

QUARTERLY ACTIVITIES REPORT

December 2021

HIGHLIGHTS

Corporate

- Diablo Resources (ASX:DBO) successfully listed on the ASX on 12TH October after raising \$6.5M before costs.

Western Desert Project

- Drilling commenced at the Western Desert Project in Utah, targeting near surface gold-copper-silver mineralisation. A programme of 2,000m of Diamond Drilling (DD) to test geophysical, geochemical and structural targets as well as known mineralisation at four priority areas:
 - **Copper Blossom:** up to **25 g/t Gold and 3.69% Copper**^{1, 2, 15,23,24}
 - **Taco:** up to **2.08% Copper and 20% Lead**²
 - **A6:** targeting a pronounced gravity low and associated magnetic high
 - **A3:** identified from soil sampling and coincident with a N-S structural zone
- Drilling to be the first modern exploration to have been undertaken at Western Desert despite the presence of widespread mineralised outcrop.
- Drilling expected to take 3-4 months to complete.

Devils Canyon Project

- Devils Canyon maiden drill program finalised and permit application submitted to the BLM.

Lone Pine Project

- Lone Pine drone magnetic survey completed with interpretation identifying further targets.
- Archaeological survey commissioned at Lone Pine as part of the drill permitting process.



Following successfully listing on the ASX during the Quarter, **Diablo Resources Ltd (ASX: DBO)** commenced exploration activities at its three USA Projects, located within some of the most prospective gold and base-metal regions globally (Figure 1).

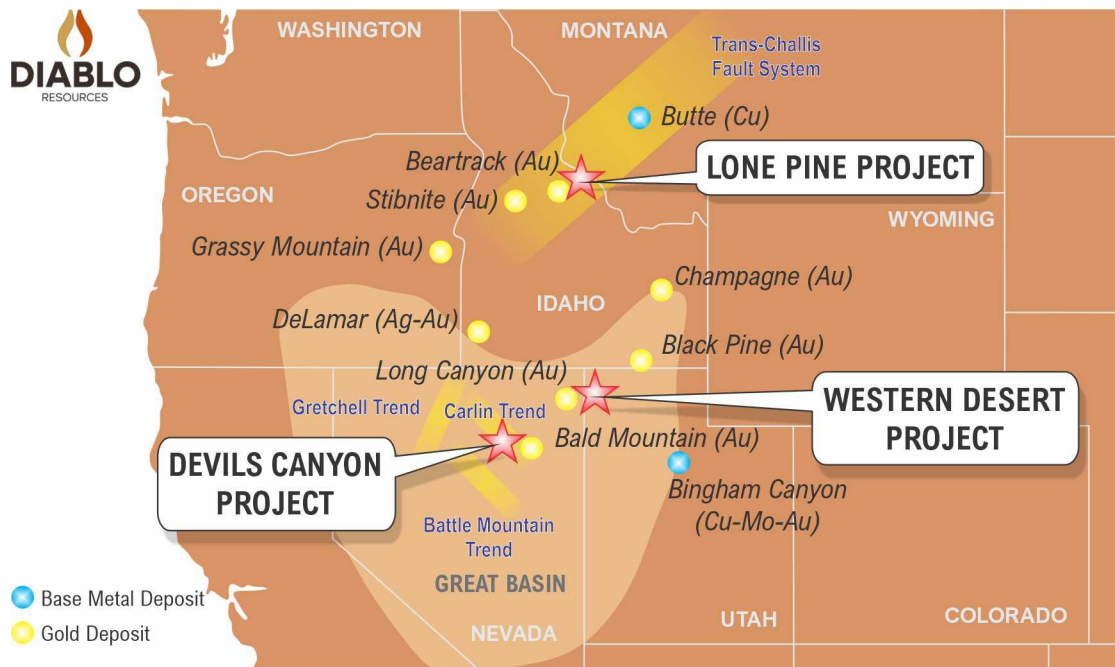


Figure 1 - Project Location Map

WESTERN DESERT PROJECT

Drilling commenced immediately following final approvals from the BLM in December at the Company's 100%-owned Western Desert Project, located in western Utah, USA²³ (Fig. 2). The project is considered prospective for skarn style gold-copper-silver and Carlin-style gold mineralisation in Palaeozoic carbonate and sedimentary rocks.

The Western Desert Project is located within the Basin and Range Province of the Western USA, comprising a series of northerly striking, fault bounded ranges. The project lies within the same sequence of Cambro-Ordovician carbonate and sedimentary rocks that host the Carlin Trend gold deposits some 200 km to the west. Outside of the Carlin Trend, gold deposits hosted in the same geological setting include:

- Long Canyon gold mine (19.8 Mt at 3.5 g/t for 2.3 Moz gold) located 50 km to the west (Barrick, 2020)^{3,18}.
- West Kirkland Mining Inc.'s TUG Deposit (4.85 Mt at 0.84 g/t gold and 40.4 g/t silver of Indicated Resources and 4.39 Mt at 0.79 g/t gold and 30.3 g/t silver of Inferred Resources) located 40 km to the north (West Kirkland Mining Inc., 2012).^{5,18}





Figure 2 - Diablo Resources, Location of Western Desert Copper-Gold Project with significant regional mines and deposits ^{3, 4, 5, 6, 18}.

Exploration to date has identified 11 geological and structural targets (A1-A11) with the 2,000 metre drill program initially targeting Copper Blossom, Taco, A6 and A3 priority target areas as follows (Fig. 3):

Copper Blossom Prospect

Planned drilling at Copper Blossom is targeting outcropping, stacked, Au-Ag-Cu skarn-style mineralisation over +350m with recent rock/grab sampling returning peak results of 25 g/t Au, 77g/t Ag and 3.69% Cu^{1,2} in altered carbonates and sediments, lying on the southern limb of an easterly trending anticline parallel to and just north of an intrusive contact.

The association of copper mineralisation with the gold and silver points to the presence of a nearby intrusive that post-dates the large intrusive to the south. Mapping has identified later crosscutting felsic dykes potentially emanating from this postulated intrusive. Drilling will test the stacked mineralisation and for potential deeper repetitions in the host Peoquop limestone.



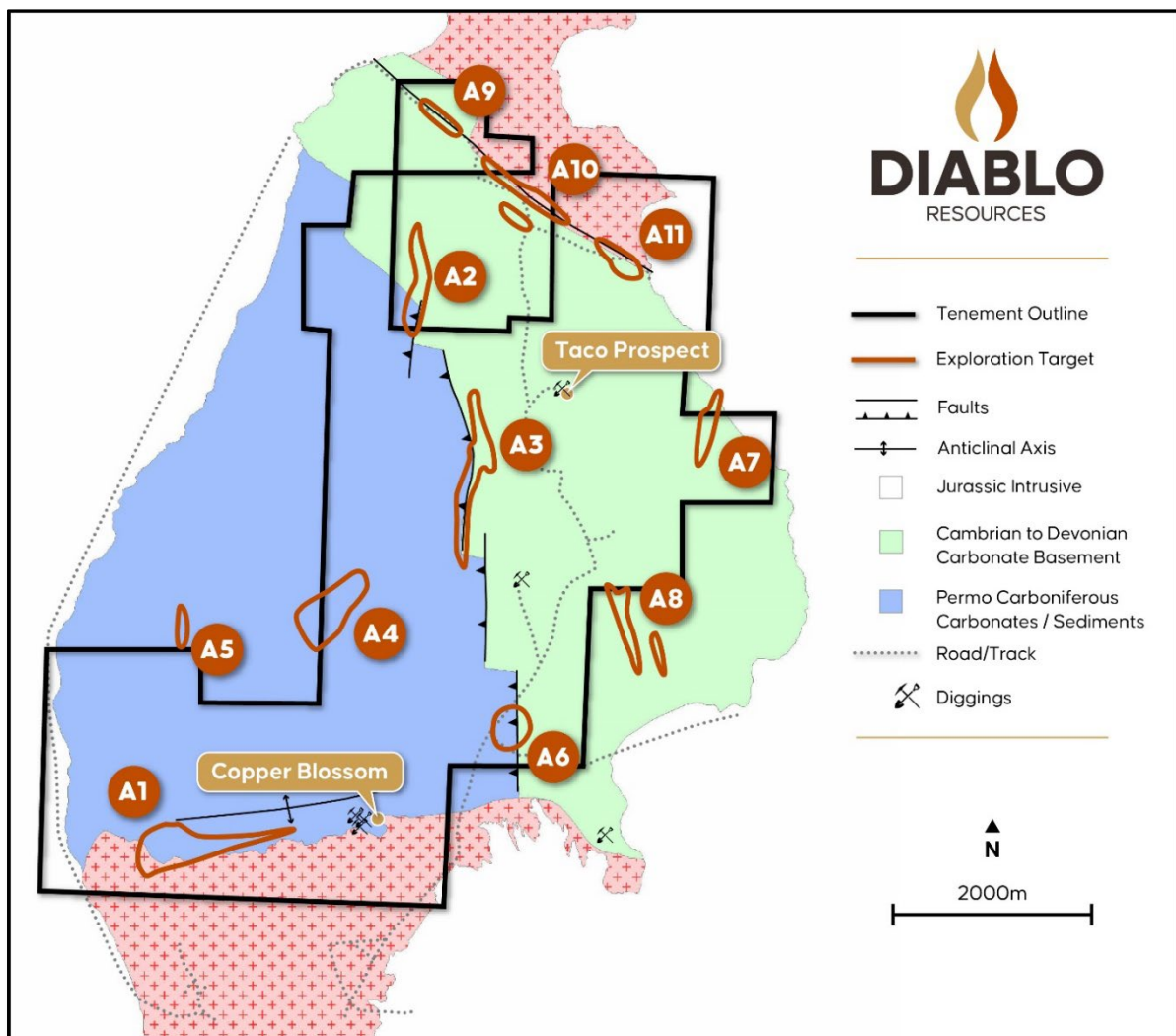


Figure 3 - Western Desert Project- Geology and Prospect Location Map

Taco Prospect

Defined as a combined magnetic-gravity anomaly coincident with an 800m long, northerly trending, Cu/Pb geochemical anomaly encompassing the old workings. Peak results from rock/grab samples to 2.08% Cu, 1,495 g/t Ag and 20% Pb² are associated with breccia/alteration zones in northerly striking carbonate rocks. Drilling aims to initially test the source of the combined anomalism beneath the old workings.

A6 Prospect

The target was identified from satellite imagery as an area of dark and light-toned superficial soils in the broad southern area of alluvial outwash coincident with a pronounced gravity low and associated magnetic high. The target is on-trend to the south of the main N-S faults and geochemical anomalism associated with Target A3.

Extensive alluvial outwash masks all outcrop, and it is interpreted that this gravity feature may represent a buried intrusive, with the associated magnetic features being attributed to possible



skarn-style alteration as a carapace to the intrusive. Drilling is targeting the pronounced gravity low and associated magnetic high.

A3 Prospect

The dominant structural grain across in the A3 target area is north-south resulting from compressive faults (thrust and reverse) identified over a strike length of some 1,500m. In part, these faults are marked by light or dark-toned zones which may represent alteration within these north-south trends in the younger post-Carboniferous overthrust sediments. Stream sediment sampling completed in 2020 outlined anomalous drainage areas (Au, Ag, Cu, As and Pb)² coincident with the thrust zone, with drilling planned to test this target.

LONE PINE GOLD PROJECT

The Lone Pine Project is highly prospective for gold mineralisation and comprises two Patented Mining Claims and a further 268 mineral claims covering an area of approximately 21.85 km².

The project contains precious metal occurrences spatially related to the Eocene age Trans-Challis Fault System, a major zone of rifting and crustal extension. The mineralised quartz-filled structure/shear hosting the Lone Pine vein zone is associated with a steeply dipping, northeast striking contact between granitoid and sediments^{8, 18}.

An airborne drone magnetic survey totalling 196 line/km was flown using a Matrice 600 Pro hexacopter with lines on EW traverses at an average flight height of 75m (Fig. 4).

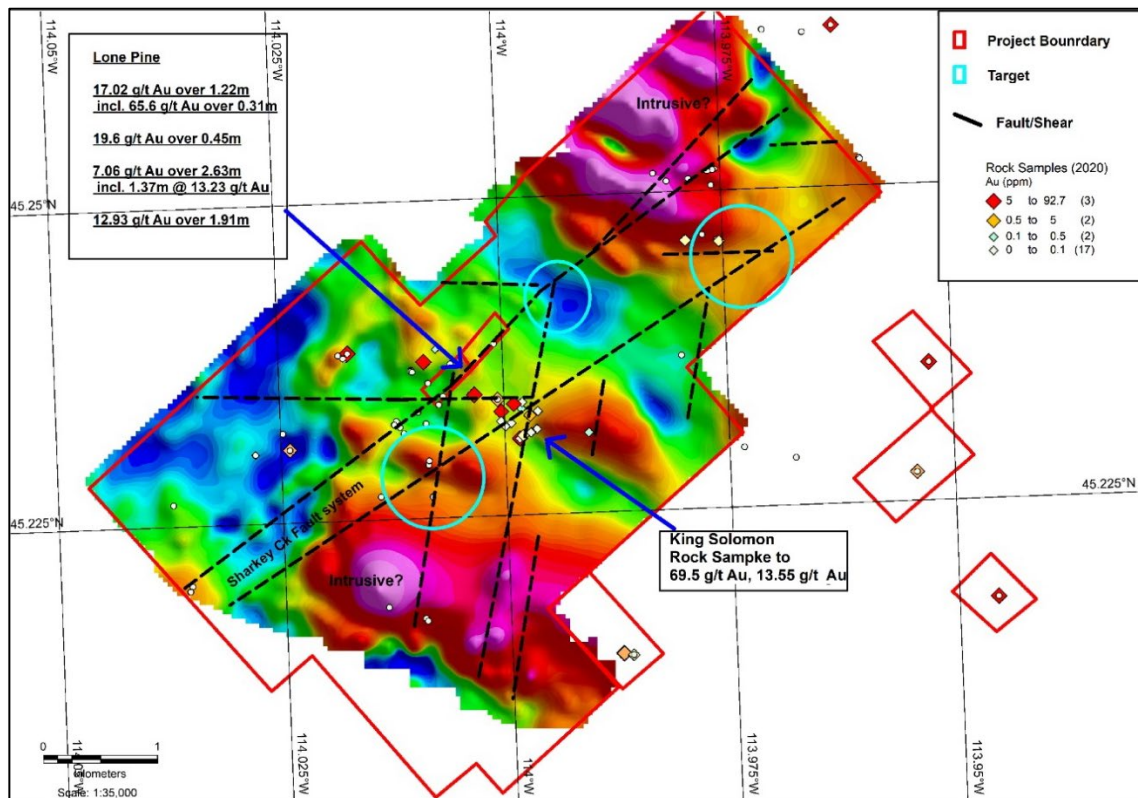


Figure 4 - Lone Pine Gold Project- Location of airborne magnetic survey and previous drilling 15,16 and rock sampling results¹⁷.



The survey outlined several target areas and follow-up exploration is planned, including initial surface geochemical soil sampling. These include:

- Three priority NW and NE structures structural intersections occupying a similar structural setting to the mineralisation observed at King Solomon.
- Interpreted later intrusives displaying a positive magnetic signature, potentially related to the gold mineralisation throughout the area.

Diablo commissioned an independent, Idaho-registered archaeological consultant to complete a survey of the planned drill and access sites at both Lone Pine and King Solomon mineralised zones as part of the permitting process.

DEVILS CANYON GOLD-COPPER PROJECT

The Devil's Canyon Project is prospective for gold and copper and is located approximately 50 km north of Eureka and 100 km south of Elko, Nevada, USA. The project consists of 90 mineral claims covering 6.56 km² within the Carlin Trend in Nevada which has produced in excess of 195 million ounces of gold.

The project is 20 km west of Kinross Gold Corporation's Bald Mountain Gold Mine and 40 km north of Barrick Gold Corporation's Ruby Hill Gold Mine¹⁸. A maiden drill program at the Project has been planned and submitted to the BLM for review and approval.

Drilling is planned on a number of targets where high grade rock sampling results are coincident with positive magnetic features, interpreted as skarn-style Cu-Au mineralisation. These include⁷⁻¹⁰:

Ridgeline

- Gold ranging 1.12g/t - 191.5 g/t
- Silver ranging 22.1g/t – 524 g/t
- Copper ranging 0.54% - 10.25% corresponding to Target T1

Eastside

- Gold ranging 0.9g/t - 7.15 g/t
- Silver ranging 32.6g/t – 174 g/t
- Copper ranging 1.32% - 6.14% parallel to Target T3

Switchback

- Copper ranging **0.22% - 4.41%**
- Silver ranging **0.6 g/t - 63.6 g/t** on southern contact of magnetic high

Southside

- Copper ranging **0.40% - 7.74%**
- Silver ranging **0.60 g/t - 30.1 g/t** correlating with **Targets T5 & T6**



FINANCIAL POSITION

The Company has \$5.44m in cash at the end of the Quarter.

A summary of the expenditure incurred on exploration activities, payments to related parties and tenements held are set out in the annexure to the Appendix 5B. No development or production activities were undertaken during the Quarter.

A comparison of the use of funds as set out in the Prospectus and the actual use of funds is set out in the annexure to this announcement.

For further information please refer to the Appendix 5B.

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Authorised by the Board of Directors of Diablo Resources Limited.

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Competent Persons Statement

The information in this announcement that relates to the Western Desert Gold-Copper Project is based on, information compiled by Gregory L Smith who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr. Smith is a Director of the Company and holds shares in the Company. Mr. Smith consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.



Future Performance

This announcement may contain certain forward-looking statements and opinion. Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties, assumptions, contingencies and other important factors, many of which are outside the control of the Company and which are subject to change without notice and could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such statements. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Nothing contained in this announcement, nor any information made available to you is, or and shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Diablo.

About Diablo Resources Limited

Diablo is an Australian registered, USA-focused metals exploration and development company. The mineral assets of Diablo and its 100% owned subsidiaries comprise the Devil's Canyon Au-Cu-Ag Project located in Nevada, the Western Desert Project Au-Cu-Ag located in Utah and the Lone Pine Gold Project located in Idaho, all within the USA



– Diablo Resources, United States of America (USA) project portfolio, located in the mining friendly states of Utah, Nevada and Idaho.



All three project areas have mineralisation at surface that require further exploration. Some prospect areas within the project areas appear to have only been lightly drilled or never been drill tested and present as priority targets.

The Company recently listed on the ASX and is well funded to progress its project portfolio through systematic and focussed exploration. The Company has an in-country management team with expertise in all aspects of exploration activities in the Western USA.

Previous ASX Announcements

Western Desert

1. ASX Announcement 16/03/2020, Acquisition of Western Desert Gold - Copper Project, Utah, USA, Hawkstone Mining Ltd
2. ASX Announcement 03/07/2021 –Hawkstone Mining Ltd 950% increase in Western Desert Copper-Gold Project.
3. Barrick Gold Corporation, 2020. Annual Report 2020. www.barrick.com
4. New Placer Dome, 2021. Kingsley Mountain Project. www.newplacerdome.com
5. West Kirkland Mining Inc, 2012. West Kirkland Files TUG Resource Estimate on SEDAR. 16 July 2012
6. Rio Tinto, 2021. Increase in Mineral Resource at Kennecott Copper operation following mine life extension studies. ASX Announcement, 17 February 2021.
23. ASX Announcement 09/12/21- Diablo Resources Ltd- Drilling commences at Western Desert Project

Devils Canyon

7. ASX Announcement 7/10/2020, Acquisition of Carlin Trend Gold Project, Hawkstone Mining Ltd
8. ASX Announcement 23/10/2020, Hawkstone Mining Ltd. Target A1 Identified Over 92.2 g/t Gold Rock Chip Sample at Devil's Canyon Gold Project
9. ASX Announcement 2/12/2020, Hawkstone Mining Ltd. High Grade Gold and Copper Results at Devil's Canyon Gold Project, Nevada
10. ASX Announcement 1/02/2021, Hawkstone Mining Ltd. Devil's Canyon Gold Project High Grade Assays to 191.5 g/t Gold

Lone Pine

11. ASX Announcement 3/02/2020, Hawkstone Mining Ltd. Acquisition of Historical High Grade Lone Pine Project
12. ASX Announcement 18/6/2020. Hawkstone Mining Ltd .Maiden Drill Programme to Commence at Lone Pine Gold Project.
13. ASX Announcement. Hawkstone Mining Ltd.1/7/ 2020. Acquisition of King Solomon Mine Adjacent to Lone Pine Gold Project.
14. ASX Announcement . Hawkstone Mining Ltd. 13/7/ 2020. Lone Pine Project Exploration Update.
15. ASX Announcement. Hawkstone Mining Ltd. 6/8/2020. HWK Mobilised Larger Additional Rig to Lone Pine.
16. ASX Announcement. Hawkstone Mining Ltd. 27/08/ 2020. Completion of King Solomon Acquisition and Exploration Update.
17. Revival Gold Presentation Oct 5, 2020 (revival-gold.com)
18. ASX Announcement 25/11/2020, Hawkstone Mining Ltd Final Drill Results Confirm, Lone Pine High Grade Potential
19. ASX Announcement. Hawkstone Mining Ltd. 15/09/ 2020. Initial Drilling Confirms High Grade Mineralisation at the Lone Pine Gold Project.
20. ASX Announcement 9/12/2020, Hawkstone Mining Ltd High Grade Rock Chip samples up to 24.7 g/t Au Identify Further Mineralised Zones

General

21. Diablo Resources Prospectus, <https://diabloresources.com.au/>
 ASX Announcement 23/11/21- Diablo Resources Ltd- Exploration Update



ANNEXURE

A comparison of the proposed use of funds set out in the prospectus against the actual use of funds to date is set out below:

Description	Prospectus disclosure (Year 1)	Pro-rata (from date of IPO to current)	Actual Expenditure	Commentary
Exploration – Devil’s Canyon Project	695,000	173,750	21,753	A.
Exploration – Western Desert Project	720,000	180,000	267,461	A.
Exploration – Lone Pine Project	535,000	133,750	-	A.
Administration Costs	270,450	67,613	98,837	
Expenses of the Offer	559,100	-	594,508	
Total	2,779,550	555,113	982,559	

Commentary:

- A. Actual exploration expenditure will vary due to timing of the exploration programs on the various projects which is dependent on weather, access and availability of suppliers.

