



## WEBINAR with MD Mike Schwarz

(9th August 2018)

Okay, so, welcome to our quarterly webinar on the 9th of August 2018. Today I'd like to go through our drilling progress and give you some updates on the results and what they mean and where we're going to from here. So, we've been drilling for almost 6 weeks now. We had a little bit of a hiccup with our analytical method with the XRF, but we've resolved that and all of our samples are going through the lab. So, I think we've got about 3,000 samples back already, and we've got about another 2,000 to come in the next few weeks and more coming continuously after that.

So, I'll go through our projects and plan, focusing mainly on the *Wollogorang Cobalt Project*. So, a little background. We're up in the far North of the Northern Territory at Wollogorang Station. Our mineralization style is quite unique, probably most similar to the stuff you get in the Dominican Republic of Congo (DRC). It's a sediment hosted non-refractory style of mineralization. The mineralization occurs generally at surface, it's flat line sediment hosted and what this indicates to us is it's likely going to have a low cost of producing ore and then beneficiating that ore. And also occurs in a very supportive first world mining jurisdiction so we don't have the same issues that you get in the DRC with sovereign risk and those sorts of things so we're very pleased to be operating in the Northern Territory and very pleased to have this style of mineralization.

So, where did we start at the beginning of this year? We did a resource drill out at the end of 2017 and we did a little bit of regional drilling but not that much. We really had the new resource at the Stanton cobalt deposit to work from. We got just under a million tonnes there at about 0.13% cobalt, so that was the base that we worked on from this year and our main aim for this year is to find more cobalt tonnes in the ground. So that's what our exploration is uniquely focused on and that's what we are aiming to do at the moment. So, I think today we've drilled approximately 963 very shallow drill holes and things are proving up quite nicely to prove up some good mineralised cobalt targets.

The style of mineralization that we're chasing is dominantly Asbolane. It's an oxide style of mineralization, it's a hydrated manganese cobalt nickel, magnesium calcium complex. But generally, it's dark, it's heavy, it is quite easy to liberate from the host rocks. So what we're investigating at the moment with our metallurgy is the opportunity to do both a optical using

camera senses and gravity separation to produce a concentrate. We should have results of that work coming through in the next week and a bit, so that'll be an interim process where we're just at the physical separation of our ores. And then later in the year, towards the end of the year we'll have our results of the froth floatation and those sorts of things and specs of the concentrate produced. But within a week, or thereabouts we should have the first results of what the physical separation characteristics are like. Stay tuned for those results.

A bit deeper in the resource, but, I would say probably down about 60-70 metres we do get some sulphide mineralization. Which is in the form of Siegenite. Again, this is still a non-reflectory nickel cobalt sulphide but we don't get that much of this dominantly, most of the mineralization is in the oxide zone. So we would be concentrating more on a physical separation process for that and then for the smaller component, the sulphide mineralization we'd be looking at froth floatation.

So that's the mineralization style that we're chasing up there in the Northern Territory and this is the drilling that we've done today. I said we'd done close to 1000 drill holes and we've been using a small, Toyota mounted air core rig. This is a very quick and easy method of testing mineralisation near surface. Now, the question might be why don't we just do soil sampling? Well, soil sampling was done in the past by CRA and Rio-tinto in the area and while there is some outcrop there's quite a bit of thin veneers of sand and clays that mask the underlining mineralization so we need to get through that and sample through that to the host rocks to get a good indication of where cobalt mineralization might be just beneath that sand and clay cover.

So that's why we've been doing this fast drilling with this Toyota rig. So really you can take these 960 odd holes to be analogous to surface sampling which is why we're looking at results in the order of 100ppm and not ore grade results. It really is drill target generation that we're doing in this first pass of drilling.

But what it has allowed us to do is to find some good drill targets very close to the surface. So we'll go back pretty much within a week and our aim is to hit some of those targets with deeper drilling. Where we do deeper holes, not from 5-10 metres but go down to 30 or 40 metres so that's well into the mineralized oxide zones that we would say see at the Stanton Deposit. This a very low-cost target assessment method and once we've moved up a little bit of that we've got a body of mineralization that might have the capacity to be built up into a resource then towards the end of the season we'll be bringing in a larger RC rig to do a proper resource drill out on best prospects.

It goes back to the analogy with surface sampling and putting our current results in context. I'm gonna go back to the lag sampling. Now lag is a form of surface sampling where you scrape up all the iron rich materials at the surface and sample those in an effort to find out what might be at depth. Back in the 1990s, CRA did this lag sampling. Now they did a lot of it over, you can see on the right there, centering around the Stanton cobalt deposit and I think they collected in the order of about 5410 samples, so I'll just flick back.

That's all those yellow dots there where the grid samples that they collected, just over 5000 samples there, now, the results they got from those, only 56 of those you can see the yellow dots remaining on this image, only 56 of those have cobalt graded at 100ppm. So that's only 1%, so that's a very low strike rate. You can see in that square black box there, I'll zoom in there in a minute. But there are some of the better results that they got from that lag sampling do occur directly over the Stanton cobalt deposit.

But really it's a pretty sparse result as far as, say if you're sampling for cobalt. So that's why we've had to go and use this drilling method, is to get beneath the sand, to get to that target horizon. So look at the, this is the resource outline in the light blue, of the current Stanton cobalt resource and those triangles are where the leg samples were taken. I think the average of the ones of the samples that were taken within the resource average at about 147ppm cobalt and there's a peak value in there of 358ppm.

So, it is quite anomalous, the lag sampling, over the Stanton cobalt deposit but it could be quite easy to miss it if you didn't have a very tight grid. Even within the resource some of the samples are already coming out with 75ppm, 30ppm, 58ppm, so if you're not right in taking the sampling in the right location it's very easy to miss. So that hopefully puts into context of what we're doing without drilling. So we're aiming to take a sample from a bit deeper than just the surface and get down to the target horizon beneath that veneer of sand and soil that could otherwise be masking it.

So, we've received assays now for 623 of 920 reconnaissance air core holes, which have been done so far and that drilling is on-going. Now, 128 of the 623 have hit an almost cobalt in excess of 100ppm - so going from a 1% strike rate now to a 21% strike rate.

We are able to make our exploration that much more effective so by targeting the zones in the magnetics that have a demagnetised signature very similar to what is in the Stanton deposit and using the shallow drilling we are able to define much more effective drill targets so hopefully that puts into context why we're getting the results that we are from the geochemistry.

Now some people have been expecting ore grade results straight up from our drilling but that really hasn't been the approach that we've been taking. It's been to undertake a more effective surface sampling process that will in this next stage, coming up in the next week or so, allow us to drill into really good cobalt drill targets. So, to have a look at some of those targets we have to find so far, this is, the first one, I think it's just in this area here. We'll zoom in on that, that zone there and we have, you can see, I've got drill holes that have cobalt in excess of 100ppm are in the red dots, and the ones that don't are in blue and you can see some white ones there which we haven't got results back for yet.

But where there's been a repeated result of numerous holes that have got over 100ppm cobalt, over these demag zones, this is where we think there are very genuine cobalt drill targets that are a good likely hood for follow up cobalt drilling. So this is Stanton cobalt deposit here and you can see a nice magnetic low feature in the deep purple there where all the magnetite has been removed. You can remember that before that lag sampling had like a 350-357 and then some 30s and 40s here over the top of it. We're getting a similar result from this very superficial drilling over other demag zones. So yeah, our interpretation is there's a good chance of having further decent cobalt mineralization under these drill targets like there is at Stanton.

So that's one area, we'll move over to the east to a little bit, over this area, we'll just flip back and show you where that is. So that's, over in the this zone over here. Yeah, and we've been able to define some other very nice drill targets where we've got good cobalt anomalies over magnetic lows you know. 3, 4, 5, 6 drill holes have all hit nice cobalt over those magnetic lows. And then we'll just move up further to the north up into this area up here where we've got some results as well. And you can see, again, the holes we've done over these targets are coming out with good coherent cobalt anomalies in the drill holes. There are other areas that we've tested that don't have any so, suggesting that there's no cobalt. Underneath the sands covering those zones but in here, these targets, we believe that there is.

So, were starting, probably to do drilling to in the order of 30 to 40 metres on these drill targets, I would say, in a week. So, in the next week, we'll finish up doing our regional drilling of a shallow nature, in the 5 to 10 metre depth. And we'll start hitting some of these drill targets and this is the part of the programme where we're gonna look at starting to get all grade results if we're gonna get them.

So, it'll be drilling well into the oxide zone of cobalt mineralization and if any of these come up with Stanton-like cobalt mineralization, that will be really what we're looking and aiming to do for this programme. So we've generated probably just in this first 6 weeks a good 8, 9 very good competent cobalt drill targets that have a lot of analogies with Stanton that have cobalt surface, they have the magnetic lay and they have the same structural geological context. The truth will be in the deeper drilling of these targets. So it's a matter of watching this space in the next few weeks as those results come from the field into the lab and then we release them via the ASX.

Okay so I'll just finish off with a quick update on our *Arunta Project* which is the lithium project. We've had field people out the field sampling over the last 6 to 8 weeks. They've collected in the area of about, I would say, 3000 samples out there so far, soil samples. And we're just starting to get results from the lab now. We'll pop those up and try and generate lithium drill targets. What we are seeing out in the field there is plenty of pegmatites which have the potential to host lithium mineralization in the form of amblygonite and spodumene. That's all something that is really the first pass exploration methodology that'll get us focused in on where some of these pegmatites might be hosting lithium mineralization.

So, we'll be working through to the end of the year to build up drill targets from that project as well. So, the results come into the program thick and fast. These are some examples of the pegmatites that are being identified out in the field so some out-cropping very locally here. Our guys got a drone up into the air, and were able to map out a zone of pegmatites of about 12ks by 2ks in this region. Now it's pretty green fields exploration but you know, the sky's the limit as far as what might be out there. It's definitely got the right sort of rocks and good potential, so, yeah as the results come up from the lab, we'll process them up and get them out.

So yeah, it's really right in the midst of our exploration season at the moment. Samples there going into the lab every couple of weeks and we're looking for hopefully some more serious results from the deeper drilling to come back, I would say within the next 3 weeks. So, keep a close eye on our ASX releases.

Now, that's probably all I have to say to give an update on our exploration at the moment. I'm happy to take any questions if people would like to type some in the chat column. Go ahead.

*'Any orientation over Stanton with rig?'*

Yes we did. The very first thing we did was 3 holes across Stanton and we got I think, pretty much nothing in the first metre and then, in, I think the second or third metre in a couple of the holes we did get up to about 3000ppm but we knew that we were drilling right on the top of mineralization there and we do know mineralization sticks out of the ground at Stanton. There's really no area that analogous to a lot of the other places that we've been drilling, where there's 3, 4, 5 metres of thin cover.

So we know that if we were able to understand and we drilled it with this air core style we should be getting pretty decent results but, it depends again, whether the air core would hit something hard, quite often a lot of our holes have stopped at 2 or 3 metres and you can't get passed the hard sandstones. And that happened at Stanton as well and you get nothing in the hole. It's when you get into the nice soft core mineralization where it's all been withered and altered that the air core rig can get down and you get down into the juicier results. So, yeah we did do a bit of that and we knew, we found out that we fell right on top of it, with the air core rig we should get some nice results. But, it can be a bit hit and miss.

Okay, alright, I'll end it up there. Thanks everybody for attending, and join us for the next webinar that we should be doing in the next few months.