

Third Annual Report
on
EL 4/2010 – EVANDALE

Reporting Period: 14 September 2012 – 13 September 2013
Project Operator: ABx4 Pty Ltd
Address: Level 2, 131 Macquarie Street, Sydney, NSW, 2000
Authors: Tamara Coyte and Jacob Rebek
Date: 24 July 2013

PAGE INTENTIONALLY LEFT BLANK

CONTENTS

1	ABSTRACT.....	2
2	INTRODUCTION	4
3	REVIEW OF PREVIOUS WORK	6
4	EXPLORATION COMPLETED DURING THE REPORTING PERIOD	8
5	DISCUSSION OF RESULTS	9
6	CONCLUSIONS AND RECOMMENDATIONS	10
7	ENVIRONMENT	11
8	EXPENDITURE	12
9	REFERENCES	13

TABLES

Table 1 – Exploration Activity and Expenditure Table for reporting period 14 September 2011 – 14 September 2012	12
---	----

MAPS

Map 1 – Location Map of EL 4/2010 “Evandale”	5
Map 2 – EL4/2010 Drill-hole and Target Map with Relinquishment Boundary	7

NOTE: All Garmin maps use WGS – 84

1 ABSTRACT

Objective:

Exploration Licence (EL) 4/2010 “Evandale” was applied for in order to facilitate an exploration program to discover economically viable deposits of bauxite associated with Tertiary Volcanics, in an area with old penepained surfaces preserved as plateaus. The goal of the program is to determine the quality and quantity of the bauxite in the area using an RC drill rig mounted on a light Mitsubishi 12 tonne truck.

Methodology:

1. Detailed geological mapping, including geomorphological mapping, to define the areas with best potential for bauxite.
2. Systematic sampling of natural outcrops and exposures in road cuts of lateritic weathering profile.
3. Chemical analyses of samples, including specialist analyses to determine total and available alumina, total and reactive quartz, loss on ignition and other analyses as required in bauxite search.
4. Drill testing of zones with best potential defined by work under 1, 2. and 3, by an RC drill rig mounted on a light truck to get samples representing the whole lateritic weathering profile (from upper-most iron rich zone through alumina rich zone down into mottled and pallid saprolite zone).
5. Systematic drill testing at close spacings to obtain data for resource estimation in the best target areas defined by programme under 4.

Results:

Only reconnaissance via driving along public roads was undertaken over the reporting period. No bauxite outcrops were found and no field work or surface sampling was undertaken.

The bauxite in Evandale tenement is generally low grade with small potential tonnage. The bauxite mostly occurs in bauxitised basaltic volcaniclastic or dolerite deposits in the highest points of the terrain. Because of the tenement’s proximity to the port, small tonnages may still be of economic significance. Most of the bauxite deposits are primarily located on moderate to low value of agricultural land or bush land.

ABx4 partially relinquished 113sq km of EL 4/2010 in 2012. The partial relinquishment focused on removing towns, settlements, rivers, mountains and exclusion areas from the current tenement. Many of these areas are unlikely to have bauxite and those areas with bauxite would have significant constraints on any future potential developments. Further partial relinquishment of this tenement is planned.

The majority of the land usage in the tenement is agricultural land with land categories between 3 and 7. Gaining access to farming properties was very successful. All landowners contacted by ABx4 allowed the drill rig to operate on their property and no problems were encountered.

Recommendations for future work:

Recommendation for future work include further:

ABSTRACT Cont

- Detailed geological mapping, including geomorphological mapping and study of satellite images to define the areas with the best potential for bauxite.
- Systematic sampling of natural outcrops and exposures in road cuts of lateritic weathering profile.
- Chemical analyses of samples, including specialist analyses to determine total and available alumina, total and reactive quartz, loss on ignition and sieving (+0.26mm) at 260 microns as required in the bauxite search.
- Drill testing of zones with best potential with an RC drill rig mounted on a light six wheel truck to get samples representing the whole lateritic weathering profile (from upper-most iron rich zone through alumina rich zone down into mottled and pallid saprolite zone).
- Systematic drilling at close spacings to obtain data for preliminary resource estimation in the best target areas defined by program.
- Detailed analysis of assay results to determine assaying strategy for future drilling.

2 INTRODUCTION

Exploration Rationale

Exploration Licence (EL) 4/2010 “Evandale” was applied for in order to facilitate an exploration program to discover economically viable deposits of bauxite associated with Tertiary Volcanics, in an area with old peneplained surfaces preserved as plateaus. The goal of the program is to determine the quality and quantity of the bauxite in the area using an RC drill rig mounted on a light 12 tonne truck.

Geological Setting

In the Evandale area, the occurrences of bauxite are located in areas with Tertiary basaltic volcanics.

Study of geomorphology based on a Digital Terrain Model led to the conclusion that Tertiary basalt flows are preserved on remnants of old surface which form larger plateaus or smaller ‘mesas’.

Bauxite formed in certain layers of Tertiary basaltic volcanics. Process of formation of bauxite remains a matter of discussion between company geologists. However practical experience is that in areas like Penrose (SE NSW) bauxite is found as erosional remnants in higher parts of the terrain. Farmers generally decide to leave trees in areas with bauxite because the ground is not suitable for cultivation. If trees have been cut down, bracken tends to grow in areas with bauxite so that the bauxite areas are not suitable for grazing. By mining bauxite and rehabilitation one can increase the value of land.

In exploration for bauxite practical criteria like geomorphology and study of vegetation are used instead of geological theories. Company geologists and field technicians have acquired a great deal of practical experience in finding bauxite and they use a Niton instrument to test samples to determine whether they are bauxitic to speed up exploration for new deposits.

Tenement Information

EL 4/2010 “Evandale” was granted on and from 14 September 2010 for a period of 5 years to ABx4.

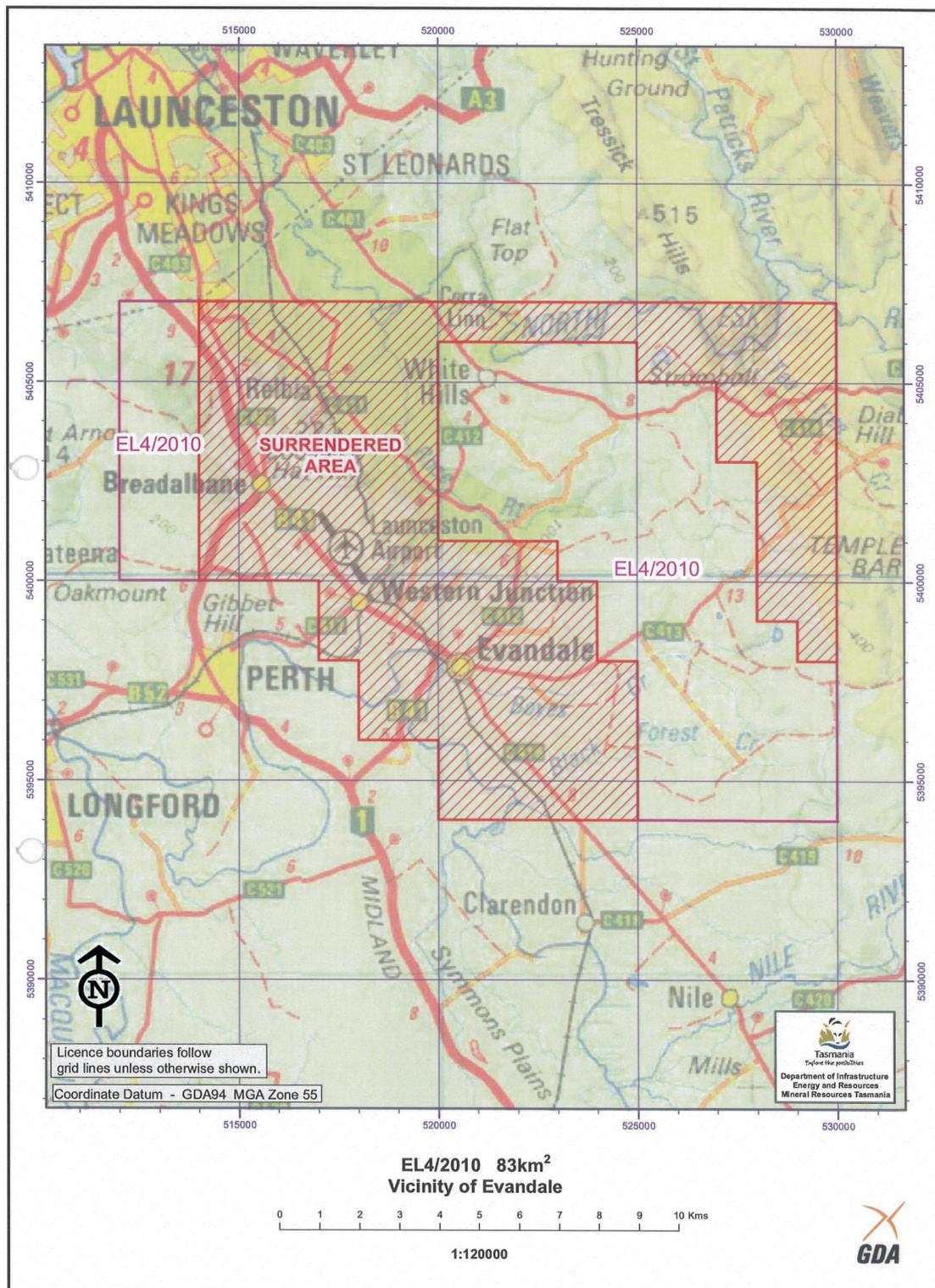
This is the Third Annual Report for the reporting period 14 September 2012 - 13 September 2013 incorporating the results of work completed during the third year of tenure.

ABx4 relinquished 113sq km in 2012 to bring the remaining total area to 83sq km. The Mineral Category for EL 4/2010 is 1 – Metallic Minerals and Atomic Substances. Further partial relinquishment of this tenement is planned.

Location

The Evandale tenement is located from the edge of Launceston to Campbelltown where there is a rail line which connects all the ports of Tasmania to each other. Ports and rail way lines in Tasmania are generally under capacity and the Tenements are often over the working railway lines. EL 4/2010 is close to the City of Launceston which could offer a wide range of services and skilled work force.

INTRODUCTION Cont



Map 1 – Location Map of EL 4/2010 “Evandale”

Tenure, including joint venture details and title transfers

EL 4/2010 “Evandale” is 100% owned by ABx4 which is an 100% owned subsidiary of Australian Bauxite Limited.

3 REVIEW OF PREVIOUS WORK

Prior to Current Tenement

Historical references for bauxite in the Evandale tenement are reported by H.B. Owen in his book "Bauxite in Australia", 1954, most notably in White Hills which was the basis for initial exploration of the area.

- H.B. Owen, 1954, Bauxite in Australia, Bulletin 24

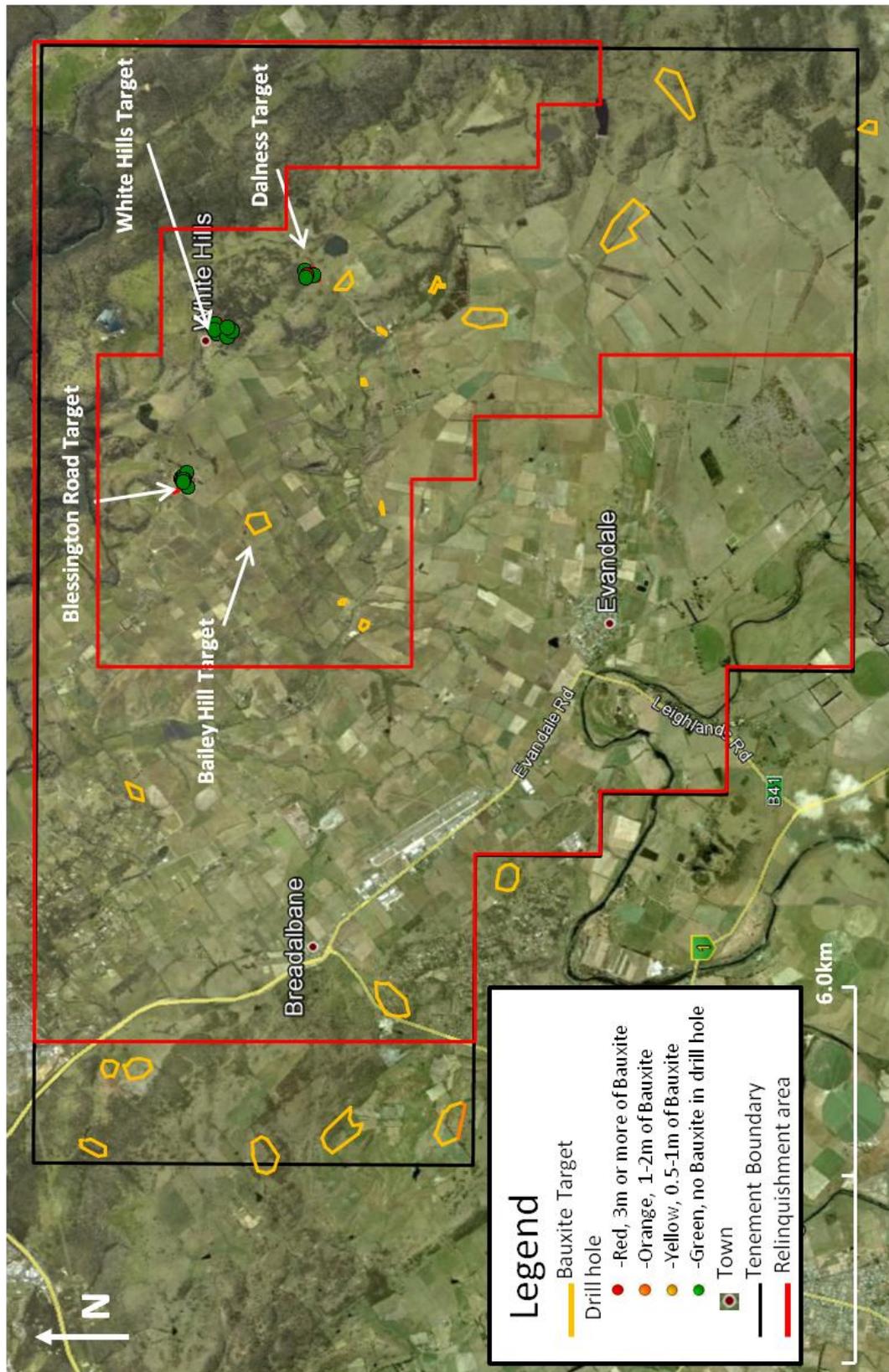
The following geological map which identified a bauxite deposit has also been referred to:

- F. Blake (1959). Longford 1:6336000 geological map, Geological survey of Tasmania - Department of Mines

During current Tenement (from first year of tenure)

Historical references of bauxite in the Evandale area were recorded in H.B. Owens's book; most notably at White Hills which was the basis for Initial exploration of the area. In December 2010 a total of 21 holes were drilled in the Evandale Tenement with a total of 126m. Only two holes intersected the bauxite zone which had an average thickness of 2.5m and had an average grade of 33.0% Available Alumina (avl Al₂O₃), 3.4% Reactive Silica (rx SiO₂), 38.6% Total Alumina, 4.6% Total Silica and 30.1% Iron Oxide. Approximate tonnage for the area is 100,000 tonnes and exploration around the area had revealed other outcrops of red material from lateritic weathering but which failed to achieve a significant grade.

INTRODUCTION Cont



Map 2 – EL4/2010 Drill-hole and Target Map with Relinquishment Boundary

4 EXPLORATION COMPLETED DURING THE REPORTING PERIOD

Regional Exploration Activities

Only reconnaissance via driving along public roads was undertaken over the reporting period. No bauxite outcrops were found and no field work or surface sampling was undertaken.

Literature Review

H.B. Owen, 1954, Bauxite in Australia, Bulletin 24

F. Blake (1959). Longford 1:6336000 geological map, *Geological survey of Tasmania -Department of Mines*

5 DISCUSSION OF RESULTS

Only reconnaissance via driving along public roads was undertaken over the reporting period. No bauxite outcrops were found and no field work or surface sampling was undertaken.

6 CONCLUSIONS AND RECOMMENDATIONS

Only reconnaissance via driving along public roads was undertaken over the reporting period. No bauxite outcrops were found and no field work or surface sampling was undertaken.

The bauxite in Evandale tenement is generally low grade with small potential tonnage. The bauxite mostly occurs in bauxitised basaltic volcanoclastic or dolerite deposits in the highest points of the terrain. Because of tenement's proximity to the port small tonnages may still be of economic significance. Most of the bauxite deposits are primarily located on moderate to low value of agricultural land or bush land. In 2012, a partial relinquishment of 113sq km focused on removing towns, settlements, rivers, mountains and exclusion areas from the tenement because bauxite potential is low or not economic in these areas. Further partial relinquishments are planned for this tenement.

Recommendations for future work include:

- Detailed geological mapping, including geomorphological mapping and study of satellite images to define the areas with the best potential for bauxite.
- Systematic sampling of natural outcrops and exposures in road cuts of lateritic weathering profile.
- Chemical analyses of samples, including specialist analyses to determine total and available alumina, total and reactive quartz, loss on ignition and sieving (+0.26mm) at 260 microns as required in the bauxite search.
- Drill testing of zones with best potential with an RC drill rig mounted on a light six wheel truck to get samples representing the whole lateritic weathering profile (from upper-most iron rich zone through alumina rich zone down into mottled and pallid saprolite zone).
- Systematic drilling at close spacings to obtain data for preliminary resource estimation in the best target areas defined by program.
- Systematic sampling and drilling at waypoints with best bauxite potential.
- Detailed analysis of assay results to determine assaying strategy for future drilling.

7 ENVIRONMENT

Surface Disturbing Operations:

ABx4's surface disturbing operations are minimal.

Drilling is conducted by an RC drill rig mounted on a light Mitsubishi 12 tonne truck. All drill holes are filled immediately after completion.

Existing tracks are used wherever possible. In the event that any specific access is required for drill rigs and/or service vehicles, track construction will be minimised and in accordance with directions of any landowners who may be affected.

Surveys (archaeological, botanical):

A botanical survey was conducted by Philip Milner Consultant Pty Ltd covering the White Hills Target Area within EL 4/2010.

Please refer to Appendix A of the 'First Annual Report for EL 4/2010 – August 2011' for the complete Survey.

Rehabilitation:

All drill holes and tracks are fully rehabilitated immediately after drilling. Drill-holes are plugged using octo-plugs at a depth of 1.5m and re-filled using innocuous material from the drill hole. No rehabilitation was required this reporting period.

8 EXPENDITURE

Table 1 – Exploration Activity and Expenditure Table for reporting period 14 September 2011 – 14 September 2012

Exploration Category	Description of Activity	Quantity	Expenditure
Office Administration			
Authority Management	Rent		\$4,830
	Tenement Management		\$1,594
Office Activities	Data Processing & Interpretation		
Field Activities	Geological Mapping		
	Sampling		
	Equipment Hire		
	Travel & Accommodation		\$1,050
	Vehicle Hire		\$128
	Vehicle Petrol		\$84
	Field Supplies		\$807
	Geophysics		
	Airborne		
	Type	Line kms	
	Ground		
	Type	Line kms	
	Drilling (program cost)		
	RAB/AC	Holes/total metres	
	RC	Holes/total metres	
	Diamond	Holes/total metres	
	Other	Holes/total metres	
Laboratory	ME-XRF 13B, Reactive Silica & Available Alumina	Samples	
Salaries / Wages	Geologist Employees	Reconnaissance	\$2,445
		Grand Total	\$10,938

Note: Office Administration was met by parent company – Australian Bauxite Limited.

ABx4 has 10 tenements in Tasmania, 2 of which are pending grant. Although expenditure was low this reporting period, ABx4 has spent in excess of \$1.4ml in relation to its Mining Lease application Bald Hill Bauxite MLA 1961P/M which is located within EL 7/2010.

9 REFERENCES

H. B. Owen (1954). *Bauxite in Australia*, Bureau of Mineral Resources Bulletin no. 24

F. Blake (1959). Longford 1:6336000 geological map, *Geological survey of Tasmania -Department of Mines*

T. Coyte, J. Rebek, First Annual Report on EL 4/2010 August 2011 – Evandale, *ABx4 Pty Ltd*

T. Coyte, J. Rebek, Second Annual Report on EL 4/2010 August 2012 – Evandale, *ABx4 Pty Ltd*