

Second Annual Report

on

EL 3/2012 – ROSS

Reporting Period: 11 September 2013 – 10 September 2014

Project Operator: ABx4 Pty Ltd

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1 ABSTRACT

Objective:

Exploration Licence (EL) 3/2012 “Ross” 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 was to determine the location of potential bauxite deposits prior to assessing quality and quantity of the bauxite in the area using an RC drill rig mounted on a light 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. Planning of drilling programs on outcrops considered to be of sufficient quality to be quantified.

Results:

Only a brief desktop review of bauxite targets within EL3/2012 took place during the current tenement period. During the past 12 months ABx4 has prioritised both financial and human resources towards its key prospects within EL7/2010 and EL9/2010 which have been designated by ABx4 as the locations for its first operating mines in Tasmania.

Detailed exploration within EL3/2012 is expected to recommence in the next reporting period.

Recommendations for future work:

Recommendation for future work include further:

- Further detailed geological mapping, including geomorphological mapping and study of satellite images to define the areas with the best potential for bauxite, with 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 drive 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 spacing 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.
- Sieve testing to find optimal sieve size for Tasmanian bauxites.
- Detailed analysis of assay results to determine assaying strategy for future drilling.

2 INTRODUCTION

Exploration Rationale

Exploration Licence (EL) 3/2012 "Ross" 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.

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.

Geological Setting

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

Study of geomorphology based on a digital terrain model led the company's geologist to the conclusion that Tertiary basaltic volcanics are preserved on remnants of old surface which form larger plateaus or smaller 'mesas'.

The bauxite has formed in the lower areas of central Tasmania between two massive plateaus of Dolerite. The large valley is made up of Dolerite, young volcanics, recent sediment and some sandstone which have been extensively lateritised. There is a small amount of older volcanics in the bauxite areas which are believed to be the source rock for the bauxite. In the "Ross" tenement, most bauxite and the underlying sediments have been masked by a thick deposit of wind-blown sand of Post Tertiary Age. This sand appears equigranular and is postulated to have been deposited during a period "Arctic" glacial climate.

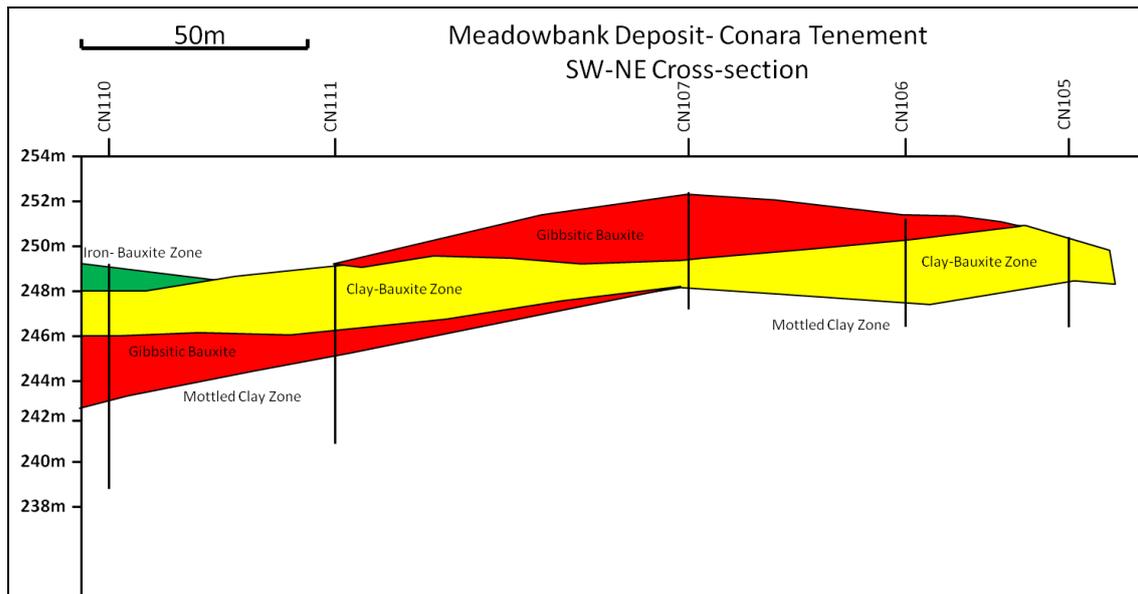


Figure 1. Typical Cross-Section of Meadowbank/Rosedale Deposit (Similar to those in EL 3/2012).

Tenement Information

EL 3/2012 “Ross” was granted on and from 11 September 2012 for a period of 5 years to ABx4 Pty Ltd (ABx4). This is the Second Annual Report for the reporting period 11 September 2013 – 10 September 2014 incorporating the results of work completed during the second year of tenure.

The total area of the Mineral Category 1 Exploration Licence was originally 174 km². However, in late 2013, ~71km² of this area was partially relinquished, retaining a total area of 103 km². This partial relinquishment was focused on removing towns, settlements, rivers and mountain areas. Many of these areas are unlikely to have bauxite because of higher amounts of erosion. In other areas it would not be practical to explore because it would constrain any potential developments if bauxite was found.

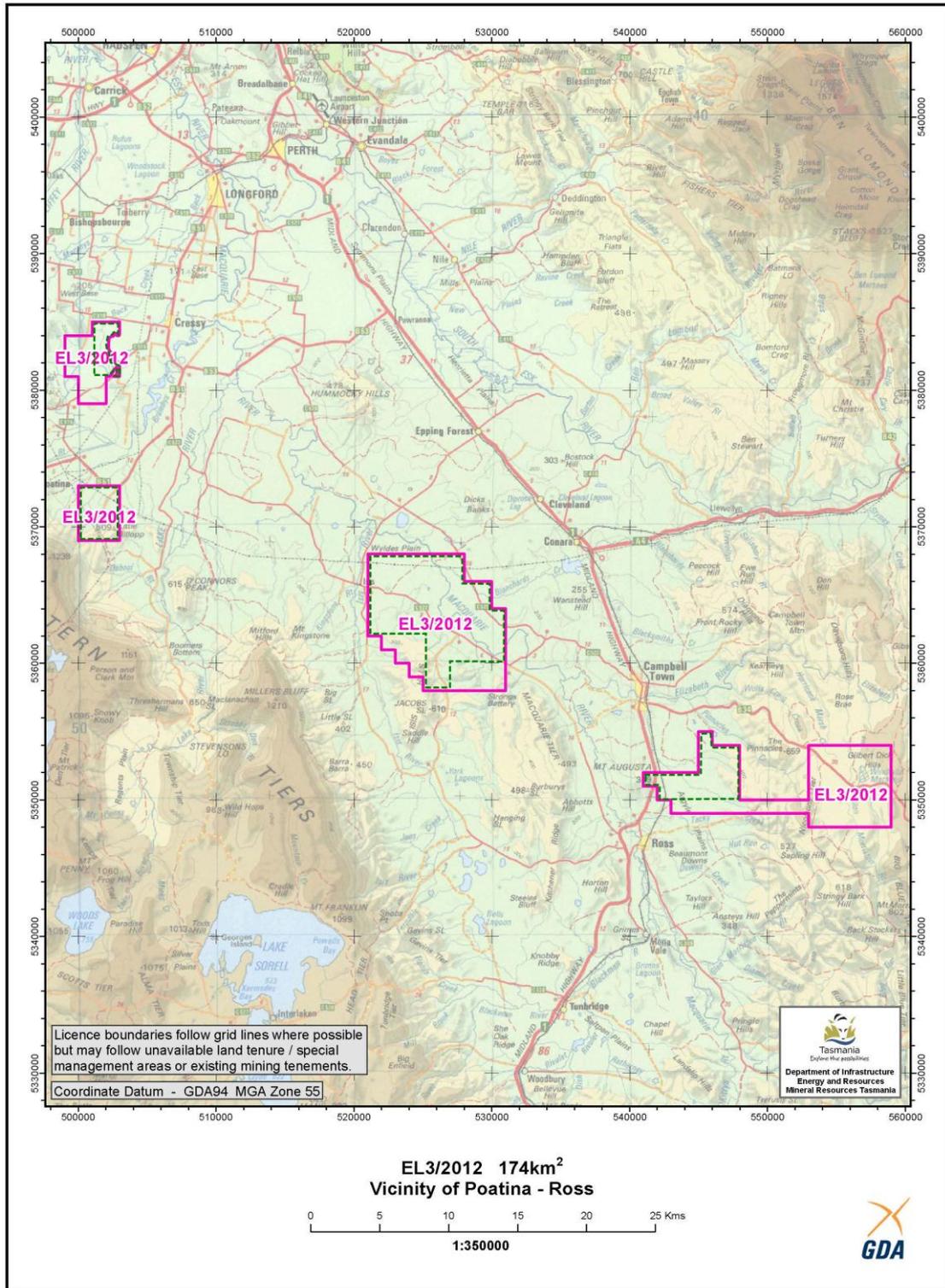
Tenure, including joint venture details and title transfers

EL 3/2012 “Ross” is 100%-owned by ABx4 Pty Ltd, a 100%-owned subsidiary of Australian Bauxite Limited.

Location

The Ross tenement is comprised of 4 separate parcels of land; the largest being located 10 km to the west of Campbell Town (See Map 1). The tenement is approximately 90km from the large operating port at Bell Bay and the Midlands highway passes through the centre of the tenement. The Ross tenement is ideally located for both rail and road transport to the port. EL 3/2012 is close to the city of Launceston which could offer a wide range of services and skilled work force.

The majority of the land usage in the tenement is agricultural land with land categories 4-6, with some small private reserves and natural forest. Gaining access to farming properties in the past has been very successful, with most landowners contacted by ABx4 allowed the geological assessment team to operate on their property.



Map 1 – Location Map of EL 3/2012 “Ross”. Original and current tenement outlines in pink and green, respectively. Coordinate datum is GDA94 MGA Zone 55.

3 REVIEW OF PREVIOUS WORK

Prior to Current Tenement

Historical references for bauxite in the Ross Tenement are reported by H.B. Owen in his book “Bauxite in Australia”, 1954, which was the basis for Initial exploration of the area

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

4 EXPLORATION COMPLETED DURING THE REPORTING PERIOD

Literature Review

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

During the Current Tenement Period

Only a brief desktop review of bauxite targets within EL3/2012 took place during the current tenement period.

During the past 12 months ABx4 has prioritised both financial and human resources towards its key prospects within EL7/2010 and EL9/2010 which have been designated by ABx4 as the locations for its first operating mines in Tasmania.

5 DISCUSSION OF RESULTS

Only a brief desktop review of bauxite targets within EL3/2012 took place during the current tenement period. During the past 12 months ABx4 has prioritised both financial and human resources towards its key prospects within EL7/2010 and EL9/2010 which have been designated by ABx4 as the locations for its first operating mines in Tasmania.

The bauxite mineralization in the Central Midlands and Ross region is generally confined to hills, ridges and plateaus of weathered/bauxitised basaltic volcanoclastic deposits. The bauxite is only partially continuous along the ridge tops and seems to form pockets of bauxite on the old surface. The original layer may have been more extensive but could have eroded away over time. The bauxite is sometimes pisolitic at surface with massive red/yellow vuggy gibbsitic bauxite making up most of the lower mineralized layer. In some zones, probably in areas of increased drainage; a fine grained yellow friable bauxite forms which is difficult to identify because of its similarity to clay. The fine grained bauxite is highly gibbsitic, low in iron and slightly higher in reactive silica. The bauxite zone also contains zones of increased iron and clay; also likely associated with drainage patterns. Iron rich layers most often form near surface or on the edge of the bauxite deposit. The clay (reactive silica) rich bauxite forms an interburden waste or low grade bauxite usually between two layers of gibbsitic or iron rich bauxite. The underlying contact zone "Mottled Zone" is sometimes defined by red and white irregular mottled layer sometimes with cemented lumps of red iron rich clay just below the bauxite layer. In lower parts of the Mottled Zone relic textures of the original volcanic is evident.

In EL3/2012 the majority of the bauxite bearing areas are masked by varying thicknesses of Aeolian sands which makes discovery of bauxite exposures difficult, however there are areas with "Windows" of recent wind erosion which allow underlying bauxite to be exposed and areas where deep tree roots enter bauxite and expose it to the surface once the tree is blown over in strong winds. Careful exploration methods undertaken with a clear understanding of geomorphology and Post Tertiary climatic processes have been successful in the exploration process in the tenement.

6 CONCLUSIONS AND RECOMMENDATIONS

Only a brief desktop review of bauxite targets within EL3/2012 took place during the current tenement period. During the past 12 months ABx4 has prioritised both financial and human resources towards its key prospects within EL7/2010 and EL9/2010 which have been designated by ABx4 as the locations for its first operating mines in Tasmania.

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Recommendations for future work include:

1. Detailed geological mapping, including geomorphological mapping and study of satellite images to define the areas with the 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 sieving (+0.26mm) at 260 microns as required in the bauxite search.
4. 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).
5. Systematic sampling and drilling at waypoints with best bauxite potential.
6. Sieve testing to find optimal sieve size for Tasmanian bauxites.
7. Detailed analysis of assay results to determine assaying strategy for future drilling.
8. Testing new sample processing techniques to improve silica reduction.

7 ENVIRONMENT

Surface Disturbing Operations:

No surface disturbing operations were undertaken in the second year of tenure.

Surveys (archaeological, botanical):

No archaeological or botanical surveys took place in the second year of tenure.

Rehabilitation:

No rehabilitation was required during the second year of tenure.

8 EXPENDITURE

Table 1 – Exploration Activity and Expenditure Table for reporting period 11 Sep 2013 – 10 Sep 2014.

Exploration Category	Description of Activity	Quantity	Expenditure
Office Administration	Office Administration		\$500
Authority Management	Tenement Management		\$700
Office Activities	Data Processing & Report preparation		\$1000
Field Activities	Geological Mapping		
	Sampling		
	Equipment Hire		
	Accommodation/Field Camp		
	Travel		
	Land Holder Liaison		
	Field Supplies		
	Other		
	Geophysics		
	Airborne		
	Type		
	Ground		
	Type		
	Drilling (program cost)		
	RAB/AC		
	RC		
	Diamond		
	Other		
Laboratory			
Salaries / Wages	Employees	Geological	\$500
		Grand Total	\$2,700

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

9 REFERENCES

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