HIPO Resources Limited

13 July 2018 **ASX ANNOUNCEMENT**

Completion of Kamola Lithium Project Due Diligence and Positive Assay Results Received

- **Successful technical and legal due diligence completed on the Kamola Lithium Project**
- **Assay results of up to 1.43% Li_2O from samples taken on the weathered outcrops of the pegmatite on the Kamola Lithium Project**
- **Based on assay results of adjacent projects, it can be concluded that fresh non weathered samples from drilling should return significantly higher lithium grades (to be tested as part of the next stage drilling program)**
- **Permits lie within the same geological and structural settings as the AVZ Minerals Limited's Manono project**
- **Due diligence identified five major pegmatite bodies within the license areas with 2 tested and confirmed to be lithium bearing**
- **Parties to now fast-track formation of JV company and then obtain approvals for lithium exploration and development activities**
- **Proposed JV (HIPO 60%, Crown 40%) will include Mining License PE 13081 and Exploration Licenses PR 4072 and PR 4076 covering an area of approximately 400 km2 and containing extensive lithium bearing pegmatites**
- **Planned exploration activities of the Kamola Lithium Project will focus on the areas where the Lithium bearing pegmatites are identified and exposed**
- **The Kamola Lithium Joint Venture positions HIPO as potentially a key player in the World Class Manono Lithium region**

Hipo Resources Ltd (HIPO or the Company) (ASX: HIP) is pleased to announce that it has successfully completed its technical and legal due diligence and will now proceed with the previously announced 60% farm in to what is potentially a world class project, the Kamola Lithium Project. Terms and formal documentation are likely to be completed this month.

The Kamola Lithium Project Joint Venture, to be held 60% by HIPO and 40% by Crown, will focus on the contiguous Mining License PE 13081 and Exploration Licenses PR 4072 and 4076. The licenses are located in the prolific and world class Manono and Kitolo Lithium pegmatite

belt. Other companies with assets in the area are AVZ Minerals Limited (ASX: AVZ), Force Commodities Limited (4CE.AX) and Tantalex Resources Corp (TSX: TTX).

A total of 13 rock grab samples, 1 sample from alluvial feed, 1 sample from the Crown tailings dump, 1 sample from the older tailings dump, and 1 current mining concentrate sample from the sorting room were taken. Each sample averaged 3kg with the best sample assaying up to 1.43% Li_2O (see Table 2). Results are consistent with the Manono and Kitolo deposits being explored by AVZ Minerals Limited.

Assay results from rock chip samples taken as part of technical due diligence confirmed the presence of high grade lithium mineralization typical of LCT type pegmatite deposits.

Importantly, the desktop review has confirmed that, of the five major pegmatites that are known to lie within the license areas, HIPO is farming into the highest concentration/number of pegmatites within all licenses of Crown's, and the licenses of all other companies in the region (see Image 1).

Proposed Kamola Lithium Project Joint Venture

The Company's joint venture partner, Crown Mining, is an established tin and tantalum mining company in the DRC. Crown acquired the mining and exploration licenses that make up the Kamola Lithium Project in 2008.

Crown employ conventional open pit mining operations within alluvial sand layers that host cassiterite and columbite (minerals that are typically found as part of concurrent lithium mineralization). Crown produces tin and tantalum concentrates from its Kamola operations that are exported to the international market.

Legal and Technical Due Diligence

The company has now successfully completed its legal and technical due diligence review.

HIPO's Independent Technical consultants the Kweneng Group, and technical representatives of the Company completed the Technical Due Diligence review of the license areas. This work confirmed the presence of 2 significant lithium bearing pegmatites on the licenses as well as 3 still to be tested. The 2 tested were exposed by the current and historical mining activity.

The legal due diligence, completed by the Company's DRC based lawyers confirmed the good standing of the licenses and their ownership and validity.

HIPO has extended previously announced due diligence on two other ZEA licences that lie within the Crown package (see map below), as a key component of the due diligence program is compliance with local legislation and partnering with locally owned mining groups. The first

2 pegmatites mapped and confirmed to be lithium bearing sit within the Crown package. One of the remaining 3 to be tested lies within the targeted ZEAs.

Proposed Joint Venture Terms and Structure

A new joint venture will now be established with HIPO holding 60% and Crown 40%. HIPO will be the operator and manager and will undertake the exploration activities aimed at the delineation of economic lithium mineralization with a view of establishing a commercial lithium mining operation within three years of establishing the joint venture.

Final funding terms for exploration and feasibility study expenditure to be completed with formal documentation and receipt of any regulatory approvals.

Commentary

Commenting on the technical due diligence work successfully completed, Head Geologist of Hipo's Independent Technical Consultants, Kweneng Group, Mr Willard Matola Mbalaka noted:

"The Kamola Lithium Project licenses comprise both a Mining and two Exploration licenses and are in an excellent location. The area has the highest number of large pegmatites similar to Manono concentrated within the license areas which allows for a quick and focused advanced exploration plan.

The major lithium occurrences in the region were originally exposed by historic tin mining, and this same situation applies at Kamola.

The Kamola Lithium Project has the potential to host significant high-grade Lithium resources."

Commenting on the proposed new lithium production Joint Venture, Executive Chairman Mr. Maurice Feilich said:

"HIPO is delighted with the initial test results which pave the way for the commencement of the Crown Mining farm in. Our focus now is to work with Crown's experienced in-country team to fast track exploration and get drills turning. The pegmatites we are targeting sit within a proven lithium province with a number of large discoveries. This, and the assay results, give us a great deal of confidence.

"HIPO is well positioned for significant news flow and progress over the coming months. In addition to the lithium farm in, we are continuing to progress due diligence on various cobalt projects and vertically integrated lithium technologies."

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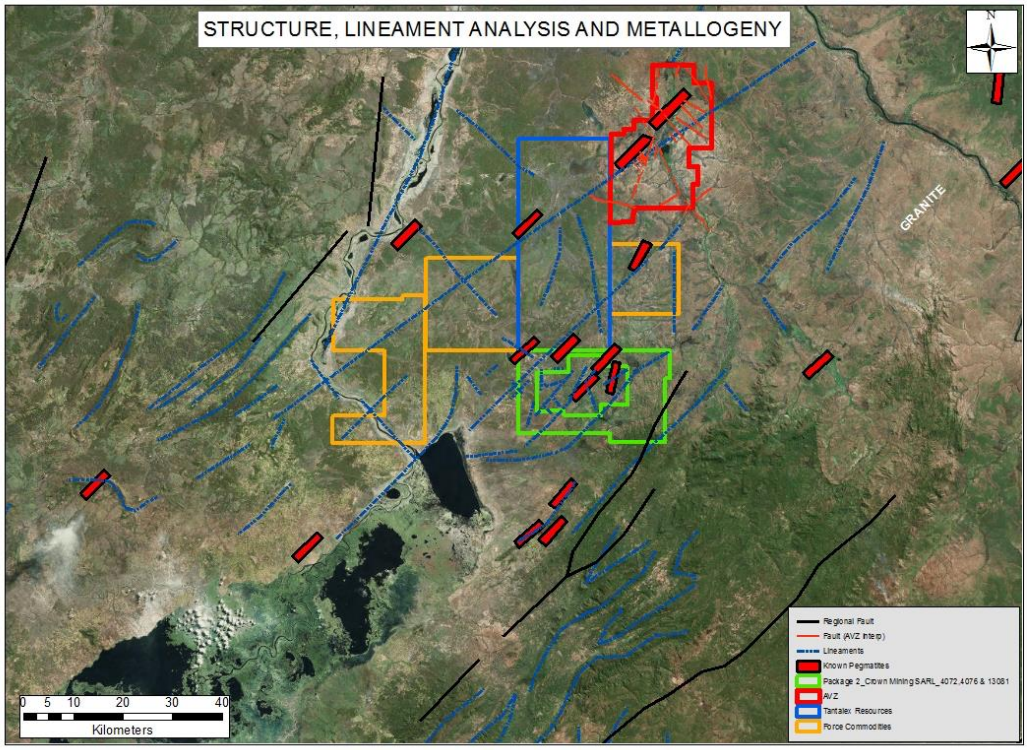

Image 1: Location of the Company's Kamola Lithium Project and mapped pegmatites

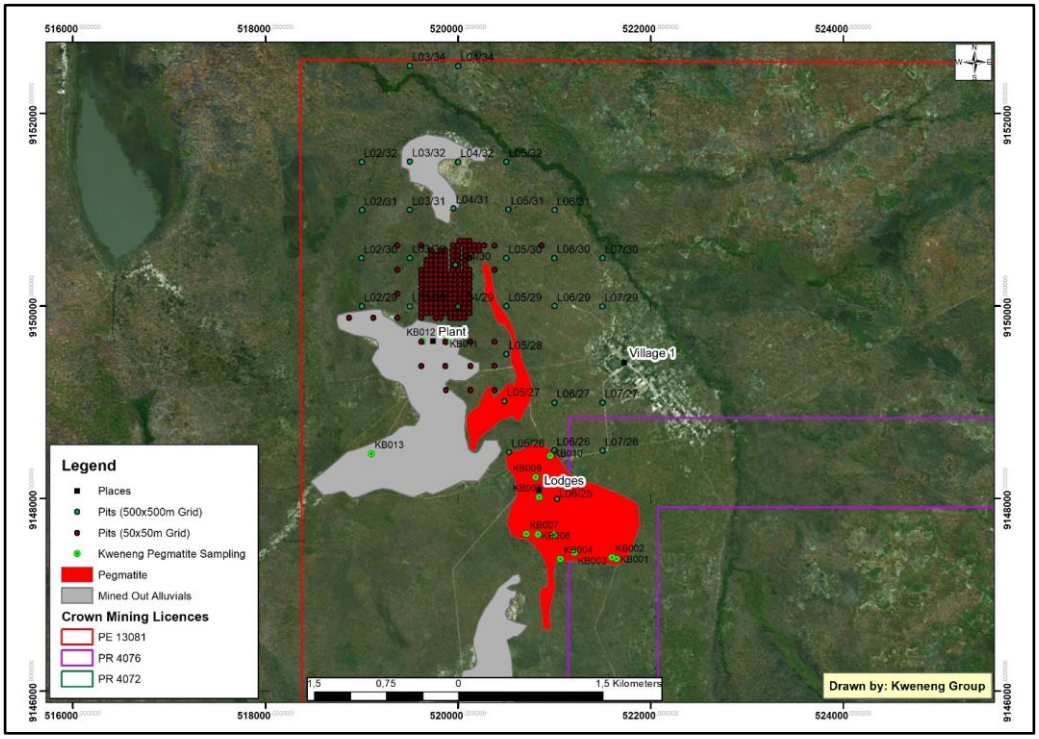

Image 2: shows the 2 main pegmatites that were sampled (rock chip) and confirmed as lithium bearing as part of the due diligence program.

Image 3: PE 13081 lithium bearing pegmatite outcrop.

Image 4: PR 4076 lithium bearing pegmatite vein in granite.

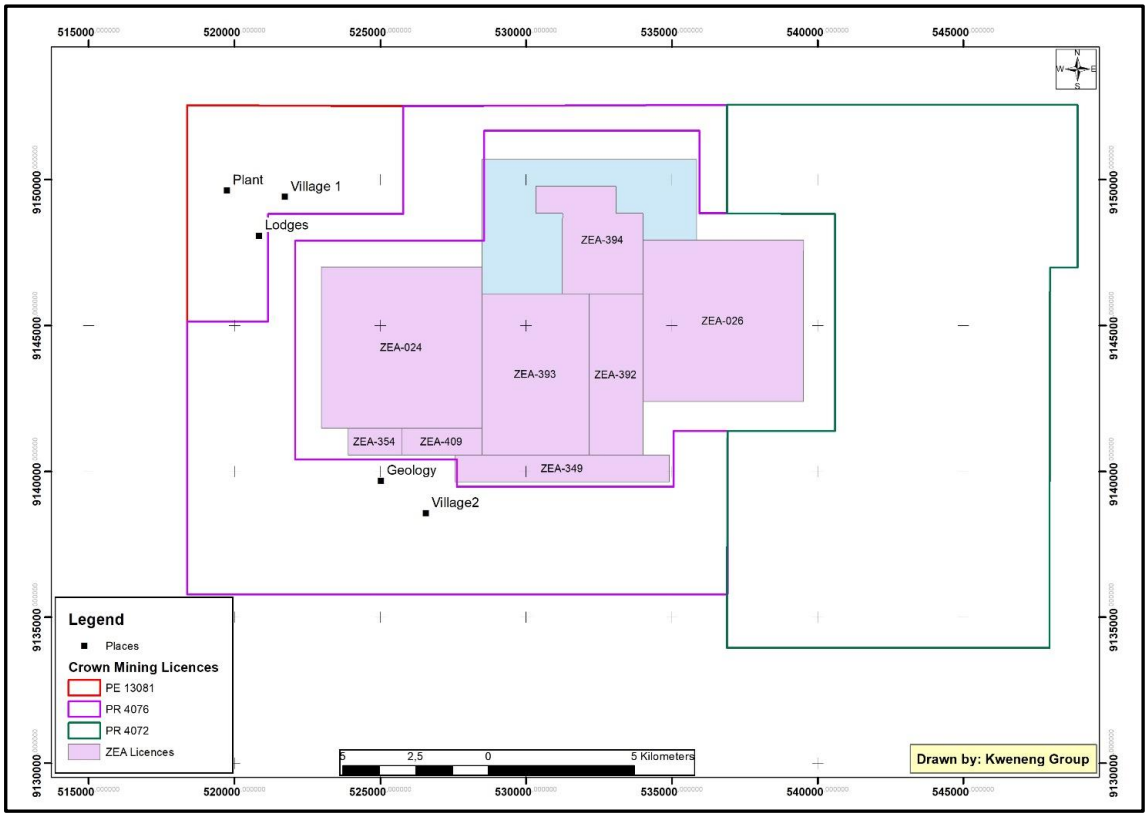

Image 5: General license areas

Sample ID	Latitude	Longitude	Z	Sample Description	Licence
KB001	-7,71345	27,19632	717	Quartz-Feldspar-Mica Pegmatite	PR 4076
KB002	-7,71330	27,19586	722	Quartz-Feldspar-Mica Pegmatite	PR 4076
KB003	-7,71286	27,19233	742	Quartz-Feldspar-Mica Pegmatite	PR 4076
KB004	-7,71344	27,19101	731	Quartz-Feldspar-Mica Pegmatite	PE 13081
KB005	-7,71118	27,19039	726	Quartz-Feldspar-Mica Pegmatite	PE 13081
KB006	-7,71115	27,18890		Quartz-Feldspar-Mica Pegmatite	PE 13081
KB007	-7,71111	27,18780	724	Quartz-Feldspar-Mica Pegmatite	PE 13081
KB008	-7,70765	27,18902	733	Quartz-Feldspar-Mica Pegmatite	PE 13081
KB009	-7,70579	27,18869	720	Quartz-Feldspar-Mica Pegmatite	PE 13081
KB010	-7,70376	27,19006	710	Quartz-Feldspar-Mica Pegmatite	PE 13081
KB011	-7,69306	27,18026	673	Alluvial Feed Sample	PE 13081
KB012	-7,69299	27,17803	668	Crown Tailings Dump	PE 13081
KB013	-7,70359	27,17321	653	Belgium Tailings Dump	PE 13081
KF001	-7,73460	27,37974	750	Quartz-Feldspar-Mica Pegmatite vein	PR 4072
KM001	-7,70303	27,29451	755	Quartz-Feldspar-Mica Pegmatite	ZEA 394
KM002	-7,70034	27,29125	776	Quartz-Feldspar-Mica Pegmatite	ZEA 394
CON001				Concentrate from Plant	PE 13081

Table 1: Summary of rock chip sampling program

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Sample ID	Licence	%Li	%Li_2O	%SiO_2	%Al_2O_3	%MgO	%Fe_2O_3	%Pb	%S	%Cr_2O_3	%CaO	%As	%Cu	%Zn	%Co	%K_2O	%MnO	%TiO_2
KB001	PR 40-76	0,02	0,04	74,55	14,5	0,18	0,69	0,01	<0,01	0,03	0,08	<0,01	<0,01	<0,01	0,01	8,08	0,01	0,03
KB002	PR 4076	0,07	0,15	73,9	14,9	0,19	1,53	0,01	<0,01	0,66	0,2	<0,01	<0,01	0,02	0,01	4,61	0,1	0,06
KB003	PR 4076	0,02	0,04	75,4	15,05	0,24	1,31	0,01	<0,01	0,04	0,12	<0,01	<0,01	0,01	0,01	7,9	0,01	0,05
KB004	PE 13081	0,06	0,13	74,65	14,28	0,24	1,26	0,01	0,09	0,02	0,42	<0,01	<0,01	0,01	0,01	2,65	0,1	0,07
KB005	PE 13081	0,01	0,02	68,75	16,43	0,27	0,76	0,01	0,07	0,12	0,36	<0,01	<0,01	0,01	0,01	8,79	0,27	0,03
KB006	PE 13081	0,07	0,15	66,3	19,63	0,32	1,22	0,01	0,06	0,02	0,43	<0,01	<0,01	0,01	0,01	6,45	0,06	0,04
KB007	PE 13081	0,66	1,42	50,9	22,6	1,1	8,04	0,01	0,12	0,03	0,5	<0,01	<0,01	0,07	0,01	8,48	0,54	0,59
KB008	PE 13081	0,32	0,69	70,8	17,55	0,27	0,57	<0,01	0,02	0,03	0,32	<0,01	<0,01	0,01	<0,005	2,82	0,06	0,02
KB009	PE 13081	0,06	0,13	70,8	15,6	0,22	0,65	<0,01	0,02	0,01	0,16	<0,01	<0,01	0,02	0,01	5,65	0,13	0,03
KB010	PE 13081	0,01	0,02	63,4	19,33	0,38	1,22	0,01	0,05	0,02	0,43	<0,01	<0,01	0,01	<0,005	8,07	0,05	0,1
KB011	PE 13081	0,03	0,06	92,2	4,82	0,28	1,08	0,01	0,01	0,01	0,21	<0,01	<0,01	0,01	0,01	0,91	0,03	0,16
KB012	PE 13081	0,01	0,02	93,7	2,15	0,41	0,81	0,01	0,1	0,01	0,48	<0,01	<0,01	<0,01	0,02	0,5	0,03	0,2
KB013	PE 13081	0,01	0,02	8,6	2,81	0,46	3,13	0,09	0,09	0,02	0,44	0,01	0,01	0,01	<0,005	0,17	1,17	3,69
KF001	PR 4072	0,01	0,02	70,4	13,23	0,54	2,79	0,01	0,21	0,02	0,83	<0,01	<0,01	0,01	0,01	4,86	0,01	0,22
KM001	ZEA 394	0	0,00	70,6	12,93	0,62	1,73	0,01	0,1	0,84	0,53	<0,01	<0,01	0,01	0,01	9,31	0,01	0,14
KM002	ZEA 394	0	0,00	71,3	12,68	0,49	1,03	0,01	0,08	0,02	0,44	<0,01	<0,01	0,01	0,01	9,6	<0,01	0,13
CON001	PE 13081	0,01	0,02	90,25	4,23	0,44	0,96	0,01	0,12	0,03	0,61	0,01	<0,01	<0,01	0,01	2,68	0,01	0,12

Table 2: Results from the sampling program. Note Crown is currently mining alluvials on PR 13081 to recover cassiterite and tantalite.

Competent Person Statement

The information in this report that relates to exploration results and geological interpretation has been compiled by Mr Willard Matola Mbalaka. Mr Mbalaka is a full-time employee and Principal Consultant at South African geological consultancy and advisory firm, Kweneng Group and an independent consultant to the Company. A member of the Geological Society of South Africa (GSSA) and the South African Institute of Mining and Metallurgy, Mr Mbalaka is registered as Professional Scientist with the South African Council for Professional Natural Scientific Professions (SACNASP) which is a Recognised Professional Organisation (RPO). Mr Mbalaka has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code (2012)). Mr Mbalaka consents to the disclosure of this information in this report in the form and context in which it appears.

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APPENDIX 2 – JORC TABLE 1 CHECKLIST OF ASSESSMENT AND REPORTING CRITERIA

Section 1 - Sampling Techniques and Data		
Criteria	**JORC Code explanation**	**Commentary**
Sampling techniques	*> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* *> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *> 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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.*	Rock chips were collected randomly from weathered exposed insitu bedrock The sampling cannot be considered representative of the overall and entire pegmatite body. The rock chips of the insitu weathered exposed bedrock was completed according to best practice and industry standards. Given the purpose of first pass ongoing reconnaissance nature of the exploration work, sampling practices employed have been deemed appropriate at the time. None of the rock chips are appropriate for, or have been used for, Mineral Resource estimates. Recent rock chip sampling has been completed for the purpose of helping to assist with the definition of mineralised zones within the shallow and weathered pegmatite outcrops and have been sampled in accordance with standardised sampling procedures and protocols.
Drilling techniques	*> Drill type (e.g. core, reverse circulation, open- hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.).*	This information release does not report drill sampling or results.
Drill sample recovery	*> Method of recording and assessing core and chip sample recoveries and results assessed.* *> Measures taken to maximise sample recovery and ensure representative nature of the samples.* *> 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.*	This information release does not report drill sampling or results.

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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.* *> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* *> The total length and percentage of the relevant intersections logged.*	This information release does not report drill sampling or results. The location of the rock chip samples from weathered exposed insitu bedrock was logged

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	*> If core, whether cut or sawn and whether quarter, half or all core taken.* *> If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* *> For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *> Quality control procedures adopted for all sub- sampling stages to maximise representivity of samples.* *> 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.* *> Whether sample sizes are appropriate to the grain size of the material being sampled.*	This information release does not report drill sampling or results. This information release does not report drill sampling or results. The samples from the rock chips were collected and bagged. The bagged samples were sent to ALS Laboratories in South Africa where they were crushed and pulverized to a pulp and analysed No duplicate sampling has been undertaken for the rock chips . The 10kg-12kg mass of the samples is appropriate to the sampling methodology and 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.* *> 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.* *> Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	All samples from the rock chip samples program were shipped to the ALS laboratory in South Africa for sample preparation and for chemical analysis. The crushing preparation code was CRU-31 (Prep 31B) (Crush to 70% less than 2mm, riffle split off 1kg, pulverize split to better than 85% passing 75 microns. The pulverizing code used was PUL-32 (Prep 31B) (Crush to 70% less than 2mm, riffle split off 1kg, pulverize split to better than 85% passing 75 microns The analyses code was ME-MS89L (Sodium Peroxide digestion with ICP-MS finish), which has a range for Li of 1 to 10,000 (1%) ppm Li. No geophysical Instruments were used in collecting or analysis. As sampling undertaken was of a first pass nature, only laboratory introduced standards, blanks and repeats were relied upon. Examination of the QA/QC sample data indicates satisfactory performance of field sampling protocols and assay laboratories providing acceptable levels of precision and accuracy.

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Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	*> The verification of significant intersections by either independent or alternative company personnel.* *> The use of twinned holes.* *> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *> Discuss any adjustment to assay data.*	No verification exploration work has so far been Undertaken at this stage. This information released does not report drill sampling or results. The data from recent exploration is currently stored in hardcopy and digital format at the company's technical office in South Africa. A hard drive copy of this is located at the administration office in country and will be frequently uploaded to the company's database in Perth, WA. The presented data has been reduced Li2O has been calculated from the reported assay result for Li in ppm. The calculation is % Li2O = (ppm Li x 2.153)/10000) and the presented results have been rounded to the third decimal place. No adjustments have been made to reported assay 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.* *> Specification of the grid system used.* *> Quality and adequacy of topographic control.*	The geological data, including start-point, end-points have been surveyed using handheld GPS devices, giving an accuracy of +/- 3m in open-ground. WGS84 UTM (Zone 35S) No survey has been undertaken. Hand held GPS coordinates have been utilised to locate sampling to date
Data spacing and distribution	*> Data spacing for reporting of Exploration Results.* *> 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.* *> Whether sample compositing has been applied.*	Sampling undertaken to date was of a reconnaissance nature and wide spread and focused on weathered exposed insitu bedrock and mapped pegmatitic exposures. Not applicable as no resource estimation. Sampling undertaken to date was of a reconnaissance nature and wide spread along geologic bodies. No compositing has been applied

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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.* *> 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.*	Not applicable to the current sampling. Not applicable to the current sampling.
Sample security	*> The measures taken to ensure sample security.*	Rock chip samples were shipped from the field in sealed bags. The integrity of the sealed bags in the laboratory was confirmed by the company's technical adviser.
Audits or reviews	*> The results of any audits or reviews of sampling techniques and data.*	The sampling techniques and data have been reviewed and the assay results are believed to give a reliable indication of the lithium mineralisation within the samples.

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.* *> 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.*	Refer to this press release body of text
Exploration done by other parties	*> Acknowledgment and appraisal of exploration by other parties.*	Refer to this press release body of text

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Geology	> *Deposit type, geological setting and style of mineralisation.*	The Kamolo Lithium Project is an early stage exploration project. There are high grade lithium occurrences only at this stage. Further exploration programs will be required to determine whether the project has further economic potential. The Project lies within the mid-Proterozoic Kibaran Belt - an intracratonic domain, stretching for over 1,300 km through Katanga and into southwest Uganda. The belt strikes predominantly SW-NE and is truncated by the NS to NNW-SSE trending Western Rift system. The Kibaran comprises a sedimentary and volcanic sequence that has been folded, metamorphosed and intruded by at least three separate phases of granite. The latest granite phase (900 to 950 My ago) is assigned to the Katangan cycle and is associated with widespread vein and pegmatite mineralisation containing tin, Tungsten, Tantalum, Niobium, Lithium and Beryllium. Deposits of this type occur as clusters and are widespread throughout the Kibaran terrain. In the DRC, the Katanga Tin Belt stretches over 500 km from near Kolwezi in the southwest to Kalemie in the northeast comprising numerous occurrences and deposits of which the Manono deposit is currently the largest. Refer to this press release body of text for further details
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* > *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* > *dip and azimuth of the hole* > *down hole length and interception depth* > *hole length.* > *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	This information release does not report drill sampling or results.
Data aggregation methods	> *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* > *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.* > *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	No top/lower cut have been applied. At this stage it is considered that an insufficient data set has been collected to allow geostatistical methods of any relevance. Methodology may change as the collected dataset increases. Not included in the reported results

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Relationship between mineralisation widths and intercept lengths	> *These relationships are particularly important in the reporting of Exploration Results.* > *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* > *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	No top/lower cut have been applied. At this stage it is considered that an insufficient data set has been collected to allow geostatistical methods of any relevance. Methodology may change as the collected dataset increases.
Diagrams	➢ *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.*	Refer to this press release body of text
Balanced reporting	➢ *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.*	Due to the nature of the early stage project status and limited sampling to date, the results should be considered indicative only and not material. All results should be considered in the limited context of the sampling program. The samples collected to date are considered representative of the weathered exposed insitu bedrock and mineralisation only.
Other substantive exploration data	➢ *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.*	No further data available.
Further work	➢ *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* ➢ *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Further work may include mapping, soil sampling and bed rock sampling for geochemical anomalies to identify prospective target zones and then small amount of drill testing of higher priority targets. Diamond drilling may be included in subsequent phases of drilling.