **high priority** on basis of magnetic modelling.



Map of Northern Sector (i.e. sector with magnetic targets 7, 6, 5 & 13 in E2 cluster of magnetic anomalies)

- Blue dots: Centres of magnetic targets determined on basis of 2D and 3D magnetic modelling
- Copper assay values of samples of outcrops of fractured brecciated quartzitic rocks with limonite and in some cases with quartz veins (the area with highest copper assay values (**280 – 1210ppm Cu**) from surface sampling shown with dashed green outline).

6. In SE part of Southern Sector, based on results of geological observations and copper assay results of samples from outcrops:
   - ⇨ **Magnetic targets 1 and 3** have been ranked higher priority based on magnetic modelling and have been confirmed to be **higher priority** targets on basis of results of surface exploration even though the nearest outcrops with elevated copper assays up to **232ppm Cu** are located 400m to the SE
   - ⇨ **Magnetic targets 2 and 4** have been moved into **lower priority** due to relatively low assay values for copper from outcrops of fractured brecciated rocks with limonite located directly above the magnetic bodies
   - ⇨ **Magnetic targets 8, 9, 10 & 11** are located in areas of alluvial cover long way from outcrops, so that results of surface exploration are not relevant for ranking and these targets remain **medium priority** on basis of magnetic modelling.



Map of SE part of Southern Sector (i.e. sector with magnetic targets 1, 2, 3 & 4 in E1 cluster of magnetic anomalies)

- Blue dots: Centres of magnetic targets determined on basis of 2D and 3D magnetic modelling
- Copper assay values of samples of outcrops of fractured brecciated quartzitic rocks with limonite and in some cases with quartz veins (the area with highest copper assay values from surface sampling shown with dashed green outline).

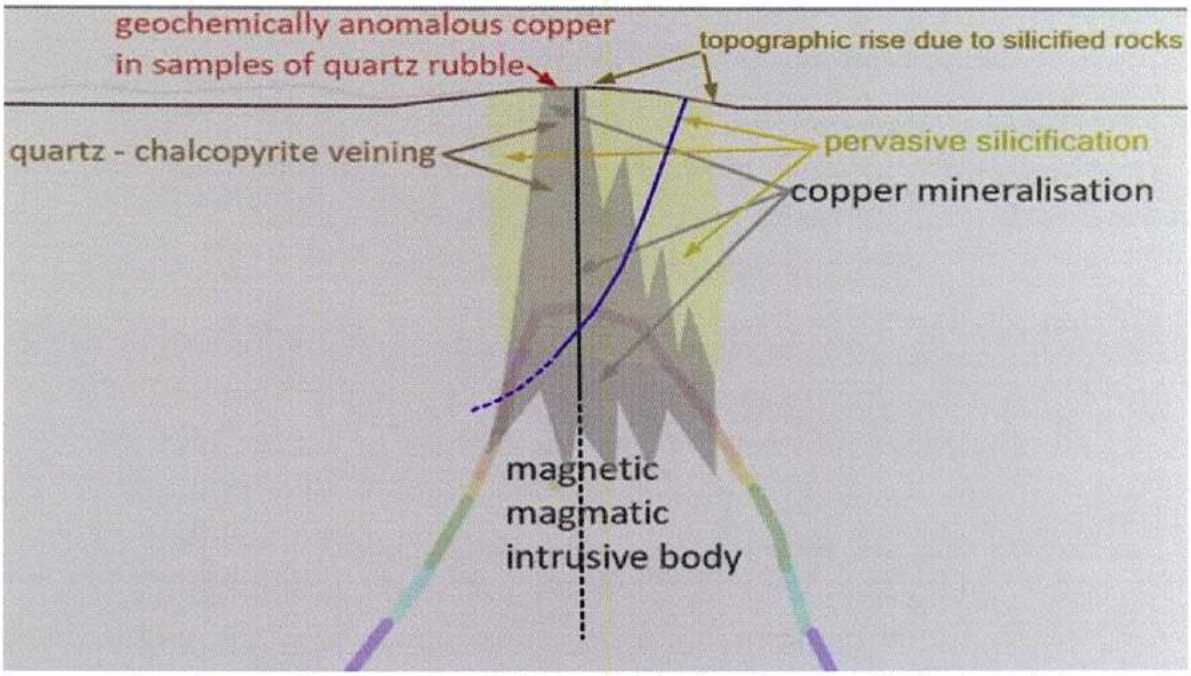
NB: In Southern Sector, based on results of geological observations and copper assay results of samples from outcrops, an area with copper assays in **441 – 1030ppm Cu range** located 1 to 1.5km E of **magnetic target 3** have been identified as an area to be drill tested at a future stage even though there is no magnetic target

7. There is not much more to be gained from surface geological work and sampling
8. The next logical step is **drill testing** of **higher priority magnetic targets** (i.e. **targets 7, 5, 6, 13, 1 and 3**)

As regards **drill testing of magnetic targets**:
In a very old oxidised weathered zone characterised by quartzitic host rock such as that in Templeton EPM 26647, copper contents may be 1-2 orders of magnitude lower than in sulphide zone because copper is soluble and has been partly removed due to leaching during long periods of weathering and oxidation. A sample with copper assay in **232-1210ppm Cu** range may be indicative of copper contents in sulphide zone which are an order of magnitude higher and potentially economic. That means that prior to oxidation and leaching, mineralisation with potentially economic copper contents was exposed at surface.

In conclusion: in Templeton EPM 26647, there is potential for discovery of 'outcropping' copper ore bodies, except that in outcrops copper mineralisation has been affected by weathering, oxidation and leaching. To overcome problems due to weathering, oxidation and leaching, drill holes will be designed to test magnetic targets.

Magnetic modelling indicates depth to the top of magnetic bodies of the order of 200-400m. Copper mineralisation is likely to be found a certain vertical distance above the parent magmatic intrusives which are magnetic, as shown on a schematic diagram:



A schematic cross section of a magnetic target - a magnetic magmatic body and associated hydrothermal alteration and copper mineralisation system above it.

Comments:

- This schematic cross section has been prepared for a typical bullseye magnetic target in Templeton EPM 26647 which according to 3 D modelling is hidden at depth, with the top about 200-400m below surface
- The term 'copper mineralisation' is used in geological sense; it is not possible to predict copper contents in primary sulphide zone at depth on basis of results of surface sampling, so that drill testing is the nest logical step.

To test a bullseye magnetic target, the first drill hole will be vertical (shown in black on schematic section above, about 300 to 400m deep, drilled by Reverse Circulation method), drilled in the centre of magnetic body model based on 2D and 3D modelling. If significant copper mineralisation is intersected, an inclined follow-up hole may be drilled (shown in blue on schematic section above, about 300 to 400m deep, drilled by Reverse Circulation and/or diamond coring method)

Qualifying Statements:

General:

The information in this exploration report has been compiled by Jacob Rebek who is a qualified geologist and a member of Australian Institute of Mining and Metallurgy. Work in the field has been done by Jacob Rebek and David Hewitt who is also a qualified geologist and a member of Australian Institute of Mining and Metallurgy.

Disclaimer regarding Forward looking Statements:

This report contains forward-looking statements which are inherently subject to uncertainties in early stages of mineral exploration.

Jacob Rebek

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised 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.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *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.*	• Rock chip samples from weathered oxidised outcrops of fractured brecciated rocks (in some cases with quartz veins) with limonite - collected to study geochemical characteristics • Due to effects of weathering, oxidation and leaching, the relationship between geochemically anomalous assay values in samples collected at surface and copper and associated metal contents in primary sulphide zone at depth is uncertain, however, one can use experience obtained from drill testing in areas with similar weathered oxidised outcrops with similar geochemical anomalism to make conclusions about copper contents in primary sulphide zone at depth
Drilling techniques	• *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).*	• No drilling has been undertaken as yet
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *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 drilling has been undertaken as yet
Logging	• *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.*	• No drilling has been undertaken as yet

Criteria	JORC Code explanation	Commentary
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No drilling has been undertaken as yet
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *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.* • *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.*	• Samples have been crushed and pulverized (entire 1kg sample pulverized to 85% less than 75 micrometers) and assayed by ALS method ME-ICP61 (four acid digestion and Inductively Coupled Plasma finish) and Au-AA21 or Au-AA22 (fire assay on 30g or 50g charge and Atomic Absorption finish) in an ALS Laboratory
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Standard ALS Laboratory Quality Control
Location of data points	• *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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample site locations determined by Garmin Oregon 500 GPS
Data spacing	• *Data spacing for reporting of Exploration Results.*	• Sampling was undertaken during a 'first pass reconnaissance' in an

Criteria	JORC Code explanation	Commentary
and distribution	• *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.* • *Whether sample compositing has been applied.*	extensive greenfield area where no mineralisation has been reported, so that the spacing between sample sites was more than 100m and is irregular, depending on availability of outcrops in gently undulating terrain with extensive colluvial and alluvial cover and only sparse small outcrops (challenging conditions for surface sampling where no previous prospecting or modern exploration has been undertaken)
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• The sampling has been undertaken in a random pattern
Sample security	• *The measures taken to ensure sample security.*	• The samples have been kept in the field vehicle that was locked when not in use and were delivered to the laboratory with the field vehicle
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audit has been undertaken

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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.* • *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.*	• Samples have been collected in EPM 26647 which is 100% owned by Pegmont Mines Limited
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• No other party is involved
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Due to lack of previous exploration in the area and gently undulating terrain with extensive colluvial and alluvial cover and only sparse small outcrops, there is insufficient information for determination of deposit type, however, based on fracturing and brecciation (in some cases including quartz veining of stockwork type) and limonite in

Criteria	JORC Code explanation	Commentary
		fractures and in matrix of breccia, one can conclude that there is an epigenetic hydrothermal alteration and mineralisation system with sulphides (including some copper sulphides) in primary sulphide zone at depth
Drill hole Information	• *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:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *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.*	• No drilling has been undertaken as yet
Data aggregation methods	• *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.* • *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.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Each sample site has been described geologically and photographed and due to large spacing between sample sites each sample site has been treated on its own to provide insight into possibilities for finding copper mineralisation at depth in an extensive greenfield area in which no mineralisation has been reported
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *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').*	• Due to 'first pass reconnaissance' type of exploration, the objective was to only to find out whether possibilities for finding copper mineralisation at depth exist, so that the matter of potential dimensions of mineralised system has not been addressed as yet
Diagrams	• *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.*	• Maps with sample locations and copper assay results have been included in the report
Balanced	• *Where comprehensive reporting of all Exploration Results is not*	• Maps with sample locations and copper assay results have been

Criteria	JORC Code explanation	Commentary
reporting	*practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	included in the report and these maps show all copper assay results
Other substantive exploration data	• *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.*	• On maps with sample locations and copper assay results included in the report the magnetic targets defined by 2D and 3D modelling of airborne magnetic data from flight lines at nominal spacing of 200m have been shown and throughout the report, it has been emphasised that the intention is to drill test magnetic targets
Further work	• *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.*	• The next logical step in exploration programme is drill testing of magnetic targets, starting with magnetic targets in areas where results of surface geological work and geochemical sampling were encouraging in the sense that outcrops of fractured brecciated rocks (in some cases with quartz vein stockworks) with limonite and geochemically anomalous copper assay results have been found

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *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.* • *Data validation procedures used.*	• No drilling has been undertaken as yet, so that this section is not applicable
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The geologist acting as the Competent Person has done the geological field work and the sampling himself, working in a team with another equally experienced geologist
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Due to early stage of exploration in a hitherto unexplored area, there is uncertainty as regards geological interpretation of copper deposit
Dimensions	• *The extent and variability of the Mineral Resource expressed as*	• Due to early stage of exploration in a hitherto unexplored area, there

Criteria	JORC Code explanation	Commentary
	length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	is uncertainty as regards dimensions of copper deposits, however, magnetic targets with dimensions of 0.25 – 1km are indicative of large dimensions
Estimation and modelling techniques	• *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.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• Not applicable due to early stage of exploration in a hitherto unexplored area
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Not applicable due to early stage of exploration in a hitherto unexplored area
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• Not applicable due to early stage of exploration in a hitherto unexplored area
Mining factors or assumptions	• *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*	• Not applicable due to early stage of exploration in a hitherto unexplored area

Criteria	JORC Code explanation	Commentary
	reported with an explanation of the basis of the mining assumptions made.	
Metallurgical factors or assumptions	• *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.*	• Not applicable due to early stage of exploration in a hitherto unexplored area
Environmental factors or assumptions	• *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.*	• Not applicable due to early stage of exploration in a hitherto unexplored area, however, due to flat to gently undulated terrain and distance from any significant water courses, environmental sensitivity is low
Bulk density	• *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.* • *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.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Not applicable due to early stage of exploration in a hitherto unexplored area
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *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).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• Not applicable due to early stage of exploration in a hitherto unexplored area
Audits or	• *The results of any audits or reviews of Mineral Resource estimates.*	• Not applicable due to early stage of exploration in a hitherto

Criteria	JORC Code explanation	Commentary
reviews		unexplored area
Discussion of relative accuracy/ confidence	• *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.* • *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.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Not applicable due to early stage of exploration in a hitherto unexplored area

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• Not applicable
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	•
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	•
Cut-off	• *The basis of the cut-off grade(s) or quality parameters applied.*	•

Criteria	JORC Code explanation	Commentary
parameters		
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	•
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	•
Environmen-tal	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	•

Criteria	JORC Code explanation	Commentary
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	•
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	•
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	•
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	•
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	•
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	•
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.*	•

Criteria	JORC Code explanation	Commentary
	• *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	•
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	•
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve 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 reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *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.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	•

Section 5 Estimation and Reporting of Diamonds and Other Gemstones

(Criteria listed in other relevant sections also apply to this section. Additional guidelines are available in the 'Guidelines for the Reporting of Diamond Exploration Results' issued by the Diamond Exploration Best Practices Committee established by the Canadian Institute of Mining, Metallurgy and Petroleum.)

Criteria	JORC Code explanation	Commentary
Indicator minerals	• *Reports of indicator minerals, such as chemically/physically distinctive garnet, ilmenite, chrome spinel and chrome diopside, should be prepared by a suitably qualified laboratory.*	• Not applicable
Source of diamonds	• *Details of the form, shape, size and colour of the diamonds and the nature of the source of diamonds (primary or secondary) including the rock type and geological environment.*	•
Sample collection	• *Type of sample, whether outcrop, boulders, drill core, reverse circulation drill cuttings, gravel, stream sediment or soil, and purpose (eg large diameter drilling to establish stones per unit of volume or bulk samples to establish stone size distribution).* • *Sample size, distribution and representivity.*	•
Sample treatment	• *Type of facility, treatment rate, and accreditation.* • *Sample size reduction. Bottom screen size, top screen size and re-crush.* • *Processes (dense media separation, grease, X-ray, hand-sorting, etc).* • *Process efficiency, tailings auditing and granulometry.* • *Laboratory used, type of process for micro diamonds and accreditation.*	•
Carat	• *One fifth (0.2) of a gram (often defined as a metric carat or MC).*	•
Sample grade	• *Sample grade in this section of Table 1 is used in the context of carats per units of mass, area or volume.* • *The sample grade above the specified lower cut-off sieve size should be reported as carats per dry metric tonne and/or carats per 100 dry metric tonnes. For alluvial deposits, sample grades quoted in carats per square metre or carats per cubic metre are acceptable if accompanied by a volume to weight basis for calculation.* • *In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive sample grade (carats per tonne).*	•
Reporting of Exploration	• *Complete set of sieve data using a standard progression of sieve sizes per facies. Bulk sampling results, global sample grade per*	•

Criteria	JORC Code explanation	Commentary
Results	*facies. Spatial structure analysis and grade distribution. Stone size and number distribution. Sample head feed and tailings particle granulometry.* • *Sample density determination.* • *Per cent concentrate and undersize per sample.* • *Sample grade with change in bottom cut-off screen size.* • *Adjustments made to size distribution for sample plant performance and performance on a commercial scale.* • *If appropriate or employed, geostatistical techniques applied to model stone size, distribution or frequency from size distribution of exploration diamond samples.* • *The weight of diamonds may only be omitted from the report when the diamonds are considered too small to be of commercial significance. This lower cut-off size should be stated.*	
Grade estimation for reporting Mineral Resources and Ore Reserves	• *Description of the sample type and the spatial arrangement of drilling or sampling designed for grade estimation.* • *The sample crush size and its relationship to that achievable in a commercial treatment plant.* • *Total number of diamonds greater than the specified and reported lower cut-off sieve size.* • *Total weight of diamonds greater than the specified and reported lower cut-off sieve size.* • *The sample grade above the specified lower cut-off sieve size.*	•
Value estimation	• *Valuations should not be reported for samples of diamonds processed using total liberation method, which is commonly used for processing exploration samples.* • *To the extent that such information is not deemed commercially sensitive, Public Reports should include:* o *diamonds quantities by appropriate screen size per facies or depth.* o *details of parcel valued.* o *number of stones, carats, lower size cut-off per facies or depth.* • *The average $/carat and $/tonne value at the selected bottom cut-off should be reported in US Dollars. The value per carat is of critical importance in demonstrating project value.* • *The basis for the price (eg dealer buying price, dealer selling price, etc).* • *An assessment of diamond breakage.*	•

Criteria	JORC Code explanation	Commentary
Security and integrity	• *Accredited process audit.* • *Whether samples were sealed after excavation.* • *Valuer location, escort, delivery, cleaning losses, reconciliation with recorded sample carats and number of stones.* • *Core samples washed prior to treatment for micro diamonds.* • *Audit samples treated at alternative facility.* • *Results of tailings checks.* • *Recovery of tracer monitors used in sampling and treatment.* • *Geophysical (logged) density and particle density.* • *Cross validation of sample weights, wet and dry, with hole volume and density, moisture factor.*	•
Classification	• *In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive grade (carats per tonne). The elements of uncertainty in these estimates should be considered, and classification developed accordingly.*	•