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Brandy Creek

Mining licence application to proceed following the completion of a favourable Baseline Enviro Report

High-grade gold project with rapidly growing potential. InterGroup Mining's (IGM) project lies in the Charters Towers Gold Province in Queensland, Australia, where 20Moz plus has been mined. Such mesothermal gold mineralisation is well-known for holding substantial amount of gold ore. IGM's best discoveries have been along the 2km Brilliant Brumby line where initial exploration has been centred on two historic mines with exceptional gold grades. Another such historic mine is Brandy Creek where production averaged 51g/t, which needed an access road to be constructed ahead of drilling.

Brandy Creek is an important additional area. The 2018 drilling programme saw the company drill Brandy Creek for the very first time to investigate the extent of the mapped historic workings and mineralised quartz veins. Drilling has led to the discovery of impressive grades as high as 47g/t gold being discovered, which is close to the grades that were mined there in the past. Importantly, drilling has also confirmed gold in quartz-vein mesothermal mineralisation, and that near surface gold extends at depth. Big similarities have been noted between Brandy Creek and the Brilliant Brumby line, and so further exploration could be well rewarded.

Already 20,000oz of gold has been delineated. Preliminary modelling of the mineralised zones at Brandy Creek has already led to the delineation of almost 1Mt of gold ore with a highly variable grade averaging 0.7g/t for approximately 20,000 oz, just following the initial drilling. There are a series of high-priority drill targets which are designed to further test high-grade gold historic workings, with the goal of expanding the resource considerably.

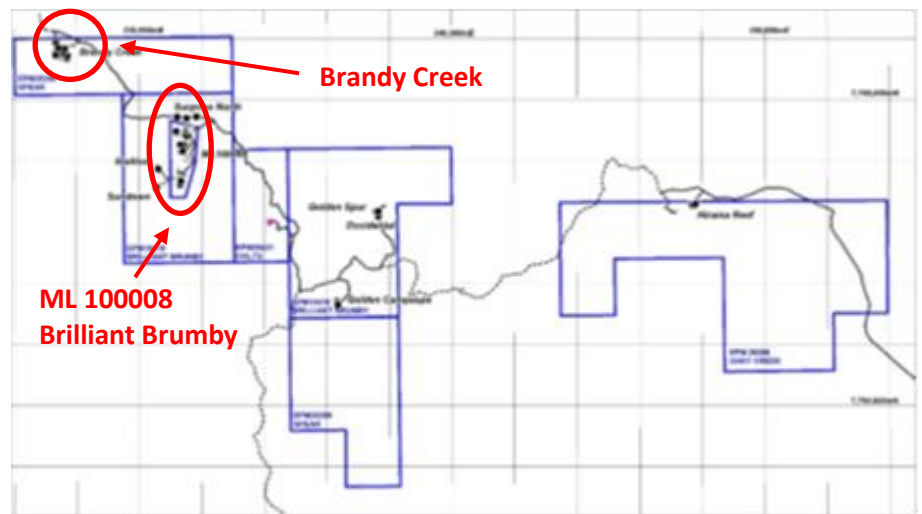
Mining licence is being fast tracked. The completion of a favourable Baseline Environmental Report suggests that there are no barriers to hold up a mining licence application for Brandy Creek. The plan is to develop this exciting additional area in much the same way as Brilliant Brumby ML 100008 with the focus being on early stage mining and cash flow generation in order to limit shareholder dilution. Selective mining is planned to target the quartz veins with the gold ore trucked 5km to the Brilliant Brumby processing plant, where current capacity is being expanded.

Investors gaining a glimpse of the true size of the prize. It seems that more and more gold continues to be discovered at this underexplored project. Such high-grade near-surface gold mineralisation suggests low-cost cost gold ore from open pit mining. Mineral processing in ML 100008 seems fairly straightforward using gravity separation. All of this seems to point towards lower quartile costs and a potentially Tier-1 gold asset in the making. Moving ahead, the company looks likely to attract the attention of the majors which have over the years become increasingly reliant on juniors like IGM for their future projects.

INTRODUCTION

IGM's 100%-owned Brumby Project is a major gold exploration and mining project in Northern Queensland, which lies approximately 250km inland from the seaport of Townsville. The project seems to be growing rapidly in both scale and potential following the recent successful exploration and drilling programmes. There is little doubt that the Brumby Project has a great address for gold mining as it is located in an under-explored area of the famous Charters Towers Gold Province, which hosts a number of legendary large high-grade gold mines.

In all, more than 20 million ounces (Moz) of gold has been mined in the Charters Towers Gold Province from: mines in the Charters Towers area (7.1Moz), Pajingo-Vera Nancy (3.8Moz) and Ravenswood (operated by Resolute Mining which has produced 4Moz so far and is still in production), Mount Wright (also operated by Resolute Mining and closed in 2018 after mining more than 1Moz of high-grade ore during its lifetime), Mount Leyshon (3.5Moz), Mt Carlton (1.4Moz) and Wirrelie (1Moz).



Location of Brandy Creek, ML 100008 and other areas drilled in 2018

The project consists of the primary Brilliant Brumby mining lease (ML 100008 - 179.6 hectares), plus four Exploration Permits for Minerals (EPM) covering in excess of 100km² of highly prospective ground. Importantly, the project area contains a number of historical mines with exceptional gold grades which includes: Brilliant Brumby, Surprise and Brandy Creek.

GEOLOGY

The project lies within an early Palaeozoic Igneous Belt, with widespread mineral shows of gold alongside lesser shows of base metals mineralisation. These rocks are largely underlain by granitoids of the Lolworth Igneous Complex (Upper Silurian-Lower Devonian in age) which is probably a postorogenic batholith (large igneous intrusion formed after the mountain building period) consisting mainly of massive biotite adamellite/grandiorite.

The geology of the project area is dominated by granites. Lolworth granite has the potential for small-medium sized mesothermal vein deposits, formed by hot hydrothermal fluids moving up through the strata as the surrounding rocks were uplifted from deep within the earth's crust. Mesothermal deposits represent a major source of world gold production.

Exploration work at Brandy Creek by IGM has revealed that, the gold is found in mesothermal quartz veins in Devonian granites (circa 380Ma). These veins occur in narrow irregular en-echelon "lodes" of granite hydrothermally altered to sericite which is a fine-grained mica and a common alteration mineral.

>20Moz gold

>100km² of highly prospective ground

Exceptional gold grades

Mt Stewart gold rush

Average gold grade of 51g/t

PAST MINING

IGM is seeking to establish viable gold operations based on the gold veins that characterise the Mt Stewart region. Gold was not discovered here until the 1930s, which led to the Mt Stewart gold rush. Gold discoveries came late in this area due to the rugged terrain and the widespread presence of barren quartz float derived from pegmatite dykes which would have served to discourage early prospectors.

The company's impressive early exploration results at Brilliant Brumby and Surprise were based on sampling and drilling at the sites of these two historic high-grade gold mines. This work led IGM to successfully apply for mining licence ML 100008, which is centred on these old mines.

Within Spear EPM 25299 lies the Brandy Creek historical mine which was actually the site of the first recorded gold on the Lolworth Range in the 1930s. Old records reveal that historic high-grade gold production was recorded here intermittently from 1932 to 1936.

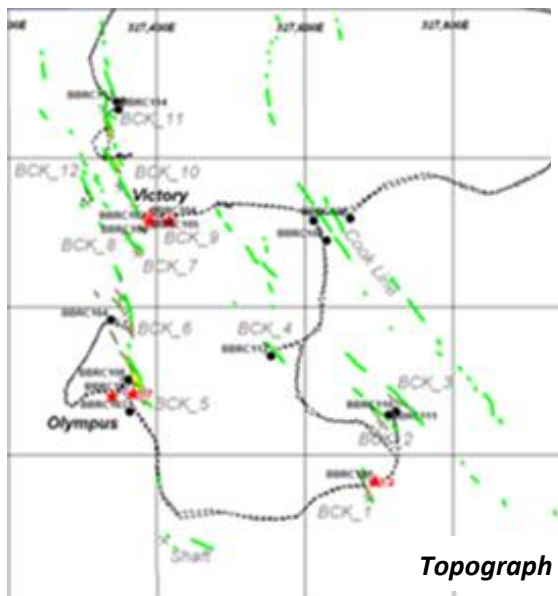


Historic mine workings at Brandy Creek

Government reports from this period concerning Brandy Creek mention that 83.5t of ore was treated for 137.4 ounces, suggesting exceptional gold grades possibly averaging as high as 51g/t. Such a grade is more than 50% higher than that mined in Charters Towers, which is seen as being one of Australia's richest gold mines producing over 7Moz at 34g/t during its life.

DRILLING RESULTS

Exploration rock chip samples by IGM (2018) delineated high gold values on the NW workings at Brandy Creek with 10 samples over a 130m strike length including gold assays running at 11.5g/t and 12.75g/t; and averaging around 7g/t. Other results included 15.25g/t and 4.3g/t in the south eastern group. Such results encouraged the initial drilling of this area.



Location of prospects drilled at Brandy Creek in the 2018 drilling programme, with lodes (green) and old mine names (black)



*Relatively shallow
gold mineralisation*

47g/t gold

*Intersected gold
grades close to
historical levels*

The 2018 drilling programme saw 148 Reverse Circulation (RC) holes drilled for 11,130m. Out of this total 21 holes were drilled at Brandy Creek for 2,203.5m which targeted the investigation of the extent of the mapped historical workings and mineralised quartz veins.

RC Hole	Brandy Creek Prospect
	Some of the best intersections from the 2018 drilling programme
BBRC103	1m @ 11.4g/t Au, 20.4g/t Ag from 8m 2m @ 2.09g/t Au from 20m 2m @ 1.55g/t Au from 88m
BBRC104	1m @ 1.55g/t Au from 15m 1m @ 1.02g/t Au from 25m 1m @ 1.02g/t Au from 39m 14m @ 2.98g/t Au from 76m (including 2m @ 11.3g/t Au from 86m)
BBRC106	1m @ 6.17g/t Au from 9m 2m @ 2.38g/t Au from 31m 2m @ 1.29g/t Au from 86m
BBRC165	3m @ 3.04g/t Au from 40m (including 1m @ 4.95g/t Au, 0.25% Pb from 40m) 3m @ 3.27g/t Au from 44m (including 1m @ 8.12g/t Au from 45m) 1m @ 1.11g/t Au from 46m
BBRC166	1m @ 3.66g/t Au from 56m (including 1m @ 6.15g/t from 57m)
BBRC167	4m @ 19.99g/t Au, 0.23% Pb from 80m (including 1m @ 47.00g/t Au, 31.1g/t Ag, 0.71% Pb, 0.3% Zn from 81m and 1m @ 24.5g/t Au, 9.3g/t Ag, 0.13% Pb from 82m) 1m @ 2.54g/t Au from 94m 7m @ 1.55g/t Au from 116m 1m @ 4.81g/t Au from 119m 1m @ 1.83g/t Au from 131m 1m @ 1.15g/t Au from 181m
BBRC168	3m @ 2.35g/t Au from 56m (including 1m @ 7.63g/t Au, 0.18% Pb, 0.2% Zn from 58m).

REVIEW OF DRILLING RESULTS

These results represent the first drilling by the company at Brandy Creek as the team had only just completed the construction of an access road into this highly prospective area. Results made for good reading with some important points that are clearly emerging from these exploration and drilling results:

High grade gold - Just below the 1930s workings at Victory high grade gold was intersected and +5g/t gold was returned at Olympus. Impressive grades as high as 47g/t gold have been discovered at Brandy Creek, which are reassuringly close to the average grade historically mined here of 51g/t.

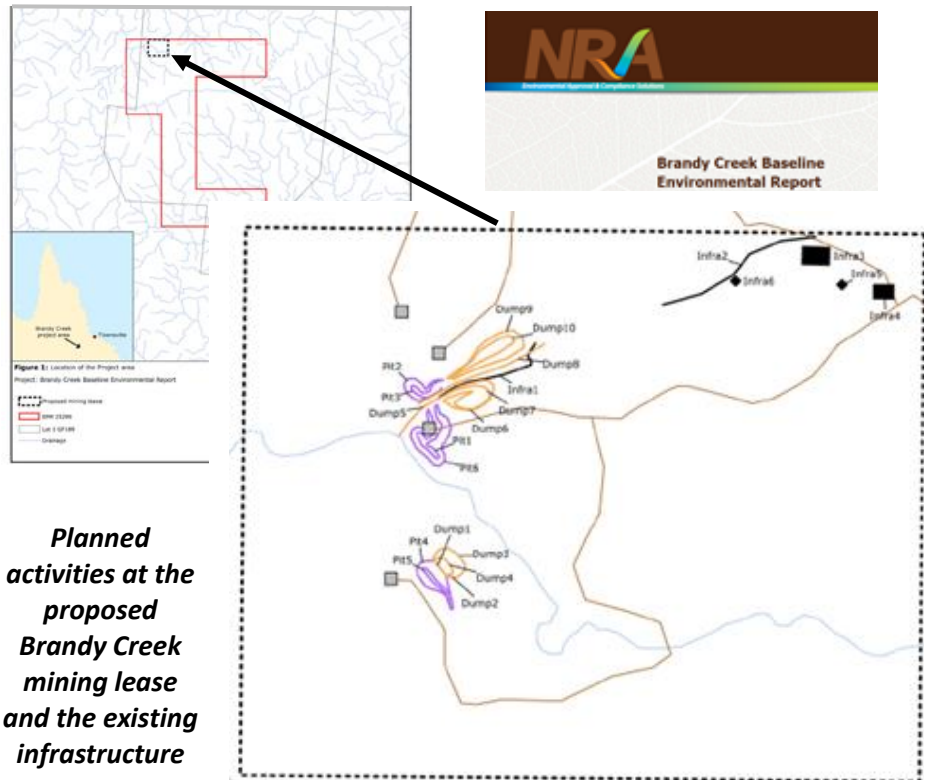
Mesothermal - These intersections provided critically important evidence that the Brandy Creek workings mined mesothermal gold mineralisation hosted within typically steeply dipping 10-30cm wide quartz veins plus there is a zone of alteration within the host that is generally around 1m in width. In addition, there is associated alteration which is relatively consistent with moderate to strong green sericite-chlorite alteration. This zone of alteration can extend within the host granite for up to several metres from the veins but is generally around 1m wide. These intersections also clearly show that gold mineralisation lodes extend from the surface to depth at Brandy Creek.

Similarities with Brilliant Brumby Line – The mineralisation at the Brandy Creek is seen to be similar to that discovered at the Brilliant Brumby historic mine which is typically hosted by quartz veining trending N-S in contrast to the general NE-SW trend of the major faults and lineaments in the region.

*Allows a mining
licence application
to proceed*

BASE LINE ENVIRONMENTAL REPORT

NRA Environmental Consultants undertook baseline environmental studies to support an Environmental Authority application for a mining lease (ML) at Brandy Creek. Based on this study and searches completed, NRA seems to see no barriers to hold up a ML application for small-scale mining targeting free gold in quartz veins on the 80.2-hectare site in EPM 25299.



**Planned
activities at the
proposed
Brandy Creek
mining lease
and the existing
infrastructure**

Planned work on the proposed Brandy Creek mining licence area looks like it will involve the following steps:

Mapping - Proposed sites of the mine and waste rock dump sites will be mapped for future rehabilitation. Environmental sampling sites will also be established and the proposed sites for mine infrastructure checked and modified, where necessary. In addition, a Drone Digital Terrain Model (DTM – also known as a bare-earth model) survey will be undertaken over the project areas for geomorphological studies to investigate the origin and evolution of the topography which could provide an invaluable insight.

Delineating resources - Additional drilling is planned and work will be advanced to prepare drilling pads and access routes. There is also the planned sampling of the existing waste rock dumps. All this work will allow further resources to be delineated. Ahead of mining commencing, the roads and tracks will be upgraded along with clearance of the vegetation around the proposed mining areas.

Mining – Quartz ore from the ground is planned to be mined using an excavator and a 40t Moxy dump truck and possibly a loader. Selective mining is planned to target the quartz veins using trench style mining where possible and benching down as appropriate. The ore will then be transported to the run-of-mine (ROM) stockpile. Plans show that waste will be stockpiled onsite to be used in the future rehabilitation of the site.

Processing - Once sampled and analysed, the viable ore is to be hauled to the Brilliant Brumby processing site in ML 100008, south of the project area. The team is also evaluating on-site screening of the ROM ore.

DTM survey

More drilling

Selective mining

Important new additional area

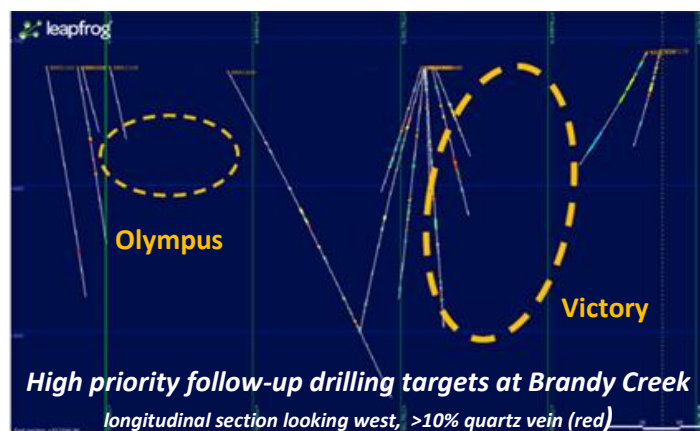
High-priority follow-up drilling targets

Separate zones may well join

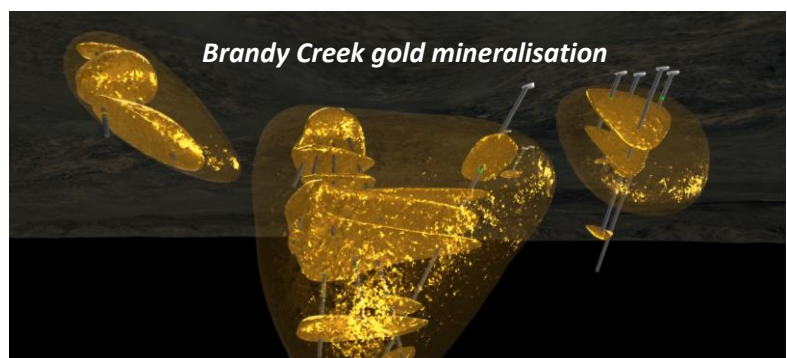
STRATEGY

Highly encouraging early drilling results at Brandy Creek are fast suggesting that this is an important additional new area and so a mining licence is being fast tracked. The most compelling discoveries over the project area have been made along the prominent 2km Brilliant Brumby line, which lies just 5km south. The initial drilling of the 21 holes has been sufficient to discover that Brandy Creek contains similar mineralisation. During the field work for the Baseline Enviro Study, NRA noted 14 historic workings within the mining lease application area which beg attention.

The gold mineralisation at Brandy Creek is complex. Resolving the complicated vein and high-grade gold patterns could provide an improved understanding and allow the true potential to be unlocked. IGM's geologists have recommended that more accurate surveys of drill collar coordinates could not only help to define high-grade ore shoots, but also help resolve the complex gold mineralisation, which could result in the delineation of substantial resources.



Drilling is the quickest way to add value and there are a number of high-priority follow-up drilling targets. The best exploration results at Brandy Creek came from the NW and so an expanded drilling programme is expected to focus on the adjacent area to the north where the 1930s miners developed a small underground stope and down-plunge from high-grade mineralisation. The possible discovery of a similar sort of trend as the Brilliant Brumby line, could well be on the cards at Brandy Creek.



Preliminary modelling of the zones of mineralisation has so far shown that at Brandy Creek there is approaching 1Mt of gold ore with a highly variable grade averaging 0.7g/t for approximately 20,000 ounces. The highest grades were found in the central zone of the NW area where the average has been discovered to run slightly higher at 0.81g/t gold which includes intersections such as 2m @ 36g/t, 1m @ 15g/t and 1m @ 11g/t.

As with Brilliant Brumby the separate zones of mineralisation may well join and further drilling/surface sampling programmes at Brandy Creek are planned to define an expanding JORC resource.

*Potential to
generate a
substantial resource*

*Gold targets could
connect
underground*

*Potential Tier-1 gold
asset in the making*

CONTINUED EXPANSION OF THIS MAJOR GOLD PROJECT

It does seem that the more IGM explore this project in Northern Queensland, the more gold is discovered. Highly successful exploration centred around historic high-grade gold mines has produced compelling results not just at Brilliant Brumby ML 100008 but also now at Brandy Creek. This important new area is just beginning to be understood and seems to have the potential to generate a substantial resource.

The company has already confirmed the discovery of high-grade gold from quartz-vein mesothermal Charters Towers style gold mineralisation which has also been witnessed at Brandy Creek. This is very important as such structures are well-known for their large size and can hold a substantial amount of gold ore. It could be that all these gold targets are not isolated, but might join up, but that is yet to be proved.

The publication of the Baseline Environmental Report allows IGM to proceed with the mining licence application for Brandy Creek where the plan is to selective mine the gold-bearing shallow quartz veins. This should allow for early stage gold production and an expanding cash flow to help reduce dilution for shareholders. At the same time, further drilling at Brandy Creek is expected to be focused on defining an expanding JORC resource in addition to the resource being established at Brilliant Brumby ML 100008. A growing total resource figure for the entire project would allow an increasing valuation to be placed on IGM by mining analysts.

Such high-grade gold mineralisation near the surface does open the door to low-cost open pit mining. At the same time mineral processing in ML 100008 appears fairly straightforward using gravity separation. All of this seems to point towards lower quartile costs and a potentially Tier-1 gold asset in the making. It is for these reasons that moving ahead, the company looks likely to attract the attention of the majors which have over the years have become increasingly reliant on juniors like IGM for their future projects.

About the author

Dr Michael Green is an independent analyst who specialises in growth companies and resources companies. He gained a BSc and PhD in Mining Engineering from Nottingham University. Having been involved in consultancy work, he began working in the London financial market in the 1980s as a Resources Analyst with stockbrokers Buckmaster & Moore and then HSBC-owned Greenwell Montagu Securities. Subsequently, he was involved in analysing a wide range of growth companies and became Head of Research at stockbroker Everett Financial which specialised in the small cap market. Since, 2006 Michael has been an independent analyst. UK-based DOC Investments Ltd provides research and investor relations.

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