

## WEBBS AND CONRAD SILVER PROJECTS DUE DILIGENCE WELL ADVANCED

### HIGHLIGHTS

- Due Diligence is well advanced on **Conrad and Webbs Silver projects**, with a **formal site visit** commenced on Sunday 6 December 2020
- Review of ASX announcements made by previous owners of Conrad silver project, Pacific Nickel Mines Limited (ASX:PNM), (previously Malachite Resources), refer to **potentially robust economics at current commodity prices** for the Conrad project
- Mr Steven Nano and the team from Global Ore Discovery (GOD) have commenced undertaking the technical due diligence program
- GOD will subsequently be focused on **identifying potential extensions to the Silver resources** at Conrad and Webbs, with aim of potentially **growing the resource inventory**
- Thomson to consider **opportunities to expand its Silver resources**, both organically and via acquisition, with a view to becoming a strong alternative for investors seeking an **Australian focused, high-grade, growth orientated, silver exposure on the ASX**

**Thomson Resources (ASX: TMZ)** (Thomson or the Company) advises that it has continued to progress its detailed due diligence activities on the Webbs and Conrad silver projects.

Thomson entered into a binding Terms Sheet with Silver Mines Limited (ASX: SVL) (**SVL**) to acquire a 100% interest in the Webbs and Conrad silver projects on 11 November 2020<sup>1</sup> Both projects are located in the New England Fold Belt in the vicinity of Inverell, NSW. Pursuant to the Terms Sheet, Thomson and SVL have a period of time to undertake due diligence activities. Thomson engaged Global Ore Discovery to assist with the technical due diligence on the projects<sup>2</sup>. That due diligence is well underway, but given time pressures on both parties and the impact of COVID-19 restrictions, the parties have agreed to extend the due diligence period by a further 30 days.

Thomson's initial focus has been on the Conrad silver project and that due diligence is well advanced and the Company anticipates releasing some initial observations on the Conrad silver project over the next 2 weeks.

### Conrad silver project

Mining has occurred at the Conrad deposit on two separate occasions previously. Initially commencing in 1891, production continued until industrial relations issues brought about the mines closure in 1912. The last phase of mining was conducted by Broken Hill South Ltd and ceased in 1957 as a result of declining lead prices with no mining occurring since that time.<sup>3</sup>

Historical mining targeted the Conrad lode over a strike length of 1.4km. Access was via the Conrad, Moore and Davis shafts, with the deepest development off the Conrad shaft at 267m below surface. The majority of the old workings are at a shallower depth than this.

The Conrad Mine was the largest silver producer in the New England region, producing approximately 3,500,000 ounces of silver, however, the Conrad lodes are truly polymetallic and

<sup>1</sup> See ASX Release dated 12 November 2020 - Thomson to Acquire Two Transformational NSW Silver Deposits & Completion of \$6M Capital Raise

<sup>2</sup> See ASX Release dated 19 November 2020 - Yalgogrin Gold Project Phase-2 Drill Program Commences

<sup>3</sup> Source: M Donnelly, "Conrad Silver Project", New England Orogen 2010 Conference papers, pp. 136-141

have been worked for lead and tin bearing ores as well as silver. Recorded average grades for the historical production are 600g/t silver, 1.5% copper, 8% lead, 4% zinc and 1.5% tin, though there are minimal written records and mine plans for this period.<sup>4</sup>

Pacific Nickel Mines Limited (PNM:ASX) (**Pacific Nickel**), previously Malachite Resources Limited (ASX: MAR), purchased the Conrad silver project in 2002 and undertook an extensive exploration program initially aiming to delineate resources within the Conrad lode, King Conrad lode and Greisen Zone that would justify the re-development of a mining and processing operation at Conrad.<sup>5</sup>

## Historic Mining & Malachite's Drilling

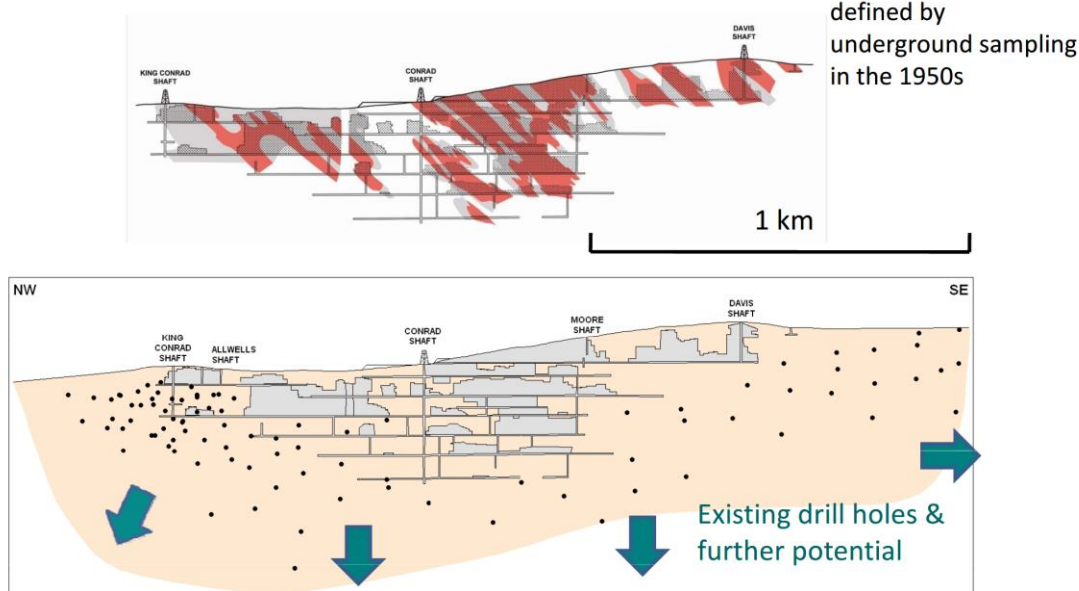
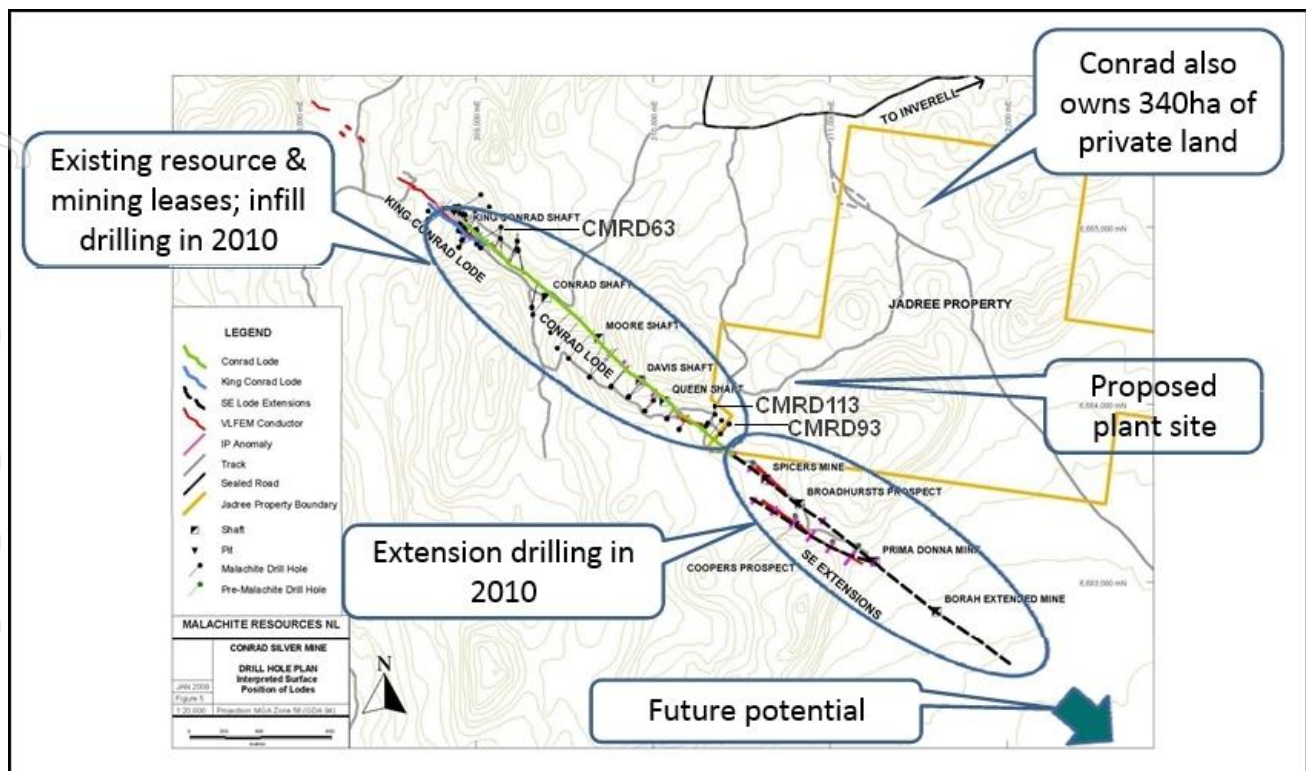


Figure 1: Pacific Nickel interpretation of historic mining of the Conrad silver deposit<sup>6</sup>

<sup>4</sup> Source: Brown, R.E., and Stroud, W.J., 1997. Inverell 1:250,000 Metallogenic Map: Metallogenic Study and Mineral Deposit Data Sheets. Geological Survey of New South Wales, Sydney

<sup>5</sup> Source: M Donnelly, "Conrad Silver Project", New England Orogen 2010 Conference papers, pp. 136-141

<sup>6</sup> Source: PNM/MAR ASX Release dated 18 May 2010



**Figure 2: Malachite Resources previous drilling of the Conrad Silver Deposit showing location of holes referred to below<sup>7</sup>**

A broad mineralogical zonation is apparent along strike with Ag-Pb-Zn rich mineralisation at the northwest end in the King Conrad and Conrad lodes and a Ag-Cu-Sn-Pb association towards the southeast in an area referred to as the Princess Shoot. Using drill intersections to illustrate (and from which core was used for metallurgical test work), drill hole CMRD63 intersected the Conrad Lode some 200m northwest of the Conrad Shaft and assayed 2.60m (0.7m true width) at 430g/t Ag, 0.20% Cu, 8.95% Pb, 4.35% Zn, 0.10% Sn and 31g/t In while CMRD93, located 500m southeast of Davis Shaft, assayed 1.02m (0.6m true width) of 382g/t Ag, 1.76% Cu, 2.01% Pb, 0.15% Zn, 1.36% Sn and 23g/t In. Lode mineralisation at Conrad can be seen from these intersections to contain anomalous levels of indium.<sup>8</sup>

In 2010 Pacific Nickel stepped out from the main area of focus along the Conrad Lode to what was referred to as the Princess Shoot with a best intersection of 1.6m @ 819g/t Ag, 0.59% Cu, 0.71% Sn and 8.35% Pb in drill hole CMDD113.<sup>9</sup>

The above drill holes are referred to in Table 1 below.

## Cautionary Statement

- The Exploration Results referred to in the above two paragraphs are not reported in accordance with the JORC Code 2012;

<sup>7</sup> Source: MAR ASX Release dated 18 May 2010

<sup>8</sup> Source: M Donnelly, "Conrad Silver Project", New England Orogen 2010 Conference papers, pp. 136-141 and see MAR ASX Releases dated 8 May 2008 and 20 August 2008. **Note:** This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. TMZ believes that there is no further work that needs to be completed to have these results comply with the JORC code 2012.

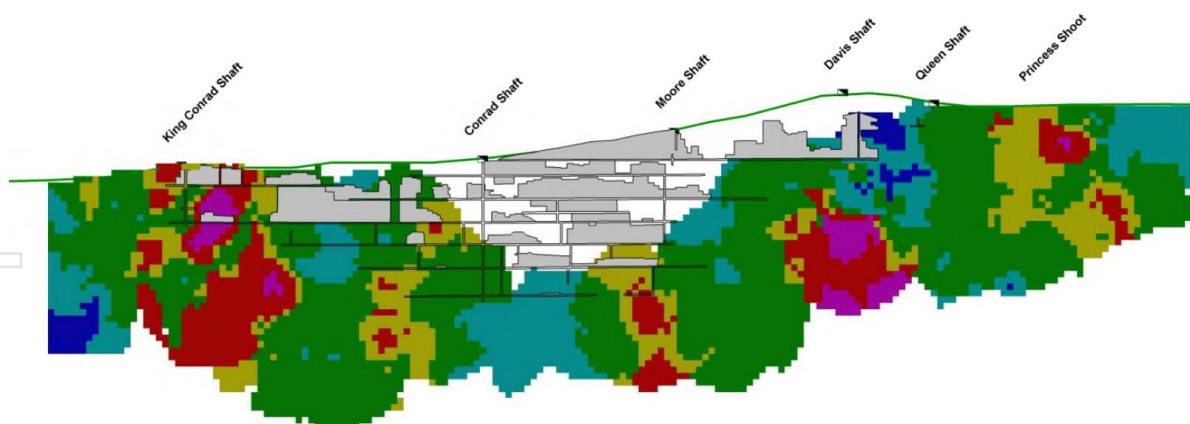
<sup>9</sup> See MAR ASX Release dated 21 September 2010

- A Competent Person has not done sufficient work to disclose the Exploration Results in accordance with the JORC Code 2012;
- It is possible that following further evaluation and/or exploration work that the confidence in the prior reported Exploration Results may be reduced when reported under the JORC Code 2012;
- Nothing has come to the attention of Thomson that causes it to question the accuracy or reliability of Pacific Nickel's Exploration Results; but
- Thomson has not independently validated Malachite's Exploration Results and therefore is not to be regarded as reporting, adopting or endorsing those results.

**Table 1 – Location of holes drilled by Pacific Nickel (formerly Malachite Resources) referred to above**

| Hole    | MGA E  | MGA N   | RL  | Depth | Dip   | Az_GDA | Date       |
|---------|--------|---------|-----|-------|-------|--------|------------|
| CMRD63  | 309237 | 6684878 | 697 | 420.4 | -65   | 161    | 22/03/2008 |
| CMRD93  | 310433 | 6683891 | 788 | 255.6 | -67   | 216.5  | 15/07/2008 |
| CMDD113 | 310259 | 6683974 | 788 | 209.1 | -66.5 | 221.5  | 13/08/2010 |

Pacific Nickel's work on assessing what was in the main part of the Conrad deposit produced an image of the lode resource (see Figure 3) which showed that it was open in a number of places at depth.



**Figure 3: Conrad Lode Resource Block Model as prepared by Malachite Resources Limited<sup>10</sup>**

The preliminary due diligence work so far undertaken on Conrad has not yet demonstrated that this is not the case. Thomson will release its findings on this in the next couple of weeks.

Pacific Nickel were very optimistic about the project and its then Managing Director, Gary Lowder, stated, at a time when the silver price was A\$30.70/oz<sup>11</sup>:

<sup>10</sup> Source: MAR 2011 AGM Presentation

<sup>11</sup> Source: MAR ASX Release dated 18 February 2011



“The existing high grade resource at Conrad may well represent a viable project in its own right. Boosting the available tonnes with additional high grade resources from the Princess Shoot can only improve the outlook.”

## Silver Strategy

Thomson to consider opportunities to expand its Silver resources both organically and via acquisition, with a view to becoming a strong alternative for investors seeking an Australian focused, high-grade, growth orientated, silver exposure on the ASX.

## Webbs and Conrad Due Diligence Site Visit

The Thomson team, supported by the Global Ore Discovery team, commenced a site visit of the Webbs and Conrad silver projects on Sunday 6 December 2020.

Further information from that site visit will be released during this week.

This announcement was authorised for issue by the Board.

### **Thomson Resources Ltd**

#### **David Williams**

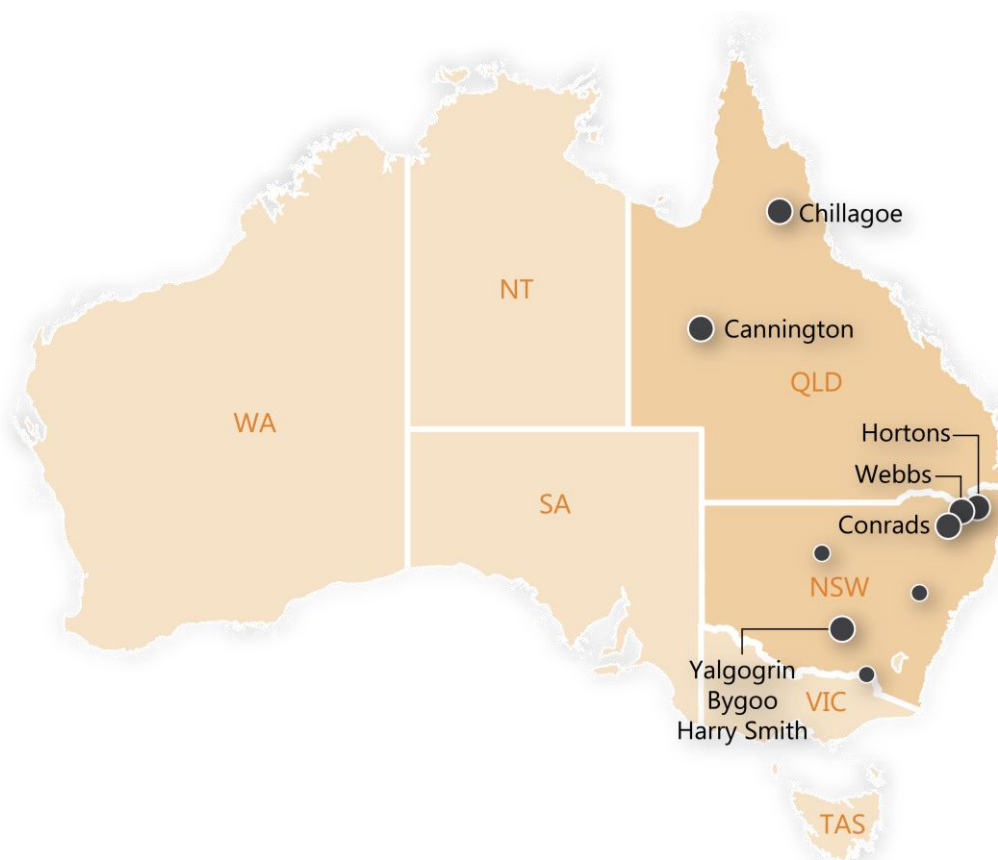
Executive Chairman

#### **Competent Person**

*The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Eoin Rothery, (MSc), who is a member of the Australian Institute of Geoscientists. Mr Rothery is a full-time employee of Thomson Resources Ltd. Mr Rothery has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 Rothery consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*This report contains information extracted from previous ASX releases which are referenced in the report and which are available on the company’s website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.*

## THOMSON RESOURCES PROJECT OVERVIEW



*Figure A -Thomson Resources Project Areas*



*Figure B: Location of Thomson Resources Projects in NSW*

## **Webbs and Conrad Silver Projects**

Thomson has entered into a binding Terms Sheet with Silver Mines Limited (ASX: SVL) to acquire the Webbs and Conrad silver projects in the New England Fold Belt, NSW. Webbs silver project is the highest-grade undeveloped silver project in Australia. When Conrad silver mine operated in 1891 to 1912 it was one of the largest silver producers in the New England region. Collectively the projects have a combined JORC (2004) Resource of 34M ozs Ag Eq at a grade of 257g/t Ag Eq (Webbs has 16.5M ozs Ag Eq at 345g/t Ag Eq & Conrad 17.5M ozs Ag Eq at 206g/t Ag Eq)<sup>12</sup>.

## **Cannington Silver Project**

Thomson has submitted an EPM application, EPM27742, over an area 10km west of the Cannington silver mine. The EPM contains the Brumby prospect which is a discrete magnetic high. It is noted that the Cannington silver deposit was discovered through drill-testing of an isolated magnetic anomaly<sup>13</sup>.

## **Harry Smith Gold Project**

The Harry Smith Gold Project was granted to Thomson Resources in 2016 and lies 30km south of Ardlathan. Three distinct gold-bearing quartz reefs occur at the Harry Smith prospect and were worked historically from 1893 to 1942. Total recorded production was over 3,500 ounces of gold (Mines Record 2507). Thomson Resources has drilled 14 holes to date with significant gold intercepts on all three lodes including a strong high-grade hit on the Silver Spray lode (**9m at 9.2 g/t Au** from 38m in HSRC009, within a broader zone of **17m at 5.2 g/t Au**)<sup>14</sup>.

## **Yalgogrin Gold Project**

The Yalgogrin Gold Project was acquired by Thomson in October 2019. EL 8684, together with the recently granted EL 8946, covers the Yalgogrin Gold Field with multiple historic gold workings. Gold was first produced at Yalgogrin in 1893 and continued sporadically at multiple centres until 1954. Total historic production from the workings is estimated at more than 15,000 ounces at grades averaging over 1 ounce per ton. Multiple high-grade surface samples occur at and between historic workings and there has been little modern drill follow up<sup>15</sup>. Maiden drilling by Thomson in August 2020 intersected the first known high-grade gold results below two sets of workings: 5m at 10.3 g/t Au below the Burstled Boulder shafts and pits and 2m at 7.5 g/t Au below Shellys<sup>16</sup>.

## **Queensland Gold Project (Chillagoe)**

The Queensland Gold Project is located near Chillagoe in Far North Queensland, 150km west of Cairns. It lies 30km west of Chillagoe near the Mungana, Red Dome and King Vol mining operations. The Project comprises 5 granted Exploration Permits and 1 Exploration Permit Application covering 593 square kilometres. The Project is currently being acquired from Bacchus Resources Pty Ltd and the Company is working towards completing satisfaction of all of the conditions precedent (see ASX Release dated 10 August 2020 for more details regarding the Project and acquisition terms).

The principal target type in the area is Intrusion Related Gold (IRG) deposits which are typically associated with felsic Carboniferous breccia pipe and intrusive complexes. In this area several such bodies are known and display features typical of the nearby Red Dome and Mungana IRG deposits.

## **Hortons Gold Project**

The Hortons Gold Project is situated 30km south east of Tenterfield in Northern NSW and comprises one exploration licence which covers 58 sq. km and has several gold anomalies. The Project is currently being acquired from Syndicate Minerals Pty Ltd and the Company is working towards completing satisfaction of all of the conditions precedent (see ASX Release dated 31 August 2020 for more details regarding the Project and acquisition terms).

The Project has high potential for Intrusion-Related Gold System ("IRGS") type gold mineralization and has a number of gold targets, of which some have historic drilling. Best intercepts were at the Hortons Prospect with **30m at 8.6 g/t Au** from 24m depth in HOD100 and **67m at 3.8 g/t Au** from 15m depth in RSMPQ4.

## **Bygoo Tin Project**

The Bygoo Tin Project was acquired by Thomson Resources in 2015 and lies on the 100% owned EL 8260. The EL surrounds the major tin deposit at Ardlathan which was mined until 1986 with over 31,500 tonnes of tin being produced (reference Paterson, R.G., 1990, Ardlathan tin deposits in the Australasian Institute of Mining and Metallurgy Monograph no. 14, pages 1357-1364). There are several early-twentieth century shallow tin workings scattered up to 10km north and south of Ardlathan, and few have been tested with modern exploration. Thomson has had immediate success in drilling near two of the historic workings, Bygoo North and South, which lie towards the northern end of the tin-bearing Ardlathan Granite.

At Bygoo North Thomson has intersected multiple high-grade tin intersections in a quartz-topaz-cassiterite greisen including **11m at 1.0% Sn** (BNRC10), **35m at 2.1% Sn** (BNRC11), **11m at 1.4% Sn** (BNRC13), **11m at 2.1% Sn** (BNRC20), **29m at**

<sup>12</sup> These resources were prepared and first disclosed under the JORC Code 2004 (Conrad: Malachite Resources – ASX:MAR – ASX release 16 December 2008, Webbs: Silver Mines Ltd – ASX:SVL – ASX release 27 February 2012). These resources have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. All material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed

<sup>13</sup> Thomson Resources ASX Release dated 4 November 2020

<sup>14</sup> Thomson Resources ASX Releases of 16 September 2016, 26 March 2018, 19 June 2018, 16 January 2019 and 29 January 2019

<sup>15</sup> Thomson Resources ASX Releases 12 October 2020

<sup>16</sup> Thomson Resources ASX Release 18 September 2020

**1.0% Sn** (BNRC33) and **19m at 1.0% Sn** (BNRC40). The greisens appear to be steep to vertical; about 5-10m wide in true width; strike east-west; and the tin intersections appear to have continuity within the greisen.

At Bygoo South Thomson has intersected a sulphide-rich quartz topaz greisen with high-grade tin intersections including **8m at 1.3% Sn** (BNRC21), **20m at 0.9% Sn** (BNRC31) and **7m at 1.3% Sn** (BNRC35). The orientation and geometry of this greisen is not yet clear. 20km south of Bygoo Thomson has intersected more tin at one of the old workings in the Bald Hill tin field with a best result of **15m at 0.4% Sn** from 19m depth in hole BHRC01<sup>17</sup>.

## JORC Code, 2012 Edition – Table 1 report

### Section 1 Sampling Techniques and Data

| Criteria  | Commentary   |
|---|--|
| <b>Sampling techniques</b>                            | Sampling intervals are geologically controlled, particularly through the vein system. The average sample length for the vein is 0.4m whilst altered granite and background sampling averages 1m. Sampling consists of sawn half core (NQ or HQ) or quarter core (HQ) |
| <b>Drilling techniques</b>                            | Reverse Circulation and diamond drilling   |
| <b>Drill sample recovery</b>                          | Recovery is reported as generally “very good”.   |
| <b>Logging</b>  | The margins of the lodes are very discrete and identifiable from the geological logging. The alteration mineralisation is also identifiable in drill core based on a distinctive mineralogy  |
| <b>Sub-sampling techniques and sample preparation</b> | None   |
| <b>Quality of assay data and laboratory tests</b>     | Not reported   |
| <b>Verification of sampling and assaying</b>          | No independent verification has taken place.   |
| <b>Location of data points</b>                        | Locations are given in MGA Zone 56, GDA 94 co-ordinates.   |
| <b>Data spacing and distribution</b>                  | Data spacing is irregular as this is exploration.  |
| <b>Orientation of data in relation to structure</b>   | Holes are generally drilled at a high angle to the interpreted structure.  |
| <b>Sample security</b>                                | No particular security measures were employed.   |
| <b>Audits or reviews</b>                              | No audits or reviews have taken place.   |

<sup>17</sup> Thomson Resources ASX Releases of 21 November 2016, 28 June 2017, 16 October 2017, 5 April 2018, 5 July 2018 and 7 January 2019



## Section 2 Reporting of Exploration Results

| Criteria  | Commentary  |
|---|---|
| <b>Mineral tenement and land tenure status</b>                          | Historic drilling took place on EL5977, EPL 1050, ML 5992, ML 6040 and ML 6042.   |
| <b>Exploration by other parties</b>                                     | All exploration mentioned in the above report was carried out by Malachite Resources.   |
| <b>Geology</b>  | Geology is from taken from publicly available company reports   |
| <b>Drill hole Information</b>   | The drill holes mentioned in the above report were drilled by Malachite Resources in 2008 and 2010 and reported in various public reports e.g. ASX releases 8 May 2008 (CMRD63), 20 August 2008 (CMRD93), 21 September 2010 (CMDD113) and in general ASX release 16 December 2008 |
| <b>Data aggregation methods</b>   | Assay intervals are combined as a weighted average  |
| <b>Relationship between mineralisation widths and intercept lengths</b> | All widths quoted are downhole widths. A true mining width of 1.2m was reported in Malachite's ASX release of 16 December 2008.   |
| <b>Diagrams</b>   | Location and sectional plans are given above in the report.   |
| <b>Balanced reporting</b>   | The intercepts quoted are illustrative of the variation along the line of lode.   |
| <b>Other substantive exploration data</b>                               | Relevant reports are listed above.  |
| <b>Further work</b>   | Further exploration, including drilling and geophysics is being planned   |