



## EAGLE MOUNTAIN MINING

ASX Announcement | 8 April 2019

### Drilling Confirms Prospectivity of Silver Mountain Project

- First phase drilling along the Pacific Horizon and Red Mule prospects has been completed.
- Significantly anomalous grades encountered in the last hole drilled at Pacific Horizon, located approximately 200m north of the Pacific Mine shaft.
- Indicator minerals, such as molybdenum and bismuth, increase south-westwards in drilling from the Pacific Mine down to the Buffalo mine, indicating closer proximity to potential porphyry mineralisation.
- Geological consultant spends two months examining all drill core over two site visits and concludes:
  - Widespread carbonate and chlorite (with minor epidote) throughout the sequence may be alteration that indicates a large hydrothermal system. This may be a distal manifestation of a deeply buried porphyry copper deposit and the drilling has only penetrated the very top of a porphyry copper alteration shell. The copper-bearing breccias may also be an indication of a deeper target.
  - Given the apparent widespread alteration (calcite, chlorite) and the widespread distribution of the copper-bearing breccias, it is apparent there is potential for a significant mineral deposit to be present on the Silver Mountain Project. There is no diagnostic alteration that definitely indicates a VMS or porphyry copper deposit, but it is likely there is further copper to be discovered.
- Drilling has commenced at the Gold Vein target, part of the Scarlett Prospect within the greater Silver Mountain Project area. This target is a totally different style of mineralisation than that encountered along the Pacific Horizon.



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Eagle Mountain Mining Limited (ASX:EM2) ("Eagle Mountain" or the "Company") is pleased to provide an exploration update on the Company's flagship Silver Mountain Project, located in Arizona, USA.

Eagle Mountain's Managing Director Charles Bass, commented:

*"We continue to be buoyed by the exploration results along the Pacific Horizon. The geological indicators initially identified from the drilling contain certain characteristics that gives us a high level of confidence moving forward.*

*Importantly, we now have enough information to begin evaluation of the prospect and compare the results to other known mines and prospects in the same Proterozoic greenstone belt as Pacific Horizon.*

*We are further encouraged by the comments of consulting geologist Dr David Compston, Principal of Penrita Pty Ltd, who spent two months in Arizona recently examining all drill core and has reported that 'it is apparent there is potential for a significant mineral deposit to be present on the Silver Mountain Project'.*

*We now move our drilling campaign to the Scarlett prospect area where we are targeting a completely different style of mineralisation based on the previous discovery of high-grade gold veins from surface.*

*I'd also like to acknowledge the efforts of our exploration crew over the past several months who continue to excel in challenging conditions. We've recently moved the entire crew from being supplied by a contractor to full-time employees and this has resulted in better productivity and morale and significantly reduced costs."*

### Pacific Horizon Drilling

The last diamond drill hole completed near the Pacific Mine, 19SMDD011, intersected two intervals with potentially significant levels of mineralisation. (Refer Appendix 2) This hole was drilled 200m north of the Pacific Mine shaft. The drill rig had already moved from the Pacific Mine area to the south end of the Pacific Horizon, about 6 kms away, before assays for this hole were received.

19SMDD011 also completed Phase 1 drilling in the Pacific Mine area.

**Figure 1** below shows the locations of the completed drilling to date and the current locations for drilling at the Scarlett Prospect. It also shows the section line for the hypothetical long-section illustrating the various types of mineralisation targets within the Silver Mountain Project.



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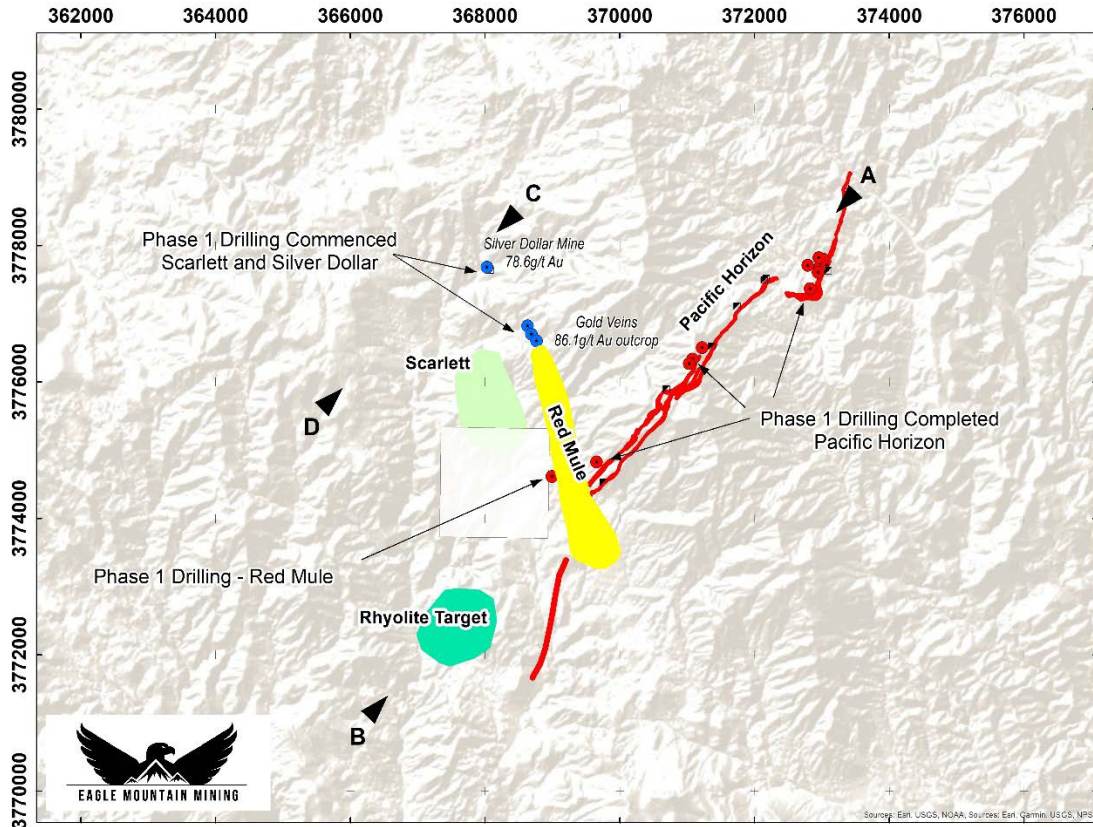


Figure 1 Silver Mountain Project overview with landholding and unique mineralisation styles

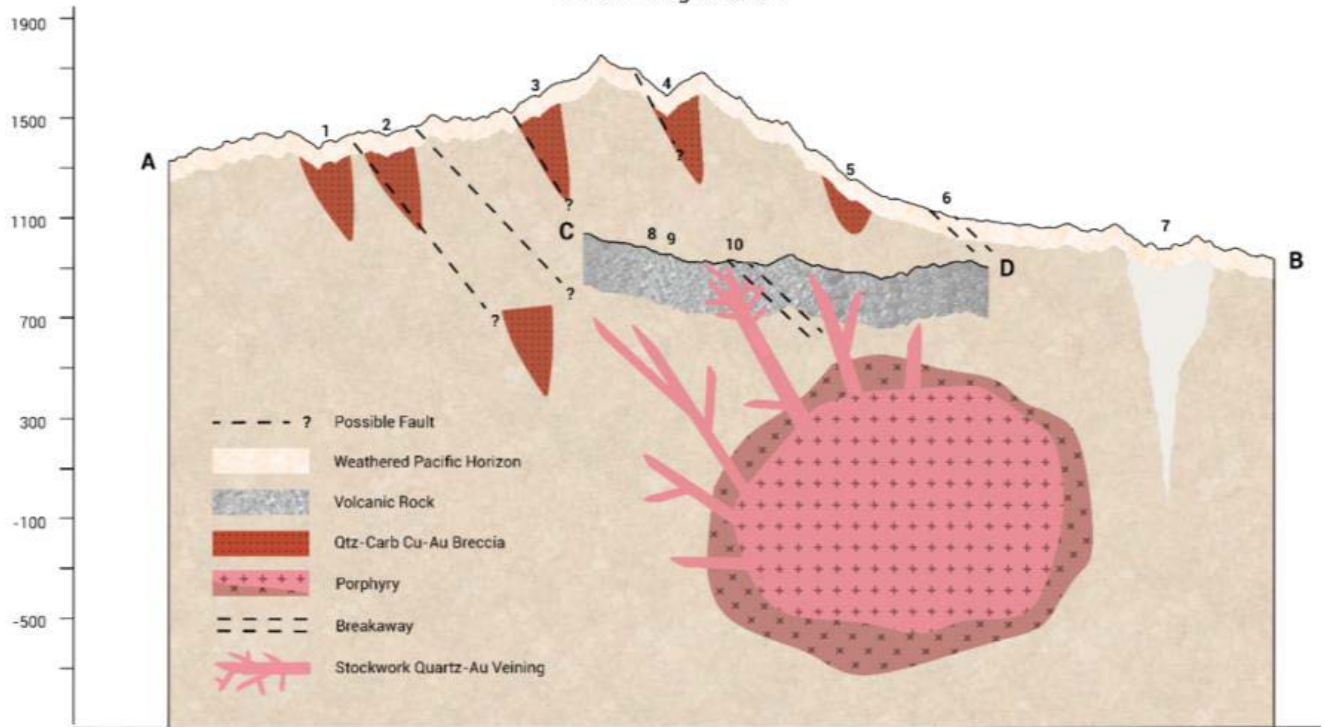
Figure 2 below shows a hypothetical long-section illustrating the different types of mineralisation targets at the Silver Mountain Project.



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## Silver Mountain Hypothetical Mineralisation Systems NE-SW Long-Section



- |   |  |  |
|---|--|--|
| 1. Pacific Mine Waste Dump Sample<br>3.5% Cu, 4.2g/t Au, 112g/t Ag    | 5. #10 Mine Waste Dump Sample<br>1.9% Cu, 3.3g/t, 51.2g/t Ag | 9. Scarlett Outcrop Sample<br>86g/t Au                 |
| 2. Wellington Mine Waste Dump Sample<br>3.5% Cu, 0.3g/t Au, 350g/t Ag | 6. Red Mule Vein Sample<br>921g/t Ag                         | 10. Working in Breakaway Zone<br>86.1g/t Au & 2.15% Cu |
| 3. Buffalo Mine Waste Dump Sample<br>11.1% Cu, 10.7g/t Au, 251g/t Ag  | 7. Rhyolite Outcrop Sample<br>27g/t Au                       |  |
| 4. Copper Ash Mine Waste Dump Sample<br>3.3% Cu, 0.2g/t Au, 251g/t Ag | 8. Silver Dollar Mine Waste Dump Sample<br>78/6g/t Au        |  |

Figure 2

Quartz-carbonate breccia has been encountered in all drilling along the Pacific Horizon. The current interpretation suggests that there are two different quartz-carbonate breccias:

- The first occurs within the Volcanogenic Massive Sulphide (VMS) horizon itself and tends to be smaller intervals with lower values; and
- The second occurs below the horizon footwall and tend to be larger intervals with more significant and anomalous assays.

Traditional VMS style mineralisation has not been encountered in the northern section of the Pacific Horizon.

The relatively recently discovered VMS horizon near the Rhyolite target and south of Red Mule has a slightly different rock mineralogy that is similar to that of known VMS deposits in the district. This area needs more field work including mapping and sampling before drill targets can be established.

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Mineralisation occurs abruptly with little anomalism either side of significant or anomalous intercepts. This may suggest that other "hidden" ore zones may occur near to or just off the drill holes. This type of discovery is referred to as "blind" as there is little indication of the mineralisation occurring outside if directly "hit" by drilling.

Figure 3 below is an interpreted cross-section through drill holes 18SMDD005 and 19SMDD011 (cut off is 200ppm Cu) that illustrates the possibility of encountering other mineralised veins.

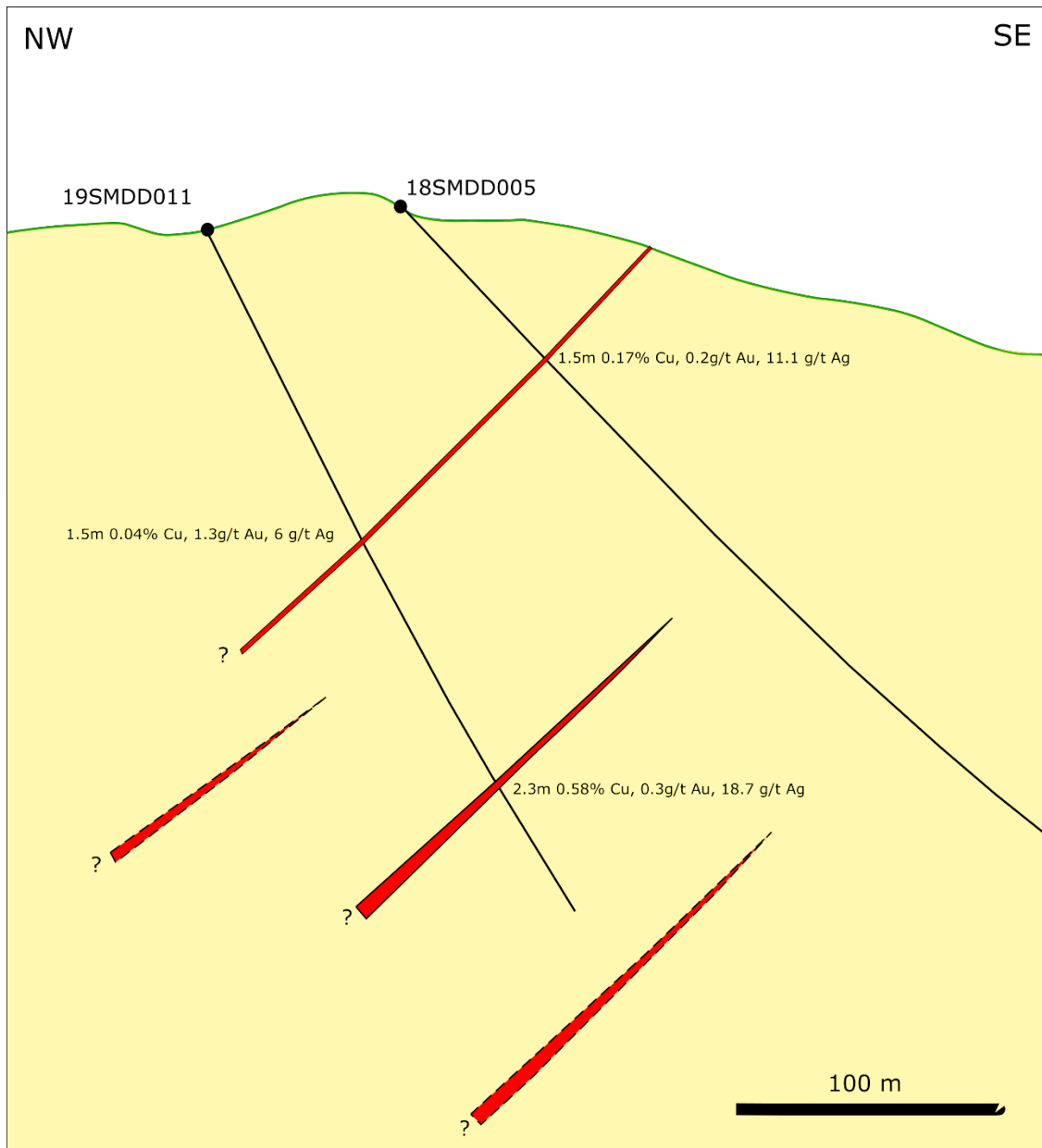


Figure 3: Cross-section through 18SMDD005 & 19SMDD011 showing intersected and possible other hidden veins below and/or off-hole.

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From the assays received to date from the Pacific Horizon drilling, there are several observations that can be made:

- 1) The VMS system along the Pacific Horizon has been overprinted with at least two phases of hydrothermal alteration. This is quite different to other VMS deposits in the region.
- 2) There are at least two mineralised systems intersected by drilling. Newspaper reports from the time of operation of the Pacific Mine talk about 4-5 veins being found.
- 3) The same newspaper reports talk about gold values increasing in veins moving to the west while copper grades decrease.
- 4) Increased molybdenum and bismuth values are pointers to a potential buried porphyry. As determined from a surface geochemistry report by Dr Jeff Jaacks (Refer Independent Geologist Report – Eagle Mountain's Prospectus dated 23 January 2018), indicator elements such as molybdenum and bismuth increase along the Pacific Horizon moving south-westwards from the Pacific Mine. The highest values encountered in the drilling were near the Buffalo mine and from holes that would have reached the lowest elevations.
- 5) Based upon statistical analysis of all assays from the Phase 1 drilling, it was found that using a 90% threshold for determining anomalous values, the cut-offs applied for Au, Ag and Cu are 0.028 g/t, 1.26 g/t and 175ppm, respectively. Nine intervals of at least 1.5m and up to 4 metres in length were above these cut-offs when all of them were applied. (Refer Appendix 2)
- 6) There is little indication of when economic mineralisation will be encountered. There are abrupt changes in assay tenure from host rock into mineralised rock. This is similar to mineralisation observed in nearby VMS deposits. This means that exploration is "hit or miss" and that discovery of blind mineralisation is still a possibility.

### Geologic Consultant's Key Findings

Dr David Compston, an experienced Australian geological consultant and Principal of Penrita Pty Ltd, spent two months at the Eagle Mountain offices in Arizona from January through to March 2019 examining all drill core, and also visited the Silver Mountain project on two occasions. His conclusions are as follows (*bolding and underlines are added by Eagle Mountain to highlight Dr Compston's key conclusions*):

"The geology revealed by the drilling at the Pacific Horizon area is a sequence of fine meta-sediments and meta-tuffs, with muscovite schist and phyllite in the north-west foot wall. **The marker horizon has been intersected in every hole and contains the target quartz-carbonate breccia in almost every hole.** A second breccia, like that hosted by the marker horizon, has



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been consistently intersected 20 to 40 metres further down many of the holes. The breccias contain small amounts of chalcopyrite. These breccias have not been observed to be physically linked in the drilling to date.

The consistent location of the breccias within and in the drilled foot-wall of the marker horizon suggests the marker horizon (and below) is a valid target of further drilling. Whether the breccia is “stratabound” within the marker horizon or the intersection of oblique structures with the marker horizon has not been resolved. Although it is unlikely the breccias are continuous or semi-continuous within and perhaps parallel to the marker horizon, the breccias have been consistently intersected within and below the marker horizon.

The marker horizon is continuous over at least six kilometres and has been the focus of a large amount of hydrothermal fluid flow. The consistent location of a latite dyke and quartz-carbonate breccia within or close to the horizon is significant. The presence of the carbonate alteration envelope around the marker horizon is further evidence of fluid being focussed through this part of the stratigraphy.

The origin of the marker horizon has not been clarified by the drilling. Petrography may indicate whether the “chert” layers are exhalites (or even chert).

The results of the drilling confirm the geological interpretation generated by previous exploration (mapping, geophysics) and demonstrate that the prospective area contains widespread mineralisation and alteration.

The widespread carbonate and chlorite (with minor epidote) throughout the sequence may be alteration that indicates a large hydrothermal system. This may be a distal manifestation of a deeply buried porphyry copper deposits and the drilling has only penetrated the very top of a porphyry copper alteration shell. The copper-bearing breccias may also be an indication of a deeper target.”

Dr Compston’s final conclusion is:

“Given the apparent widespread alteration (calcite, chlorite) and the widespread distribution of the copper-bearing breccias, it is apparent there is potential for a significant mineral deposit to be present on the Silver Mountain Project. There is no diagnostic alteration that definitely indicates a VMS or porphyry copper deposit, but it is likely there is further copper to be discovered.”

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## **EAGLE MOUNTAIN MINING**

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### **Red Mule Drilling**

Drill hole 19SMDD013, targeting the very high-grade silver vein found in the Red Mule prospect, had to be abandoned short of its targeted final depth due to poor drilling conditions. The hole encountered major amounts of paleosol conglomerates and had to be cemented. Sulphides were being encountered towards the bottom of the hole before the decision was made to cement the hole and return to complete the drilling at a later date. The drill core is currently being logged and will be sent for assay.

### **Next steps**

The exploration team has moved on to the targets identified at Scarlett and near the historical Silver Dollar Mine. Five holes are currently planned:

- three holes at Scarlett targeting the depth extension to the high-grade gold veins at surface; and
- two holes at Silver Dollar targeting depth extension to the historical mine.

The Company has engaged Dr Jeff Jaacks, who conducted the ground geochemical study to great effect in 2015, to carry out a detailed geochemical study on the drill assay results from the Pacific Horizon.

The Company will also continue with its review of prospects in the Silver Mountain Project area.

### **Corporate Activities**

In January, the eight Arizona personnel who were previously contracted through a specialist resources industry recruitment agency have accepted full-time staff positions with the Company's 100%-owned subsidiary, Silver Mountain Mining Operations Inc.

The move from contractor employees to full-time staff had resulted in a substantial cost reduction and better employee engagement, morale and productivity.

Whilst the Company's focus is on the highly prospective Silver Mountain Project, the Company has been made aware of advanced project opportunities within the Greater Arizona area that have the potential to complement the Silver Mountain Project. The Company is in the process of evaluating these opportunities and will update the market as appropriate.





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### **COMPETENT PERSON STATEMENT**

Information in this report relating to Exploration Results is based on information compiled under the supervision of Mr Charles Bass who is an employee of the company. Mr Bass is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientist. He holds shares and options in the Company. Mr Bass has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bass consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Where the Company references results from previous ASX announcements, JORC Table 1 disclosures are included within them. The Company confirms that it is not aware of any new information or data that materially effects the information included in those announcements, and that the form and context in which the Competent Persons findings are presented have not been materially modified from the original reports.

### **EAGLE MOUNTAIN MINING LIMITED**

Eagle Mountain is a copper-gold explorer focused on the strategic exploration and development of the highly-prospective Silver Mountain Project located just outside of Phoenix, Arizona.

Arizona is at the heart of America's mining industry and home to some of the world's largest copper discoveries. Silver Mountain, which comprises three prospects, Pacific Horizon, Scarlett and Red Mule, lies on the same geological setting that hosts world-class porphyry copper mines such as Bagdad, Miami and Resolution, one of the largest undeveloped copper deposits in the world. It also lies on the southern extension of the metallogenic belt that hosts United Verde and Iron King.

The Company is undertaking an aggressive exploration drilling program which commenced in the first half of FY19.

Eagle Mountain is led by founder and Managing Director Charles Bass. Mr Bass has a proven track record in mining, having previously co-founded both Eagle Mining Corporation, a highly successful gold miner, and Aquila Resources, which was acquired by Baosteel and Aurizon Holdings for \$1.4 billion in 2014.



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## Appendix 1

Table 1. Summary of Completed Drill Holes – Pacific Horizon

Hole ID	Hole Type	Easting	Northing	Elevation	Depth	Azimuth	Plunge
		[m]	[m]	[m]	[m]	[°]	[°]
18SMDD001	DDH	372971	3777679	1,428	254.1	120	-50
18SMDD003	DDH	372947	3777605	1,396	194.0	120	-60
18SMDD004	DDH	372792	3777706	1,407	345.3	120	-50
18SMDD005	DDH	373021	3777798	1,468	353.3	135	-45
18SMDD006	DDH	372827	3777367	1,477	184.6	150	-60
18SMDD007	DDH	371224	3776503	1,707	279.2	115	-65
18SMDD008	DDH	371085	3776333	1,752	209.9	135	-45
18SMDD009	DDH	371034	3776265	1,747	238.1	135	-50
18SMDD010	DDH	372947	3777605	1,397	293.2	20	-55
19SMDD011	DDH	372946	3777863	1,449	288.6	120	-65
18SMWW002	Water	372643	3777764	1,414	183.0	N/A	-90

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### Appendix 2

Table 2. Statistically Significant Anomalous Drill Intercepts => 1m

The 90% threshold must be exceeded for Au, Ag and Cu to be included in table

Au 90% threshold = 0.028ppm

Ag 90% threshold = 1.26ppm

Cu 90% threshold = 175ppm

Drill Hole	From, m	To, m	Width, m	Au, ppm	Ag, ppm	Cu, %
18SMDD001	67.2	74	3.5	0.5	4.02	0.04
18SMDD001	105.5	110	4.5	0.53	15.02	0.28
18SMDD003	37	41	4	0.06	0.98	0.02
18SMDD003	50	51.5	1.5	0.3	3.53	0.07
18SMDD005	95.6	97	1.4	0.16	11.09	0.17
18SMDD008	62.1	66.2	4.1	0.12	2.24	0.02
18SMDD009	52.8	56.1	3.3	0.13	2.61	0.04
18SMDD010	211	213	2	0.31	9.37	0.19
19SMDD011	129	130.5	1.5	1.34	5.97	0.04
19SMDD011	231.7	234	2.3	0.27	18.7	0.58

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# JORC Code, 2012 Edition – Table 1 report template

Exploration Update (ASX 8 April 2019) – Pacific Horizon Drilling

## Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)



Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>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.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Targets were tested by diamond drilling. Drill core was sampled at 0.3 to 1.3m intervals with nominal sampling interval of 1m.</li> <li>Samples returning Au <math>\geq</math> 0.2 g/t AND Cu <math>\geq</math> 0.1% are reported in the announcement.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>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).</li> </ul>	<ul style="list-style-type: none"> <li>Diamond drilling, HQ3 size. Downhole surveys are performed every approximately 30.5m (100 feet) using an AXIS Magshot system. The core is oriented using Boart Longyear's Truecore™ system to allow measurement of structural information.</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Core recoveries are recorded by the drillers at the rig and verified by the Company's personnel during core logging.</li> <li>In order to maximise sample recovery and core quality, all drilling is performed with a "triple tube" set up where two splits are inserted in the barrel to minimise core displacement and core loss.</li> <li>No discernible correlation between recoveries and grade was observed.</li> </ul>
Logging	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>A quick log is completed on site and detailed logging (geological and geotechnical) is performed at the Company's logging facility in Tucson, Arizona.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p><i>studies.</i></p> <ul style="list-style-type: none"> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Logging is both qualitative and quantitative in nature. Portable XRF and magnetic susceptibility measurements are taken at regular intervals on the core. The core is also scanned with a spectrometer. Core is photographed initially during quick logging. Additional photos are taken and after mark up, before sampling.</li> <li>• 100% of the core is logged.</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>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.</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The core is sawn in, half of the core is bagged and sent to the laboratory while the other half is left in the core box for future reference. When duplicates are collected the core is quartered: one quarter is sent to the laboratory as the primary sample, the other quarter is sent to the laboratory as the duplicate and the remaining half of the core is left in the box for future reference.</li> <li>• ALS Global conducted all preparation work: samples were weighed, dried and finely crushed to better than 70% passing 2mm; sample was split using a riffle splitting and a split of up to 250g pulverised to better than 85% passing 75µm.</li> <li>• Sample sizes are considered appropriate to the grain size of the material being sampled.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <i>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.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• ALS Global assay methods: ME-MS61 (48 element four acid ICP-MS), Hg-MS42 (trace Hg by ICP-MS) and Au-AA23 (Au 30g charge Fire Assay with Atomic Absorption finish). The technique is considered a total digest of relevant minerals. Above detection samples were re-assayed with Au-GRA21, Ag-OG62, Cu-OG62, Pb-OG62, Zn-OG62</li> <li>• Certified Reference Material (CRM), blanks and duplicates were inserted at a ratio of 1:10 with a minimum of 1 CRM per batch. CRMs are inserted at intervals never exceeding 20 samples. Acceptable levels of accuracy and precision have been established.</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li>• <i>The use of twinned holes.</i></li> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Significant intersections have been verified by the Company's senior geologists, Chief Geologist and external consultants.</li> <li>• No twinned holes drilled.</li> <li>• Logging and sampling data are collected using tablet computers and Logchief software to ensure data integrity. The data is transferred weekly to the Datashed database.</li> </ul>



Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> <li>No assay adjustment performed.</li> </ul>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>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.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>NAD83 UTM Zone 12N</li> <li>National Elevation Dataset. Horizontal resolution of approximately 10m and vertical resolution of 1m</li> <li>Drill holes are located with a hand-held GPS with an estimated horizontal accuracy of <math>\pm 5</math>m.</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>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.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>The data spacing is insufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource estimation.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The relationship between drilling orientation and orientation of key mineralised structures is yet to be determined.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Core boxes are picked up at the rig by Company personnel and kept under locked storage on site and at camp. Weekly core pick ups are completed by ALS Global and core delivered to the Company's core shed in Tucson, Arizona. After processing, samples are collected by ALS Global and delivered to its own laboratory for assaying. Each box location and movements are recorded in a Chain of Custody database. During transport the core and samples are tamper-proofed.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>No audits or reviews of sampling techniques have been completed.</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and</i>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint</li> </ul>	<ul style="list-style-type: none"> <li>The Silver Mountain project consists of 26 patented mining claims, 424 unpatented mining claims and 6 state exploration permits. The</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>land tenure status</i>	<p><i>ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></p> <ul style="list-style-type: none"> <li><i>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.</i></li> </ul>	<p>Company holds a 100% interest in the mineral rights for all tenements. The Company also owns the surface rights for the 26 patented mining claims (private property). Refer to the 2018 Annual Report for details.</p>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>It is believed that the first mining claims to the Pacific Horizon prospect were staked in 1898.</li> <li>Between 1906 and 1912 the Pacific Copper Mining Company sunk a 150m (500 feet) shaft in to the gossan at the site of the Pacific Mine.</li> <li>Some drilling was carried out in 1966 though it is not clear who conducted the program (possibly Heinrichs GeoExploration).</li> <li>In 1968, Heinrichs GeoExploration conducted some dual frequency IP, resistivity and magnetic geophysical surveys. This was followed by further geophysical surveys in 1978 using Very Low Frequency (VLF) Electro Magnetics (EM).</li> <li>KOOZ contracted Applied Geophysics in 1978 to run EM surveys (VLF, MaxMin II and Crone Horizontal Shootback) over selected areas.</li> <li>The most detailed (unpublished) mapping over the property was carried out by Kennecott in 1991 and 1992, focussing on the eastern and central areas of the Pacific Horizon prospect.</li> <li>The Kennecott mapping was based on previous work done by Winegar et al., (1978) and the only mapping since 1992 was done by Ferguson &amp; Johnson (2013, Arizona Geological Survey), which only touches on the Pacific area.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>There are four types of deposit style: <ul style="list-style-type: none"> <li>Proterozoic volcanogenic massive sulphides in Precambrian greenstone</li> <li>Quartz-carbonate breccia with associated copper-gold-silver mineralisation</li> <li>Younger (Laramide arc) Cu-Au porphyry and associated high-grade gold veins</li> <li>Overprinting and remobilisation of fluids and deposits by Cainozoic transtension giving detachment style mineralisation</li> </ul> </li> </ul>

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Drill hole Information	<ul style="list-style-type: none"> <li>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: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length. [update table to the right for any changes in the main body of the announcement]</li> </ul> </li> <li>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.</li> </ul>	<table border="1"> <thead> <tr> <th>Hole ID</th> <th>Hole Type</th> <th>Easting [m]</th> <th>Northing [m]</th> <th>Elevation [m]</th> <th>Depth [m]</th> <th>Azimuth [°]</th> <th>Plunge [°]</th> </tr> </thead> <tbody> <tr> <td>18SMDD001</td> <td>DDH</td> <td>372971</td> <td>3777679</td> <td>1428</td> <td>254.1</td> <td>120</td> <td>-50</td> </tr> <tr> <td>18SMDD003</td> <td>DDH</td> <td>372947</td> <td>3777605</td> <td>1396</td> <td>194</td> <td>120</td> <td>-60</td> </tr> <tr> <td>18SMDD004</td> <td>DDH</td> <td>372792</td> <td>3777706</td> <td>1407</td> <td>345.3</td> <td>120</td> <td>-50</td> </tr> <tr> <td>18SMDD005</td> <td>DDH</td> <td>373021</td> <td>3777798</td> <td>1468</td> <td>353.3</td> <td>135</td> <td>-45</td> </tr> <tr> <td>18SMDD006</td> <td>DDH</td> <td>372827</td> <td>3777367</td> <td>1477</td> <td>184.6</td> <td>150</td> <td>-60</td> </tr> <tr> <td>18SMDD007</td> <td>DDH</td> <td>371224</td> <td>3776503</td> <td>1707</td> <td>279.2</td> <td>115</td> <td>-65</td> </tr> <tr> <td>18SMDD008</td> <td>DDH</td> <td>371085</td> <td>3776333</td> <td>1752</td> <td>209.9</td> <td>135</td> <td>-45</td> </tr> <tr> <td>18SMDD009</td> <td>DDH</td> <td>371034</td> <td>3776265</td> <td>1747</td> <td>238.1</td> <td>135</td> <td>-50</td> </tr> <tr> <td>18SMDD010</td> <td>DDH</td> <td>372947</td> <td>3777605</td> <td>1397</td> <td>293.2</td> <td>20</td> <td>-55</td> </tr> <tr> <td>19SMDD011</td> <td>DDH</td> <td>372946</td> <td>3777863</td> <td>1449</td> <td>288.6</td> <td>120</td> <td>-65</td> </tr> <tr> <td>18SMWW002</td> <td>Water</td> <td>372643</td> <td>377764</td> <td>1414</td> <td>183</td> <td>N/A</td> <td>-90</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>No data aggregation methods were applied.</li> <li>No metal equivalents reported.</li> </ul>	Hole ID	Hole Type	Easting [m]	Northing [m]	Elevation [m]	Depth [m]	Azimuth [°]	Plunge [°]	18SMDD001	DDH	372971	3777679	1428	254.1	120	-50	18SMDD003	DDH	372947	3777605	1396	194	120	-60	18SMDD004	DDH	372792	3777706	1407	345.3	120	-50	18SMDD005	DDH	373021	3777798	1468	353.3	135	-45	18SMDD006	DDH	372827	3777367	1477	184.6	150	-60	18SMDD007	DDH	371224	3776503	1707	279.2	115	-65	18SMDD008	DDH	371085	3776333	1752	209.9	135	-45	18SMDD009	DDH	371034	3776265	1747	238.1	135	-50	18SMDD010	DDH	372947	3777605	1397	293.2	20	-55	19SMDD011	DDH	372946	3777863	1449	288.6	120	-65	18SMWW002	Water	372643	377764	1414	183	N/A	-90
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Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>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’).</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate maps are attached to this announcement.</li> </ul>																																																																																																
Diagrams	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>All exploration results obtained so far have been reported.</li> </ul>																																																																																																
Balanced reporting	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>No other meaningful and material exploration data beyond this and previous market releases and the information in the Independent</li> </ul>																																																																																																
Other substantive	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical</li> </ul>																																																																																																	

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<i>exploration data</i>	<i>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.</i>	Geologist Report included in the Company's Prospectus.
<i>Further work</i>	<ul style="list-style-type: none"> <li><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	<ul style="list-style-type: none"> <li>Further work will include interpretation of logging and assay results and additional drill holes in the Pacific Mine, Red Mule, Scarlett and Silver Dollar areas.</li> <li>A proposed ground geochemical study.</li> </ul>