



EAGLE MOUNTAIN MINING

ASX Announcement | Date 18 April 2019

Quarterly Report March 2019

HIGHLIGHTS

- Phase One of drilling along the Pacific Horizon and Red Mule Prospects was completed during the quarter.
- Phase One diamond drilling at the Scarlett Project commenced towards the end of the quarter.
- Dr David Compston, an experienced geological consultant, spent two months examining all drill core, including two site visits and reported that the alteration evident indicated **potential for a significant mineral deposit to be present at the Silver Mountain Project.**
- Intensive alteration and multi-phase mineralisation over-printed the primary Proterozoic VMS horizon. Significant anomalism was encountered in most of the drill holes.
- Quartz-carbonate breccia was encountered in most of the Pacific Horizon drill holes, both within the VMS horizon and below the footwall.
- Indicator elements for potential porphyry mineralisation, such as molybdenum and bismuth, increase south-westwards from the Pacific 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.

Eagle Mountain Managing Director, Charles Bass, commented:

“Geological indicators identified from drilling contain certain characteristics that give us a high level of confidence moving forward. Importantly, we now have enough information to begin evaluation of the Pacific Horizon Prospect and compare the results to other known mines and prospects in the same Proterozoic greenstone belt. Our confidence has been affirmed recently by consulting geologist Dr David Compston, Principal of Penrita Pty Ltd, who spent two months in Arizona recently examining all drill core.”

We have now moved our drilling campaign to the Scarlett Prospect where we are targeting a completely different style of mineralisation, that of a potential porphyry system, based on the previous discovery of narrow high-grade gold veins occurring at surface.”

EAGLE MOUNTAIN MINING LIMITED | ACN 621 541 204

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PACIFIC HORIZON

Phase One diamond drilling along the Pacific Horizon was designed to test two of the four styles of mineralisation identified at the Silver Mountain Project (refer to ASX announcement dated 14 December 2018):

- Cu-Au Quartz-Carbonate Breccia
- Proterozoic VMS (Volcanogenic Metal Sulphide)

Quartz-carbonate breccia has been encountered in most of the 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.

The following observations were summarised subsequent to the end of the quarter (ASX 8 April 2019) in relation to the assays received from the Pacific Horizon drilling to date:

- 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.
- 5) Based upon statistical analysis of all assays from the Phase One 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

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and up to 4 metres in length were above these cut-offs when all of them were applied. (Refer Appendix 1)

- 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.

Figure 1 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.

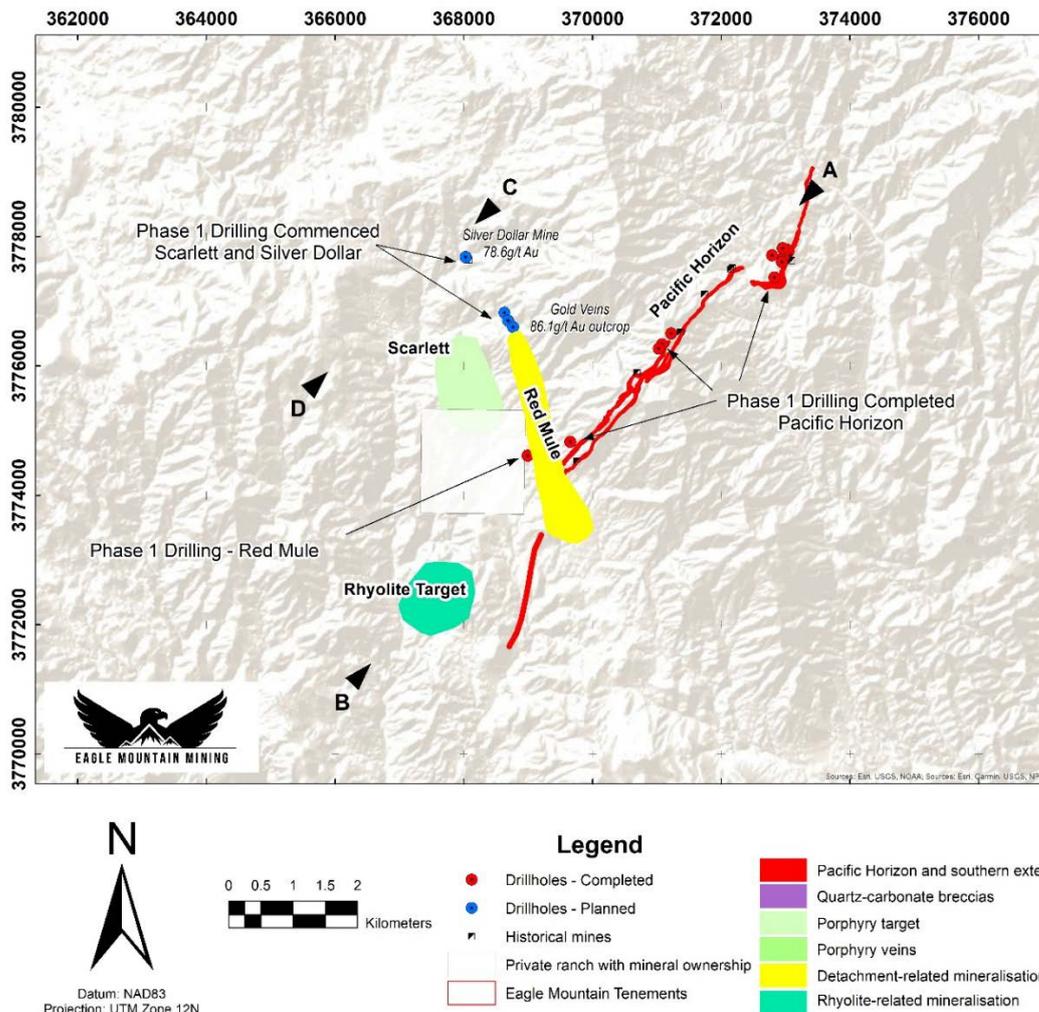


Figure 1 Silver Mountain Project overview with landholding and unique mineralisation styles

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

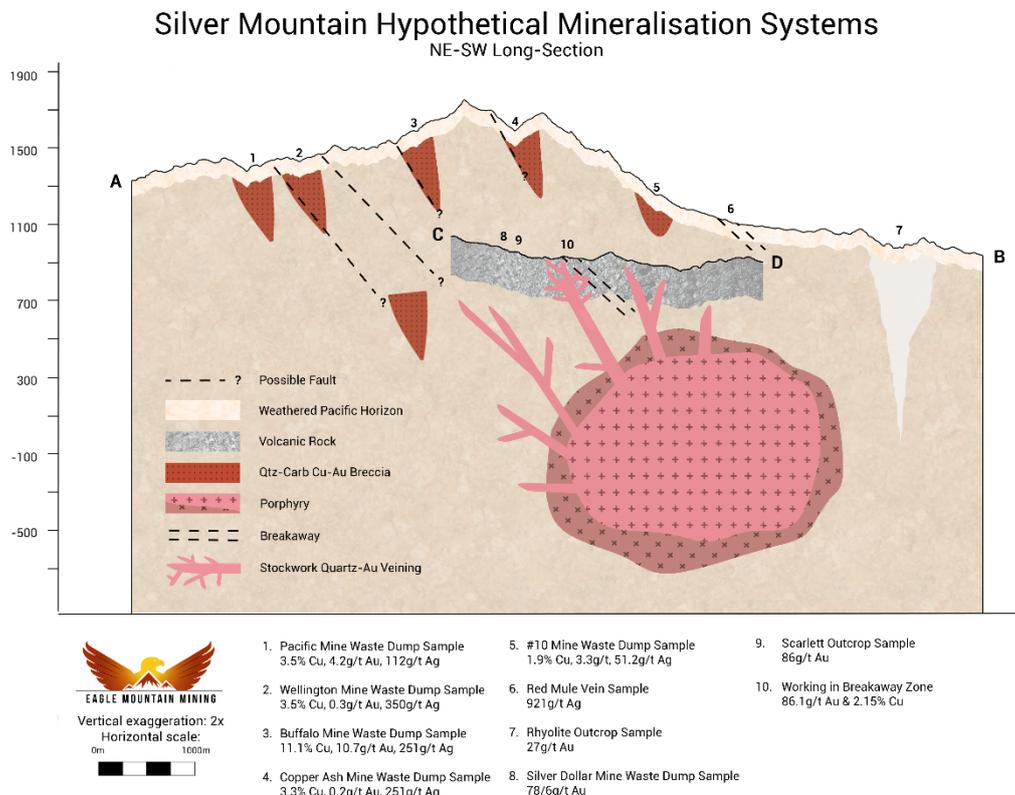


Figure 2 Hypothetical long-section of mineralisation targets at Silver Mountain

RED MULE

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 (ASX 8 April 2019). The hole encountered major amounts of paleosol conglomerates and had to be cemented. Sulphides were 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.

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GEOLOGICAL CONSULTANT'S KEY FINDINGS

The Company has previously advised (ASX 8 April 2019) that it engaged Dr David Compston, an experienced Australian geological consultant and Principal of Penrita Pty Ltd, to review all drilling and assist with strengthening the exploration team in Arizona. Dr Compston spent two months at the Eagle Mountain offices in Arizona from January through to March 2019 examining drill core and conducting site visits. 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 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.

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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 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.”

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.”

NEXT STEPS

Having carried out preliminary drilling along the northern Pacific Horizon and the Red Mule Prospects, the Company has drilled three of the four types of mineralisation identified at the Silver Mountain Project. Once assay results are received in respect to the abandoned hole at Red Mule, management will consider whether to re-enter the hole.

The diamond drill rig and exploration team have moved to the Scarlett Prospect and are targeting mineralisation that could be related to a porphyry deposit. Five holes are currently planned:

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

The Company 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. Once the study is received and interpreted the results will be advised to shareholders.

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CORPORATE

Cash

The Company had \$1.66 million on hand at the end of the quarter.

Human Resources

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.

Opportunities

Whilst the Company's focus is on the highly prospective Silver Mountain Project, the Company has been made aware of advanced project opportunities located in Arizona 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.

For further information please contact:

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COMPETENT PERSON STATEMENT

Where the Company references results and information 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. 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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Schedule of interests in mining tenements

All of the Eagle Mountain mineral licences are presently located in the State of Arizona, United States of America, refer to the location map. (ASX Listing Rule 5.3.3)

(a) Interests in mining tenements as at 31 March 2019

Prospect & Tenure type	Claim Reference (Tenement)	Percentage held at beginning of quarter	Percentage held at end of quarter	Notes
Pacific Horizon				
Patented Claims (26 individual claims)	Empire, Copper Ash, Palestine, Buffalo, Little Pittsburg, Austin, Wellington, Eagle, Number Ten, Number Eleven, Number Twelve, Number Thirteen, Noonday, South Noonday, Dudley, Comet, Alameda, Virginia, Mars, Ashland, Oakland, Sunnyside, Cuprite, Azurite, Yavapai and Jumbo	100%	100%	
Unpatented Claims (150 individual claims)	SMM#1-14, SMM#17-145, SMM#147, SMM#149, SMM151, SMM#155, SMM#157, SMM#159, SMM#161	100%	100%	
Exploration Permit (1 individual permit)	08-117371	100%	100%	
Scarlett				
Unpatented Claims (92 individual claims)	SCA#1-15, SCA#57-133	100%	100%	
Exploration Permit (2 individual permits)	08-117369, 08-117373	100%	100%	
Red Mule				
Unpatented Claims (98 individual claims)	SMM#146, SMM#148, SMM#150, SMM#152, SMM#153, SMM#154, SMM#158, SMM#160, SMM#162-207, SMM#210-212, SCA#16-56	100%	100%	
Exploration Permit (2 individual permits)	08-117370, 08-117372	100%	100%	
Rhyolite Target				
Unpatented Claims (84 individual claims)	SMMSO#001 - #084	100%	100%	
Exploration Permit (1 individual permit)	08-120101	100%	100%	

(b) Tenements acquired and disposed of during the quarter

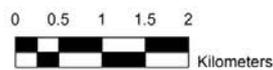
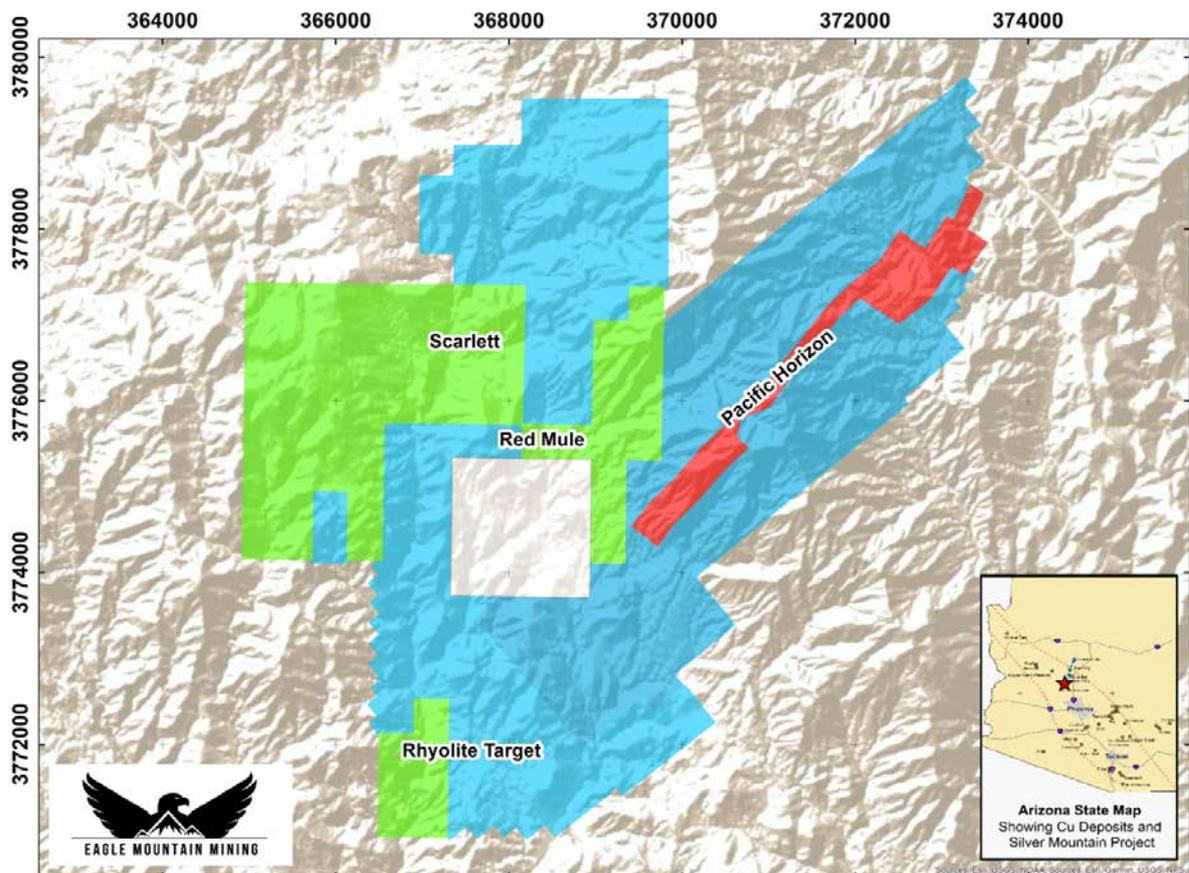
None

(c) The beneficial percentage interests held in farm-in or farm-out agreements as the end of the quarter

None

(d) The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

None



Location map of the Silver Mountain Project with licence areas shown

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Eagle Mountain Mining Limited

ABN

34 621 541 204

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,460)	(4,631)
(b) development	-	-
(c) production	-	-
(d) staff costs (<i>administration and corporate</i>)	(56)	(172)
(e) administration and corporate costs	(151)	(394)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	38
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – rent incentive rebate	-	-
1.9 Net cash from / (used in) operating activities	(1,661)	(5,159)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(115)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets - bonds	(22)	(127)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

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Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other – cash on acquisition of subsidiary	-	-
2.6 Net cash from / (used in) investing activities	(22)	(242)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares and options	11	242
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(79)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(3)	(9)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	8	154

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,351	6,795
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,661)	(5,159)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(22)	(242)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	8	154
4.5 Effect of movement in exchange rates on cash held	(12)	116
4.6 Cash and cash equivalents at end of period	1,664	1,664

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,162	2,351
5.2 Call deposits	502	1,000
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,664	3,351

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

59

-

Office Rent paid to an associated entity of Mr Bass, a director of the Company - \$22,000. Director remuneration \$37,000.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

-

-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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Mining exploration entity and oil and gas exploration entity quarterly report

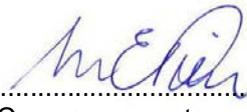
9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	(950)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(60)
9.5	Administration and corporate costs	(100)
9.6	Other:	-
9.7	Total estimated cash outflows*	(1,110)

*Estimated exploration outflows are discretionary and dependent on available cash. Directors will continue to monitor expenditure and consider funding options available to the Company.

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

Date: 18 April 2019

Company secretary

Print name: Mark Pitts

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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