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Gold production plus rapidly increasing potential outlined by the latest drilling on the road to defining a JORC resource

High grade gold project with a great address. InterGroup Mining's (IGM) project lies within the Charters Towers Gold Province in Queensland, Australia. More than 20 million ounces of high-grade gold has been mined from this gold province from legendary mines such as: Charters Towers, Pajingo-Vera Nancy, Ravenswood and Mount Wright. Already, IGM has discovered gold grades as high as 176g/t gold in quartz-vein mesothermal Charters Towers style gold mineralisation, which are well-known for being high grade deep structures holding substantial amounts of gold ore.

Impressive results from 2018 drilling programme.

In 2018, IGM drilled 144 holes for 10,881m metres focused on testing the subsurface and deeper extent of the Brilliant Brumby line on ML 100008. A quarter of these holes were drilled on new areas of interest both within known prospects and new areas. The early analysis of these results satisfyingly seems to show that mineralised lodes continue from the surface to depth. The record gold price in Australia dollar terms means that laboratories are busy leading to delays which means that the full results are unlikely to be available until February 2019. The full results could make for good reading.

Growing strike lengths show the size of the prize.

Drilling results show increasing strike lengths along a 2km long trend which is the Brilliant Brumby line, combined with extensions at depth, it does really begin to highlight the true scale of the opportunity here. Rather than being isolated targets, all these gold targets could connect underground - yet to be proven. Further drilling and sampling programmes are planned to define a JORC resource.

Early stage revenue generation from gold mining.

Late-2017 saw mining begin at ML 100008. Surface mineralisation allows for low cost production with gold ore mined by a series of shallow pits. A small-scale processing plant on site was commissioned in November 2018. A second plant is now planned to increase production capacity. Early revenues will to help finance further exploration thereby limiting dilution for shareholders. IGM's project boasts an attractive combination of high-grade gold and low-cost mining/processing which is expected to ensure that the project is economically robust.

Bears all the hallmarks of a world class gold project.

Potentially, this is one of the largest gold discoveries of recent years. The tremendous scale being outlined plus the high-grade gold, against the average gold grade of just 1g/t now being mined globally. Gold production and drilling results leading to a maiden and expanding JORC resource should all move the project smartly up the valuation curve. Majors are increasingly reliant on juniors to provide them with their future projects. IGM looks increasingly likely to attract attention from a strong partner which could really optimise the potential for all IGM shareholders.

>200km² of highly prospective ground

144-hole drilling programme totalling 10,881m

Proved that gold mineralisation extends to depth

INTRODUCTION

InterGroup Mining (IGM) has 100%-stake in an impressive major gold exploration project in Northern Queensland which lies within an underexplored area within the well-known Charters Towers Gold Province.

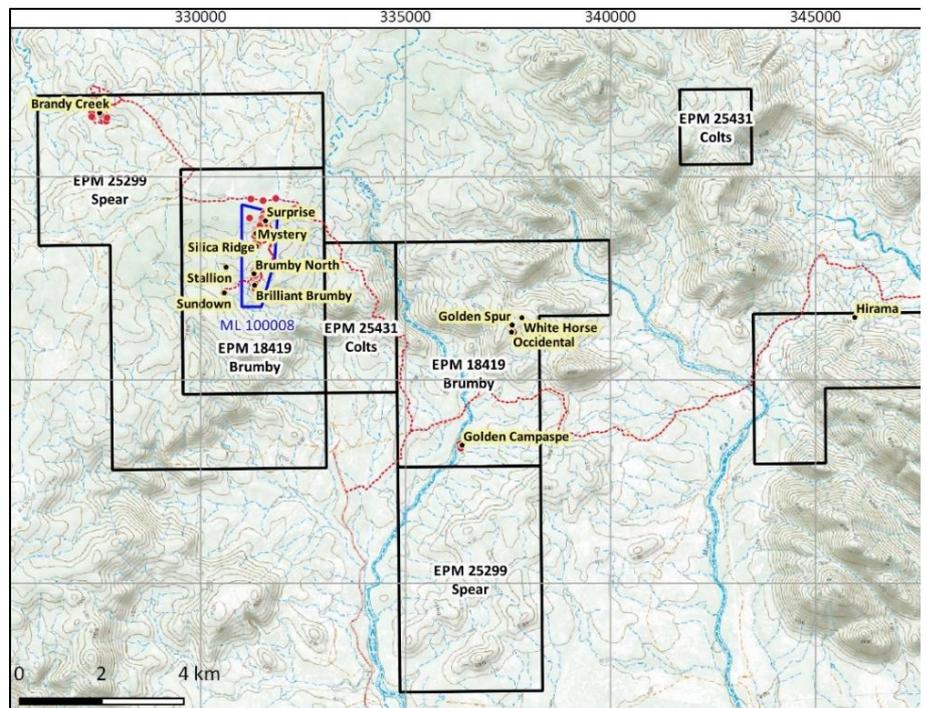
Gold production from the Charters Towers Gold Province has totalled more than 20 million ounces from: mines in the Charters Towers area (7.1Moz), Pajingo-Vera Nancy (3.8Moz), Ravenswood (3.1Moz), Mount Wright (1Moz), Mount Leyshon (3.5Moz), Mt Carlton (1.4Moz) and Wirrelie (1Moz).

IGM's project consists of a mining lease (ML 100008 - 179.6 hectares) which contains the historic gold mines at Brilliant Brumby and Surprise; plus four Exploration Permits for Minerals (EPM) totalling more than 200km² of highly prospective ground. These are Brumby (EPM 18419 - 42km²), Spear (EPM 25299 - 84km²), Oaky Creek (EPM 26366 - 39km²) and Colts (EPM 25431 - 42km²).

The geology is dominated by granites and so far, most of the target areas that have been discovered seem to lie along linear geological structures which are favourable locations for gold mineralisation. The main targets in the project area are gold mineralisation in veins and stockwork which are mineral deposits formed by a network of veinlets in random directions.

THE 2018 EXPLORATION PROGRAM

During 2018, an extensive exploration program was carried out on the Brumby Project. Early on in the year, a mapping and rock chip sampling programme successfully led to the identification of new areas of interest within both the known prospects and also within some brand-new prospects which includes: Hiram Reef, High Ridge North, Stallion, Python and Brumby South. Late-August 2018 saw the commencement of Reverse Circulation (RC) drilling programme to test these targets.



Prospects drilled in the 2018 RC drilling programme

The 2018 drilling programme was designed to gain a better understanding of the gold potential at depth along with testing targets that had shown up in initial trials using Ground Penetrating Radar (GPR). Certainly, it was hoped that the programme would confirm earlier results which had shown significant gold deposits across a wide range of targets such as: Brilliant Brumby, Oaky Creek, Brandy Creek, High Ridge and The Worm.

144 holes for a total of 10,881m

2km long trend

53.85g/t gold

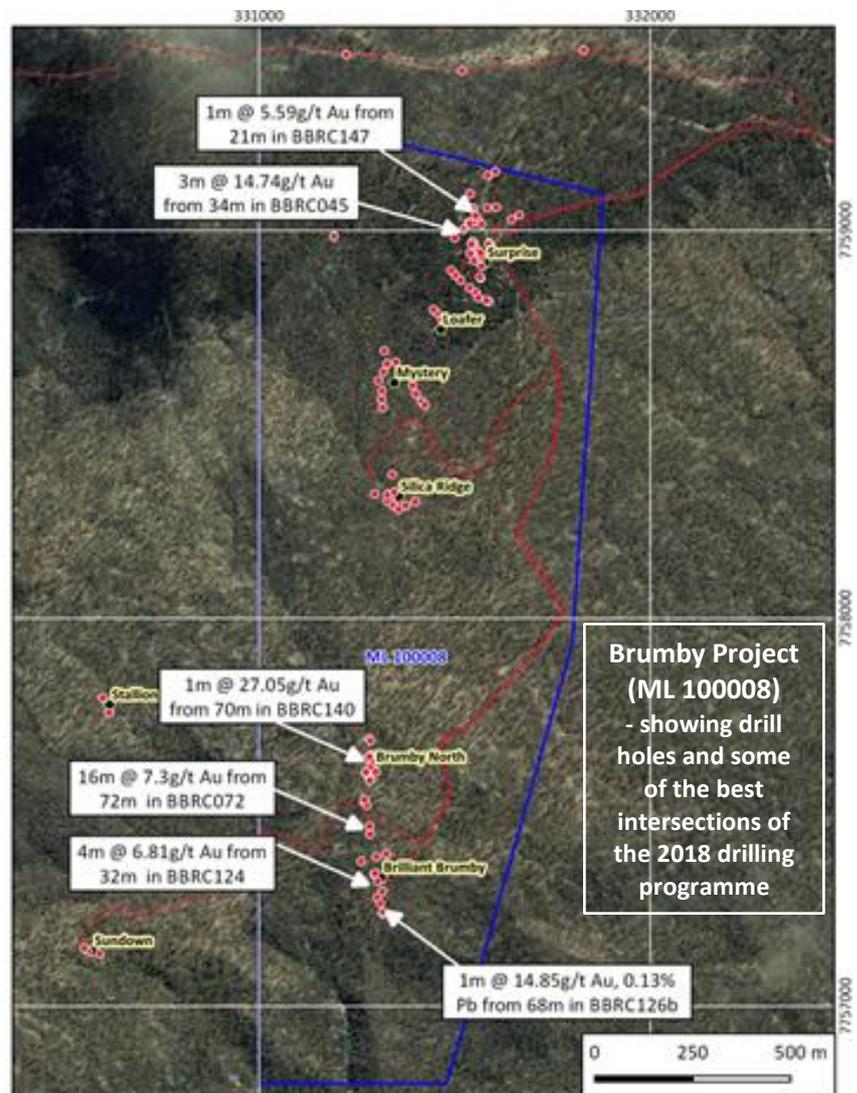
DRILLING RESULTS

By the end of 2018, 144 holes had been completed for a total of 10,881 metres. The principle focus was on the testing the subsurface and deeper extension of the Brilliant Brumby line on ML 100008. In all, a quarter of the holes were drilled outside of ML 10008 in EPM 18419 at Stallion, Sundown High Ridge and Golden Compaspe and in EPM 25299 at Brandy Creek.

Brumby ML 100008

So far, 107 RC holes have been completed for 7,515m in Brumby ML 100008. With further results awaited, the main highlights so far have come from Surprise, Brilliant Brumby and Brumby North.

At Surprise, the drilling has successfully discovered anomalous gold mineralisation down dip of the main workings which also serves to extend the known mineralisation along strike.



Visible gold in chips has been discovered by drilling south of the main Brilliant Brumby workings. Whilst, drilling to the north of these workings resulted in anomalous mineralisation being intersected by BBRC072 (16m @ **7.3g/t** Au from 72m, including – 1m @ **53.85g/t** Au, 29.7g/t Ag, 0.09% Pb, 0.0% Zn from 76m and 4m @ **2.85g/t** Au from 81m).

Whilst at Brumby North, further anomalous results were returned from drilling along strike. Previous drilling here intersected 1m @ **71.7g/t** gold from 66m (BBRC039A), which represents the highest grade discovered so far by drilling down over the project area.

Big similarities with the Brilliant Brumby line

27.09g/t gold

Historic gold mines producing at grades of 51g/t and 26g/t

Spear EPM 25299

Brandy Creek saw a total of 21 RC holes drilled for 2,203.5m, where the drilling pattern was designed to investigate the extent of the mapped historical workings and mineralised quartz veins. Although the team is waiting on the results from the deeper drilling, those already in seem to show big similarities with the Brilliant Brumby line within ML 100008.

RC Hole	Best intersections from 2018 drilling in Spear EPM 25299
Brandy Creek Prospect	
BBRC103	1m @ 11.4g/t Au, 20.4g/t Ag from 8m
BBRC104	14m @ 2.98g/t Au from 76m including 2m @ 11.3g/t Au from 86m
BBRC105	12m @ 2.6g/t Au from 29m including 3m @ 5.4g/t Au from 37m
BBRC106	1m @ 6.17g/t Au from 9m
BBRC165	4m @ 2.65g/t Au from 40m including 1m @ 4.95g/t Au, 0.25% Pb from 40m
BBRC167	2m @ 27.09g/t Au from 80m including 1m @ 47g/t Au, 31.1g/t Ag, 0.71% Pb from 81m
BBRC168	1m @ 7.63g/t Au, 0.18% Pb, 0.2% Zn from 58m

Brilliant Brumby EPM 18419

In EPM 18419, outside ML 100008, the Golden Campaspe, High Ridge and Stallion Prospects were drilled. Golden Campaspe saw three holes, for 156m which were planned to target historical workings for quartz veins with gold mineralisation. These drill holes identified multiple quartz veins with associated trace pyrite and rare galena.

RC Hole	Best intersections from 2018 drilling in Brilliant Brumby EPM 18419
Golden Campaspe Prospect	
BBRC136	1m @ 1.08g/t Au from 14m, 1m @ 1.25g/t Au from 17m and 1m @ 5.2g/t Au from 25m in (BBRC136)
High Ridge Prospect	
BBRC176	2m @ 9.41g/t Au from 22m including 1m @ 14.3g/t Au from 22m
BBRC181	1m @ 1.56g/t Au from 41m
Stallion Prospect	
BBRC128	1m @ 0.66g/t Au from 20m and 2m @ 0.55g/t Au from 37m

Drilling at High Ridge was planned to target the extent of the multiple workings at Golden Spur, Occidental and White Horse. At the year-end, this programme was still in progress with a total of 8 holes for 779m already drilled, which intersected large quartz veins with pyrite and galena. Whilst, the 2 holes (89m) drilled at Stallion intersected thick quartz veins which are associated with shallow historical workings.

COMMENT ON DRILLING RESULTS

The record gold price in Australia dollar terms means that laboratories are busy which is leading to delays in assays carried out on the drill intersections. So, the full results are unlikely to be available until February 2019. There are three very obvious points looking at the early drilling results.

High grade gold

Results that have already come in have continued to show impressive gold grades at many of the prospects widely spread out across the project area. These grades are substantially above the 1g/t which is the average mined around the world these days, whilst historic gold mines in the project area have produced at grades of 51g/t and 26g/t. These are just the sort of grades that have shown up in exploration work.

Tremendous size & continuation at depth

Define a JORC resource

Mesothermal

Results that have so far been released are highly impressive with drilling having successfully intersected massive quartz veining and minor sulphides (including pyrite and galena). There are good gold grades and widths which clearly show that gold mineralisation lodes extend from the surface to depth at a number of prospects. This is very good news as such results are consistent with the structures being Mesothermal in origin, which are well-known for their tremendous size and continuation at depth.

Increasing strike lengths

The true scale of the potential strike lengths at the various prospects along a prominent 2km long trend is now becoming apparent. In the south, there is Brilliant Brumby (280m) and Brumby North (200m) which are suspected to be joined up, which would add another 50m for a 500m overall strike length.

To the north, there is a potential strike length of Surprise (150m), Loafer (80m), Mystery (200m), Mystery East (50m) and Silica Ridge (100m), which equates to close on 600m. These strike lengths are highly conservative and so could be much longer. Interestingly enough, recent results received from Brandy Creek indicate that this area is similar to the Brilliant Brumby line.

Full report

The full report on the extensive drilling programme is expected to confirm the impressive results that have been received to date. The expected highlights in the results that are eagerly awaited look likely to come from Brilliant Brumby and Brandy Creek. At Brilliant Brumby, results are awaited from the deep drilling (150m+) which intersected wide quartz veins and associated alteration. There are also results to come from the deeper drilling at Brandy Creek. Once the full report has been received, I look forward to being able to provide investors with further analysis.

Future mining is planned by a series of shallow open pit gold mines feeding a central mill. 3D modelling of earlier exploration results has led geologists to identify a growing number of these shallow gold mining targets to a depth of 120m, but now there is growing evidence that these gold lodes extend to a much greater depth. Certainly, exploration work is continuing to provide more and more evidence of the potential serious scale of this project coupled with the high gold grades which are continuing to be discovered.

Rather than being isolated targets, all these gold targets could connect underground, although this has yet to be proved. Further drilling and sampling programmes are planned to define a JORC resource.

GROUND PENETRATING RADAR

TerraVision has been trialling GPR on a number of prospects to see if the technology could highlight quartz veining from the surrounding granite rocks. GPR is a ground-scanning process which can rapidly investigate the presence of minerals resources and geological features up to 250m deep. Information on prospective areas is gained in a highly cost effectively and in real time, allowing exploration dollars to be spent with the greatest impact.

GPR is based on sending ultra-wide band electromagnetic pulses into the subsurface to measure a material's ability to absorb electrical energy (dielectric permittivity). Positive initial results have shown that GPR has been able to identify some quartz veins and associated alteration. Analysis is ongoing which includes an assessment of the recent drilling results to properly judge the suitability of GPR for this deposit style.

Gold production

*Dramatically
reduce processing
costs*

*Processing plant
onsite with a
second planned*

MINING & PROCESSING

Already the management has taken the decision to commence gold production which is expected to allow for early stage revenue generation. The current focus is on gold production in the Brilliant Brumby lease. During the course of 2018, IGM has continued mining quartz veins using excavators and stockpiled material from Surprise, Mystery, Silica Ridge and Brumby North. This material has been screened and crushed to provide the correct size fraction to feed the processing plant.



Screening at Brumby North (ML 100008)

Surface mineralisation allows for low cost production with gold ore being mined by a series of shallow pits. Whilst the processing is fairly straightforward using gravity separation. Good process has been made with mining and processing over the past 12 months.

Recently, samples from the stockpile have been sent to TOMRA Sorting, a leading provider of sensor-based sorting systems for the mining industry. Results from the initial trials have shown extremely encouraging results from laser separation, with the technology seemingly able to discard 90% of the granitic waste from the sample. This technology could serve to dramatically reduce processing costs moving ahead.



Brilliant Brumby Processing Plant

November 2018 saw the commissioning of a small-scale processing plant on site, and first gold has been produced. This plant includes a hammer mill and screen leading to a gravity concentrator and Gemeni table. Trials are being conducted with positive results from the gold table. A second plant is planned to be ordered to increase production capacity.



Gemeni Table in the gold room and gold concentrate produced

World class gold project in the making

ONE OF THE BIGGEST GOLD DISCOVERIES OF RECENT YEARS

Exploration and drilling results that are already in for 2018 show further impressive results, which serve to increase the scale of the opportunity. Previous exploration work by IGM has led to the discovery of gold grades as high as 176g/t gold from quartz-vein mesothermal Charters Towers style gold mineralisation, which are well-known for being high grade, large and deep structures that can hold a substantial amount of gold ore.

Further drilling and sampling programmes are planned which are focused on defining a maiden JORC compliant resource, which would allow an informed valuation to be placed on the project by analysts using peer comparisons. As further drilling is carried out on a tighter matrix, the quality of the resources under JORC standards can improve as geological certainty improves taking more ounces/tonnes of resources from an Inferred mineral resources category to an Indicated or Measured category which acts to increase the value of the junior mining company.

This highly compelling project bears all the hallmarks of potentially being a world class gold project. This down to the combination of high-grade gold being discovered increasingly across a fast-expanding area, coupled with shallow surface mineralisation which allows for low cost open pit mining plus there is fairly straightforward processing. So, the project looks as though it could be financially robust with costs likely to be well within the lower quartile. The mining decision has already been taken and processing capacity is being increased to allow for early cash flow, which will serve to help finance the further exploration and limit dilution for shareholders.

A well-planned strategy looks set to move the project smartly up the valuation curve. Over recent decades the majors have become reliant on juniors like IGM to provide them with their future projects. Given the opportunity that the company is fast proving up, IGM is likely to be increasingly attracting the attention of financially strong partners that could really optimise the potential here for the benefit of all shareholders.

About the author

Dr Michael Green is an independent analyst who specialising 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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