

Soil Sampling at the Kalpower Targets in the Mt Cannindah Project

- **Processed ground magnetics define multiple intrusive interpreted targets within EPMs which surround the mining lease boundaries at Mt Cannindah.**
- **Initial soil sampling results define anomalous gold in soils at Apple Tree, Kalpower North Intrusive and the Kalpower West intrusive target.**
- **Kalpower North and Kalpower West intrusive represent significant targets within the EPMs surrounding the highly mineralised mining lease area.**

Cannindah Resources Limited has processed the recently completed ground based magnetic surveying at the Mt Cannindah Project. In addition to this the geological team has completed an initial soil sampling survey. This survey was focussed on exploration targets within the under explored EPM areas that surround the highly mineralised mining lease area at its 100% owned Mt Cannindah project.

The new soil sampling grid was designed to overlap the south eastern extent of the existing mining lease soil grids including the Appletree prospect. In total 221 -80# soil samples have been collected, analysed and results returned from the ALS Townsville laboratory for gold analysis. Initial results using portable XRF have been plotted for base metals and gold pathfinder elements for comparison.

The Apple Tree skarn and interlayered sediments are characterised by elevated gold as well as copper, molybdenum, silica and calcium. This association in the north western extent of the new soil grid corresponds to the aureole surrounding the monument intrusion. Kalpower North is an historic prospect mapped as the Kalpower intrusive. Three geological units have recently been recognised including the 1) Kalpower intrusive; 2) Sedimentary units at surface; 3) Possible mafic intrusive to the north. Each of these geological units have a unique corresponding magnetic signature. Principal component analysis has helped in the delineation of the boundaries between these units.

A new area of interest to the west of Kalpower has been delineated during the recent ground magnetics surveying. There is a significant lack of previous exploration over this area. Interpretations from the ground magnetics identify two round steep sided depressions suggestive of intrusions with hornfelsed margins. Numerous NNW linear structures radiate out from these depressions indicating probable dykes. Soil results to date indicate elevated gold results to be increasing towards the aureole surrounding the Kalpower West intrusions with immediate follow up soil sampling planned to cover this area and potentially infill areas of existing anomalous results.

The three main areas of elevated gold in soils are:

- **South east corner** (Kalpower West) where high Au is associated with As, Pb, Zn, K, Sr.

- **East boundary of grid at Kalpowar North** where Au is associated with high Zn, Pb, Cr, moderate As.
- **Apple Tree** where Au is associated with high Cu, Mo, Ca.

Further sampling and follow up mapping is required to establish the link between these chemical zoning patterns and how they relate to the various intrusives and their timing relationships

Future Plans: Infill soil and rock chip sampling over anomalous areas. Eg Kalpowar North and East. And follow the gold trend at Apple Tree to the south west with more soil sampling.

COMPETENT PERSON STATEMENT

The information in this report that relates to exploration results is based on information compiled by Dr. Simon D. Beams, a full time employee of Terra Search Pty Ltd, geological consultants employed by Cannindah Resources Limited to carry out geological evaluation of the mineralisation potential of their Mt Cannindah Project, Queensland, Australia.

Dr. Beams has BSc Honours and PhD degrees in geology; he is a Member of the Australasian Institute of Mining and Metallurgy (Member #107121) and a Member of the Australian Institute of Geoscientists (Member # 2689). Dr. Beams has sufficient relevant experience in respect to the style of mineralization, the type of deposit under consideration and the activity being undertaken to qualify as a Competent Person within the definition of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code").

Dr. Beams consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

For further information, please contact:

Tom Pickett
Executive Chairman
Ph: 61 7 3357 3988

Figure 1: Interpretation map.

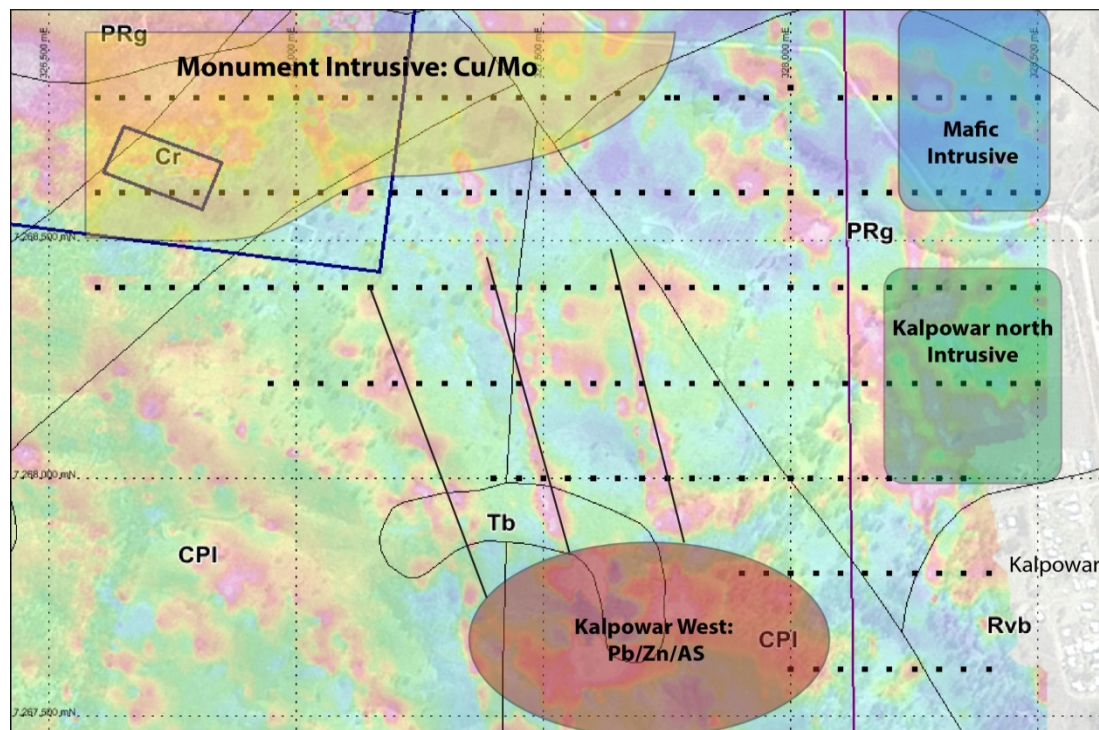


Figure 2: Soils map for Au

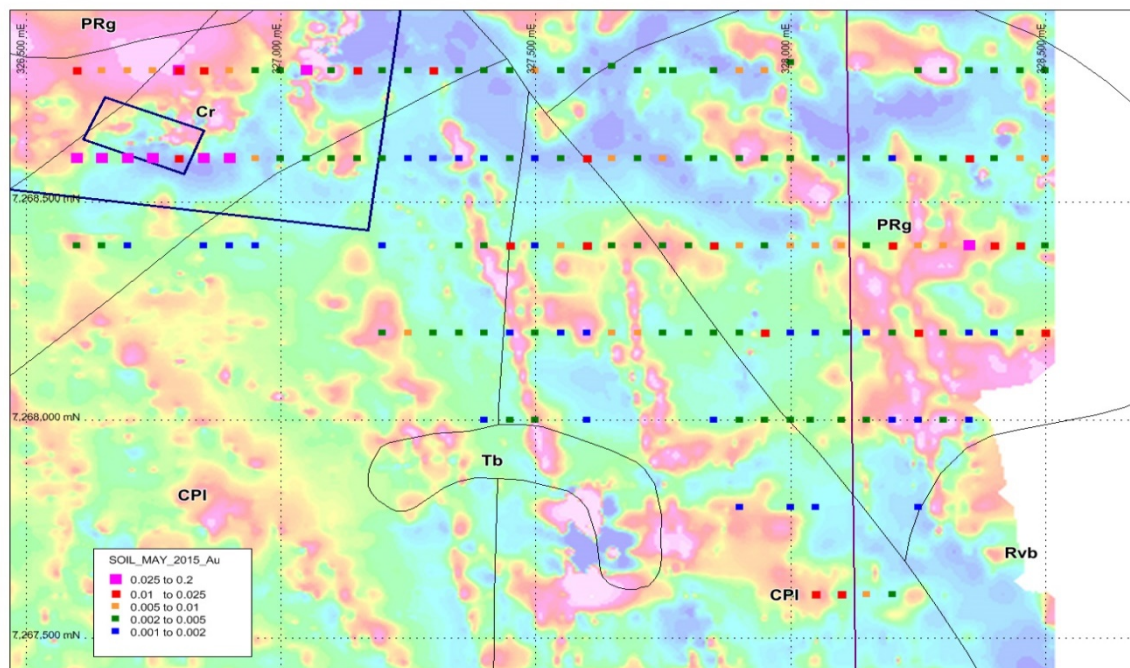


Figure 3: Soils map for As

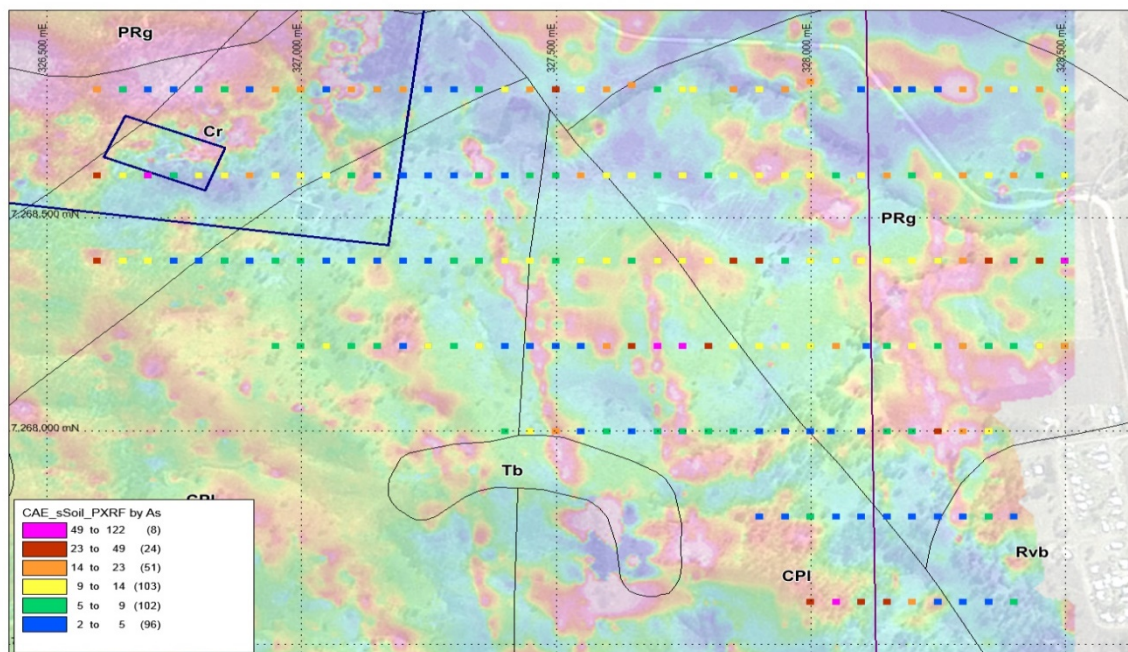


Figure 4: Soils map for Zn

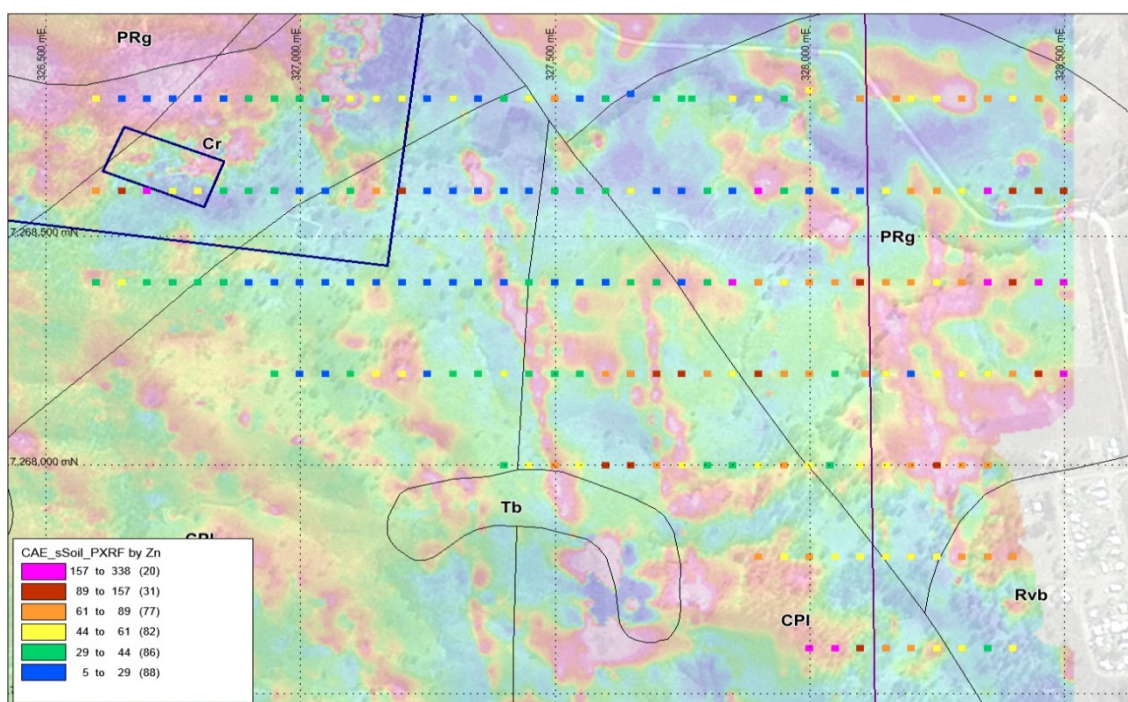


Figure 5: Soils map for Pb

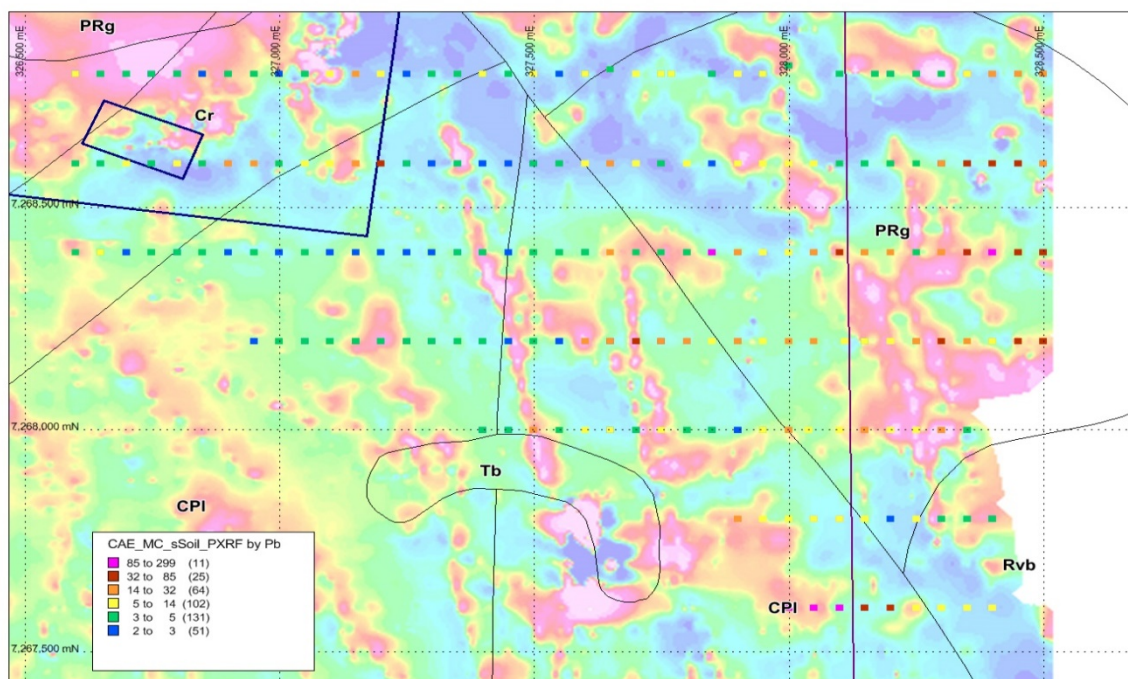


Figure 6: Soils map for Cu

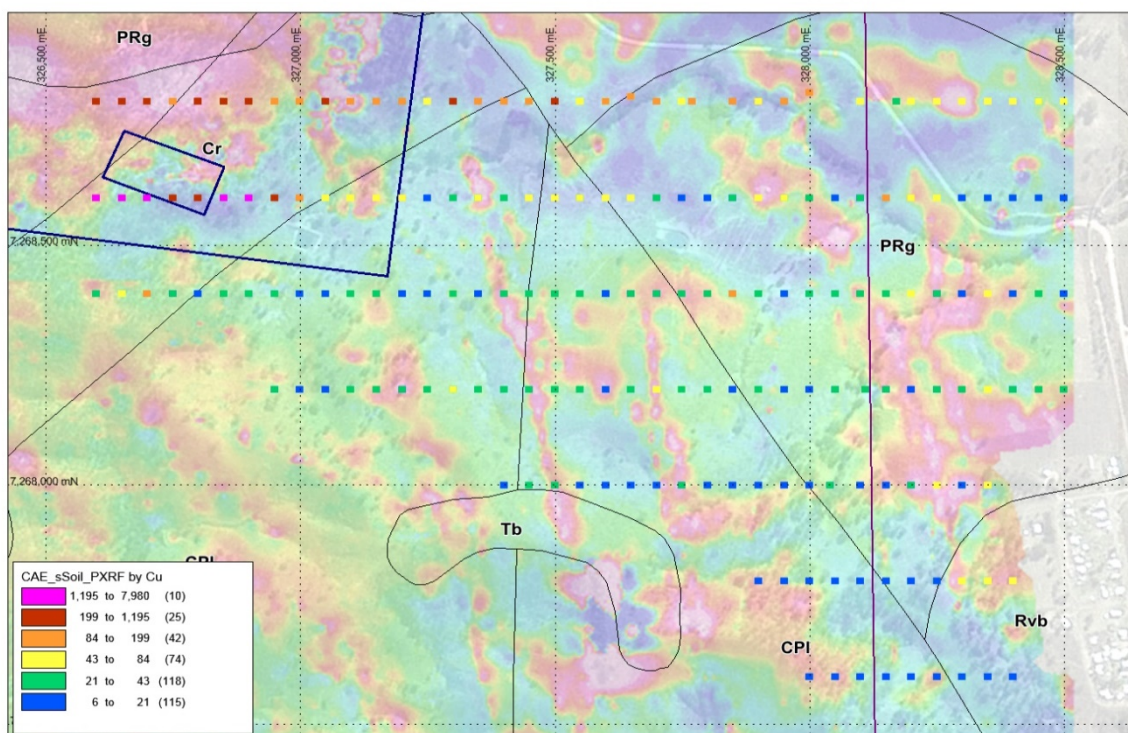
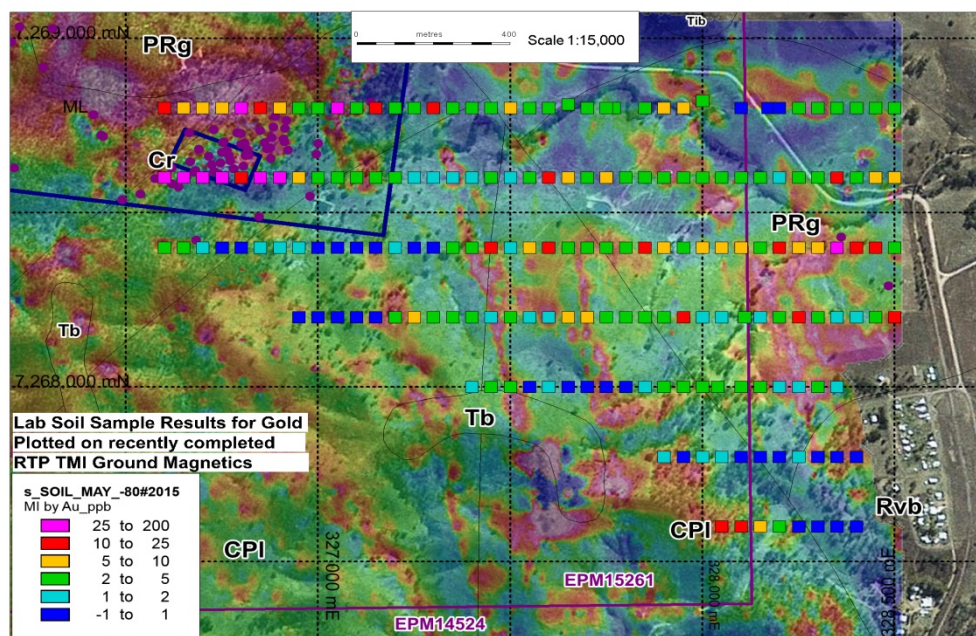
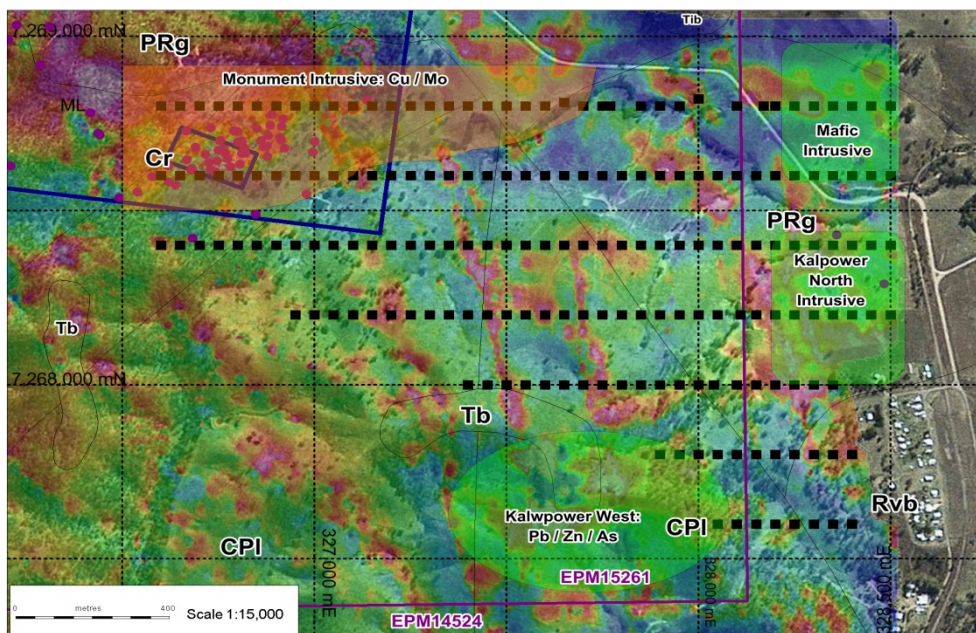


Figure 7: Soil Sample Results Plotted on Ground Magnetics –Apple Tree and Kalpower Targets



**APPENDIX 1 – JORC Code Table 1 Cannindah Resources Kalpower Prospect announcement
June, 2015.**

Section 1: Sampling Techniques and Data

Criteria	Explanation	Commentary
Sampling techniques	<i>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 down hole gamma sondes, or handheld XRF instruments, etc.) These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sampling representivity and the appropriate calibration of any measurement tools or systems used.</i>	- Samples were collected at 50m spacing on 200m line spacing. - Sample information was recorded in pre-numbered sample books with locations established with a Garmin 76 hand held GPS at each sample location. - A 20-30cm soil hole was dug into with a pick and then a sample of the B-soil horizon was extracted and sieved with a - 1.5mm steel mesh sieve. Each sample hole was filled in following sampling to achieve immediate rehabilitation of each site. - The 2-3kg -1.5mm sieved soil sample was collected in a labelled calico bag and returned to a shed location for air drying. The dry sample was further sieved to -80# size analysis. - Samples were analysed for a suite of 40 major and minor elements utilising Terra Search's portable Niton XRF analyser (Niton 'trugeo' analytical mode) in the Townsville office. - The XRF equipment is set up on a bench and the sub-sample (loose powder in a thin clear plastic freezer bag) is placed in a lead-lined stand. An internal detector auto-calibrates the portable XRF instrument, and Terra Search standard practice is to instigate recalibration of the equipment of every battery charge (every 2 to 3 hours). Readings are undertaken for 60 seconds on a circular area of approximately 1cm diameter. A higher number of measurements are taken from the centre of the circle and decreasing outwards.

Criteria	Explanation	Commentary
	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 1m samples from which 3kg was pulverised to produce a 30g 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.	After sieving to -80# the sample was submitted to ALS Townsville laboratory and assayed for gold using the 25g trace level aqua regia assay method (ALS code: Au-TL43)
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.)	Drilling was not conducted.
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	Drilling was not conducted
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Drilling was not conducted
	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.	Drilling was not conducted
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	Any observations on soil or rock type or comments on logistics were recorded in the sample book. The rock types were described in detail.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.	Logging was qualitative in nature. A detailed log was described on the basis of visual observations.
	The total length and percentage of the relevant intersections logged.	All soil samples were logged.
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	Drilling was not conducted.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	Drilling was not conducted.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	The above techniques are considered to be of a high quality, and appropriate for the nature of mineralisation anticipated. The -80# sample fraction size is appropriate for the soil being sampled.
	Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples.	The soil sample was collected as near as practically to the predetermined 50m sample spacing locations.
	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.	Terra Search quality control included determinations of duplicate samples every 50 samples or so to check for representative samples. There was a conscious effort on behalf of the samplers

Criteria	Explanation	Commentary
		to ensure consistent weights for each sample.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Material was fine to medium grained and the recommended laboratory size was more than appropriate for the grainsize.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	The primary assay method used is designed to measure the total gold in the sample as per classic aqua regia assay. Samples from the soil sampling program were also analysed in-house at Terra Search's office in Townsville utilizing a portable XRF to determine base metals and major elements. The analysis undertaken is considered to be appropriate for geochemical test work. The portable XRF instrument obtains reliable data on silicate bearing phases, This technique is a total analysis and determines all the material in an elemental assay. The techniques were considered to be entirely appropriate for the porphyry, skarn and vein style deposits in the area. The economically important element gold in these deposits is liberated by aqua regia digest.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc. the parameters used in determining the analysis including instrument make and model, reading times, calibration factors applied and their derivation, etc.</i>	- Each year Terra Search's instrument is sent away for external calibration and servicing. During field testing an internal detector auto-calibrates the instrument and Terra Search standard practice is to instigate recalibration of the equipment of every battery charge (every 2 to 3 hours). Determinations were made regularly on known standards and checked against the CRM values. These values are checked against known standards and duplicates.
	<i>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.</i>	QAQC samples are monitored on a batch-by-batch basis, Terra Search has well established sampling protocols including blanks, certified reference material, and in-house standards which are matrix matched against the samples in the program. Terra Search quality control included determinations on certified OREAS samples and analyses on duplicate samples interspersed at regular intervals through the sample suite of both the commercial laboratory batch and also portable XRF data. Standards and duplicate results were checked and found to be within acceptable tolerances.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	There has been no external check assaying undertaken on the soil samples.
	<i>The use of twinned holes.</i>	Drilling was not conducted.
	<i>Documentation of primary data, data entry procedures, data verifications, data storage (physical and electronic)</i>	Location and sampling data were collected by experienced field assistants and entered into sampling books which

Criteria	Explanation	Commentary
	<i>protocols.</i>	were then entered into spreadsheets. Analytical data from the XRF machine is supplied as an Excel readout. Location and analysis data are then collated into a single Excel spreadsheet. Data is stored on servers in the Company's head office and on site, with regular backups and archival copies of the database made. Data is also stored at Terra Search's Townsville Office. Data is validated by long-standing procedures within Excel Spreadsheets and Explorer 3 data base and spatially validated within MapInfo GIS.
	<i>Discuss any adjustment to assay data.</i>	No adjustments are made to the Commercial lab assay data.
Location of data points	<i>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.</i>	Sample locations were established with a Garmin 76 hand held GPS. Location accuracy is in the order of 10m X-Y and 15m in the Z direction.
	<i>Specification of the grid system used.</i>	Coordinate system is UTM Zone 56 (MGA) and datum is GDA94
	<i>Quality and adequacy of topographic control.</i>	Pre-existing DTM is high quality and available.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Soil sampling was undertaken at 50m spacing. Soil lines were separated by 200m and were carried out on east west oriented lines perpendicular to the trend of magnetic linear features.
	<i>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.</i>	Sample spacing was deemed appropriate for identifying geochemical anomalies and could be used to establish geological control. Soil sampling will not be used in a Mineral Resource or Ore Reserve estimation capacity.
	<i>Whether sample compositing has been applied.</i>	No sample compositing has been applied.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Sampling orientation was perpendicular to the dominant structures delineated by magnetic linear features from the recent ground magnetics and follow the same orientation as surveys within the mining lease. Unbiased sampling is achieved for this structure.
	<i>If the relationship between 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.</i>	Drilling was not conducted.
Sample security	<i>The measures taken to ensure sample security.</i>	Chain of custody was managed by Terra Search Pty Ltd. Samples were always in Terra Search's possession as they were carried in their own vehicles by road until transferred to ALS lab Brisbane.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews have been undertaken

APPENDIX 2 – JORC Code Table 1

Section 2: Reporting of Exploration Results

Mineral tenement and land tenure status	<i>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 and environmental settings.</i>	Exploration conducted on MLs 3209, EPM 14524, and EPM 15261. 100% owned by Cannindah Resources Pty Ltd An access agreement with the current landholders in place.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.</i>	No impediments to operate are known.
Exploration done by other parties	<i>Acknowledgement and appraisal of exploration by other parties.</i>	Previous exploration has been conducted by multiple companies. MIM (1970) and Astrik (1987) drilling are used in this report. IP data was previously collected by Newcrest (1995) and their processed data is displayed here. Current exploration program conducted by consultant geologists Terra Search Pty Ltd, Townsville QLD.
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	Base metal skarns and shear hosted Au bearing quartz veins occur adjacent to a Cu-Mo porphyry.
Drill hole information	<i>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:</i> • 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 <i>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.</i>	No drilling was conducted.
Data aggregation methods	<i>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.</i> <i>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 be shown in detail</i>	No cut-offs have been applied in reporting of the soil sampling exploration results. No aggregate intercepts have been applied in reporting of the soil sampling exploration results.
	<i>The assumptions used for any reporting of metal equivalent values should be</i>	No metal equivalents have been used in reporting.

	<i>clearly stated.</i>	
Relationship between mineralisation widths and intercept lengths	The 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 drilling was conducted.
Diagrams	Appropriate maps and sections (with scale) 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.	Location plans and sample points of interest are contained within this announcement
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 practised to avoid misleading reporting of Exploration Results.	Relevant sample results are reported within announcement. It is not practicable or appropriate to report all individual soil sampling results. Gridding / imaging was performed in MapInfo Professional Discover 2014.
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.	The locations of the known prospects within the area are shown in Fig. 1.
Further work	The nature and scale of planned further work (e.g. test for lateral extensions or depth extensions or large-scale step-out drilling).	Geological and geophysical results have been summarized in order to put context around sample results. Surface soil results will be followed up with sub-surface drilling if deemed appropriate.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Not yet determined, further work is being conducted.