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Evidence of Large Magmatic Hydrothermal System Potential Molybdenum - Silver Mineralisation Highway Project, South Australia ASX Release – 20 February 2023

- **Field evidence supports interpretations that Highway Project is prospective within regional-scale ore-forming tectonics of Meso-Proterozoic age, exemplified by the world-class Olympic Dam Iron-Oxide Copper Gold (IOCG) deposit.**
- **Porphyry-style hydrothermal textures and alteration found at Merino Prospect.**
- **Portable XRF indicates presence of Molybdenum and Silver in quartz veins hosted in brecciated and silicified host rocks.**
- **Induced Polarisation geophysics survey has commenced, to be followed by gravity survey.**
- **In 2023 the price of Molybdenum has surged 94% to USD 90 / kg with ongoing supply shortages predicted.**

Taiton Resources Limited (“T88” or “the company”) is pleased to provide an update on its activities at the Highway Project straddling the Stuart Highway, within the Gawler Craton of South Australia.



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Geological Mapping

Geological mapping commenced following recent receipt of the Aboriginal Cultural Heritage clearance report. Field observations and airborne potassium radiometric data have delineated a 6 km arc of hydrothermally altered meta-sediments (quartzite).

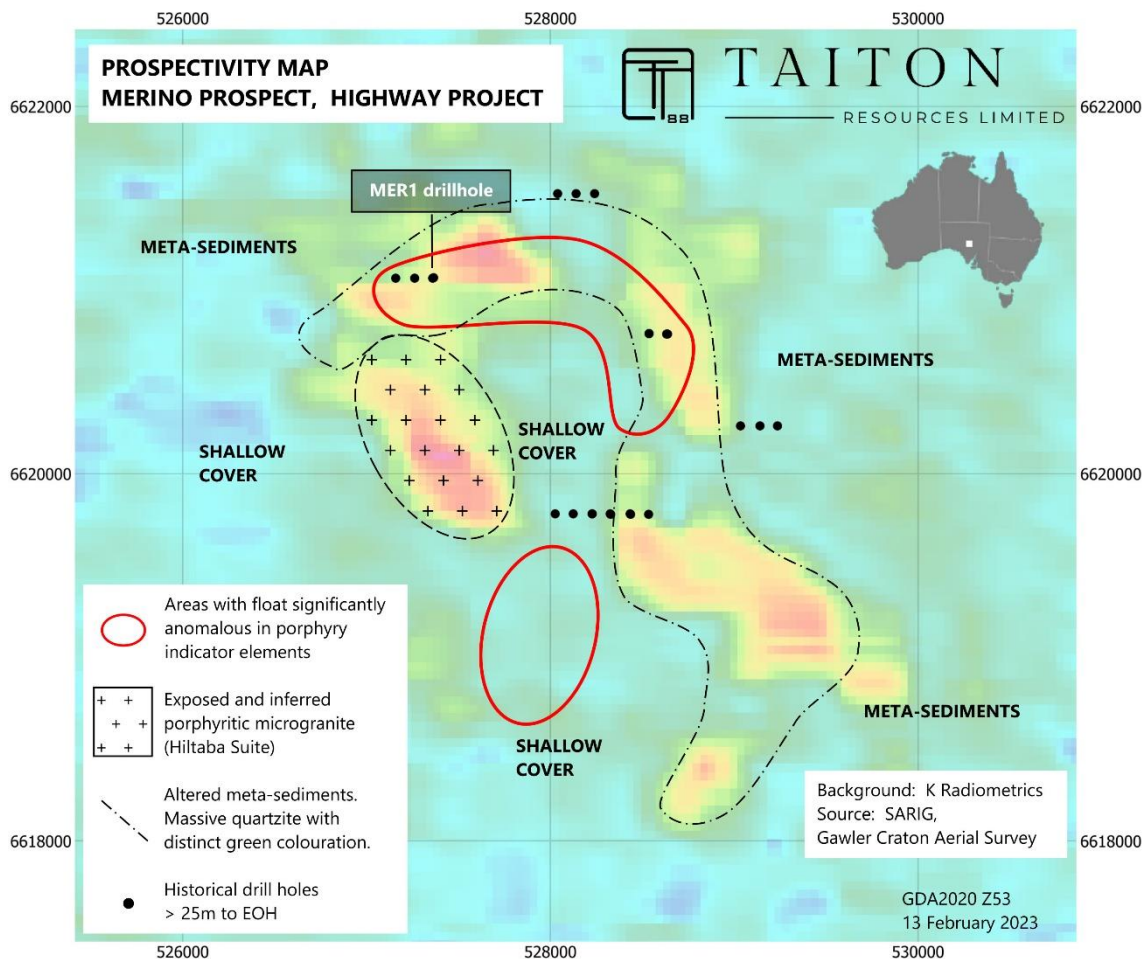


Figure 1: Prospectivity map showing anomalous areas in red for porphyry indicator elements including molybdenum and silver at Merino Prospect and their relationship to a partly exposed microgranite and altered quartzite wall rocks.



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Widespread altered quartzite is distinct due to ubiquitous green hues in outcrop and float, interpreted to be related to hydrothermal alteration minerals - chlorite and epidote.

Within the arc of altered quartzite, an upper-crustal felsic intrusion (microgranite) is partly exposed at surface. The microgranite is inferred to be a member of the Hiltaba Suite, of the same age as the Roxby Downs Granite at Olympic Dam (refer Figure 1).

During mapping, veined and brecciated rocks (Figure 2) were discovered in the vicinity of drillhole MER1, which was drilled in 1996 (MIMEX Technical Report 2729; source SARIG). Textures in the sub-cropping rocks are considered analogous to the stockwork of quartz veins produced around the upper levels of mineralised porphyry plutons.

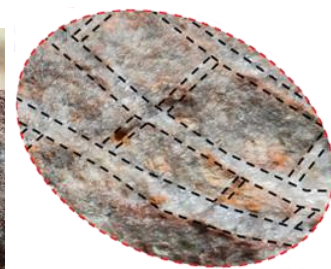


Figure 2: Offset and crosscutting quartz veins indicate development through multiple pulses and support field observations for a large hydrothermal-magmatic porphyry style event at Merino Prospect.



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At prospect scale, the microgranite is interpreted to have intruded into the upper crust, which provided conditions for fractionation of magma and boiling of volatiles at the contact with meta-sediments including quartzite. The quartzite acted as a seal, until it ultimately fractured under hydraulic pressure. Subsequently erosion has partially exposed the microgranite and surrounding quartzite wall rocks to the present-day surface.

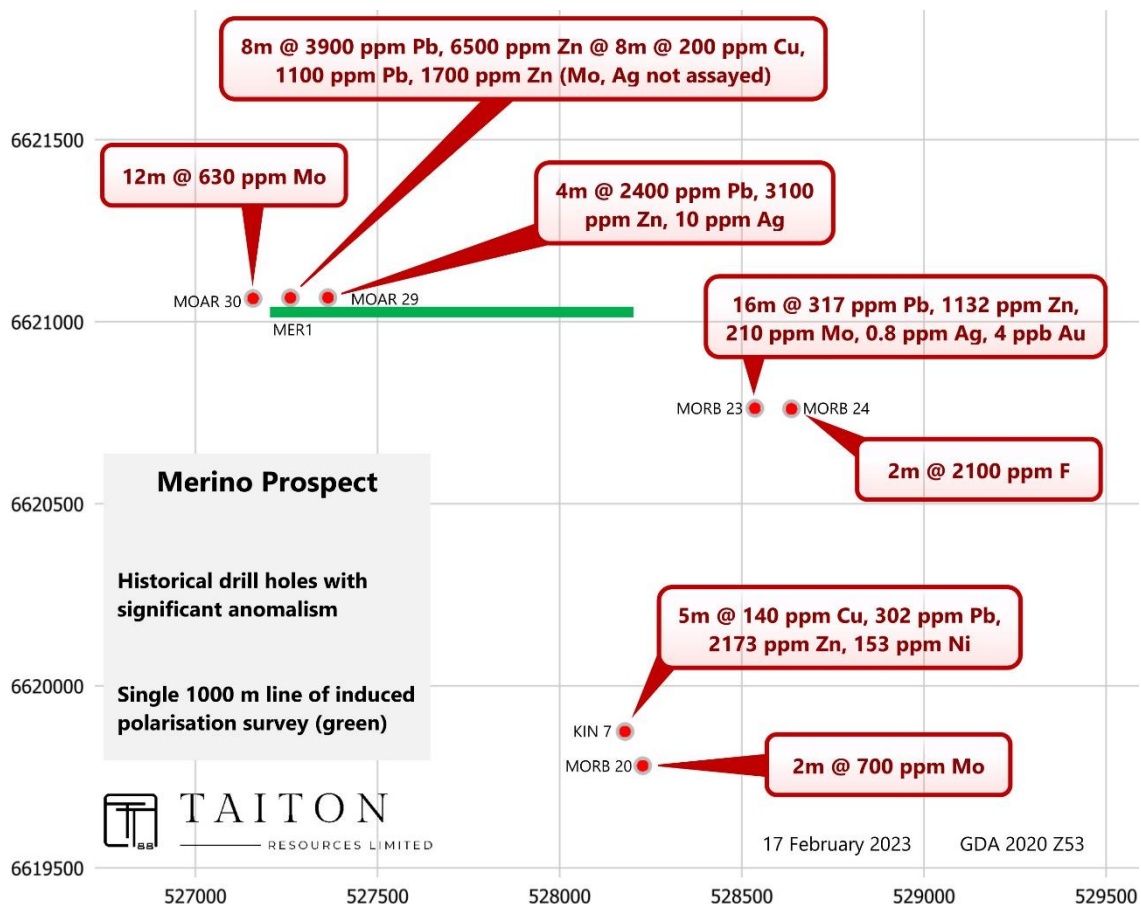


Figure 3: The Merino Prospect showing significant historical drilling results. The historical induced polarisation survey line is indicated in green. Refer to Figure 1 to compare the current findings from mapping and sampling work. Historical drill collar summary is provided in Appendix 2.



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Previous workers surveyed a single 1 km long line of induced polarisation at Merino Prospect (Figure 3) and tested a chargeability anomaly with drill hole MER1 to a depth of 91m. Assays returned 8m @ 0.39% Pb, 0.65% Zn from 34m, and 8m @ 0.11% Pb, 0.17% Zn and 0.02% Cu from 78m. Molybdenum and silver were not assayed. The chargeability anomaly was explained by the presence of pyrite veins in the drill core. There has been no exploration at Merino Prospect since the drilling of MER1 up until the commencement of Taiton's field program.

Testing of rocks with portable XRF (Figures 4 and 5) during the current mapping program finds that veined and brecciated samples (Figures 6, and 7) dug from the surface (Figure 8) near drill hole MER1 identified the presence of Mo, Ag, Pb and Zn. Samples are currently being assayed with results expected in approximately 4 weeks. Samples were collected along a 50m line at locations described in Appendix 1.



Figure 4 and 5: Portable XRF was utilised to assess individual rock samples and map areas of enhanced prospectivity for follow-up geophysics surveys.



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Figure 6 and 7: Samples dug from near MER1 and collected for laboratory analysis. The intense silicification of the samples has aided to preserve the rocks at the surface.



Figure 8: Digging to recover surface samples in the vicinity of historical drill hole MER1.



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Validation of the potential for Highway Project to host porphyry and Iron Oxide Copper Gold (IOCG) mineralising systems.

Prior to commencing field activities, zircons were sampled from drill core stored at the South Australian Drill Core Library, which was previously drilled at locations now within Taiton's tenements. **Geochemical and geochronological analyses of zircons suggest that much of the Highway Project area was tectonically active at the same time as the formation of significant mineral deposits including BHP's Olympic Dam and Oak Dam West, and Oz Mineral Limited's Carrapateena and Prominent Hill.**

The interpretation from the zircon work is that the Highway Project area preserves evidence for extension in an intra-continental back-arc setting. The findings from the field mapping, including porphyry style textures and anomalous Mo and Ag conform to this interpretation.

Porphyry targets have been overlooked in the Gawler Craton when compared to exploration of IOCG deposits. This is partly due to the nature and extent of cover above host basement in the established Olympic Belt and limitations in the geophysical tools used to detect porphyry style mineralisation. However, much of Highway Project has shallow cover (Figure 9) and is amenable to exploration strategies for both porphyry style and IOCG targets.



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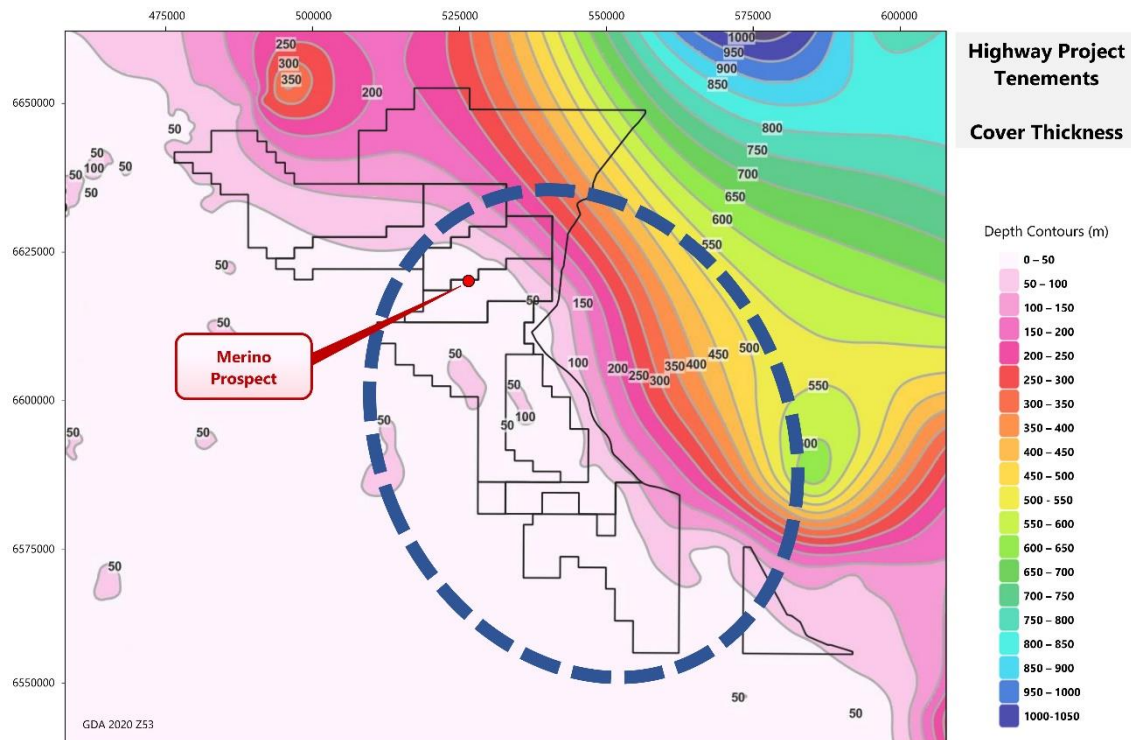


Figure 9: Depth to Meso-Proterozoic basement contours highlighting shallow cover in most of the Highway Project. The blue dashed line is an area recently identified by CSIRO's assessment of S.A. hydrogeochemical data which indicates anomalous Olympic Dam group (IOCG compatible) elements.

Source:

Government of South Australia, Department for Energy and Mining. Geoscience Data Package, 00003.

Nathan Reid, David J. Gray, Tania Wilson, Anthony Reid, Anna Petts, Patrice de Caritat and Robert Thorne. Hydrogeochemical Atlas of South Australia CSIRO EP 183670. Geological Survey of South Australia. Report Book 2018/00013. December 2018



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Geophysics survey has commenced at Highway Project.



Figure 10. GRS geophysics crew have arrived on site to conduct an induced polarisation and magnetotelluric survey at Merino and Angus Prospects.

An Induced Polarisation (IP) and magnetotelluric (MT) survey has commenced (Figure 10). The aim is to systematically assess areas of Merino Prospect which are prioritised by surface mapping and modelling, much of which is under cover and remains unexplored.

The IP survey will also include Angus Prospect located 5 km to the south-west of Merino Prospect. (Figure 11).

Angus is a blind target beneath shallow cover which has been delineated from airborne data (Gawler Craton Airborne Survey). Angus is characterised by a subtle magnetic “donut” of ~500m diameter situated near the interpreted contact of an intrusive rock and meta-sedimentary wall rocks, analogous to the observed geology at Merino Prospect.



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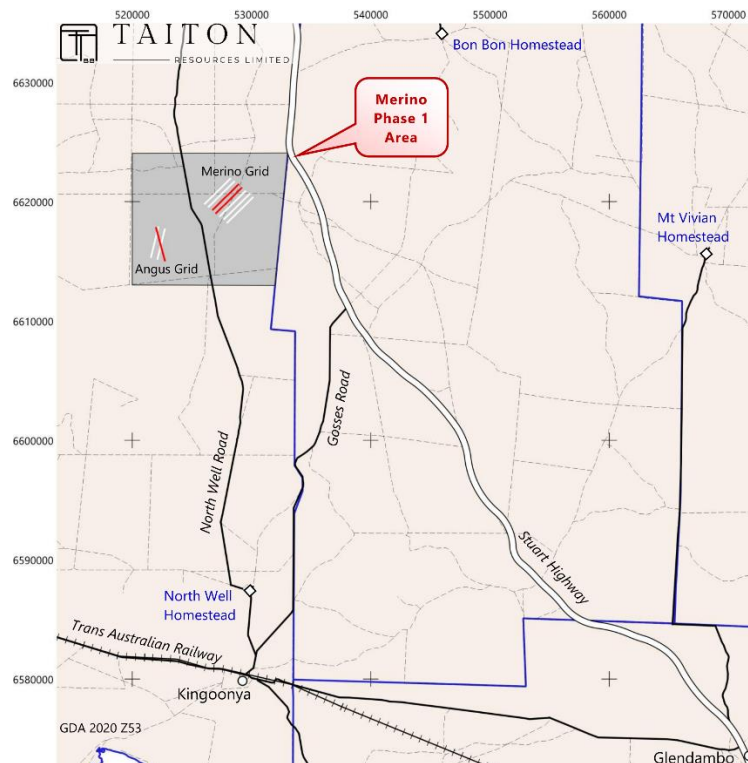


Figure 11. Location of the Induced Polarisation and Magnetotelluric survey at Merino and Angus Prospects.

The purpose of the IP is to delineate sulphide minerals, in particular pyrite, which may occur as an accessory to the target mineralisation or a halo around a porphyry core.

The geophysics survey is anticipated to take 2 to 3 weeks. Taiton will update investors after the results have been interpreted by the company and the consultant geophysicist.



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Molybdenum Price

In recent months, the price of molybdenum has increased significantly. The price has passed the previous high of just over USD \$80/kg in 2008 (Figure 10). In 2004, molybdenum was trading at a high of just over USD \$90/kg. (<https://cdmr.ch/molybdenum/?lang=en>).



source: tradingeconomics.com

Figure 10. Molybdenum price has spiked 94% to USD 90 / kg since the beginning of 2023. Currently this is ten times the price of copper. Analysts expect molybdenum supply shortages and price support to continue into 2025.
Source: Trading Economics



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Managing Director Noel Ong commented:

"Today's release is the confirmation of the company's belief that we are in a new mineral system. A known mineralised system that has hallmarks of the Olympic Domain. The new findings have given the company the confidence that the theories are now coming into reality.

Our Exploration Manager, David McSkimming has been working hard to get our exploration program on track. The mapping and sampling have confirmed that we are in a fertile porphyritic environment which are showing early signs of Molybdenum and Silver mineralisation.

The current findings are consistent with the historical drill results, and we are excited to refine our target for our maiden drilling program."

This announcement has been approved for release by the Board.

For further information please contact

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COMPETENT PERSON STATEMENT

The information in this report that relates to exploration results and geological data for the Highway Project is based on information generated and compiled by David McSkimming, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM).

David McSkimming has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

David McSkimming is the Director of OreShoot Geosciences under contract to Taiton Resources and is an indirect shareholder through the entity of McSkimming Geophysics. David McSkimming has consented to the inclusion of this information in the form and context in which it appears in this report.



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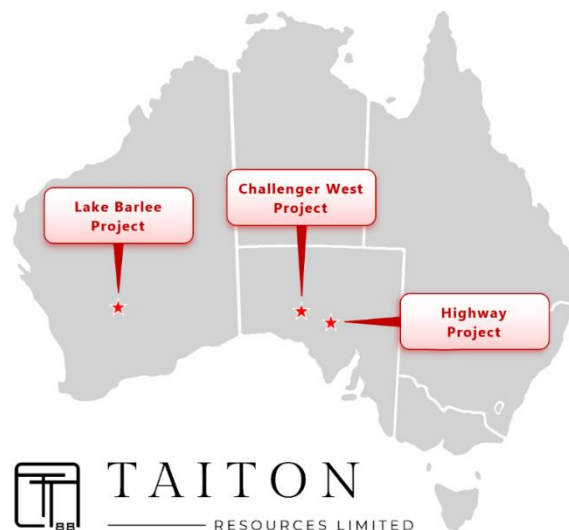
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About Taiton Resources Limited

Taiton Resources Limited (ASX: T88) is an early-stage mineral exploration and development company with a portfolio of projects across South Australia and Western Australia, comprising the following:

- (a) **Highway Project** – total land holding of 2,980 sq km, located in South Australia,
- (b) **Lake Barlee Project** – total land holding of 668.7 sq km, located in Western Australia; and
- (c) **Challenger West Project** – total land holding of 997 sq km, located in South Australia.



Taiton Resources Limited (ASX: T88) project locations.

The company's initial focus is at Highway Project where magmatic-hydrothermal mineralisation has been identified at shallow depth, and is interpreted to have formed at the same time as the world-class Olympic Dam deposit.



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Appendix 1

Sample Locations

Sample Name	Easting	Northing	Grid	Zone
MER1_01_1	527371	6621069	GDA 2020	53
MER1_01_2	527371	6621069	GDA 2020	53
MER1_02_1	527378	6621080	GDA 2020	53
MER1_02_2	527378	6621080	GDA 2020	53
MER1_02_3	527378	6621080	GDA 2020	53
MER1_03_1	527376	6621076	GDA 2020	53
MER1_04_1	527362	6621044	GDA 2020	53
MER1_05_1	527354	6621036	GDA 2020	53

Appendix 2

Summary of Historical JV Partner Drilling at Merino Prospect

Year	JV Partner Operator	Drill hole names	Drill type	No. Holes Drilled	Total Drilled (m)
1993	Dominion	MORB 1 -24	RAB	25	768
1995	Dominion	MOAR 25 - 30	RAB	6	259
1996	MIMEX	MER 1	RAB	1	91

Drillholes

Hole Name	Easting GDA 94	Northing GDA 94	Elevation (metres)	Azimuth	Dip	EOH (metres)
MORB 1	528025	6619779	159.5	0	-90	29
MORB 2	528125	6619779	161.0	0	-90	34
MORB 3	528227	6619779	164.0	0	-90	33
MORB 4	528326	6619779	167.2	0	-90	36
MORB 5	528435	6619779	174.1	0	-90	29
MORB 6	528535	6619779	182.5	0	-90	49



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Hole Name	Easting GDA 94	Northing GDA 94	Elevation (metres)	Azimuth h	Dip	EOH (metres)
MORB 7	528537	6620758	168.1	0	-90	26
MORB 8	528633	6620758	172.1	0	-90	34
MORB 9	528735	6620758	173.4	0	-90	12
MORB 10	528839	6620758	172.6	0	-90	12
MORB 11	529033	6620258	174.3	0	-90	30
MORB 12	529141	6620258	176.0	0	-90	28
MORB 13	529234	6620258	176.7	0	-90	25
MORB 14	529338	6620258	176.7	0	-90	14
MORB 15	528526	6619284	165.7	0	-90	4
MORB 16	528627	6619284	168.2	0	-90	4
MORB 17	528725	6619284	170.2	0	-90	2
MORB 18	528824	6619284	173.0	0	-90	3
MORB 19	528928	6619278	173.5	0	-90	2
MORB 20	528227	6619778	164.0	270	-60	70
MORB 21	528326	6619778	167.2	270	-60	69
MORB 22	528434	6619778	174.1	270	-60	70
MORB 23	528535	6620763	168.1	270	-60	75
MORB 24	528636	6620763	172.1	270	-60	78
MOAR 25	527359	6621063	162.7	0	-90	40
MOAR 26	528240	6621523	166.8	0	-90	49
MOAR 27	528140	6621523	166.7	0	-90	49
MOAR 28	528040	6621523	167.2	0	-90	41
MOAR 29	527260	6621063	163.2	0	-90	49
MOAR 30	527158	6621063	164.8	0	-90	31
MER 1	527363	6621065	162.7	0	-90	91

Appendix 3

JORC Code, 2012 Edition – Table 1

Merino Prospect.

Dominion Mining and Resolute entered into a 50/50 JV which included historical tenement EL 1792 and the area of the Merino Prospect. The JV was operated by Dominion from 1993 – 1995. In 1995 the JV attained an additional partner in MIMEX, by way of a farm-in agreement. From the end of 1995, MIMEX became the operators. The operators of the programs that explored Merino Prospect with drilling in 3 phases between 1993 to 1996 are described herein as the JV Partners.

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>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.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>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.</i>	- The drilling samples from Merino Prospect described in the Annual Reports submitted by the JV partners to the South Australian Department of Primary Industries and Resources, consisted of chips from RAB drilling conducted over 3 phases between 1993 and 1996. - There are no specific records on sample representivity for the RAB drill programs at Merino Prospect in the JV Partner Annual Reports. All the samples from all of the programs have since been discarded or lost by the JV Partners. - The JV Partner Annual Reports indicate that Analabs in Adelaide assayed all the samples for all the phases of drilling at Merino Prospect. Assayed intervals reported during the phase 1 1993 drilling are over 4 metre sample composites; for the phase 2 1995 drilling the assay reporting intervals are over 6 metre sample composites; for the phase 3 1996 drilling the assay reporting intervals are over 2 metres sample composites. - Gold determination was by Fire Assay with AAS finish on a 30g charge by aqua regia digest with carbon rod finish (Analabs method GG334). All other metal determination was by three acid digest AAS (Analabs method GA115). - Surface rocks collected by Taiton for the purpose of assay and depicted in this report were recovered by shallow digging along a 50m line near historical JV Partner drill hole MER1. Samples from surface rocks have been dispatched to Bureau Veritas in Adelaide for 60 element ICP-MS assay. Results are pending.

Criteria	JORC Code explanation	Commentary
<i>Drilling techniques</i>	• <i>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).</i>	• Drilling by JV Partners at Merino Prospect consisted of: Phase 1 - 25 rotary air blast holes drilled in 1993, Phase 2 - 6 rotary air blast holes drilled in 1995, and Phase 3 - 1 rotary air blast hole drilled in 1996. Core was not oriented
<i>Drill sample recovery</i>	• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>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.</i>	• The JV Partner Annual Reports do not include quantification of sample recoveries. • The JV Partner Annual Reports do not discuss measures to maximise sample recoveries. • There is insufficient information in the JV Partner Annual Reports to determine if a relationship exists between sample recovery and grade, or, if there is any bias in grade related to recovered or lost grain sizes.
<i>Logging</i>	• <i>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.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i>	• No geotechnical logging was possible from RAB cuttings. The geological logs in the JV Partner Annual Reports are not sufficient for Mineral Resource Estimation, mining studies and metallurgical studies. • Logged attributes in the JV Partner Annual Reports are descriptive and include lithology, weathering (oxidation), mineralisation, alteration, veining, and structure. • The total length of drilling over 3 Phases by the JV Partners was 1118 metres. The drilled intersections were logged in their entirety from surface to EOH.
<i>Sub-sampling techniques and sample preparation</i>	• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <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> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	• The JV Partner Annual Reports do not report issues of sample collection or preparation. • The JV Partner Annual Reports do not report issues regarding quality control. • There is insufficient detail in the JV Partner Annual Reports to assess the sampling quality control procedures. • The JV Partner Annual Reports lack details on measures taken to ensure that the sampling is representative. • There is insufficient evidence in the JV Partner Annual Reports to assess whether sample sizes are appropriate to the grain size of the material being sampled.
<i>Quality of assay data</i>	• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered</i>	• The JV Partner Annual Reports indicate all samples from the JV drilling at Merino Prospect were analysed at Analabs in Adelaide.

Criteria	JORC Code explanation	Commentary
and laboratory tests	<i>partial or total.</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. - 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.	Analabs assayed for gold using GG334 method and for all other metals the GA115 method was utilised. - Drill logs in the JV Partner Annual Reports indicate magnetic susceptibility measurements were made for the recovered chips over the composite sample intervals sent for assay. There is no information regarding the instrument make and model or any other parameters used in determining magnetic susceptibility - The JV Partner Annual Reports do not describe standards, blanks or laboratory checks for samples collected during the Merino Prospect drilling program.
Verification of sampling and assaying	- The verification of significant intersections by either independent or alternative company personnel. - The use of twinned holes. - Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. - Discuss any adjustment to assay data.	- The JV Partner Annual Reports reveal MIMEX staff relogged drill holes previously logged by Dominion staff. Consequently, quartzite host lithologies were revised as granites. - MORB 20 was drilled with a -60 degree dip from the same collar location as MORB 3 (vertical). MORB 21 was drilled with a -60 degree dip from the same collar location as MORB 4 (vertical). MORB 22 was drilled with a -60 degree dip from the same collar location as MORB 5 (vertical). MORB 23 was drilled with a -60 degree dip from the same collar location as MORB 7 (vertical). MORB 24 was drilled with a -60 degree dip from the same collar location as MORB 8 (vertical). MER 1 (91 metres to EOH) twinned MORB25 (40 metres to EOH). - The JV Partner Annual Reports do not provide details on protocols for recording, handling and storing data. Scanned Annual Reports indicate that drill logs were drafted by hand in the field. Assays were stored electronically. - No adjustments to assay data have been described in the JV Partner Annual Reports.
Location of data points	- 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. - Specification of the grid system used. - Quality and adequacy of topographic control.	- The JV Partners at Merino Prospect surveyed 5 drill fences for 32 drill holes traversing EW on northings of the MGA, Z53, AGD66. Drill hole collars along the fences were positioned 100m apart. The holes were not surveyed downhole. The collars have not been subsequently resurveyed to assess accuracy. - The original projection used was AGD66. The coordinates have been repositioned to GDA 2020 grid for the collar table in this report (refer section to the collar table). - Geoscience Australia and GSSA commissioned the Gawler Craton

Criteria	JORC Code explanation	Commentary
		Aerial Survey which included LIDAR remote sensing. The survey flew at 200m line spacings at 60m altitude. In 2019 the GCAS product release included LIDAR raster data in a 40m grid in .ers format. This data has been used by the Company for topographic control of the historical drill hole collars at Merino Prospect.
<i>Data spacing and distribution</i>	• <i>Data spacing for reporting of Exploration Results.</i> • <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> • <i>Whether sample compositing has been applied.</i>	• Drill spacing averages 100 m spacing to depths of between 2 and 91m. Average depth for the 31 holes drilled over 3 phases is 31 metres. • Drill hole spacing, density, orientation and directions of drilling are sufficient to provide geological interpretation • Sample compositing has been applied at 4 metres during Phase 1 drilling, 6 metres during Phase 2 drilling and 2 metres during Phase 3 drilling.
<i>Orientation of data in relation to geological structure</i>	• <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> • <i>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.</i>	• The JV Partner Annual Reports provide insufficient information to conclude whether the orientation of sampling achieves unbiased sampling of possible structures. • N/A.
<i>Sample security</i>	• <i>The measures taken to ensure sample security.</i>	• The JV Partner Annual Reports do not provide information on sample security.
<i>Audits or reviews</i>	• <i>The results of any audits or reviews of sampling techniques and data.</i>	• The JV Partner Annual Reports do not describe audits or reviews of sampling techniques and data.

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 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 park and environmental settings. - 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.	- The Merino Prospect is contained within tenements EL 6658 and EL6706, which are 100% owned by Taiton Resources Limited. The prospect overlaps the Native Title Determination area for the Antakirinja Matu-Yankunytjatjara People and the Department of Defence Woomera Prohibited Area - Tenements EL 6658 and EL6706 are granted to Taiton Resources Limited. The Company also holds an Exploration Permit (Number: REX 058-22) to access the Woomera Permit Area. A Part 9B Native Title agreement has been signed with the Antakirinja Matu-Yankunytjatjara People.
<i>Exploration done by other parties</i>	Acknowledgment and appraisal of exploration by other parties.	- In 1991, the South Australian Department of Mines and Energy (SADEM) completed a reconnaissance bedrock drilling program in the Kingoonya area. The program identified anomalous Cu, Pb, Zn, Mo at Merino Prospect (Morris 1992). 1992 - 1995. Dominion and Resolute entered into the "Gawler Joint Venture" in 1993, which was operated by Dominion. Exploration at Merino Prospect included calcrete geochemical survey, Phase 1 drilling of 25 RAB drill holes (MOAR 1 - 24) and Phase 2 of 6 RAB holes (MOAR 26 - 30). - In 1995 MIMEX farmed in to the Joint Venture and conducted further calcrete sampling, an IP survey and RAB drill hole (MER 1.)
<i>Geology</i>	Deposit type, geological setting and style of mineralisation.	Petrology reports commissioned by the JV Partners to Pontifex and Associates in Adelaide and included in the Annual Reports describe samples with hydrothermal alteration and polymetallic associations with pyrite in quartz veins. Some host rocks are described as porphyritic microgranite. Zircon geochemical analyses by Taiton Resources Limited on a sample collected at 7m by SADEM at Merino Prospect finds evidence for fluid mixing and hydrothermal activity. The footprint of observations of hydrothermal activity as indicated by review of Annual Reports submitted by the JV Partners extends over more than 4 km². The extent of alteration has been confirmed by initial field mapping by Taiton Resources. The style of mineralisation is interpreted to be magmatic-hydrothermal with porphyry style characteristics. The tectonic setting for the magmatic-hydrothermal activity is interpreted to be back-arc intra-continental during the

Criteria	JORC Code explanation	Commentary
		Mesoproterozoic Olympic Metallogenic Event.
<i>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: - 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. - 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.	- A summary of the drill hole information sufficient to the understanding of the exploration results are provided in Appendix 2. - N/A
<i>Data aggregation methods</i>	- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. - 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 should be shown in detail. - The assumptions used for any reporting of metal equivalent values should be clearly stated.	- No statistical weighting techniques, or grade truncations, have been used for the reporting of the Exploration Results in the JV Partner Annual Reports. - For drillholes MORB 1 – 24, assayed samples were 4 metre composites; for drillholes MOAR 25 – 30, assay samples were 6 metre composites; for drill hole MER 1, assay samples were 2 metre composites. - No metal equivalents have been reported in the JV Partner Annual Reports.
<i>Relationship between mineralisation widths and intercept lengths</i>	- These 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 (eg ‘down hole length, true width not known’).	- The geometry of mineralisation is not reported in the JV Partner Annual Reports. - All reported intercepts at Merino Prospect described in the JV Partner Annual Reports are down hole lengths, true widths are not known.
<i>Diagrams</i>	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.	No new assay data is being reported.
<i>Balanced reporting</i>	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.	All drill hole intersections significant to explain the exploration concepts at Merino Prospect have been tabled in the JV Partner Annual Reports.

Criteria	JORC Code explanation	Commentary
<i>Other substantive exploration data</i>	<i>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.</i>	There is no other substantive exploration data in the JV Partner Annual Reports omitted from this commentary. There is no evidence for potential deleterious or contaminating substances at Merino Prospect.
<i>Further work</i>	<i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <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>	- Merino Prospect is prospective for polymetallic porphyry-style mineralisation. The potentially large scale of a porphyry alteration system warrants a broad footprint Induced Polarisation / Resistivity survey across a wide area. The Company continues to undertake surface sampling and multi-element assaying for porphyry system indicators and vectors. - The results of the geophysics and surface geochemical programs will guide plans for future targeting and drilling.