



Nevoria Underground - April 2016 Mining Reserve

TECHNICAL REPORT

NUMBER: Revision 1
NAME: See Above
ACTIVITIES: N/A
DUE DATE: N/A
PREPARED BY: Charles Hastie
DATE: 08/07/2016

Distribution:

Hanking Gold Mining Pty Ltd

Nevoria Underground

April 2016 Mining Reserves



COMPETENT PERSON'S CONSENT FORM

Pursuant to the requirements of ASX Listing Rule 5.6 and clause 9 of the JORC Code 2012 Edition (Written Consent Statement)

Report Description

'Combined Nevoria Mining Reserve Start April 2016 Rev(1).docx'

Hanking Gold Mining Pty Ltd

Statement

I, Charles Hastie confirm that:

- I have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("2012 JORC Code")
- I am a Competent Person as defined by the 2012 JORC Code, having five years' experience which is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which I am accepting responsibility.
- I am a Member or Fellow of The Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists or a 'Recognised Overseas Professional Organisation' ("ROPO" included in a list promulgated by ASX from time to time).
- I have reviewed the Report to which this consent statement applies.
- I am an employee working for Hanking Gold Mining Pty Ltd and I have prepared the documentation for the Southern Cross Operations, Nevoria underground on which the Report is based, for the period ended 31 March 2016.

I have disclosed to the reporting company the full nature of the relationship between myself and the company, including any issue that could be perceived by investors as a conflict of interest.

I verify that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Ore Reserves.



CONSENT

I, Charles Roberts Hastie, consent to the release of the Report and this consent statement by the directors of:

Hanking Gold Mining Pty Ltd

Charles Roberts Hastie

Signature of Competent Person

Date 08/07/2016

Professional Membership:

MAusIMM

Membership Number:

110777

Signature of Witness

Troy Flannery

Perth

Print Witness Name and Residence
(e.g. Town)

Hanking Gold Mining Pty Ltd

Nevoria Underground

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Additional Deposits covered by the Report for which the Competent Person signing this form is accepting responsibility:

NA.....
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Additional Reports related to the deposit for which the Competent Person signing this form is accepting responsibility:

NA.....
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.....

Charles Roberts Hastie

Signature of Competent Person

Date 08/07/2016

Professional Membership:

MAusIMM

Membership Number:

110777

Signature of Witness

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Nevoria Underground Mining Reserves

The table below details the JORC Code 2012 Mining Reserves for the combined Nevoria Underground updated as of 31st March 2016. Tonnes are rounded to nearest thousand tonnes, and grade is reported to the first decimal place.

Reserve Class	Diluted Ore Tonnes	Diluted grade (g/t)
Proven	35,000 (stockpiles)	2.9
Probable	1,117,000	3.7
Total Reserve	1,152,000	3.7

The JORC 2012 Table 1 is presented below.

The summary of assumptions and modifying factors contributing to the Nevoria Mining Reserve is presented in the feasibility studies “160219_Silver Feasibility Study and Mining Reserve Rev(3)” and “2014 Nevoria Reserve” (Nevoria East). The Nevoria East reserve was depleted up to the 31st March 2016 and is in the document “2016 Nevoria Reserve_EXEC SUMMARY.pdf” and was added to the Silver Reserve to form a combined Nevoria Mining Reserve for this 2012 JORC Reserve Statement and Table 1.

Hanking Gold Mining Pty Ltd

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- **JORC Code, 2012 Edition – Table 1 report template**
- **Section 4 Estimation and Reporting of Ore Reserves**

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

- **JORC Code, 2012 Edition – Table 1 report template**
- **Section 4 Estimation and Reporting of Ore Reserves**

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral Resource estimate for conversion to Ore Reserves</i>	<ul style="list-style-type: none"> • <i>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</i> • <i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i> 	<ul style="list-style-type: none"> • JORC 2012 Ordinary Kriging resource estimate • The Mineral Resources are inclusive of the Ore Reserves. • CSA Global Pty Ltd has done the resource modelling and JORC 2004 report for St Barbara Mines in February 2012, in Report "Nevoria East Mineral Resource Estimate February 2012" Competent Person was Sam Beckett.
<i>Site visits</i>	<ul style="list-style-type: none"> • <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> • <i>If no site visits have been undertaken indicate why this is the case.</i> 	<ul style="list-style-type: none"> • The Competent Person has visited the combined Nevoria mine site several times between 2014 and early 2016. The general mining areas in the Southern Cross Operations including the processing area have been visited a number of times. • The site of the Nevoria Deposit has had previous open pit and underground mining in the past. Current operations are being done in the eastern section of Nevoria Underground.
<i>Study status</i>	<ul style="list-style-type: none"> • <i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i> • <i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</i> 	<ul style="list-style-type: none"> • Pre-feasibility study level +/- 20%. Current underground Mining Alliance partner and the haulage contractor contract costs have been applied. Current processing costs have been applied. A currently operating Hanking owned underground operation called Nevoria East is operating 300 m to the east of unmined Silver deposit (costs are sourced from that existing underground operation).
<i>Cut-off parameters</i>	<ul style="list-style-type: none"> • <i>The basis of the cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> • 2.72 g/t Mining Cutoff grade is calculated by the using the total processing, operating development, stoping drill and blast, underground haulage, administration, contractor profit, and all fixed mining costs per



Criteria	JORC Code explanation	Commentary
		tonne of ore (A\$118.0 per ore tonne) divided by revenue of one gram (at A\$1,500/oz,) less royalties (14%) by metallurgical recovery of 90%.
<i>Mining factors or assumptions</i>	<ul style="list-style-type: none"> <i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i> <i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i> <i>The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, grade control and pre-production drilling).</i> <i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i> <i>The mining dilution factors used.</i> <i>The mining recovery factors used.</i> <i>Any minimum mining widths used.</i> <i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i> <i>The infrastructure requirements of the selected mining methods.</i> 	<ul style="list-style-type: none"> Two pre-feasibility level studies were done to determine the viability of the Silver Deposit and also the Nevoria East Deposit. These two deposits are now to be combined and called Nevoria Underground. Used conventional underground long-hole open stoping retreat mining methods as currently being used at the nearby operating Nevoria East underground mine. Used advice from a geotechnical consultant (KeoGeoTech) as a guide for development and stoping parameters. HR of 9.0 was estimated for stope parameters. <ul style="list-style-type: none"> Expanded stope shapes by 0.3m and evaluated against Geological Block Model. 1.5 m minimum mining width (undiluted). No inferred ore was used in delineation of the stope shapes. Infrastructure such as workshop, contractor office, refueling facilities have been built – existing operations at Nevoria East, 300m to the east. Process plant, camp and general infrastructure already exists.
<i>Metallurgical factors or assumptions</i>	<ul style="list-style-type: none"> <i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i> <i>Whether the metallurgical process is well-tested technology or novel in nature.</i> <i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i> <i>Any assumptions or allowances made for deleterious elements.</i> <i>The existence of any bulk sample or pilot scale test work and the degree to</i> 	<ul style="list-style-type: none"> Conventional gold CIP and gravity separation methods being used. Process plant being used for the last 23 years. The process plant has milled this deposits ore in previous years and an average recovery of 90%. Current Hanking process records for 2015 / 2016 show an average 90% recovery for Nevoria East ore.



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	<p><i>which such samples are considered representative of the orebody as a whole.</i></p> <ul style="list-style-type: none"> • <i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i> 	
Environmental	<ul style="list-style-type: none"> • <i>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</i> 	<ul style="list-style-type: none"> • The Nevoria area has had environmental studies and surveys done for previous mining of open pits and the current Nevoria East underground mine. • Little or no clearing is required, as all mining is in existing mined areas. • DMP has been approved mining for the combined Nevoria Mine. • Waste storage will be in the nearby Newry pit.
Infrastructure	<ul style="list-style-type: none"> • <i>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</i> 	<ul style="list-style-type: none"> • A State grid powerline powers the existing office and workshops. Pit dewatering pumps will supply water for dust suppression. There is an existing water source at Nevoria East. • Accommodation will be in the existing Hanking Camps in Marvel Loch. • A sealed road is within 1.0 km of the underground mine. An existing private gravel mine haulage road is in place directly connecting the mine to the Marvel Loch plant. • Minimal additional infrastructure is required at the minesite. Existing infrastructure will be used
Costs	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i> • <i>The methodology used to estimate operating costs.</i> • <i>Allowances made for the content of deleterious elements.</i> • <i>The source of exchange rates used in the study.</i> • <i>Derivation of transportation charges.</i> • <i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i> • <i>The allowances made for royalties payable, both Government and private.</i> 	<ul style="list-style-type: none"> • The process plant, accommodation, administration area (including stores) and main roads are in existence and will have minimal additional capital expense required. The existing onsite offices and workshops will be utilized. • Current underground costs and rates have been applied in the reserve cutoff grade and cost analysis. • Process costs have been sourced from current process costs. • Existing Hampton Transport ore transportation contract rates were used for cost analysis. • In Australian dollars, the gold price used was A\$1,500 per oz.



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		<ul style="list-style-type: none"> 2.5% State royalty and 1.5% private tenement royalties. An additional 10% profit share on gold produced was used similar to current profit share with the Nevoria East mining Alliance.
Revenue factors	<ul style="list-style-type: none"> The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products. 	<ul style="list-style-type: none"> Measured and Indicated ore was used for the for Proved and Probable ore reserves. The reported ore reserves were diluted by creating a 0.3m skin around the CO stope shape and evaluating the expanded stope shape against the Geological block model. Mining, surface transport costs were sourced from existing contract rates. Process costs were sourced from recent process cost costs at the Marvel Loch process plant Gold price was selected as US\$1,050 per oz with an exchange rate of 0.70 US\$:A\$ (A\$1,500 per oz).
Market assessment	<ul style="list-style-type: none"> The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. A customer and competitor analysis along with the identification of likely market windows for the product. Price and volume forecasts and the basis for these forecasts. For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract. 	<ul style="list-style-type: none"> Dore will be sold to the Perth Mint. Some gold has been hedged by Hanking at above \$A1.600/oz. This hedging has not been taken into account in the selected gold price for this Reserve.
Economic	<ul style="list-style-type: none"> The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. NPV ranges and sensitivity to variations in the significant assumptions and inputs. 	<ul style="list-style-type: none"> Current contract rates for mining, surface haulage, camp and actual G&A have been used for the economic estimates for the reserves. Recent processing plant operating costs were used for processing cost estimates. NPV estimates were based on 10% hurdle rates. Sensitivities to gold price, mining, processing, mine recovery and process recovery has been done. Gold price, process gold recovery and mining ore loss showed the greatest sensitivity.
Social	<ul style="list-style-type: none"> The status of agreements with key stakeholders and matters leading to social license to operate. 	<ul style="list-style-type: none"> Mining at the Southern Cross Operations are currently in progress at Nevoria East with the approval of all major Stakeholders. Silver is one of the western deposits in the Nevoria mining area. Both deposits are owned by



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		<p>Hanking.</p> <ul style="list-style-type: none"> The workforce will be sourced from Southern Cross region if appropriate.
Other	<ul style="list-style-type: none"> To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: Any identified material naturally occurring risks. The status of material legal agreements and marketing arrangements. The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent. 	<ul style="list-style-type: none"> No deleterious material exists in the potential material mined. No legal encumbrances to the mining and processing of the ore from Nevoria exist. At the time of writing (July 2016) Environmental and Mining proposals have been approved.
Classification	<ul style="list-style-type: none"> The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any). 	<ul style="list-style-type: none"> The Ore Reserves will be classified as Proven and Probable using the Ore Resource classifications of Measured and Indicated respectively as the source data. The result reflects the view of the Competent Person. 0% Measured Mineral resources are in the Probable Ore Reserve's. Existing mined stockpile of 35,000 tonnes is in this reserve as proven.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Ore Reserve estimates. 	<ul style="list-style-type: none"> No external audits of the Ore Reserves have been done. Only internal reviews.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. 	<ul style="list-style-type: none"> Confidence in the Reserve is high due to that the existing operations costs are known and currently under contract rates. The Processing plant has been in existence for 23 years. It has recently been re-furbished. Since refurbishment has been operating continuously (since January 2015). Significant numbers of current operation and supervision personnel of the process plant exceeds 15 years' experience at the same plant. The location of Nevoria Deposit in a current mining operation with easy road

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	<ul style="list-style-type: none"><i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i><i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i><i>It is recognized that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i>	<p>access and connected to grid power gives high confidence in the ease of startup of mining and processing.</p> <ul style="list-style-type: none">No modifying factors are expected to be significantly changed prior to mining of the western part of Nevoria.