



Cannindah Resources
Limited

ASX RELEASE

21 March 2017

ASX Code: CAE

CANNINDAH LOCATES HIGH GRADE GOLD AT PICCADILLY MINE

Cannindah Resources Limited (ASX: CAE) has conducted exploration activity within the mining lease ML1442 by way of trenching. Oosen Mining Pty Ltd at the direction of Cannindah Resources was charged with the task of locating gold bearing ore to establish the possible grade within the gold system at Piccadilly. The system is made of up high grade gold bearing quartz veining with the highest grade rock chip from the vein assayed being 27g/t Au. The quartz vein system is of varying width from 1cm up to 15cm at surface of the exposed trench area. Importantly there is a parallel mineralised zone 5m across strike which at first glance did not appear to be mineralised however this area returned a grade of 9.44g/t Au across a 15cm sample width which is very encouraging in terms of the available gold bearing material in this exposed area. The samples are outlined in the table below and show a current area approximately 40m along strike with currently unknown width at depth. It is also encouraging to note that some sample widths were up to 0.5m and returned assays up to 8.89g/t Au.

The vein system sampled has a strike length in excess of 700 metres and is located on the western end of the gold zone. Historically the high grade areas that were mined were located further east by at least 400m of the current area. The company intends to complete further test work on the area prior to selectively mining this high grade material in the very near future. As a pathway to more immediate cash flow the company is attempting to negotiate a mine gate deal to sell the ore extracted at Piccadilly with a few interested parties. The company will keep shareholders informed of the progress of these discussions.

Chairman of Cannindah Resources Tom Pickett says "The company is extremely pleased that this high grade zone has been exposed within this mining lease in such a short period and at minimal expense. it is a credit to the targeted approach being adopted by our consulting mining contractor and geological team".

For further information, please contact:

Tom Pickett
Executive Chairman
Ph: 61 7 3357 3988

APPENDIX 1 – JORC Code Table 1 Cannindah Resources Piccadilly Gold Mine announcement March, 2017.

Section 1: Sampling Techniques and Data

| Criteria | Explanation | Commentary |
|------------------------------|--|---|
| Sampling techniques | <p><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></p> <p><i>Include reference to measures taken to ensure sampling representivity and the appropriate calibration of any measurement tools or systems used.</i></p> | <p>The sampling consisted of (1) single grab rock chips, (2) selected rock chips over a square metre and (3) continuous channels across veins with sample lengths of 0.5m to 1.0m. Samples were taken from trench floor.</p> <p>Sample information was recorded in pre-numbered sample books with locations established with a Garmin 76 hand held GPS for each sample site.</p> <p>Continuous channel samples were in the order of a 2-4cm channel dug with a G-pick along the floor of the trench across the vein. Every effort was made to keep the width of the sample channel consistent, regardless of rock hardness .A 0.5-1.5 kg representative sample of all rock chips and weathered material from the continuous channel was collected in pans and placed in a calico bag. A representative sample of each metre was also retained in a plastic rock chip tray for future reference.</p> |
| | <p><i>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.</i></p> | <p>Samples were transported to ALS laboratories, Townsville for analysis. After crushing and pulverizing a sub-sample of each was assayed for gold using the 50g fire assay method (ALS code: Au-AA26).</p> |
| Drilling techniques | <p><i>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.)</i></p> | Drilling was not conducted. |
| Drill sample recovery | <p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> | Drilling was not conducted |
| | <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> | Drilling was not conducted |
| | <p><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></p> | Drilling was not conducted |

| Criteria | Explanation | Commentary |
|---|--|--|
| Logging | <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> | Any observations on soil or rock type or comments on logistics were recorded in the sample book. The rock types were described in detail. |
| | <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.</i> | Descriptions are qualitative in nature, based on visual observations from experienced geologists.. |
| | <i>The total length and percentage of the relevant intersections logged.</i> | All rock samples were described. |
| Sub-sampling techniques and sample preparation | <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> | Drilling was not conducted. |
| | <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i> | Drilling was not conducted. |
| | <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> | The above techniques are considered to be of a high quality, and appropriate for the nature of mineralisation anticipated. The 0.5-1.5kg sample size is appropriate for the rock being sampled. |
| | <i>Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples.</i> | The 0.5m - 1m continuous channel sample was collected as near as practically along across the strike of the vein and alteration zone. |
| | <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> | Terra Search quality control included collection of both grab vein material and continuous channel across the vein. Duplicate sampling was not considered appropriate. here was a conscious effort on behalf of the samplers to ensure consistent weights for each sample. |
| | <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> | Material is narrow quartz vein and country rock altered sandstone. In this context, close spaced sampling of 0.5kg to 1.5kg size were considered appropriate to determine gold grades for indicative exploration purposes . . |
| 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 fire assay. |
| | <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> | No geophysical tools, portable XRF were used |
| | <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</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 |

| Criteria | Explanation | Commentary |
|--|---|--|
| | <i>have been established.</i> | 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. Standards 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 rock chip 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) protocols.</i> | Location and sampling data were collected by experienced geologists and entered into sampling books which were then entered into spreadsheets. Location and analysis data are then collated into a single Excel spreadsheet. Data is stored on servers in the Company's head office, 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 based on Shuttle Radar and adequate for exploration data |
| Data spacing and distribution | <i>Data spacing for reporting of Exploration Results.</i> | Spot Trench samples were collected at an approximate 5m spacing along the trench. |
| | <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 and distribution is deemed appropriate for indicative gold grades along and across the vein and could be used to establish geological control. Close space drilling would be required to estimate a Mineral Resource or Ore Reserve.. |
| | <i>Whether sample compositing has been applied.</i> | No sample compositing has been applied. |

| Criteria | Explanation | Commentary |
|--|---|---|
| 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> | Spot grab samples are taken along the strike of the mineralisation/alteration zone lode. Continuous channel sampling orientation was perpendicular to the main structure of interest along which known mineralisation exists. 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 Townsville |
| 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 2

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 ML ML1442 owned by Piccadilly Gold Mine Holdings Pty Ltd Cannindah Resources Limited (has entered into an agreement with Piccadilly Gold Mine Holdings Limited which provides Cannindah Resources Limited the right to explore and mine the mining lease ML 1442 held by Piccadilly Gold Mine Holdings Limited known as the 'Piccadilly Mine'. Refer ASX Announcement 16 March 2017. |
| <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 Pan Australian Mining (1987). Geological mapping, rock chip sampling has been undertaken and assessed by Piccadilly Gold Mines Holdings.. Current exploration program conducted by consultant geologists Terra Search Pty Ltd, Townsville QLD. |
| Geology | <i>Deposit type, geological setting and style of mineralisation.</i> | Narrow gold bearing quartz sulphide veins hosted in tilted siliclastic sediments |
| Drill hole information | <p><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></p> <ul style="list-style-type: none"> • <i>Easting and northing of the drill hole collar</i> • <i>Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> • <i>Dip and azimuth of the hole</i> • <i>Down hole length and interception depth</i> • <i>Hole length</i> <p><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></p> | No drilling was conducted. |
| Data aggregation | <i>In reporting Exploration Results,</i> | |

| | | |
|---|---|---|
| methods | <i>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> | No cut-offs have been applied in reporting of the rock chip sampling exploration results. |
| | <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 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 clearly stated.</i> | No metal equivalents have been used in reporting. |
| Relationship between mineralisation widths and intercept lengths | <i>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).</i> | No drilling was conducted. |
| Diagrams | <i>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.</i> | MGA coordinates of rock chip samples are tabulated in this report. No drilling has been undertaken. |
| 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 practised to avoid misleading reporting of Exploration Results.</i> | All sample results are reported within announcement. |
| Other substantive exploration data | <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> | The results reported here are preliminary in nature and indicative of the expected gold grades along the Piccadilly structure. More sampling is required to integrate results with previous regional scale exploration data sets. |
| Further work | <i>The nature and scale of planned further work (e.g. test for lateral extensions or depth extensions or large-scale step-out drilling).</i> | Lateral extension of the Piccadilly vein structure will be tested with more trenching, |
| | <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> | Not yet determined, further work is being conducted. |

| Sample | Data_Type | MGA_N | MGA_E | Lith_Desc | Au g/t |
|---------|-----------------------------|---------|--------|---|-----------|
| 3019205 | Single Grab | 7835973 | 402733 | Mainly iron altered sandstone, minor veining | 0.27 |
| 3019206 | Continuous Channel 0.5m | 7835973 | 402738 | Gossanous quartz vein with boxwork | 2.85 |
| 3019207 | Selected 1sq m | 7835974 | 402740 | Comb textured gossanous quartz vein | 4.38 |
| 3019208 | Selected 1sq m | 7835976 | 402746 | Comb textured gossanous quartz vein with altered sandstone | 11.55 |
| 3019209 | Continuous Channel 1m | 7835974 | 402750 | Comb textured gossanous quartz vein with altered sandstone | 5.72 |
| 3019210 | Single Grab | 7835972 | 402754 | Comb textured quartz vein- boxwork | 22.1 |
| 3019211 | Single Grab | 7835971 | 402759 | Comb textured quartz vein- trace pyrite | 5.94 |
| 3019212 | Single Grab | 7835970 | 402764 | Mainly altered sandstone, minor veining | 1.42 |
| 3019213 | Selected 1sq m | 7835972 | 402767 | Gossanous quartz vein | 5.64 |
| 3019214 | Single Grab | 7835973 | 402769 | Gossanous quartz vein, sandstone | 3.15 |
| 3019215 | Single Grab | 7835971 | 402770 | Ferruginous altered sandstone/ siltstone | 8.64 |
| 3019216 | Single Grab | 7835970 | 402771 | Comb textured gossanous quartz vein. Some chalcopyrite/chalcocite. | 9.24 |
| 3019218 | Selected 0.5 sq m | 7835981 | 402711 | Comb textured quartz vein with boxworks after sulphide, breccia texture | 27.4 |
| 3019219 | Selected 0.5 sq m | 7835972 | 402727 | 1cm gossanous texture, comb texture quartz vein | 2.64 |
| 3019220 | Continuous Channel 1m | 7835978 | 402724 | Ferruginous dark brown clay zone, 1m wide main lode | 0.65 |
| 3019221 | Continuous Channel 0.5m | 7835970 | 402753 | Gossanous 10-15cm quartz vein, breccia texture | 3.84 |
| 3019222 | Continuous Channel 0.15m | 7835973 | 402756 | 10-15cm ,comb textured gossanous quartz vein. | 8.89 |
| 3019223 | Selected 1sq m | 7835978 | 402756 | Sub-parallel ferruginous zone, 10m across strike from main vein. | 9.44 |
| 3019224 | Single Grab | 7835974 | 402733 | Mainly iron altered sandstone, minor veining | 3.61 |