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Yarraloola Project – Significant Davis Tube results from the Ashburton Trough Magnetite Prospect

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Highlights

- **Results received from six priority holes representing the Trailer Laydown, Spinifex Hill and Northern Discovery drill-sections from the late 2015 RC drilling were processed by Davis Tube to determine magnetite mass recovery and concentrate quality.**

- **Davis Tube results from the Spinifex Hill have the follow intersects :**
    - **YAR100 reporting 155m @ 32.5% mass-yield with <u>66.72% Fe + 6.4% SiO_2 + 0.27% Al_2O_3 + 0.02% P</u> but including 115m @ 30.7% mass-yield with <u>68.64% Fe + 4.1% SiO_2 + 0.20% Al_2O_3 + 0.02% P</u> and**
    - **YAR101 reporting 85m @ 31.9% mass-yield with <u>66.72% Fe + 4.09% SiO_2 + 0.17% Al_2O_3 + 0.01% P</u>.**

- **Approximately 70kms from the world class Sino Iron project magnetite mining and processing operation**

- **All the concentrates are low phosphorus (<0.05) and low alumina (<1%) with no crocidolite (blue asbestos).**

- **Planned follow-up drilling and sampling is focussed on the area associated with the higher grading Spinifex Hill section.**

Ashburton Trough Magnetite Prospect

Exploration Summary

The 2015 work programme on the Ashburton Trough comprised surface mapping and eight, paired, inclined RC deep holes to 200m depth and three, inclined, diamond drill-holes each to about 500m. The holes were located at intervals along the anomaly system at sites which did not require significant ground disturbance (Fig 2). The main purpose of the drilling was to provide additional data on the geology, mineralogy, geochemistry, thickness, Fe-grades and magnetite yield and quality in the rocks from the Ashburton Prospect.

The major results which were fully reported on 6th of October 2015 can be summarised as follows.

1. The magnetite-bearing rocks unconformably underlie the Ashburton Formation and are steeply dipping to the south-west.
2. The portion of the magnetic anomaly system to the north of the Northern Discovery section is covered by up to 50m of detritus attributed to the Yarraloola Conglomerate.
3. Within the magnetite-bearing sequence, the volcanics appear to be basaltic in the east which is the interpreted base, andesitic to dacitic in the mid-part and are capped by a fragmental rhyolite in the west.
4. The thickest down-hole intervals were recorded from the Trailer Laydown (YAR098, YAR099), Spinifex Hill (YAR100, YAR101) and Northern Discovery (YAR102 and YAR103) drill-sections
5. These intercepts are characterised by magnetic susceptibility in excess of 10,000 SI units and Fe contents greater than 30%.

Following the receipt of the geological and geochemical results, 5m interval RC samples were composited in the magnetite-rich intercepts for a Davis Tube study. This provides indications of mass recovery and the quality of a magnetite concentrate. The six drill-holes from the prospect with the broadest intercepts which included YAR098 to YAR103 were prioritised for study (Fig 2).

New Results: Davis Tube Study of 2015 RC Drill-holes

The samples for Davis Tube recovery were processed at Bureau Veritas Laboratories in Perth. The initial programme of grind-size analysis indicated recovery at -38 microns with a measured P80 particle size of about 22 microns resulted in the most consistent recovery of a concentrate with Fe > 67%. Following the initial grind-size study, the composite samples were processed. The most significant weighted average intercepts are tabulated in Table 1 and all sample results with weighted average intercepts are reported in Table 2.

The most significant results can be summarised as follows.

1. A significant proportion of samples with a mass yield of 30 to 40% report Fe > 65% and SiO_2 in the range of 2 to 6% (Fig 3).
2. Mass yields increase significantly below 70m down-hole or about 35m vertically which is interpreted as the base of surface oxidation.
3. All the holes contain intervals where the magnetite concentrates report weighted-average SiO2 < 5wt% and Fe > 66% (Table 1).
4. The magnetite concentrates with SiO_2 < 5% produced by Davis Tube are low in phosphorous (less than 0.05%) and alumina (less than 0.50%).
5. The highest mass-yields and most consistently low-SiO_2 from the magnetite concentrates are reported from the Spinifex Hill drill-holes (Fig 3). This is also the prospect with the broadest intercepts and appears to represent an interval of mineralisation towards the core of the Ashburton magnetic anomaly system.
6. Samples from the Trailer Laydown (YAR098 and YAR099) appear to represent the upper section of the anomaly system, while the Northern Discovery section (YAR102 and YAR103) are regarded as a reflection of the basal portions of the system.

7. Some samples appear to be magnetite dominant, which is reflected by a maximum Fe at about 72.3% while other samples appear to be dominated by ferri-magnetic haematite which has a maximum Fe at about 70% Fe (Fig 4).

Origin and Background

Magnetite mineralisation in the Ashburton Trough is represented by a high-order magnetic anomaly distributed over an area of about 12 km long and 1 km wide on tenements E08/1686 and E08/1826 (Fig 1). The rocks hosting the magnetite outcrop intermittently as a suite of north-west, trending, strongly folded, variably siliceous, chloritic schists that dip steeply to the south-west. The schists are interbedded with volcanics and volcaniclastics that include basaltic compositions in the east, andesitic to dacitic compositions in the central part and coarse fragmental rhyolites in the west.

This volcanic-associated setting for the magnetite is typical of Algoma-style deposits which are attributed to an oceanic sea-floor setting. The magnetite-bearing schists also appear to be contained within an isolated inlier in the Ashburton Trough. This is highlighted by the irregular, unconformable on-lap of the more gently folded Ashburton Formation which is of Paleoproterzoic age along the western boundary. The magnetite-bearing units are also covered in parts by the much younger (Cretaceous-age) flat-lying Yarraloola Conglomerate. Work is focussing on the most prospective parts of the mineralised system which are either outcropping or appear to have less than 20m of overburden cover.

Summary and Future Work

To date, work on the 12 km long magnetic anomaly across E08/1686 and E08/1826 on the Yarraloola Project has established that the magnetite mineralization is hosted by a felsic volcanic sequence which is associated with the development of the Ashburton Trough, rather than the Hamersley Basin. Drilling and assay work has shown broad down-hole intercepts with high magnetic susceptibility and Fe-grades > 30%. Davis Tube results have suggested that the portion of the anomaly system extending SSE from the Spinifex Hill anomaly appears to produce the highest yield of magnetite concentrate with the lowest contaminant content. A further programme of RC Drilling with associated geochemistry and Davis Tube studies is being planned on this portion of the anomaly system, with a focus on establishing a JORC resource and metallurgical characteristics. These work programmes will commence this field season after heritage and statutory approvals have been received.

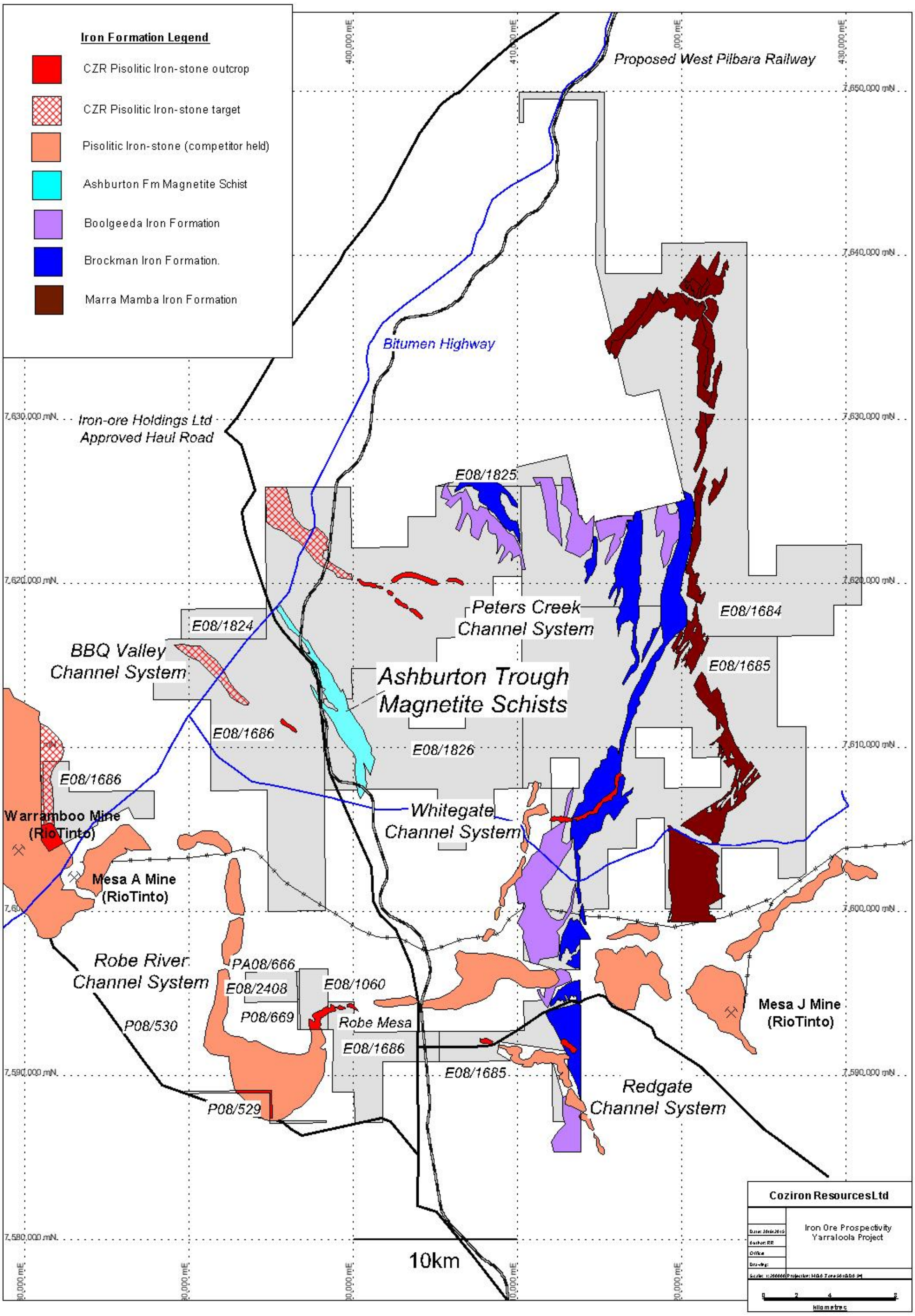

Fig 1. Location of magnetite-schists in the Ashburton Trough on the Yarraloola Project, West Pilbara of Western Australia.

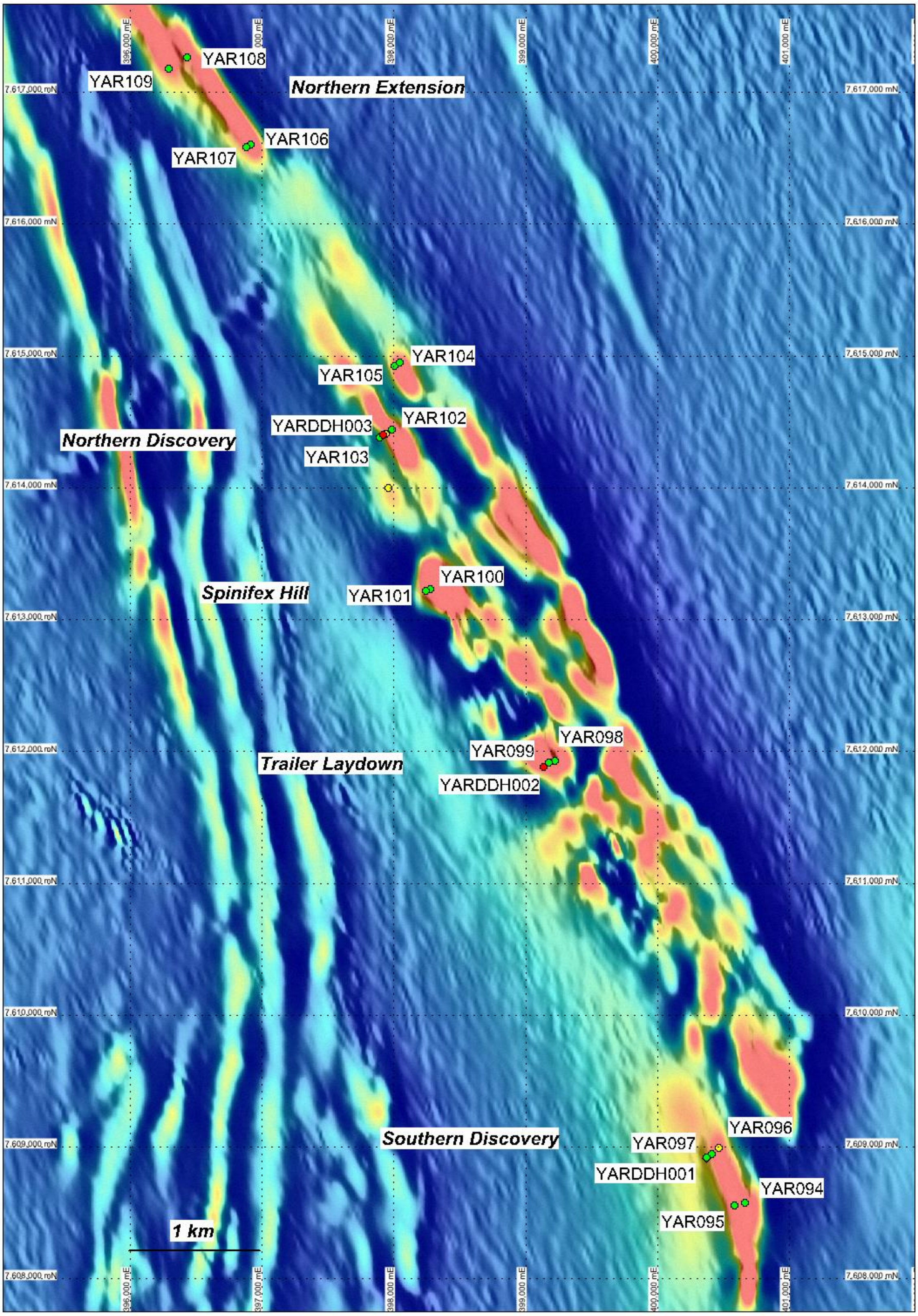

Fig 2. RC and diamond drill-collars for the magnetite-bearing sequence in the Ashburton Trough overlain on the first vertical derivative magnetic imagery. (Green circles = 2015 RC, Yellow = 2014 RC, Red = 2015 diamond hole).

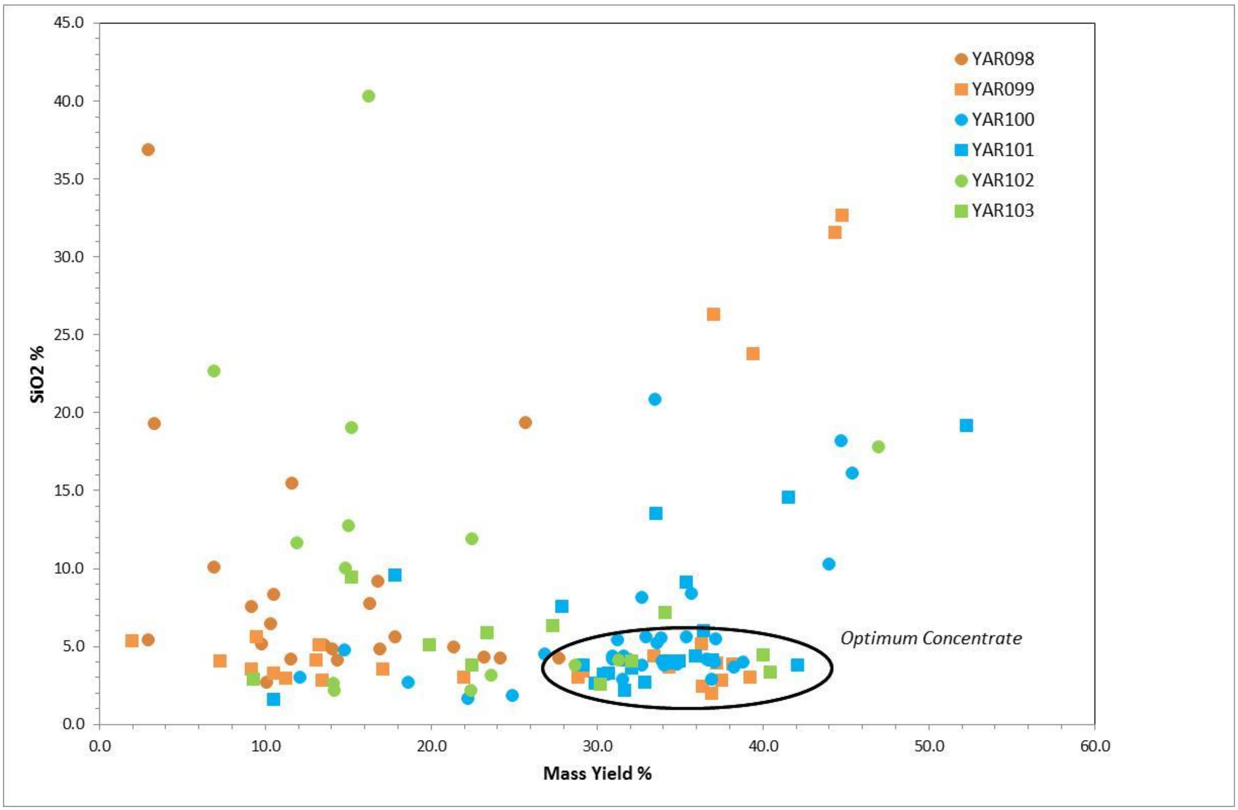

Fig 3. Magnetite mass-yield versus silica content from the Ashburton samples showing the high proportion of samples from the Spinifex Hill section (YAR100 and YAR101) reporting +3O% mass yield and SiO_2 <5%.

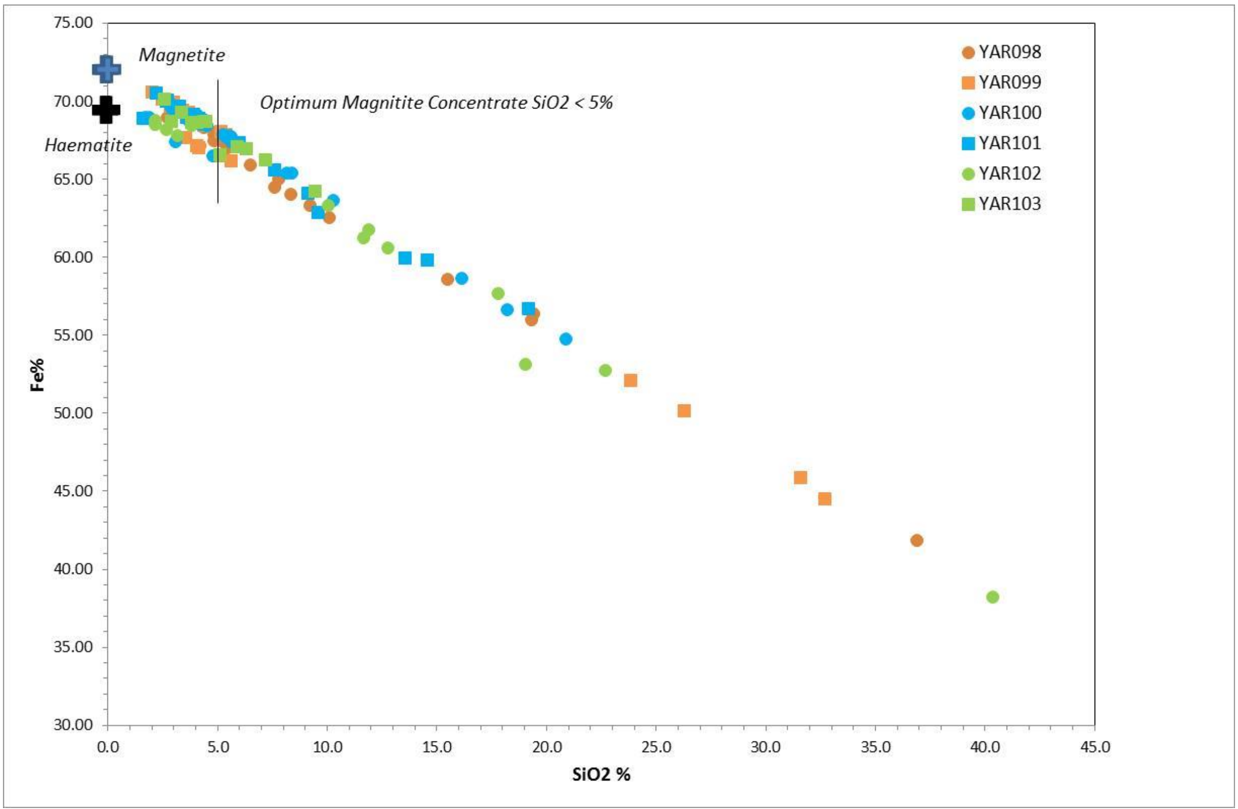

Fig 4. Distribution of silica versus iron in the Davis Tube concentrates highlighting the magnetite and haematite mineralisation in the different samples.

Table 1. Downhole reverse circulation drill-hole intervals from the Ashburton Magnetite Prospect showing the Davis Tube magnetite-mass recoveries with the weighted average SiO_2 less than or equal to 5%.

Hole_No	From (m)	To (m)	Interval	Yield (%)	SiO2 (%)	Fe(%)	Al2O3 (%)	P (%)	LOI
Trailer Laydown									
YAR098	38	53	15*	11.67	5.05	66.46	0.31	0.01	-0.72
YAR098	144	146	7	15.47	4.83	67.68	0.66	0.02	-2.94
YAR099	34	59	25*	10.45	4.54	66.86	0.28	0.01	-0.71
YAR099	97	182	85	27.28	3.40	69.33	0.16	0.02	-3.11
Spinifex Hill									
YAR100	43	158	115	30.74	4.13	69.64	0.20	0.2	-2.88
YAR101	58	143	85	31.86	4.09	68.77	0.17	0.01	-2.99
Northern Discovery									
YAR102	45	65	20	18.55	2.58	68.30	0.23	0.02	-0.66
YAR103	66	76	10	14.57	4.42	67.26	0.32	0.01	-1.09
YAR103	149	179	30	30.72	4.99	67.99	0.28	0.02	-3.05
YAR103	182	197	15	26.98	4.80	68.19	0.20	0.02	-3.09

**Samples with some effects from surface oxidation.*

Table 2. Davis Tube yields and magnetite-concentrate assays from Ashburton RC drill-holes YAR098 to YAR103 with calculated weighted average down-hole intercepts.

Hole_No	**From (m)**	**To (m)**	**Int (m)**	**Yield (%)**	**SiO2 (%)**	**Fe(%)**	**Al2O3 (%)**	**P (%)**	**LOI**
YAR098	38	43	5	11.51	4.19	67.17	0.33	0.008	-0.87
YAR098	43	48	5	14.34	4.11	67.14	0.29	0.008	-0.71
YAR098	48	53	5	9.15	7.6	64.5	0.32	0.01	-0.55
YAR098	**38**	**53**	**15**	**11.67**	**5.05**	**66.46**	**0.31**	**0.01**	**-0.72**
YAR098	61	64	3	2.92	36.89	41.86	1.58	0.029	
YAR098	64	69	5	11.61	15.49	58.61	0.74	0.022	-0.44
YAR098	69	74	5	16.32	7.77	65.01	0.33	0.011	-1.68
YAR098	74	79	5	13.56	5.1	67.97	0.42	0.01	-3.1
YAR098	84	88	4	10.08	2.7	68.94	0.56	0.004	-2.78
YAR089	**61**	**88**	**22**	**10.89**	**9.37**	**63.87**	**0.55**	**0.01**	**-1.88**
YAR098	92	94	**2**	10.33	6.48	65.91	0.42	0.012	-1.56
YAR098	104	106	2	10.49	8.33	64.01	1.32	0.017	-2.59
YAR098	106	111	5	16.79	9.2	63.33	1.5	0.013	-2.7
YAR098	111	116	5	9.79	5.17	67.46	0.71	0.009	-2.98
YAR098	116	121	5	2.94	5.45	67	0.74	0.01	-
YAR098	121	126	5	24.17	4.26	68.49	0.35	0.016	-3.08
YAR098	126	131	5	27.67	4.27	68.5	0.29	0.009	-3.06
YAR098	131	136	5	6.90	10.08	62.57	1.6	0.018	-2.56
YAR098	**104**	**134**	**32**	**14.10**	**6.07**	**66.58**	**0.77**	**0.01**	**-2.82**

Hole_No	From (m)	To (m)	Int (m)	Yield (%)	SiO2 (%)	Fe(%)	Al2O3 (%)	P (%)	LOI
YAR098	144	146	2	16.91	4.83	67.86	0.59	0.025	-2.95
YAR098	146	151	5	14.03	4.82	67.46	0.74	0.018	-2.92
YAR098	**144**	**146**	**7**	**15.47**	**4.83**	**67.68**	**0.66**	**0.02**	**-2.94**
YAR098	155	158	3	17.79	5.63	67.44	0.45	0.017	-2.96
YAR098	158	163	5	23.16	4.35	68.29	0.37	0.021	-2.95
YAR098	163	168	5	21.37	4.98	68.06	0.27	0.017	-2.92
YAR098	168	173	5	25.66	19.39	56.41	0.55	0.047	-1.73
YAR098	173	178	5	3.32	19.31	55.99	0.62	0.056	-
YAR098	178	183	5	0.02	-	-	-	-	-
YAR098	183	188	5	17.25	11.29	61.76	0.78	0.067	-2.31
YAR098	188	193	5	4.80	10.26	62.78	0.64	0.056	-1.93
YAR098	193	196	3	0.04	-	-	-	-	-
YAR098	196	201	6	25.68	7.3	65.81	0.35	0.074	-2.78
YAR098	**155**	**201**	**47**	**13.91**	**9.35**	**64.17**	**0.46**	**0.04**	**-2.50**
YAR099	34	39	5	9.19	3.52	67.66	0.25	0.012	-0.68
YAR099	39	44	5	13.07	4.13	67	0.25	0.013	-0.58
YAR099	44	49	5	7.26	4.06	67.17	0.26	0.016	-
YAR099	49	54	5	13.27	5.13	66.5	0.3	0.011	-1.02
YAR099	54	59	5	9.47	5.62	66.16	0.36	0.017	-1.05
YAR099	**34**	**59**	**25**	**10.45**	**4.54**	**66.86**	**0.28**	**0.01**	**-0.71**
YAR099	81	86	5	37.05	26.3	50.13	0.74	0.067	-1.11
YAR099	86	91	5	44.75	32.67	44.5	1.08	0.069	-0.42
YAR099	**81**	**91**	**10**	**40.90**	**29.79**	**47.05**	**0.93**	**0.07**	**-0.73**
YAR099	94	97	3	44.34	31.59	45.9	0.83	0.086	-0.82
YAR099	97	102	5	36.32	5.16	68.07	0.18	0.02	-3.07
YAR099	102	107	5	34.35	3.7	69.32	0.12	0.013	-3.18
YAR099	107	112	5	28.86	3.04	69.35	0.13	0.017	-3.03
YAR099	112	117	5	1.94	5.38	67.88	0.26	0.03	-
YAR099	117	122	5	17.09	3.52	69.26	0.17	0.021	-3.1
YAR099	122	127	5	10.51	3.26	69.41	0.19	0.014	-3.11
YAR099	127	132	5	21.96	3.06	69.4	0.19	0.026	-3.02
YAR099	132	137	5	11.22	2.99	69.96	0.18	0.011	-3.35
YAR099	137	142	5	36.38	2.46	70.12	0.11	0.013	-3.23
YAR099	142	147	5	36.89	2.01	70.59	0.08	0.016	-3.18
YAR099	147	152	5	33.44	4.38	68.47	0.17	0.016	-3.08
YAR099	152	157	5	29.17	3.39	69.42	0.13	0.028	-3.15
YAR099	157	162	5	13.42	2.86	69.67	0.23	0.034	-3.15
YAR099	162	167	5	37.23	3.91	68.9	0.17	0.016	-2.92
YAR099	167	172	5	39.21	3.04	69.53	0.13	0.012	-3.15
YAR099	172	177	5	37.54	2.86	69.74	0.11	0.012	-3.22
YAR099	177	182	5	38.20	3.88	68.83	0.3	0.012	-3.08
YAR099	182	187	5	39.40	23.82	52.12	0.85	0.057	-1.32

Hole_No	From (m)	To (m)	Int (m)	Yield (%)	SiO2 (%)	Fe(%)	Al2O3 (%)	P (%)	LOI
YAR99	**94**	**187**	**93**	**28.81**	**7.15**	**66.20**	**0.26**	**0.03**	**-2.79**
inc YAR99	**97**	**182**	**85**	**27.28**	**3.40**	**69.33**	**0.16**	**0.02**	**-3.11**
YAR100	43	48	5	12.10	3.1	67.41	0.20	0.02	-0.25
YAR100	48	53	5	22.22	1.7	68.99	0.17	0.01	-0.65
YAR100	53	58	5	14.75	4.8	66.52	0.27	0.02	-0.37
YAR100	58	63	5	24.87	1.9	68.97	0.11	0.03	-1
YAR100	63	68	5	31.26	5.4	67.69	0.14	0.02	-2.8
YAR100	68	73	5	35.35	5.6	67.75	0.26	0.01	-3.07
YAR100	73	78	5	31.58	4.4	68.67	0.19	0.01	-3.11
YAR100	78	83	5	32.71	3.8	69.10	0.16	0.01	-3.12
YAR100	83	88	5	34.86	3.9	69.17	0.19	0.01	-3.12
YAR100	88	93	5	34.02	3.8	68.91	0.22	0.02	-3.14
YAR100	93	98	5	33.89	4.1	68.74	0.19	0.01	-3.13
YAR100	98	103	5	30.94	4.2	68.78	0.16	0.01	-3.14
YAR100	103	108	5	37.09	4.0	68.70	0.20	0.02	-3.13
YAR100	108	113	5	36.92	2.9	69.82	0.13	0.02	-3.13
YAR100	113	118	5	31.57	2.9	69.56	0.13	0.03	-3.12
YAR100	118	123	5	18.62	2.7	69.95	0.16	0.04	-3.14
YAR100	123	128	5	26.82	4.5	68.42	0.19	0.02	-3.03
YAR100	128	133	5	33.83	5.5	67.78	0.29	0.01	-3.06
YAR100	133	138	5	32.92	5.6	67.39	0.28	0.01	-3.08
YAR100	138	143	5	37.13	5.5	67.73	0.32	0.01	-3.05
YAR100	143	148	5	38.23	3.7	68.79	0.28	0.01	-3.11
YAR100	148	153	5	36.61	4.2	68.84	0.22	0.01	-3.11
YAR100	153	158	5	38.82	4.0	69.15	0.16	0.01	-3.19
YAR100	158	163	5	33.51	20.9	54.77	0.55	0.03	-2.09
YAR100	163	168	5	45.40	16.1	58.67	0.64	0.03	-2.24
YAR100	168	173	5	43.95	10.3	63.68	0.45	0.02	-2.76
YAR100	173	178	5	44.72	18.2	56.62	0.87	0.05	-2.02
YAR100	178	183	5	35.69	8.4	65.40	0.28	0.02	-2.89
YAR100	183	188	5	32.71	8.2	65.42	0.19	0.02	-2.79
YAR100	188	193	5	30.92	4.4	68.82	0.13	0.01	-3.06
YAR100	193	198	5	33.63	5.3	67.89	0.15	0.02	-3.08
YAR100	**43**	**198**	**155**	**32.50**	**6.43**	**66.72**	**0.27**	**0.02**	**-2.76**
inc YAR100	**43**	**158**	**115**	**30.74**	**4.13**	**68.64**	**0.20**	**0.02**	**-2.88**
YAR101	58	63	5	10.51	1.59	68.88	0.17	0.021	-0.27
YAR101	63	68	5	34.19	4.06	68.6	0.15	0.015	-2.44
YAR101	68	73	5	36.97	4.11	68.81	0.15	0.023	-3.01
YAR101	73	78	5	35.92	4.41	68.5	0.19	0.009	-3.08
YAR101	78	83	5	34.36	3.93	69.13	0.15	0.015	-3.1
YAR101	83	88	5	31.70	4.13	68.93	0.14	0.016	-3.1
YAR101	88	93	5	36.43	5.99	67.33	0.28	0.014	-2.91

Hole_No	From (m)	To (m)	Int (m)	Yield (%)	SiO2 (%)	Fe(%)	Al2O3 (%)	P (%)	LOI
YAR101	93	98	5	34.97	4.06	68.79	0.2	0.013	-3.07
YAR101	98	103	5	29.16	3.82	69.13	0.16	0.009	-3.14
YAR101	103	108	5	30.65	3.27	69.52	0.14	0.009	-3.2
YAR101	108	113	5	32.08	3.61	68.99	0.14	0.013	-3.14
YAR101	113	118	5	34.57	3.97	69.06	0.17	0.009	-3.15
YAR101	118	123	5	30.40	3.25	69.69	0.17	0.011	-3.21
YAR101	123	128	5	29.89	2.65	70.01	0.11	0.011	-3.18
YAR101	128	133	5	31.68	2.2	70.52	0.07	0.008	-3.28
YAR101	133	138	5	32.86	2.71	70.08	0.11	0.013	-3.23
YAR101	138	143	5	35.37	9.11	64.11	0.42	0.036	-2.53
YAR101	**58**	**143**	**85**	**31.86**	**4.09**	**68.77**	**0.17**	**0.01**	**-2.99**
YAR101	156	161	**5**	33.57	13.53	59.93	0.73	0.056	-1.79
YAR101	174	178	4	17.82	9.6	62.86	0.71	0.047	-2.21
YAR101	178	183	5	27.85	7.58	65.61	0.39	0.032	-2.65
YAR101	183	188	5	42.07	3.81	69.07	0.11	0.018	-3.15
YAR101	188	193	5	52.25	19.18	56.68	0.45	0.035	-2.06
YAR101	193	198	5	41.51	14.55	59.85	0.49	0.029	-2.04
YAR101	**174**	**198**	**24**	**36.30**	**11.84**	**62.25**	**0.40**	**0.03**	**-2.41**
YAR102	45	50	5	23.59	3.17	67.77	0.27	0.026	-0.48
YAR102	50	55	5	22.37	2.17	68.8	0.21	0.014	-0.82
YAR102	55	60	5	14.13	2.67	68.2	0.23	0.011	-0.77
YAR102	60	65	5	14.13	2.16	68.5	0.18	0.012	-0.6
YAR102	**45**	**65**	**20**	**18.55**	**2.58**	**68.30**	**0.23**	**0.02**	**-0.66**
YAR102	72	75	3	28.68	3.81	68.44	0.18	0.014	-2.11
YAR102	75	80	5	31.27	4.13	68.71	0.21	0.012	-2.82
YAR102	80	85	5	6.92	22.68	52.74	0.72	0.053	-0.15
YAR102	**72**	**85**	**13**	**22.29**	**5.91**	**66.94**	**0.25**	**0.02**	**-2.24**
YAR102	93	96	**3**	46.97	17.8	57.7	0.55	0.064	-2.36
YAR102	107	111	**4**	15.19	19.05	53.15	1.88	0.027	-0.56
YAR102	122	127	5	14.80	10.05	63.32	0.85	0.015	-2.38
YAR102	127	132	5	16.26	40.36	38.24	2.38	0.039	-0.2
YAR102	**122**	**132**	**10**	**15.53**	**25.91**	**50.19**	**1.65**	**0.03**	**-1.24**
YAR102	143	148	5	15.02	12.75	60.6	1.36	0.023	-2.13
YAR102	148	153	5	22.44	11.89	61.75	1.01	0.027	-2.4
YAR102	**143**	**153**	**10**	**18.73**	**12.23**	**61.29**	**1.15**	**0.03**	**-2.29**
YAR102	175	180	5	11.88	11.68	61.27	1.03	0.024	-2.07

Hole_No	From (m)	To (m)	Int (m)	Yield (%)	SiO2 (%)	Fe(%)	Al2O3 (%)	P (%)	LOI
YAR103	66	71	5	9.27	2.91	68.72	0.24	0.021	-1.58
YAR103	71	76	5	19.88	5.12	66.58	0.35	0.012	-0.86
YAR103	**66**	**76**	**10**	**14.57**	**4.42**	**67.26**	**0.32**	**0.01**	**-1.09**
YAR103	149	154	5	22.44	3.81	68.64	0.31	0.024	-3.01
YAR103	154	159	5	15.21	9.43	64.2	0.41	0.025	-2.6
YAR103	159	164	5	32.06	4.07	68.65	0.22	0.024	-3.09
YAR103	164	169	5	34.11	7.2	66.24	0.4	0.027	-2.95
YAR103	169	174	5	40.46	3.35	69.3	0.21	0.019	-3.14
YAR103	174	179	5	40.04	4.46	68.7	0.25	0.021	-3.19
YAR103	**149**	**179**	**30**	**30.72**	**4.99**	**67.99**	**0.28**	**0.02**	**-3.05**
YAR103	182	187	5	23.40	5.9	67.09	0.27	0.027	-2.98
YAR103	187	192	5	30.19	2.57	70.16	0.11	0.016	-3.23
YAR103	192	197	5	27.35	6.31	66.96	0.23	0.019	-3.03
YAR103	**182**	**197**	**15**	**26.98**	**4.80**	**68.19**	**0.20**	**0.02**	**-3.09**

For further information regarding this announcement please contact Adam Sierakowski on 08 6211 5099.

Competent Persons Statement

The information in this report that relates to exploration results is based on information compiled by Dr Rob Ramsay (BSc Hons, MSc, PhD) who is a Member of the Australian Institute of Geoscientists. Dr Ramsay is a full-time Consultant Geologist for Coziron. Dr Ramsay has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which they have undertaken to qualify as a Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Ramsay has given his consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Appendix 1 – Reporting of exploration results from the Ashburton Prospect in the Yarraloola Project - JORC 2012 requirements.

Section 1 Sampling Techniques and Data		
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.*	Samples are derived from 5.5" (140mm) reverse circulation drilling holes with continuous down-hole sampling and HQ and NQ diamond drill-core is available for future work.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	All RC drill cuttings pass through a continuously operating rotary cone splitter and samples are collected on 1m intervals. During the drilling of each meter, 2-3kg of drill chips were split off and collected in a labelled calico sample bag. Diamond core is continuous and yet to be sampled

	• *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.*	An entire 2-3kg drill-chip sample has previously been crushed, dried and pulverized at Bureau Veritas Laboratories in Perth. Western Australia. A sub sample was fused for the "extended iron-ore suite" of major oxide and selected trace-element analysis obtained by XRF Spectrometry and laser ablation ICPMS on the disk. Au, Pt Pd is by fire assay.
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).*	Reverse circulation (RC) holes using a 5.5" (140mm) face-sampling percussion hammer. Diamond drilling uses HQ and NQ recovery.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	Sample size was monitored by Geologists during the drilling programme. The volume of sample derived from each meter drilled was approximately equal.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	Standard RC sampling techniques were employed and deemed adequate for sample recovery. Some water was injected into the sample stream during drilling to minimise the loss of fine particles.
	• *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.*	The loss of fine material has been minimized during drilling. Sample recovery is regarded as being representative.
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.*	Each metre of reverse circulation chips is described geologically for mineralogy, colour and texture and magnetic susceptibility measured by hand held MagRock metre. No mineral resource estimates are included in this report.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	Logging is qualitative.
	• *The total length and percentage of the relevant intersections logged.*	All drill holes were logged at 1m intervals, for the entire length of each hole.

Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	No core samples were collected for this study
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	Reverse circulation drill chip samples were collected dry and split by a continuously operating rotary cone splitter during drilling.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	Reverse circulation drilling is an appropriate method of recovering representative samples though the interval of mineralization. The drilling contractor used suitable sample collection and handling procedures to maintain sample integrity.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	Duplicate samples were simultaneously collected in mineralized intervals, using the rotary cone splitter. Approximately 1 in 20 duplicate samples were analysed to ensure representivity.

	• *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.*	The reverse circulation method samples continuously and the rotary splitter selects a representative proportion of the sample, providing an indication of compositional variations associated with each lithology or mineralized interval.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	The 2-3kg of homogenized drill chips that was recovered for each geochemical sample is sufficient to provide a representative indication of the material being sampled.
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.*	XRF analysis of fused disks is used to provide a total analysis technique. Davis Tube involves pulverising 150g of the 5m composite sample to a p80 of -38 microns, then about 20g is placed in the tube and washed for approximately 20 mins across a magnetic field of 3000 gauss. The dried concentrate is weighed to determine mass yield and analysed by fused disk extended iron-ore suite XRF as a total analysis technique.
	• *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.*	A hand-held magnetic susceptibility meter was used to record the response from the drill-chips and the response highlights the highly magnetic intercepts of magnetite schist in drill-holes.
	• *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.*	The Davis Tube composite results are compared to the 1m interval down-hole geochemical samples. The results in this report are part of a grass-roots exploration programme to establish relative prospectivity within a large-scale mineralised system. Internal laboratory checks are sufficient at this stage.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	No independent of alternative company personnel were used to verify the intersections.
	• *The use of twinned holes.*	The drill intercepts reported are from a first-phase exploratory drill programme.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	All data is transferred from the laboratory electronically and imported directly into a Microsoft access database and checked periodically against the pdf files.
	• *Discuss any adjustment to assay data.*	There has been no adjustment to any analytical data.
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.*	Drill hole locations were surveyed independently by differential GPS.
	• *Specification of the grid system used.*	The grid system is MGA GDA94, zone 50, all easting's and northing's are reported in MGA co-ordinates
	• *Quality and adequacy of topographic control.*	SRTM90 data is used to provide topographic control and is regarded as being adequate for early stage exploration.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	The drill holes are located to examine the sub-surface geology associated with different magnetic targets within the Ashburton Trough sequence.
	• *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.*	No Mineral Resources or Ore Reserve estimations are being presented in this report.

	• *Whether sample compositing has been applied.*	Davis tube samples are typically composited in the field on 5m down-hole intervals. The composite interval is reported with the assay results table.
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.*	Mineralization is contained within a sequence that dips at about 70 to the south-west
	• *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 drill orientation was selected to minimise any sampling bias.
Sample security	• *The measures taken to ensure sample security.*	Samples are collected, labelled, packed in bulka bags and transported by RGR Transport from site directly to Bureau Veritas laboratories in Perth.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	No audits or reviews of the sampling techniques and data have been obtained.
Section 2 Reporting of Exploration Results		
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.*	All exploration licenses and prospecting licenses owned 85% by Zanthus Resources Ltd and 15% by ZanF Pty Ltd. The tenements are covered by the Kuruma Marthudunera Native Title Claim and relevant heritage agreements are in place.
	• *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.*	The tenements are in good standing and no known impediments exist.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	In 1990-1991, Aberfoyle Resources held tenements covering the Ashburton Trough which partially overlapped Yarraloola. They collected 26 rock-chip and 73 stream sediment samples for gold and base-metal exploration but encountered no significant results and surrendered the ground.
		In 1991-1992, Poseidon Exploration Ltd held exploration tenements covering the Ashburton Trough which partially overlapped Yarraloola for base-metals, gold and iron-ore. They collected 54 rock-chips, 236 soil samples, 492 stream sediment samples and completed 159 RAB holes for 2410m but encountered no significant mineralisation and surrendered the tenements.
		In 1997-1998, Sipa Resources NL held tenements over the Ashburton Trough that partially covered Yarraloola for gold and base-metals. A field trip after the interpretation of LANDSAT and air-photos collected six rock-chip samples which failed to detect mineralisation and the tenements were surrendered.
		In 2005-2009, Red Hill Iron Ltd held a tenement 15km northwest of Pannawonica which partially overlapped Yarraloola for gold and base-metal prospectivity. Following and aeromagnetic survey and air-photo interpretation, 16 rock-chips and 207 soil samples were collected but no targets were generated and the ground was surrendered.

Geology	• *Deposit type, geological setting and style of mineralisation.*	The eastern section of the Yarraloola tenements covers Archaean-age chemical and clastic sediments overlying basalts in the Hamersley Basin. The western part of the tenements covers deformed Palaeoproterozoic mostly clastic sediments of the Ashburton Trough which are overlain by more recent undeformed detritus associated with the Carnarvon Basin. Sediments of the Hamersley and Carnarvon Basins are known to host economic deposits of iron-ore. The magnetite mineralization described in this report is hosted within graphitic and chloritized volcanic schists of the Ashburton Trough.
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:*	
	○ *easting and northing of the drill hole collar*	Drill hole collar Eastings and Northings are reported using map projection GDA Zone50, entered into an Access database and the map locations have been checked by the competent person.
	○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*	The area has only minor relief and a nominal RL of 140m above sea level from the SRTM90 is used for results in this report. A differential GPS survey is planned to provide future surface control.
	○ *dip and azimuth of the hole*	All holes are -60 to the east.
	○ *down hole length and interception depth*	Down hole lengths and intercept depths are calculated from 1m interval samples that are progressively collected as the holes are drilled.
	○ *hole length.*	Hole lengths are reported both on the geological and driller logs, entered into the access database and have been checked by a competent person.
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.*	Reported down-hole intercepts have magnetic susceptibility greater than 5000 times the host-rock sequence. The reported intervals provide guidance for future drilling to determine true thickness. No upper cut has been applied.
	• *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.*	Davis Tube samples are aggregated into approximately 5m down-hole intervals in the field by splitting approximately 1kg from each RC sample bag.
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	No metal equivalents are presented
Relationship between mineralisation widths and intercept lengths	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	The -60 inclined drill-holes are designed to intercept the moderately to steeply dipping geology and obtain sections across the geological units.
	• *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').*	The relationship of the down-hole widths and the true thickness is yet to be determined.
	• *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.*	A map of drill-hole locations is shown in Figure 2. There is insufficient data to yet be able to construct geological cross sections.

Diagrams	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	The intervals reported represent the down-hole intercepts of magnetite rich rocks which are the focus zones for future work
Balanced reporting	• *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.*	Intervals of samples with elevated magnetic susceptibility.
Other substantive exploration data	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Additional RC and diamond drilling, DGPS surveying over the mineralized area, geochemical analysis, quantitative mineralogical studies, along with infill and extensional drilling are being planned.
Further work	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Areas with high magnetic responses have been identified in Fig 2.