

18 January 2017

## **CLUNES and GLENFINE**

### **Progress in relation to Clunes Goldfield**

The Company has been able to aggregate good evidence about the South Clunes area, sufficient to consider a quite different "architecture" applies to this old goldfield. The data offers scope for considerations as to the true central part of the field. Is it actually positioned to the west of the known and worked veins??. This position of current interest has been passed through (twice) by drill holes a decade apart. The holes CD 50, and later CD 52 were undertaken apparently without awareness of a previously completed induced polarization ( I.P.) survey along Victoria Street. This geophysical survey was part of a very large program of that work, carried out in year 1965. Records confirm no water pipe or like facilities existed along Victoria Street at that time of this survey work.

The former Western Mining Corporation completed over 7,600 metres of diamond drilling in North Clunes, investigating I.P. anomalies there. That Company did not drill the I.P. anomaly recorded as along Victoria Street, just west of the worked veining. WMC did drill hole CD 50, to direct the lower part of that hole east, under the known veining area. The "success" in terms of gold by assay in CD 50 occurs in the upper 200 metres, pretty much within the zone indicated by I.P. The upper part of CD 50 was drilled as a pre-collar percussion hole, so the material is unavailable for geological review today. However, the Company holds in store the core portions of the hole.

The data described above offers the scope for gold prospects in parallel to those worked by the historic South Clunes Company. Old plans of that early company have been located, which show the true plan position of the early workings of the neighbouring Ballarat & Clunes Alluvial Company #3 shaft - which won profitable gold (and some native copper) in the space defined as an I.P. anomaly. Gold in quartz is certainly recorded at this location.

It was considered commercially unwise to make public the collated information of the type described above, the Company having abandoned part of EL 5492, because it was found to be unworkable tenure. There has been no commercial protection for the Company, but there now is - by letter from the Government dated 11 January, 2017.

The Company - through its 100% owned subsidiary Bonshaw Gold Pty. Ltd. - made application 18 October, 2016, which was given confirmed status on 6 January, 2017, as EL 6406.

The Company is currently going through procedures to demonstrate how concerns, if any, of residents are or have been mitigated through the application process. More information will be made public shortly, as is required by Regulations introduced 20 October, 2013.

### **Progress with respect to gold recovery - Glenfine**

Members should be aware that the first gold recovery (from carbon) did take place in December, 2016. Public details of this activity appear in the prepared Statement below.

When reading this Statement, it is important to appreciate that the rare metal elements present - identified through completing an analysis of the poured bar - were revealed solely because of the concentrating effect of processing completed by the plant at site.

Also -

- (1) - the graphical representation shows copper entrained in this bar, to an extent unintended. This outcome is destined for managed reduction.
- (2) - after processing, the coarser sands are discharged into the clean sands holding area. It is now known that these sands carry appreciable gold.

A program of evaluation of the prospects for gold and other heavy mineral concentration prior to the point of discharge is about to be conducted in Perth.

## PROVISIONAL INFORMATION ON GOLD RECOVERY, GLENFINE.

### • Interim Sampling

The Company and the plant operator are conducting a sampling program to ascertain the behaviour of gold and other elements as the “waste” sands pass through the plant. Relevant sample assays have been reported by the laboratory on these dates -

9/12/2016 – fine tailings nominally 0.55 ppm Au  
500 ppm As

05/01/2017 – sands pit #1 – sampled 15 Nov 2016 held over not forwarded for assay until 3 Jan 2017 – gold only

05/01/2017 – sands pit #1 – sampled 2 Jan 2017 – gold only

09/01/2017 – sands pit #1 – both above sets, analysis to investigate the presence of 21 elements, including silver (Ag) and copper. Results confirm virtually no copper, no silver.

### • Interim Assessment

Head grade	2.5	ppm Au (accepted, published)
Loss to fine tails	<u>(0.55)</u>	
	1.95	
Passing to sands	<u>(0.85)</u>	- see observation below
Collected on carbon	1.10	- to recovery, in first gold bar

### • Observations about #1 sand pit/pond

This sand pit holds those sands cleaned of ultra-fine gold and other unwanted elements. The material discharged from plant and deposited in the #1 sand pit is put there as a “holding” step until contaminated gold is evaluated.

Samples were collected at the discharge point, then at each 5 metres across the sand pond. It appears that about half the gold passing into these sands drops out within 15 metres of flow distance away from the discharge point. The other half of the gold in this pond is held with the finer sand sizes, along with a notable 4-fold increase in the proportions of arsenic and lead at the same distance, indicative of the presence of fine grained sulphides. The samples of finer sands were collected 15 to 20 metres from the discharge point.

All sands retained in the pond, are periodically cleaned out, being set aside for gravity separation of gold and/or metal elements later.

The plant operator collected a larger sample (350kg) for shipment to Perth, for gravity process trials there. The objective here is to introduce a component into the circuit to extract “heavies” out of the sands now cleaned of other waste materials which exist in the on-site dumps.

- **Sampling data in progress**

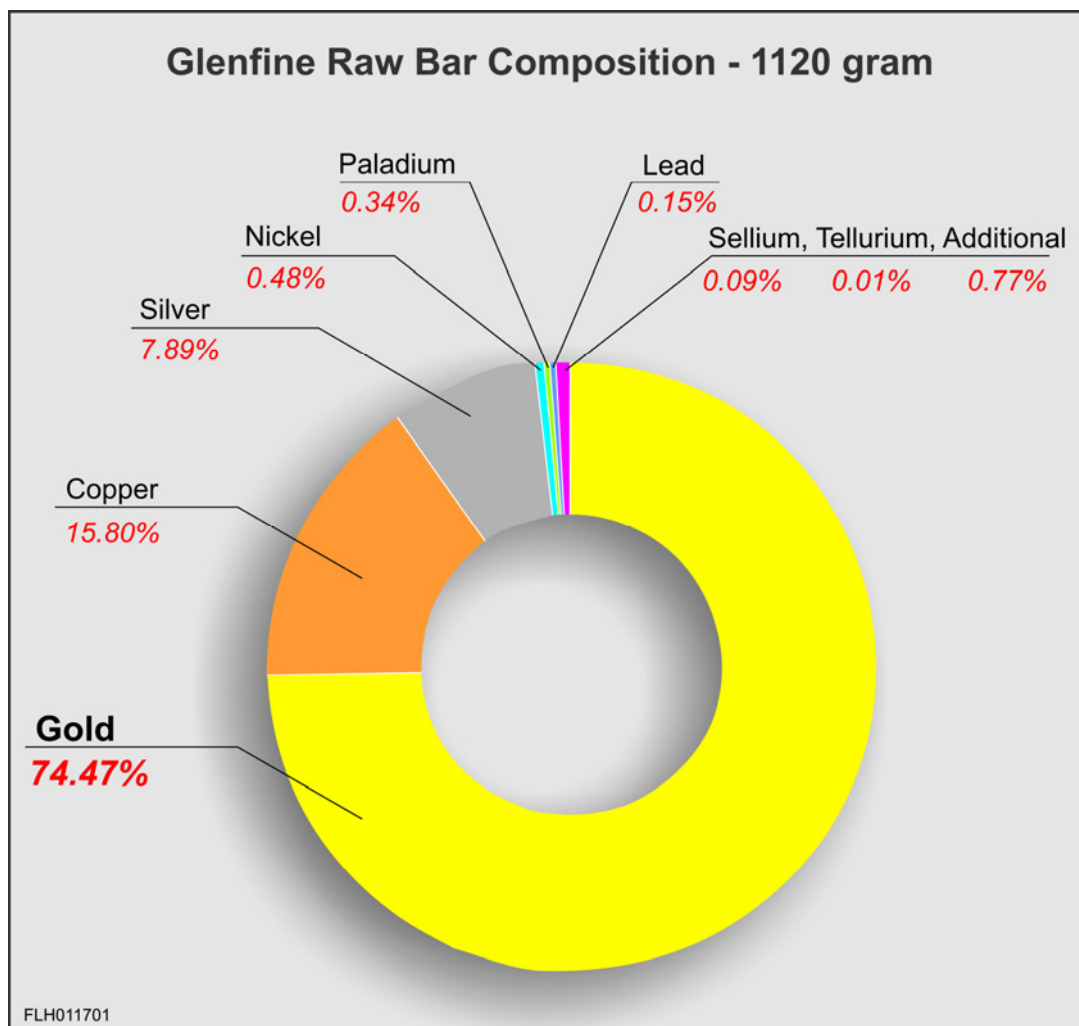
In the course of work at site, the earlier sand piles have been repeatedly turned over by excavator. These procedures are designed to increase aeration, and hopefully to oxidise residual sulphide minerals to the maximum possible extent.

As the dump forms are changed, it seemed appropriate to re-sample for gold and other elements. The samples were collected 2/1/2017. Analyses are awaited.

- **Gold collected in carbon, Glenfine**

The aggregate carbon for 2016 was forwarded to Como Carbon Services, smelted there and refined at Perth Mint. The results of the pour are illustrated by the diagram below. The copper content of the bar is a function of the existing combined metals recovery approach, the mass of copper is sufficient to warrant its precipitation prior to process water reticulation occurring. Removal of entrained copper content will improve Dore assay.

The following illustration reports the outcome of gold recovery from carbon and subsequent refining at Perth Mint.



F.L. Hunt  
(Company Secretary)