

16 March 2015

CLUNES DRILLING ACTIVITY ASSAY RETURNS FOR HOLE CD15-03 REMARKABLE

On the afternoon of 13 March 2015, the Company received assays for all samples lodged 26 February 2015, material of HQ cored hole CD15-03.

As was anticipated, the full suite of assays demonstrate gold at four positions – or down hole depths:

- 35 to 37 metres – (old “East Vein”?)
- 79 to 81.5 metres – (old vein known as “Old Man Vein”)
- 116.5 to 120 metres – new, as in CD15-01 and CD 15-02
- 122 to 123.5 metres

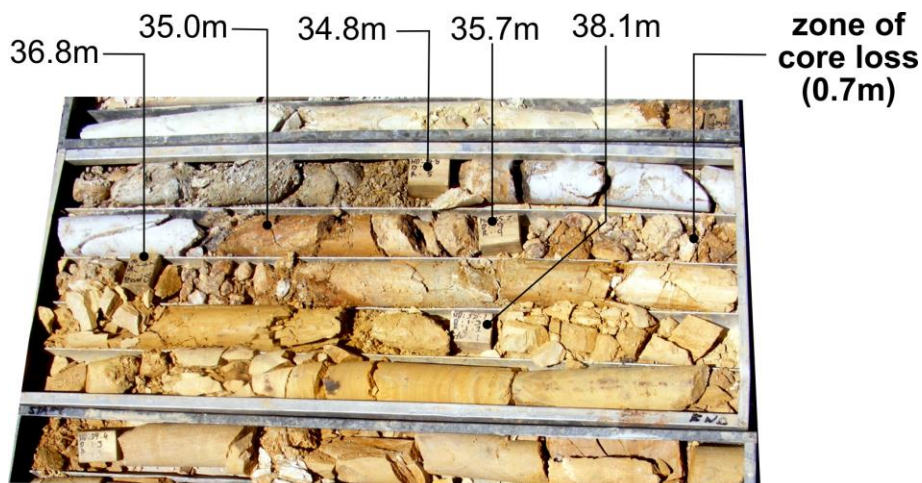
Assays in the three deeper zones will be set aside for the present, for release in conjunction with assays from hole CD15-04.

The remarkable assays are those from 35 to 37 metres.

The assay returns are-

Hole depth (m)	Assay Au ppm (g/t)	Repeat Au (ppm or g/t)
34.0 – 34.5	0.62	
34.5 – 35.0	0.28	
35.0 – 35.5	0.41	
35.5 – 36.0	86.60	76.80
36.0 – 36.5	11.60	11.20
36.5 – 37.0	5.40	6.13

CD15-03 – trays before sample preparation



It can be observed –

- Sample 35.5 to 36.0 broken, passed through old workings
- Sample 36.0 to 36.5 comparatively, very small quantity of material available

Later in this information release additional data is provided to set out the context at this location, presumed to be through the old East Vein workings. Those early workings are regarded as the reason for core loss in hole CD15-03, between 36.1 and 36.8 metres down hole.

This is not the first instance on record of remnant high grade gold adjacent to a worked area.

M.I.M. Exploration for period ended 25 May 1996 (Tech. Rep. #2699) records that Company as drilling percussion holes with a face – sampling hammer, 5½ inch diameter bit, and a 4½ inch diameter drill string. Sample(s) from every metre drill was collected into large plastic bags; samples for assay were composited into 2m intervals.

For holes numbered MCR-1, the M.I.M. practice utilised a three-tier ruffle splitter, to reduce the composited sample size to the amount required for assay. ***Hole MCR-1 was drilled at the north end and within what is now Mount Rommel's MIN 5391.***

The relevant geological summary in that M.I.M. Report #2699 states –

“Samples above 126.5m need to be treated with caution due to stoping, which could have resulted in fill following the hammer down the hole and contaminating the sample. Samples below 126.5m are not reliable due to loss of outside return and patchy high water flow, caused by (past) stoping...”

M.I.M. made no subsequent attempt at this location to resolve the drilling practice giving the uncertainty stated.

The M.I.M. results of interest in the context of the above results from CD15-03 quality cored hole are –

Sample No.	From	To(m)	Au (ppm)	Repeat Au (ppm)	2 nd Repeat Au (ppm)
VA 14049	106	108	1.27	1.27	-
VA 14050	108	110	5.23	5.06	5.40
VA 14051	110	112	4.16	4.16	-
VA 14052	112	114	0.54	0.54	-
VA 14053	114	116	0.86	0.86	-
VA 14054	116	118	0.40	0.40	-
VA 14055	118	120	0.45	0.45	-
VA 14056	120	122	0.26	0.26	-
VA 14057	122	124	1.14	1.14	-
VA 14058	124	126	54.10	63.20	45.00
VA 14059	126	128	9.60	10.10	9.10
VA 14060	128	130	7.15	7.15	-
VA 14061	130	132	5.48	5.48	-
VA 14062	132	134	1.31	1.31	-
VA 14063	134	136	0.50	0.50	-

The geology log for the M.I.M. hole MCR-1 notes –

- Interval 106 to 113 Ordovician rock with quartz
- Interval 114 to 120.5 Stope
- Interval 120.5 to 125.0 Ordovician rock, quartz
- Interval 125.0 to 126.5 Stope
- Interval 126.5 to 136.0 “Sticky wet sample, with rock”

It appears from the above percussion hole material entirely possible that miners of the past left high grade in place either side of worked ground, as in hole CD15-03.

The selected 1996 analytical results themselves –

- 1) Show the importance of knowing the exact interval where the gold occurs
- 2) Indicates to the writer that the practice of assaying composite (2m) samples does not assist understanding of the multiple veining, Clunes

The context of recent hole CD15-03 is as follows-

1) **CD06-04** (reported 11/01/2007)

This hole is 40 metres north of CD15-03. At 31.7m down hole is passed through a cavity of 1.9m (coring also a 35mm piece of wood). Deeper than this work place, the footwall rock analyses were.

Sample depth (m)	Au (ppm)	Au repeat (ppm)	Arsenic (ppm)
34.2 – 34.8	0.52	0.47	309
34.8 – 35.6	0.14	-	190
35.6 – 36.4	0.12		201
36.4 – 37.0	0.16	0.18	182

Thus, worked and the value removed.

2) **CD 15-01**

This hole at similar depth is about 3 metres north of hole CD15-03. these results have not previously been reported to NSX.

Hole depth (m)	Assay Au ppm (g/t)	Repeat Au ppm (g/t)
39.5 – 40.0	0.57	-
40.0 – 40.5	1.17	1.27
40.5 – 41.0	0.50	-
41.0 – 41.5	4.9	6.45
41.5 – 42.0	0.48	-
42.0 – 42.5	0.73	-
42.5 – 43.0	1.73	-
43.0 – 43.5	5.18	5.01
43.5 – 44.0	0.68	-

3) **CD15-04**

This hole has yet to be sampled. It can be observed

36.6 to 37.0	shear, iron-cemented; dark brown; remnant pyrite
37.0 to 37.9	sandstone (brown, cream), strong black sulphidic dissem veining
37.9 to 38.0	white quartz – solid, fractured (not sheared)
38.0 to 38.4	quartz, severely sheared
38.4 -----	point of water loss in drilling (into old workings)
39.8 to 41.2	core loss (1.7m) worked place

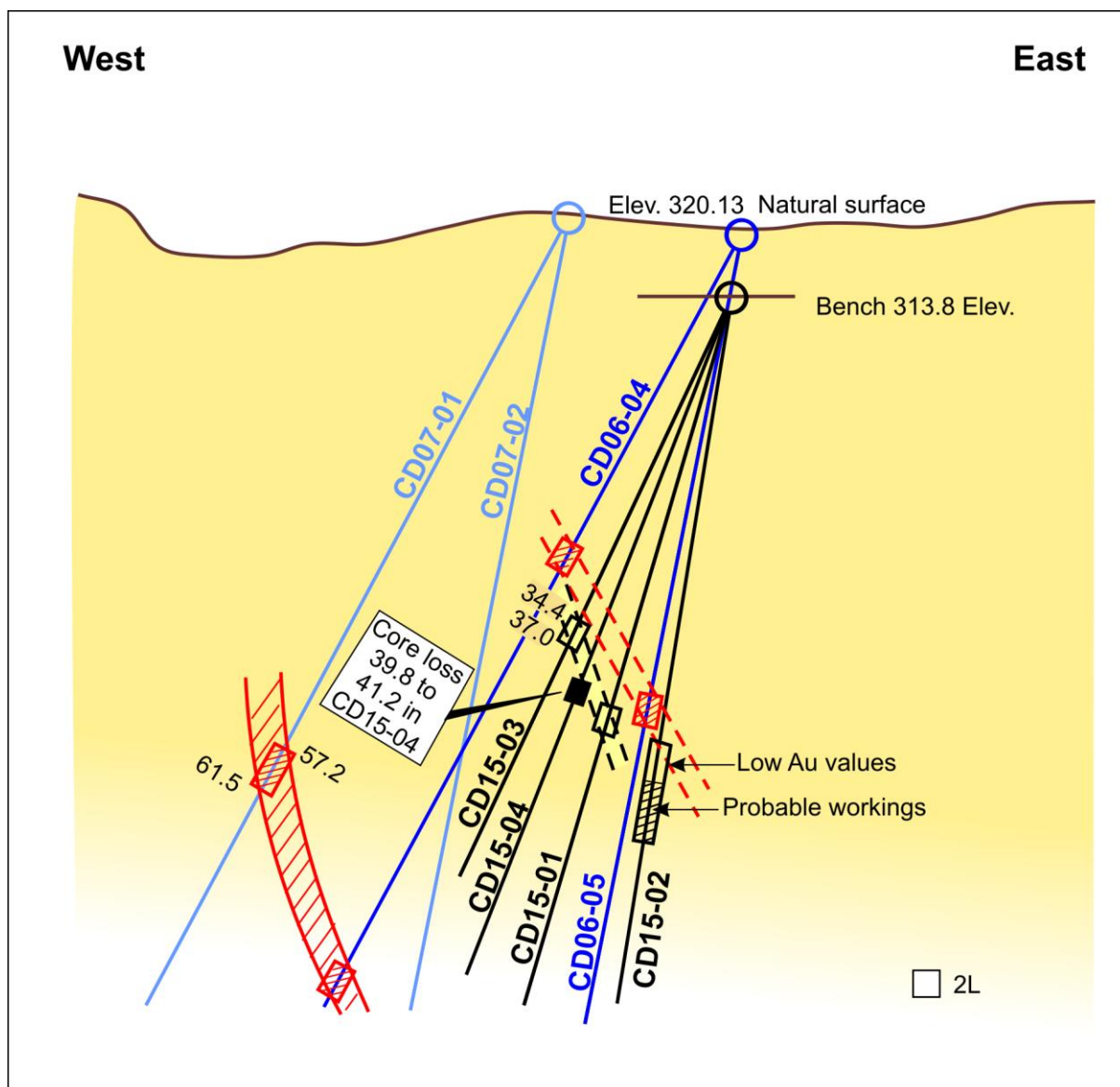
4) **CD06-05** (reported 1/03/2007)

This position is also 40 metres north, and some 20 metres below, down dip, of the intercept in CD06-04.

Hole depth (m)	Assay Au ppm (g/t)	Repeat Au ppm (g/t)
44.2 – 44.7	0.64	-
44.7 – 45.3	0.32	-
45.3 – 46.9	4.95	5.05
46.9 – 47.6	4.90	5.08
47.6 – 49.0	0.35	0.33

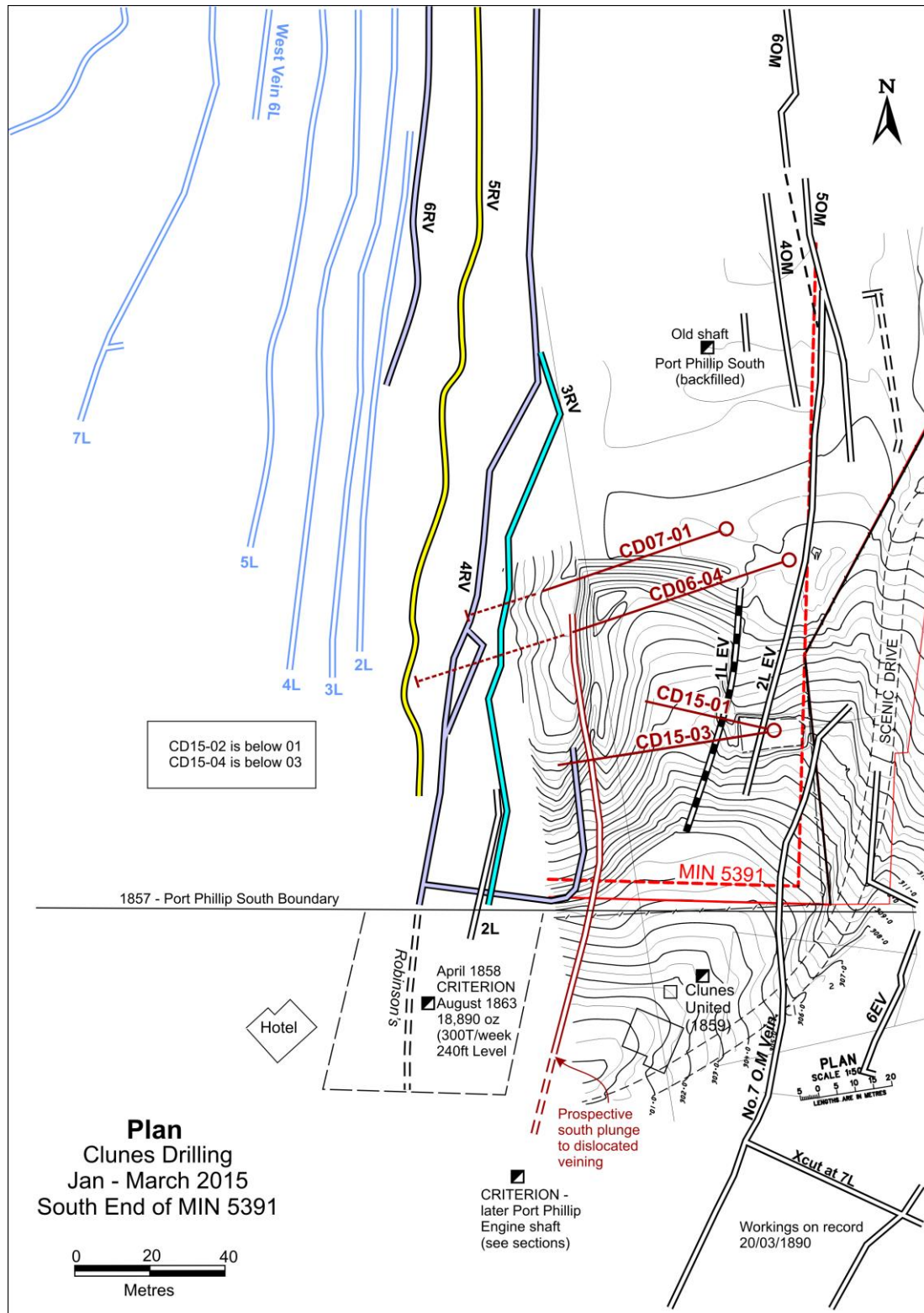
An elevation difference of 6.9 metres exists between the collars of holes CD06-05 (higher elevation) and CD15-03.

A sketch of the upper sections of drill holes in this vicinity illustrates the context.



SEVERAL CONCLUSIONS

- 1) The assay results of hole CD15-01 have been published on NSX. The drillers record, and observed core of hole CD15-01, depth 127 to 132 metres, gave confidence of a hole passing through original material. The sample interval of 0.5 metres generated assays, the gold values varying through all 10 results making a group. The outcome is that the assays represent a gold-bearing structure – new, and a good outcome of the drilling program.
- 2) Drilling holes in this location means threading holes through areas known to have old workings. In those, “representation” is not possible through assay results. An assay becomes a number giving an indication of what might remain. The remarkable results of CD15-03 are an example.
- 3) Drilling of several holes through this location shows that when underground access is possible, the higher level workings along the old-named “East Vein” vicinity the early 150 feet level offer prospects for added gold recovery. In like manner, prospects about this horizon are evident in results of past drilling into the “Old Man Vein” – as in hole CD07-01, 57 to 62m down hole, 30 metres west. None of these very real possibilities could be validated from surface by the procedures of the JORC Code.



The information release has been prepared by F.L. Hunt a member of Aus.I.M.M. whose experience meets the requirements of a Competent Person in respect of public reports about mineralisation.

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