

ML 4M/2013 – “Mangana” - Annual Report to Mineral Resources Tas. September 2014 to September 2015

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Abstract

The 2013-14 year has not been a good one for production from the hard rock mines.

Production from the Argyle Mine stope was disappointing.

Re-accessing and refurbishment of the No. 3 adit in the Mangana Gold Reef mine encountered evidence of more substantial old workings than expected leading to a halt in further development.

Work is focusing in finding and defining alluvial gold resources.

An 18 trench alluvial gold sampling programme in Grant's Gully, Mangana, has defined a small resource.

- total resource 108,465m³ @ 0.17g/m³ inc.
- 36,997m³ @ 0.31g/t Au at a 0.2g/t Au/m³ cut-off for 369 ounces in total.

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1.0 Introduction

1.1 Location

ML 4M/2013 is located in Tasmania's northeastern goldfields, just to the north of the Fingal Valley. Together with EL 11/2011 the tenement covers the Mangana (except for a 1skm exclusion) and Tower Hill goldfields at the southern end of the Mangana-Lyndhurst trend.

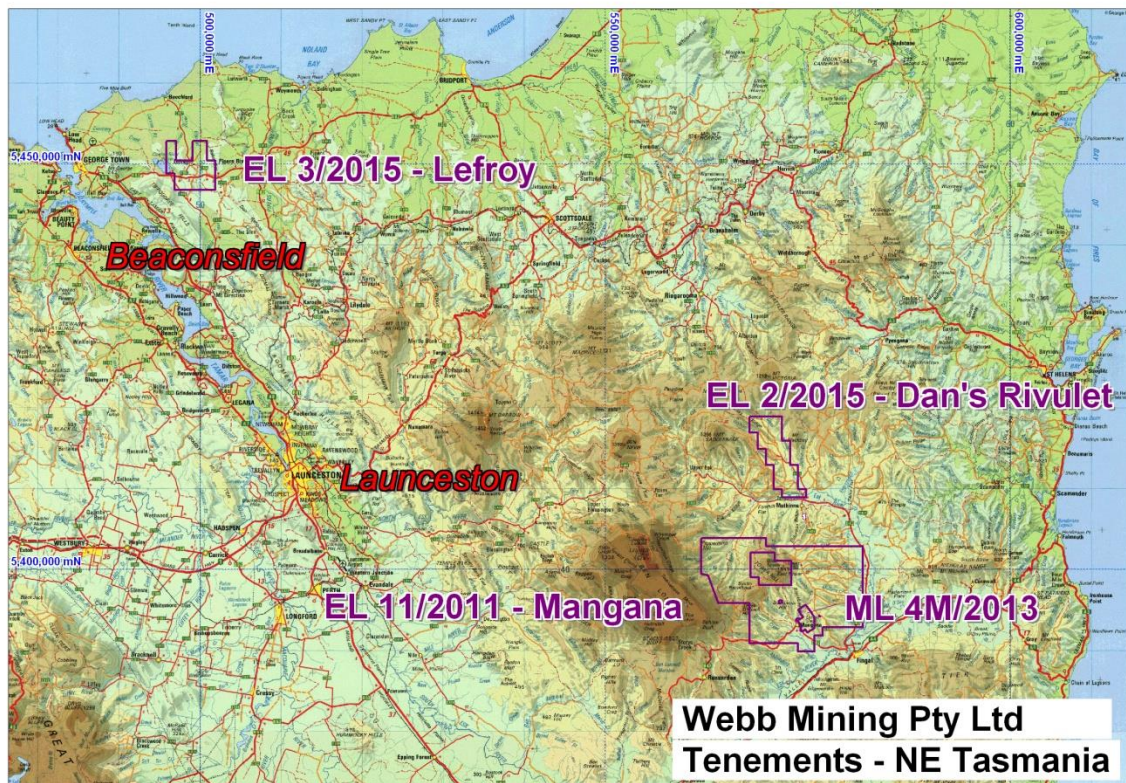


Figure 1.1: Location of ML 4M/2013 in Tasmania's northeast.

1.2 Tenure

ML 4M/2013 was granted to Webb Mining Pty Ltd on 7th November, 2013.

1.3 Access

Access to the area is by bitumen road via Fingal. Access within the area is generally moderate with steep hills but commonly bush tracks along ridge lines.

1.4 Mining & Exploration Philosophy

Webb Mining Pty Ltd has had considerable experience in mining and exploring for high grade gold bearing quartz reefs in Tasmania and is primarily focused on discovering and mining hard rock gold ore for the Sailors Gully mill.

Webb Mining Pty Ltd is also aware of potential for alluvial gold resources in the gullies and valley floor.

2.0 Geology

The oldest rocks in the area are the folded quartzwacke turbidite sandstones, siltstones and shales of the Siluro-Devonian Panama Group of the Mathinna Supergroup ("Mathinna Beds"). These are moderately tightly folded on north-west striking sub-vertical fold axis with well developed axial planar cleavage. Deformation is attributed to the Middle Devonian Tabberrabberran Orogeny.

These folded basement rocks are unconformably overlain by a sequence of essentially undeformed (other than slight tilting and normal faulting) sediments of the Permo-Triassic Parmeener Supergroup. The sediments vary from glacial-marine at the base through marine to freshwater sediments in the Triassic.

This unconformity surface defines a clear erosional break with the development of plains around the flanks of Tower Hill and along the lobe like ridges which extend from it such as Buckland Hill, Blackboy Ridge, Daylight Spur and Fonhill Farm.

Jurassic dolerite dykes intrude Byatts Razorback in the west of the licence.

The Mangana Goldfield is characterized by steep sided hills rising out of a flat valley floor underlain by alluvium. Gold bearing quartz reefs are for the most part sub-vertical and north-northwest striking though more northerly striking, shallowly east dipping reefs are also known. Reefs contain pyrite and arsenopyrite and some minor galena.

The Mangana Goldfield has a number of gold bearing gullies i.e. Richardsons Creek, Calders Gully, Majors Gully, Grants Gully, Harrisons Gully, Sharkeys Gully and Sailors Gully which run into the main flats. ML M/2013 includes a section of Grants Gully and the whole of the Harrisons (or Pincher), Sharkeys and Sailors Gullies.

3.0 Work Completed September 2014 to September 2015

3.1 Introduction

Mining activity in the previous year had focused on the Argyle Mine with sill driving completed in August 2014 and drilling between the new Intermediate and Upper Levels commenced in September.

Some surface excavation work had also commenced to allow access to the Mangana Gold Reef Mine's No.3 and No. 4 adits.

In the 2014/2015 reporting period the Argyle stope was fired and the material milled. Results were poor and a decision was made to transfer mining operations to the Mangana Gold Reefs Mine's No. 3 adit.

On 10th February a bypass/down ramp extension to the No.3 adit encountered loose, weathered material with timber fragments indicating that the material is backfill. The presence of this material below the floor of the No.3 level meant that historical mining had penetrated further and deeper than indicated from historic reports and that any high grade shot was likely to be gone.

This coupled with a reassessment of the core from MA6 and mounting costs led to the cessation of hardrock mining activities on ML 4M/2013.

Focus shifted to assessing the alluvial potential of the mine lease and the Mangana Project in general (i.e. including EL 11/2011) with a systematic programme of trench sampling in Grants Gully completed and a resource estimated.

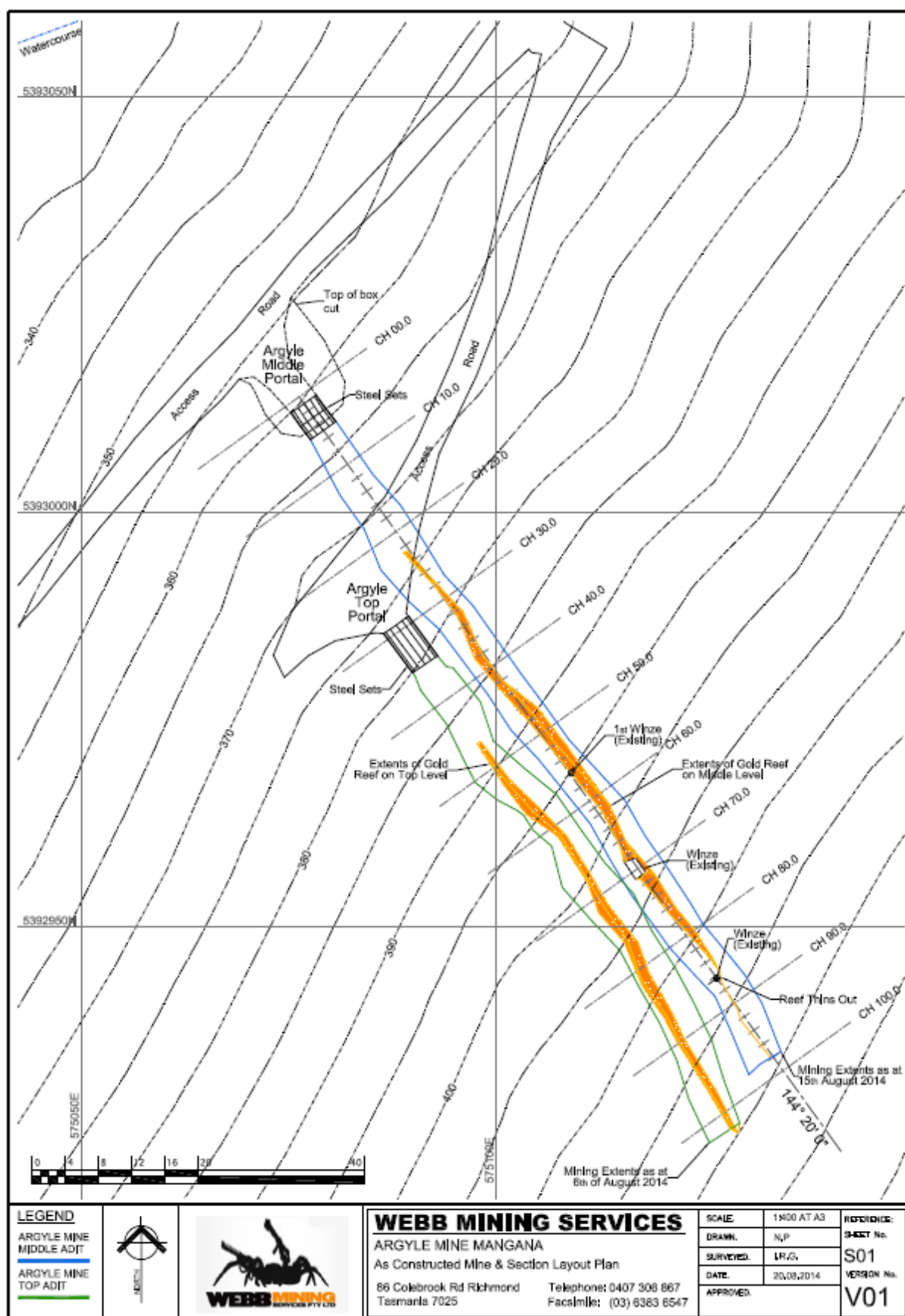
3.2 Argyle Mine (hardrock)

The Argyle stope was drilled and blasted in September/October 2014.

The area stoped is shown in hatch on figure ?????

The reef in the stoped area averaged 0.35m's in width, however, the stope as mined was on average 2.5m in width. A total of approximately 3,000 tonnes of reef and waste was fired and milled.

Production returns were disappointing with only 3 ounces of gold produced.



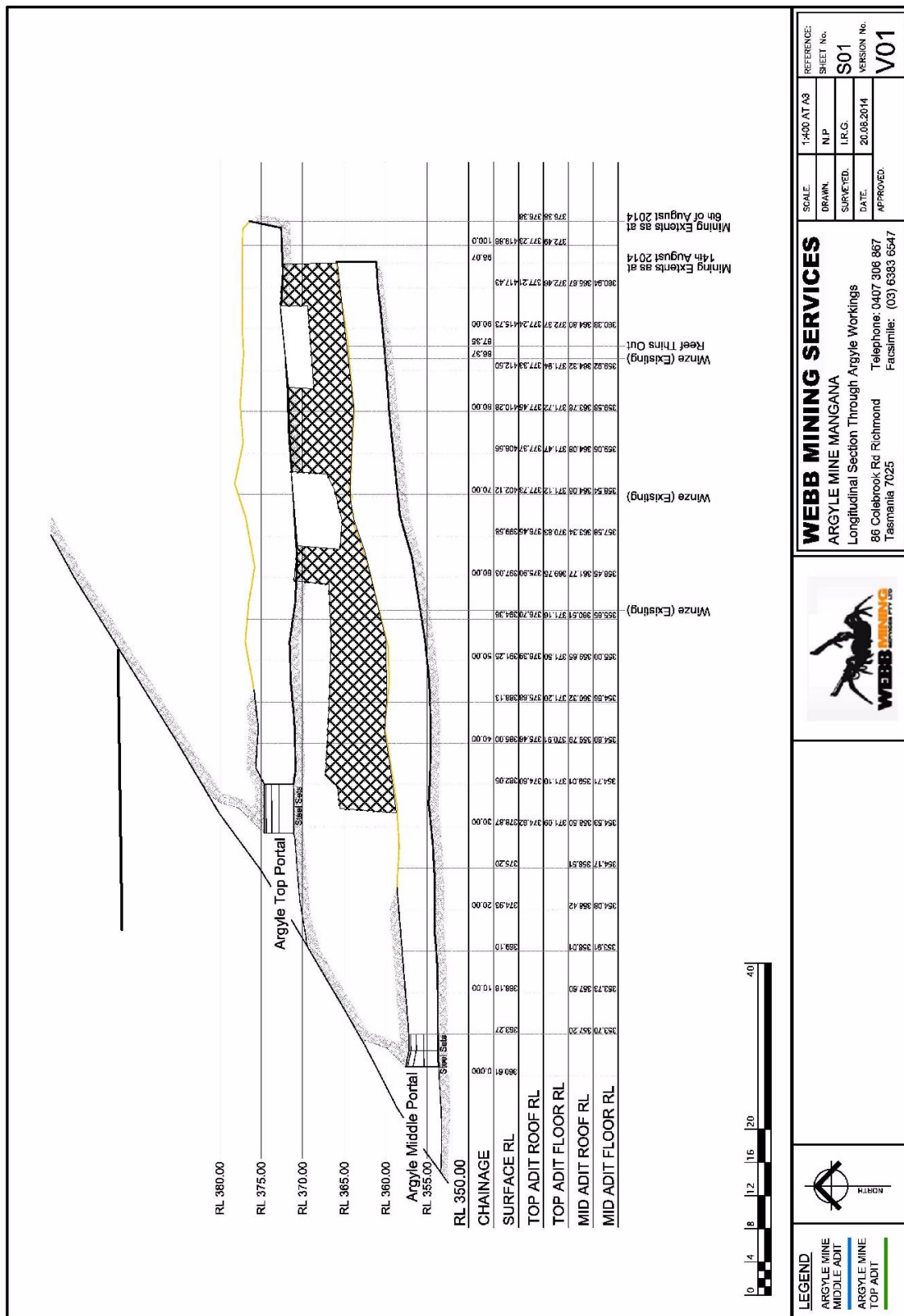


Figure 3.2: Argyle Mine long section showing upper and middle adits and stoping carried out in late 2014 (hatched area).

3.3 Mangana Gold Reefs Mine (hard rock)

3.3.1 Introduction

A historical section of the Mangana Gold Reefs Mine by Twelvetreets (1913) shows a shoot of payable reef beyond the end of the No. 3 adit.

3.3.2 Underground development

The No.3 adit was refurbished and stripped to 3.5m x 3.5m with rockbolt and mesh ground support. 90m was refurbished until bad ground due to overhead stoping led to a decision to ramp down and bypass this bad ground. This bypass was advanced 20m at 1:7 down before loose old backfill material was encountered on 10th February. The presence of the backfill meant that historic development had advanced further than reported, and into underhand stoping.

The heading was put on hold awaiting the drill core check assays.

The poor reef reassays combined with a cashflow shortfall leading to a putting of all underground mining operations on hold.

3.3.3 Reef sampling

Three drill holes, MA5, MA6 and MA7, (reported previously in Carswell and Dawes, 2013; and Dawes 2014) were drilled to test the reef in this position between the No. 3 and No. 4 adits. All three holes intersected a reef structure at around the depth expected.

The original assays were disappointing.

In late 2014 interest was generated for sampling and assaying puggy material from early reporting stating that gold was commonly found in puggy material, "lode slate" in historic mining parlance, adjacent to the reef. A section of puggy material in MA6 which had not been originally assayed was considered to have the potential to be an example of this. Some of this material was weighed then ground using a small petrol driven mill and the fine material washed over a gemini table. This apparently produced some fine gold which was weighed and an assay calculated. This was also done for MA6 and MA7, as well as for samples of reef material taken from the backs of the No. 3 drive.

The "assaying" produced some quite spectacular grades in the reef sampling with the 15 samples averaging 40g/t Au and up to 107.09g/t Au. Using this method the drill hole "assays" for MA5 was 1.0m of lode slate @ 5.37g/t Au and MA6 0.9m of lode slate @ 18.62g/t Au.

The potential for contamination is very high using this method. Further, the potential for inaccuracy in weighing the reportedly fine gold. The numbers seem unreasonable given that such numbers were never reported from the Mangana Gold Reef Mine whose average grade was around 9g/t Au, and this from selectively mined ore.

In order to clarify the assaying question the remaining core from MA6 was reassayed with a screen fire assay and a series of samples taken across the backs of the No. 3 adit (through the mesh) and sent to ALS Burnie for assaying by fire assay. These backs samples averaged 0.1g/t Au with a maximum of 0.33g/t Au.

MA6 drill core reassays were also low.

MA6	78.7m to 79.8m	dark sheared lode slate	10441	0.08g/t Au
	79.8m to 81.5m	massive quartz	10442	0.02g/t Au
	81.5m to 83.0m	siltstone "horse"	10443	0.1g/t Au
	83.0m to 84.2m	mixed quartz and wallrock	10444	0.14g/t Au
MA5	71.3m to 72.4m	quartz	10445	<0.01g/t Au

	72.4m to 73.2m	quartz	10446	0.15g/t Au
	73.2m to 74.9m	quartz	10447	0.04g/t Au
	74.9m to 76.1m	slate with quartz veins	10448	0.44g/t Au
	76.1m to 77.2m	slate	10449	0.06g/t Au
MA7	89.7m to 90.6	black lode slate	10450	0.02g/t Au
	90.6m to 91.3m	quartz	10451	0.02g/t Au

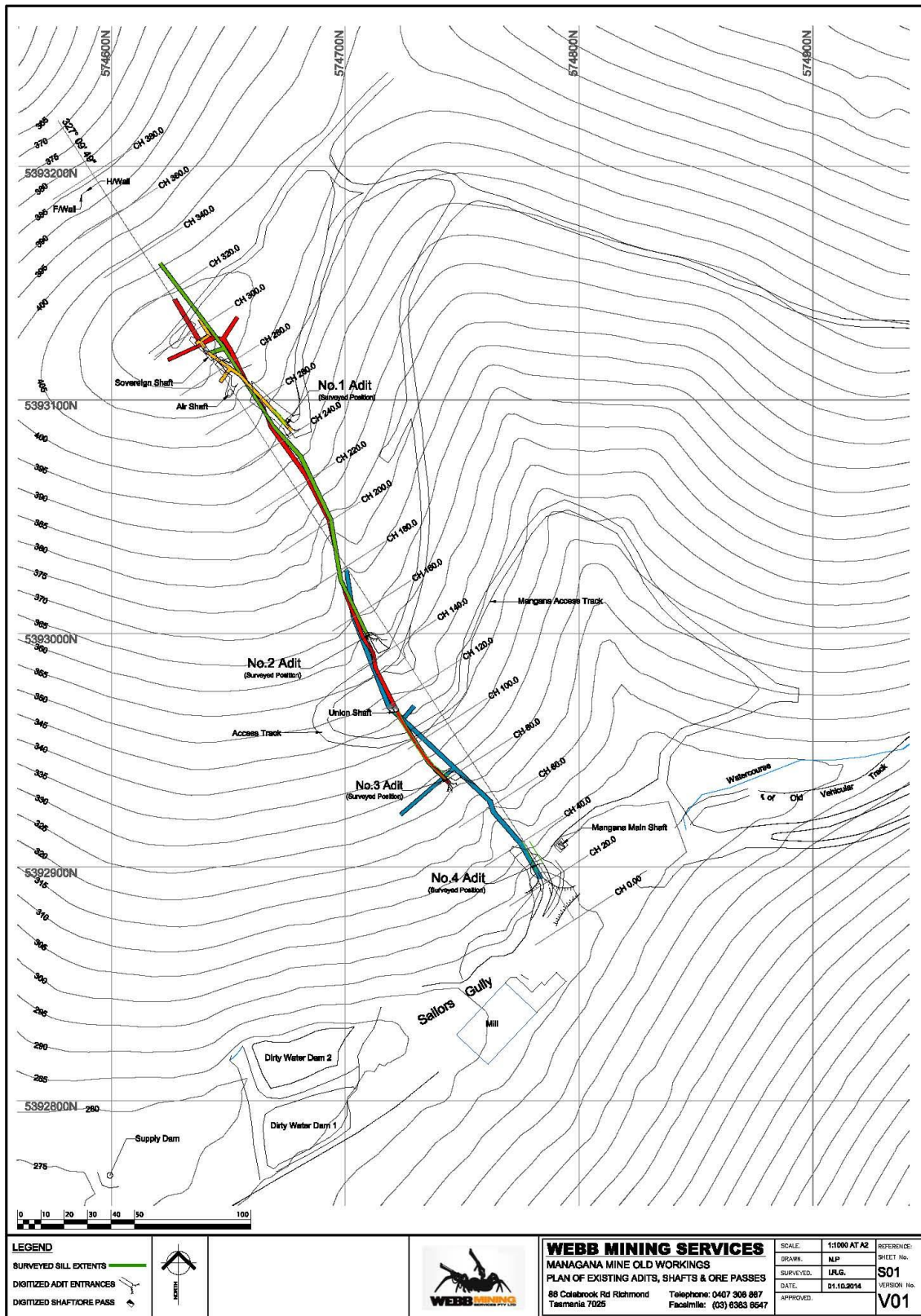


Figure 3.3: Mangana Gold Reef mine plan historic levels.

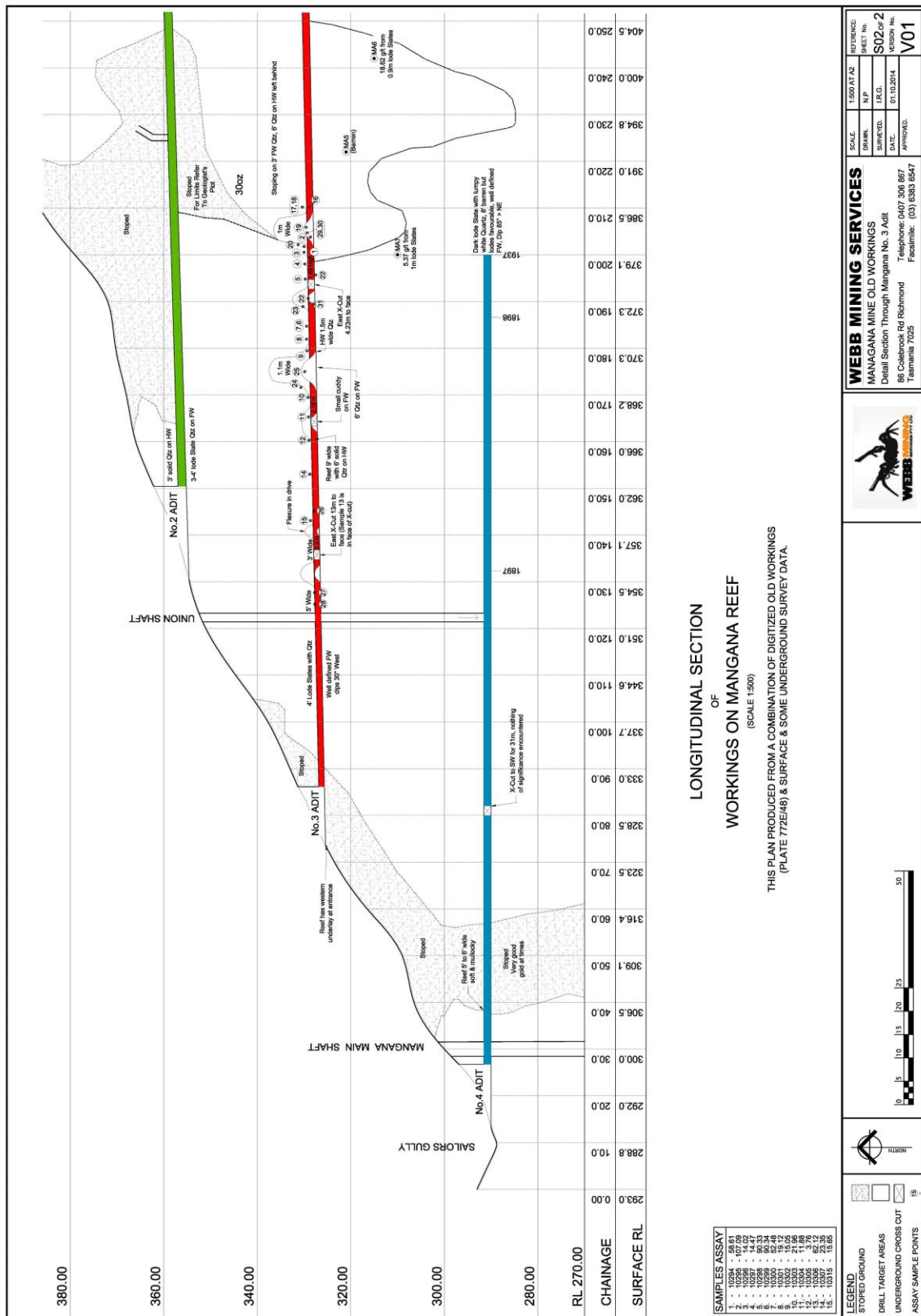


Figure 3.4: Mangana Gold Reef mine long section. Please note discussion regarding assays in text.

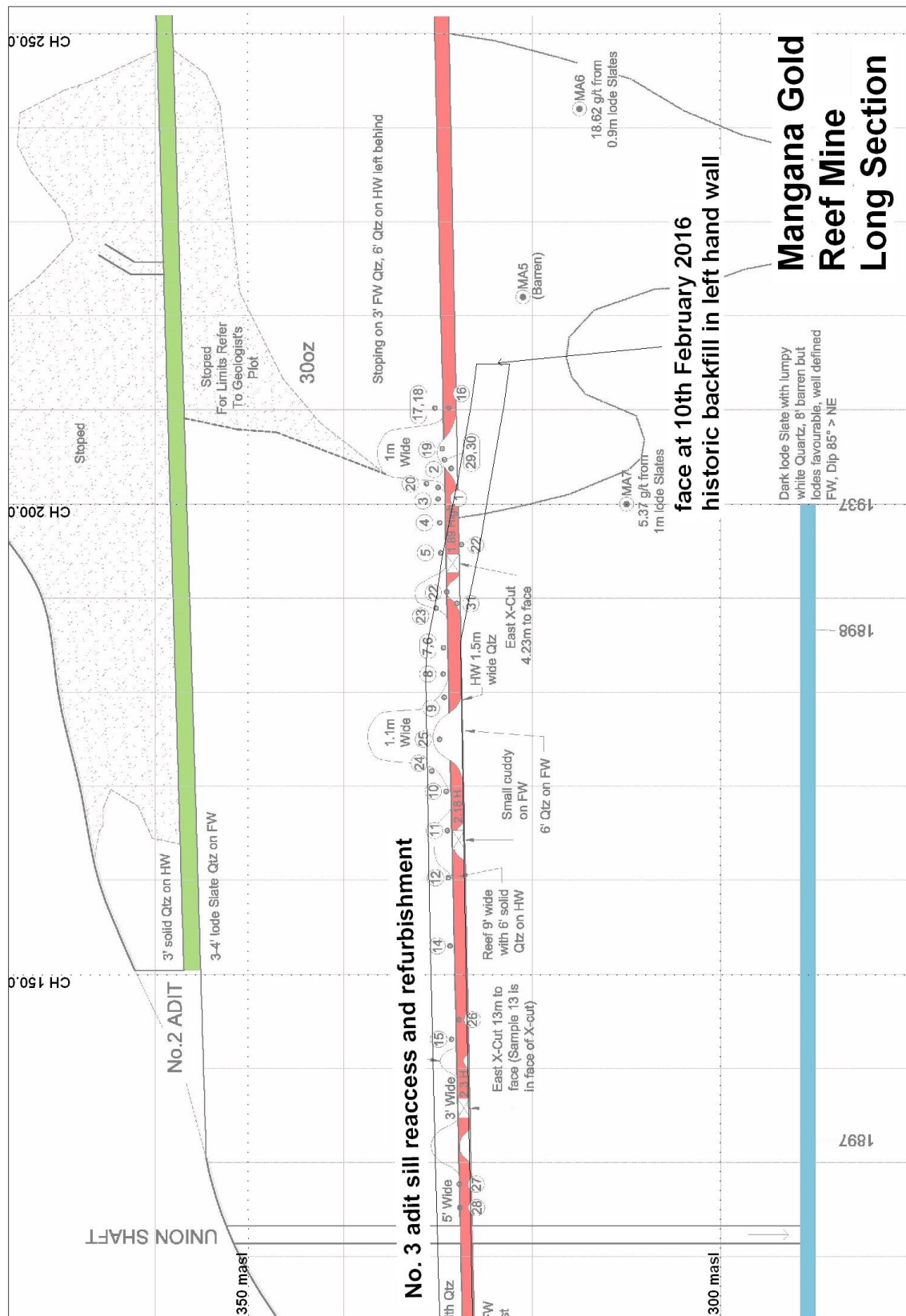


Figure 3.5: Mangana Gold Reef mine long section showing development on No. 3 adit and current face position.

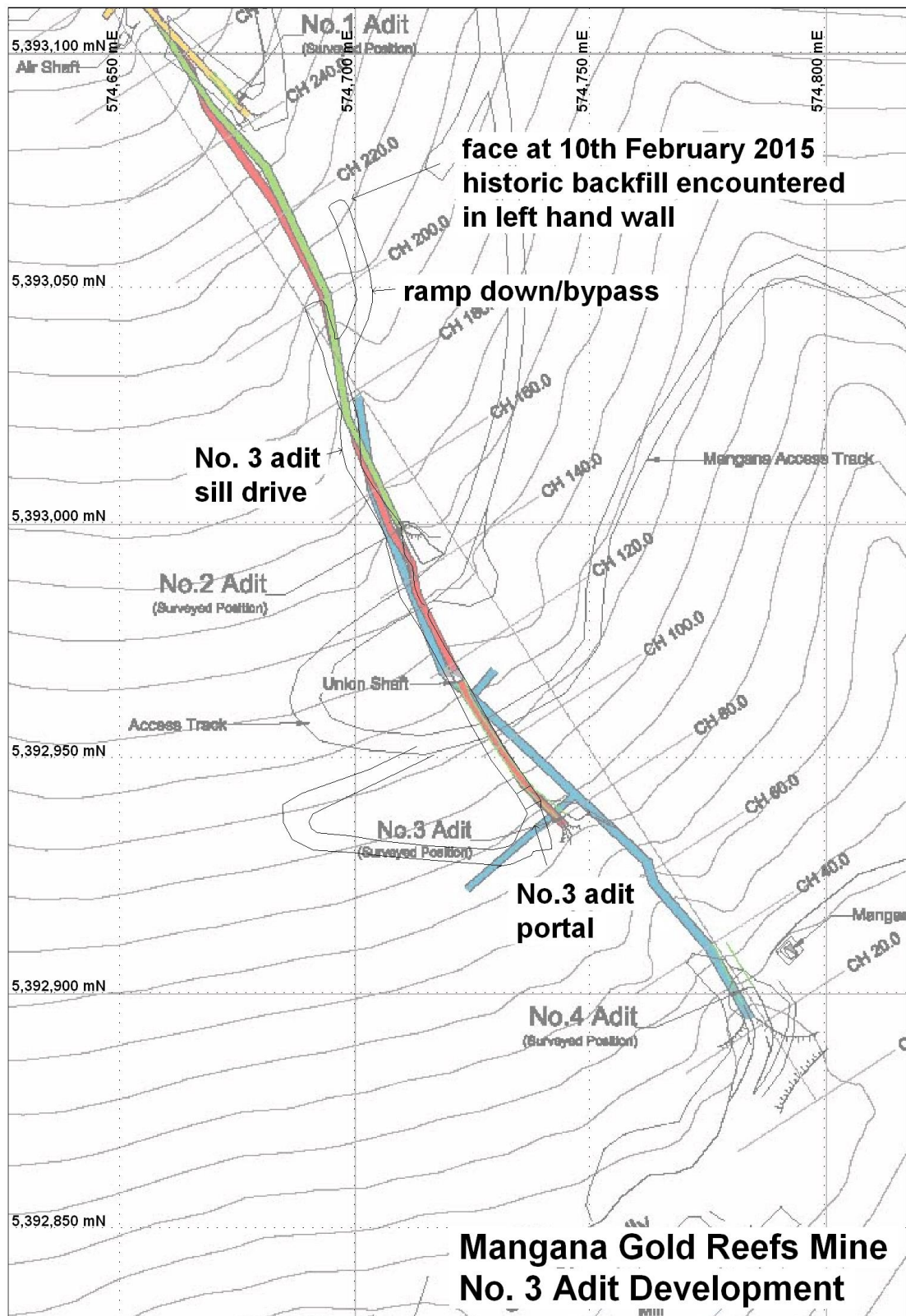


Figure 3.6: Mangana Gold Reef mine plan showing No. 3 adit redevelopment with ramp/bypass.

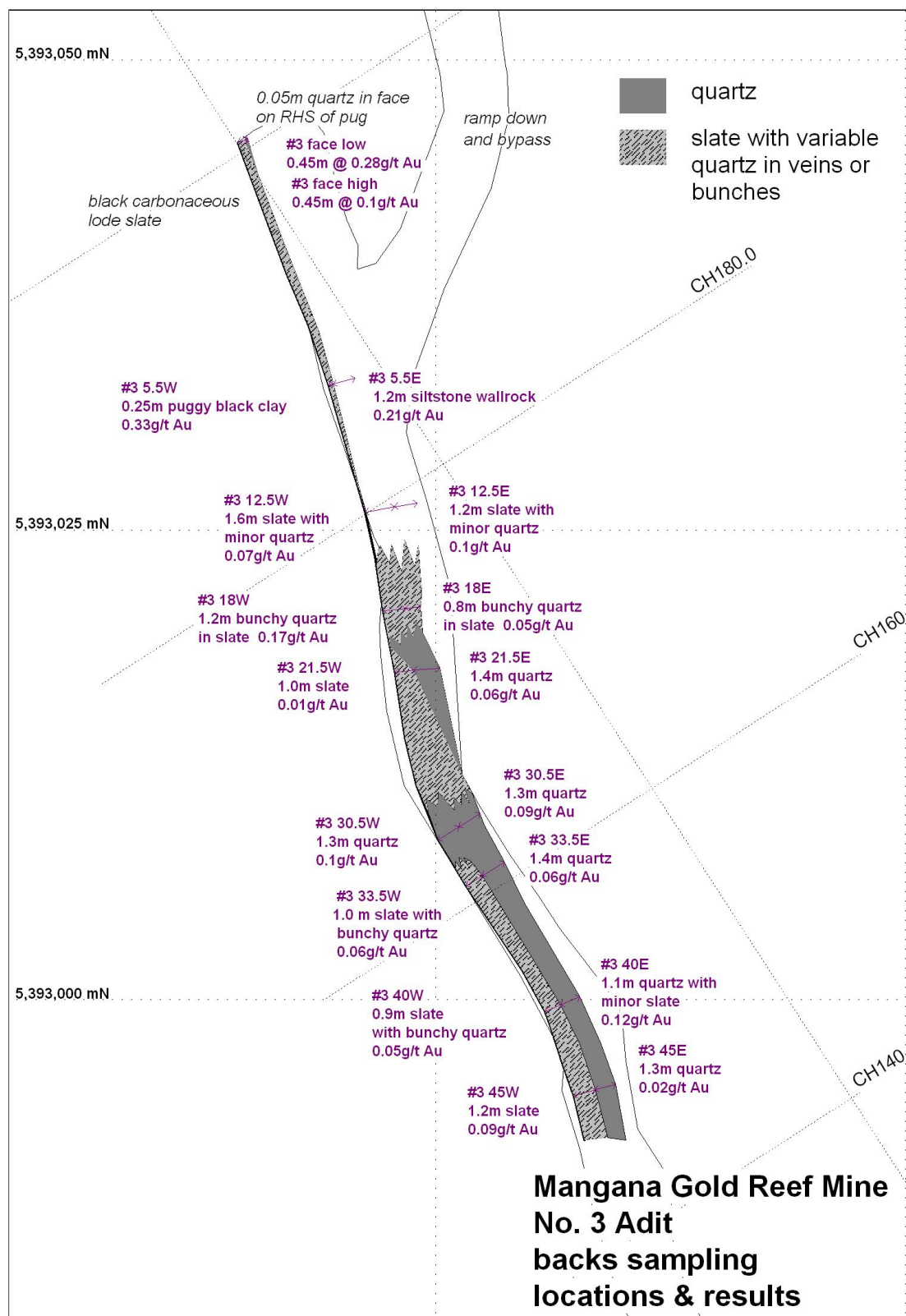


Figure 3.7: Mangana Gold Reef mine backs sampling locations and results

3.4 Grants Gully (alluvium)

A programme of alluvial trenching was carried out in Grants Gully in land held in freehold title by Nigel Webb.

17 of the 18 trenches lie within ML 4M/2013 with the 18th just outside (upstream) of the ML boundary in EL 11/2010 but is all reported herein.

An 18 trench alluvial gold sampling programme in Grant's Gully, Mangana, has defined a small resource.

The total resource is 108,465m³ @ 0.17g/m³ with a payable 36,997m³ @ 0.31g/t Au at a 0.2g/t Au/m³ cut-off for 369 ounces in total.

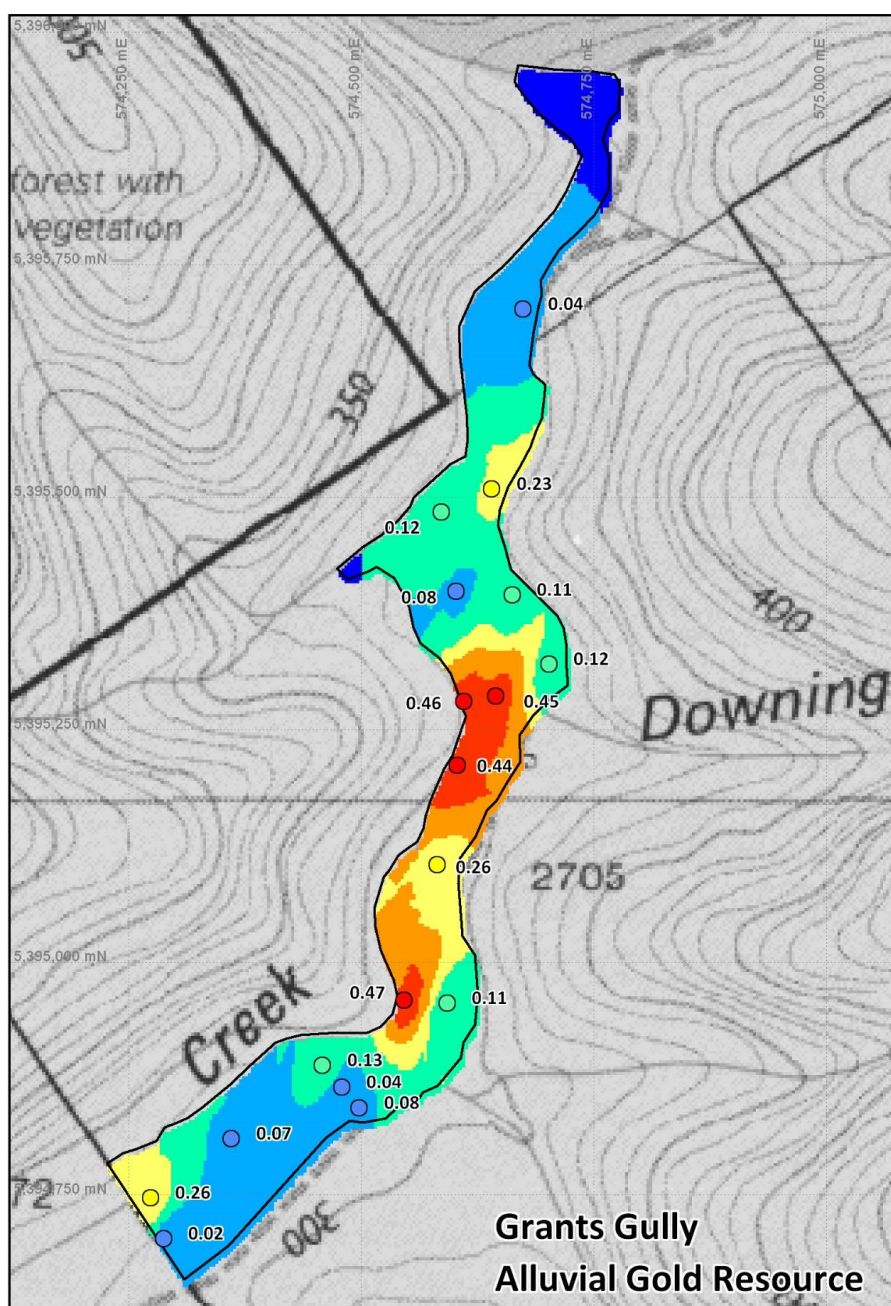


Figure 3.8: Grants Gully alluvial gold resource showing Au g/m³ grades on ID2 model image.

4.0 Summary

At the reporting data hard rock mining had been placed on hold whilst the potential for alluvial gold resources was progressing.

Alluvial gold resources at Grants Gully are small but may contribute to a larger resource inventory justifying exploitation.

5.0 Environmental

Underground mining at the Argyle and Mangana Gold Reef Mines in Sailors Gully has continued to have minimal impact other than the initial earthworks for access. These remain open.

Trenching work in Grants Gully was rehabilitated as the sampling progressed. This work has been inspected by Mineral Resources Tasmania and will not be detailed.

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