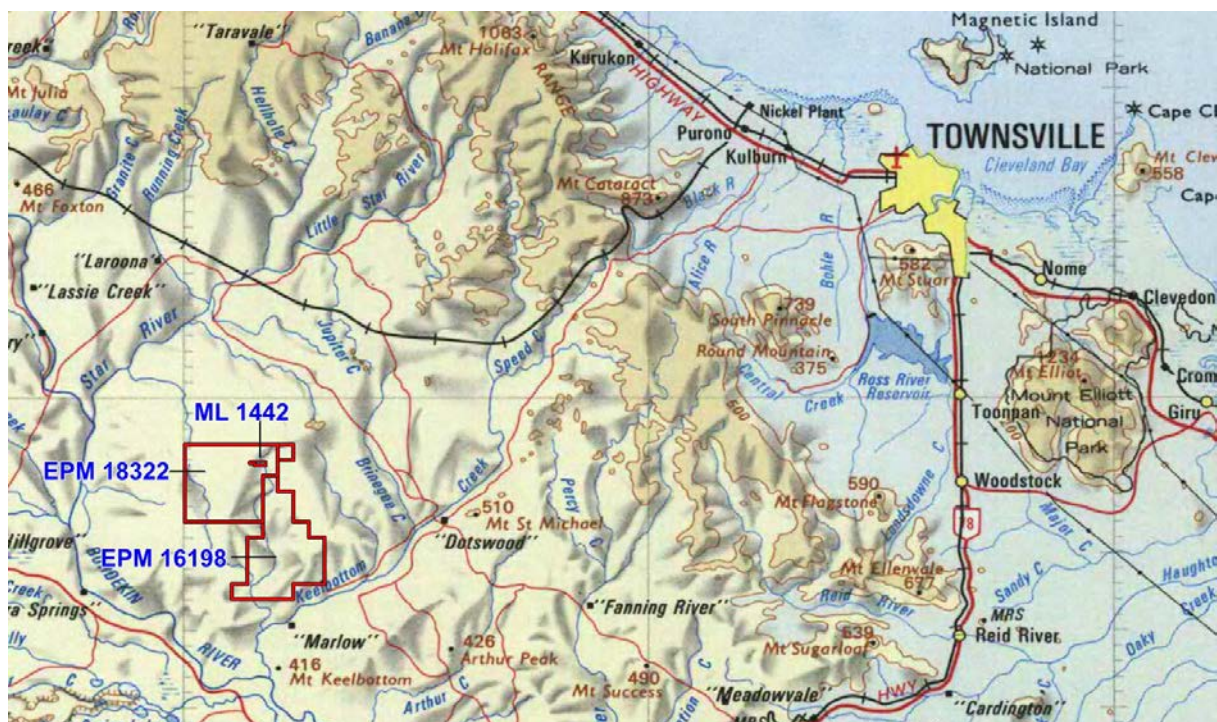




## **CANNINDAH RESOURCES EXECUTES EARN-IN AGREEMENT TO ACCESS EPM AREA AT PICCADILLY**

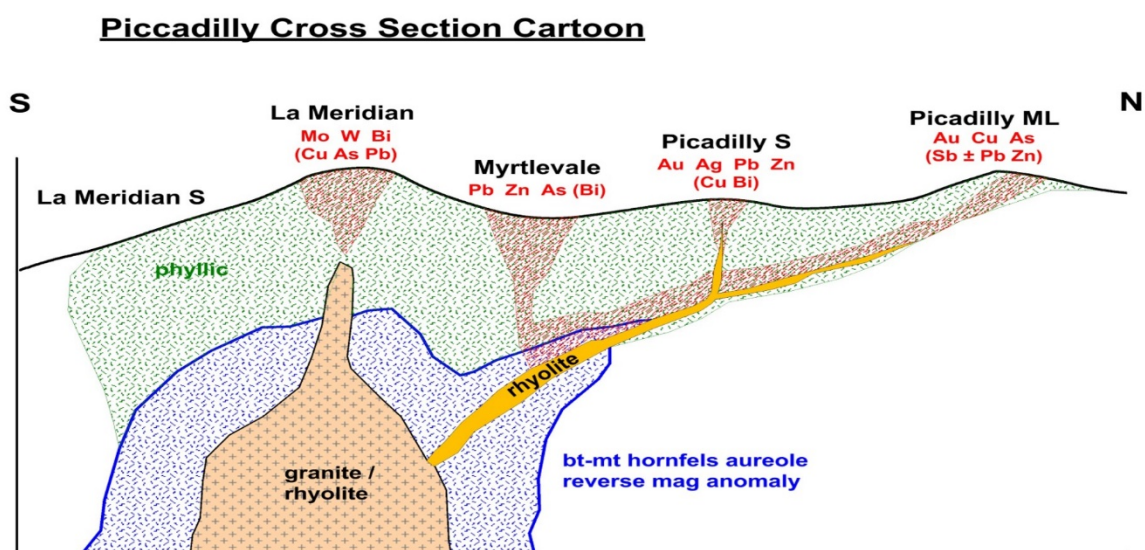
Cannindah Resources Limited has executed an earn-in agreement with Piccadilly Gold Mine Holdings Limited to gain access to 174.35sq/km surrounding the mining lease at Piccadilly. As a result of this agreement, EPMs 16198 and 18322 are now under the operational control of Cannindah Resources Limited. See Fig 1-map.



**Figure 1 Location of EPM's and Piccadilly Mining Lease.**

The EPMs surrounding the mining lease have already had significant exploration work completed on them. Cannindah now has the benefit of reviewing this data, and complimenting it with the data obtained from exploration completed within the mining lease to date. The high-grade quartz vein material from the mining lease was at first thought to be the only significant gold-bearing material. However, recent work completed by Cannindah Resources Limited has found that the mineralised area is in fact much larger than first thought and runs across significant widths (e.g. 8m @ 6.99g/t Au from ASX release 25<sup>th</sup> of August 2017). This discovery prompted further consideration of the existing exploration model that Cannindah Resources' consultants Terra Search and Klondike have developed for the Piccadilly Mining District in which the ultimate source of the gold mineralising fluid is an interpreted intrusive centre located approximately 1.5km to the south of the mining lease. With the agreement now executed, we have secured the right to explore this area to earn 75% of the Project.

Terra Search have been involved in the exploration of the surrounding EPMs from the early stages of the program for Piccadilly Gold Mine Holdings Limited. Dr Gregg Morrison from Klondike Exploration Services has directed his extensive international gold exploration experience to understanding and interpreting the Piccadilly Gold Mining District. Dr Morrison has previously developed mineralisation and zoning models for north Queensland intrusive related gold mines such as Kidston, Mt Leyshon and Mt Wright, which have cumulatively produced over 7 million ounces of gold. Figure 2 is the schematic exploration model that Dr Morrison has interpreted for the Piccadilly Mining District on the basis of existing exploration data. Cannindah Resources' consultants considers that the multi-element, geochemical zoning pattern that occurs over several kilometres at Piccadilly is similar in style and scale to the other major north Queensland intrusive gold systems.



***Figure 2. Schematic Model of Interpreted Intrusive Related mineral system at Piccadilly. Note idealised geological north south cross section, looking west. (after Beams & Morrison, 2015)***

Figure 2 shows the Piccadilly Mining Lease to the north, with suggested mineralisation dipping to the south towards the intrusive related source. It is interesting to note that this figure was created some years ago by Dr Morrison, on behalf of Piccadilly Gold Mine Holdings Limited, and that the recent work completed by Cannindah Resources Limited has confirmed that the high-grade gold in the Mining Lease does indeed dip to the south towards this area.

Given the cross-sectional dimension in Figure 1, the interpreted intrusive related gold system target potentially presents Cannindah with a very large, bulk-tonnage gold target area that is drill ready and kilometres in scale. A number of geological, geochemical and geophysical surveys have been completed across the EPMs surrounding the mining lease:

- Rock Chip sampling
- Soil sampling
- Geological mapping
- PIMA mineralogical determination
- Ground based magnetic geophysical survey
- Induced Polarisation Geophysical survey
- Portable XRF analysis

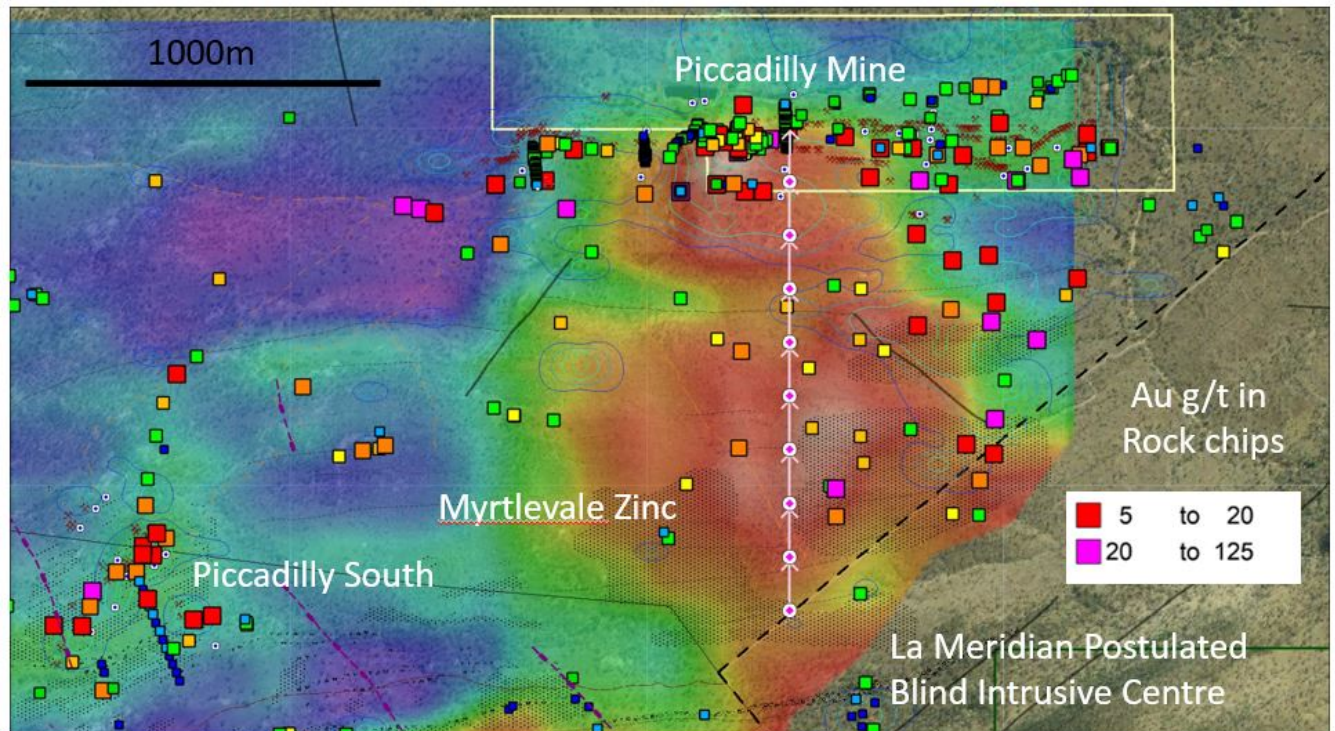
Cannindah Resources Limited has undertaken to review this data in conjunction with work currently being evaluated within the mining lease area to establish a targeted drilling program in the short term. Some 34.8km of IP surveying has been completed, resulting in a clearly defined target zone for the intrusion-centred gold system. Figure 3 is an image of the IP chargeability anomaly modelled at 106m. The image is a predictive model of the intensity of sulphide development that appears concentrated in and south of the ML. The IP anomaly overlaps with an even more extensive area of gold anomalies in both rock chip and soil samples. The line of proposed drill holes shown on Figure 3 commences from the area where Cannindah has confirmed mineralisation within the Mining Lease boundary and steps to the south across the set veins and the south-dipping master structure that is highlighted by the more intense IP anomaly.

Given the high-grade gold material obtained in the recent exploration and announced to the ASX over recent months, Cannindah is very excited to be planning the exploration of this potentially company-making target, a target that has many times been described by consultants as sharing similar geochemical zoning patterns to major north Queensland intrusive related gold systems such as Kidston, Mt Leyshon and Mt Wright.

The focus of the company is to develop a drilling program to confirm the existence of a large-scale, bulk-tonnage target which is currently expressed as being kilometres in scale. Concurrently, the company will continue with some small-scale exploration in the mining lease area, generating some tonnage containing high-grade ore that may be sold to Minjar and thereby generate cash flow. Cannindah Resources Limited will continue to work through the significant amount of existing data sets covering the Piccadilly Mining District to ensure that the upcoming drilling is highly targeted and expands outwards from known mineralisation.

Executive Chairman Mr Tom Pickett stated, "This puts Cannindah in a very different category as far as some other small cap exploration companies are concerned, as we are able to commence drilling from confirmed mineralisation (some of which is very high grade), rather than from an area where mineralisation is thought to exist such as a greenfield paddock area."

We are very focussed on delivering a great outcome for shareholders over the coming weeks and months ahead, as further work occurs in relation to the EPM area along with the ML.



**Figure 3. Image of modelled IP Chargeability at a depth slice of 106m below surface , overlain with surface rock chip colour coded gold values.**

#### **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 the Piccadilly Mining Lease (ML1442) 80 km west of Townsville, 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.*

Reference : Beams S.D & Morrison G.W. (2015) Updated Geology and Metallogeny of Intrusion-Related Mineral Systems in the Charters Towers Region, Northeast Queensland. Geological Survey of Queensland GSQ Abstracts, Digging Deeper, 2015.

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