



Exploration Licence EL8/2014 at Pipeline Road Annual Report

**30 July 2014
to
30 July 2015**

Publication date 28 May 2015

copies: (1) MRT
(1) Grange Savage River

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INTRODUCTION 3	
<i>Exploration Rationale</i>	3
<i>Licence Details</i>	3
<i>Location</i>	3
<i>Geology</i>	7
REVIEW OF PREVIOUS WORK.....	8
Prior to Current Tenement	9
Exploration Completed during the Reporting Period	9
<i>Regional Exploration Activities; None</i>	11
<i>Prospect-Based Exploration Activities</i>	11
FIGURE 1 SAVAGE RIVER LOCATION MAP	4
FIGURE 2 LAND TENURE AS AT JUNE 2014.....	5
FIGURE 3 LAND TENURE EL8-2014 GRANTED 8 AUGUST 2014	6
FIGURE 4 GEOLOGY	7
FIGURE 5 LOCAL MINE SCALE GEOLOGY	8
FIGURE 6 LIDAR RESULTS OVER EL8-2014 (FEBRUARY 2015)	10
TABLE 1 EL8-2014 QUARTERLY EXPENDITURE REPORT-JAN-MAR 2015	12
TABLE 2 EL8-2014 PIPELINE ROAD EXPENDITURE DETAILS Q1 2015	12

INTRODUCTION

Exploration Rationale

Grange's interest is focussed on the entire catchment of streams and drainage flowing southwards from the northern divide (Figure 2 Land tenure as at June 2014:) onto the northern extent of the existing Savage River mine lease 2M-2001. Planning for potential life of mine extensions indicate the possibility that waste rock dumps may need to expand beyond existing mine lease limits. This exploration licence EL8-2014 and the work conducted are aimed at conversion of this EL into a mine lease in the near future.

The following report summarises exploration activities completed at EL8/2014 at Pipeline Road during the first year of tenure (2014/15). This document will report all activities using the GDA94 datum.

Licence Details

Exploration licence EL8/2014 at Pipeline Road

Located at Pipeline Road 3km north of Savage River Tasmania.

ID: 23550

Area: 11 sq km blocks

Status: Granted 8 August 2014

Term: The term of the licence expires 29 June 2019

Reporting period: July 30 -2014 to July 30 2015

Tenement Holder: Grange Resources (Tasmania) Pty Ltd

Product categories: Category 1 - Metallic minerals and atomic Substances,
Category 3 – Construction Materials; sand gravel and stone.

Location

The Exploration licence EL8-2014 at Pipeline Road is located approximately 10.7km north by road of the Savage River Mine and concentrator. Savage River is located approximately 100km south west by sealed road from Burnie (Figure 2). The lease is accessed by the all-weather gravel road between Savage River and Corinna, and then by a bush track of approximately 2km.

Local topography in the Broderick Creek catchment is rugged, with a broad elevated plain to the north of the licence area and incised valleys and steep hills extending southwards. The drainage flows southward onto the Savage mine lease via McAuliff and Broderick creeks.

Regional vegetation includes undisturbed rain forest, wet eucalypt, acacia and open heath land. The immediate area of the prospect has previously been logged extensively approximately 20 years ago, with almost no mature trees present in the working area. Climate is wet temperate with an average annual rainfall of 1,950mm and mean monthly temperatures ranging from 3-19°C.



Figure 1 Savage River Location Map

Tenure

Exploration Lease EL 8/2014 “Pipeline Road” was granted to Grange Resources Tasmania Pty Ltd on 8th August 2014, following an open tender process on Exploration Release Area 959 (ERA959). EL8/2014 comprises an area of 11km². The licence encompasses the entirety of the Broderick Creek catchment north of and adjoining Mine lease 2M-2001 and provides continuous leasehold connecting EL8/2014 and the Savage River Mine Lease 2M/2001 as shown in figure 2 land tenure below.

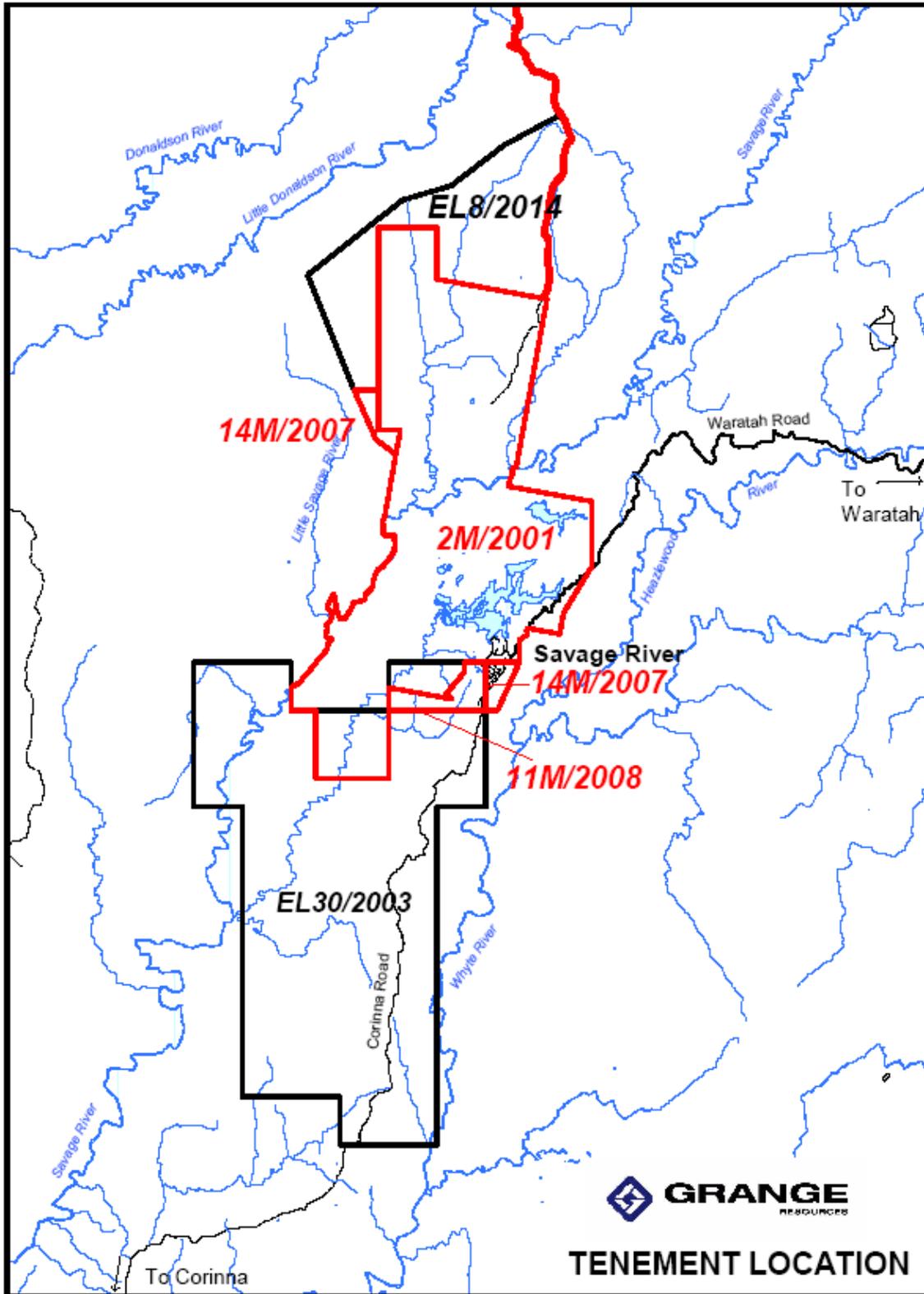


Figure 2 Land tenure as at June 2014
 (EL8/2014 shown top of page)

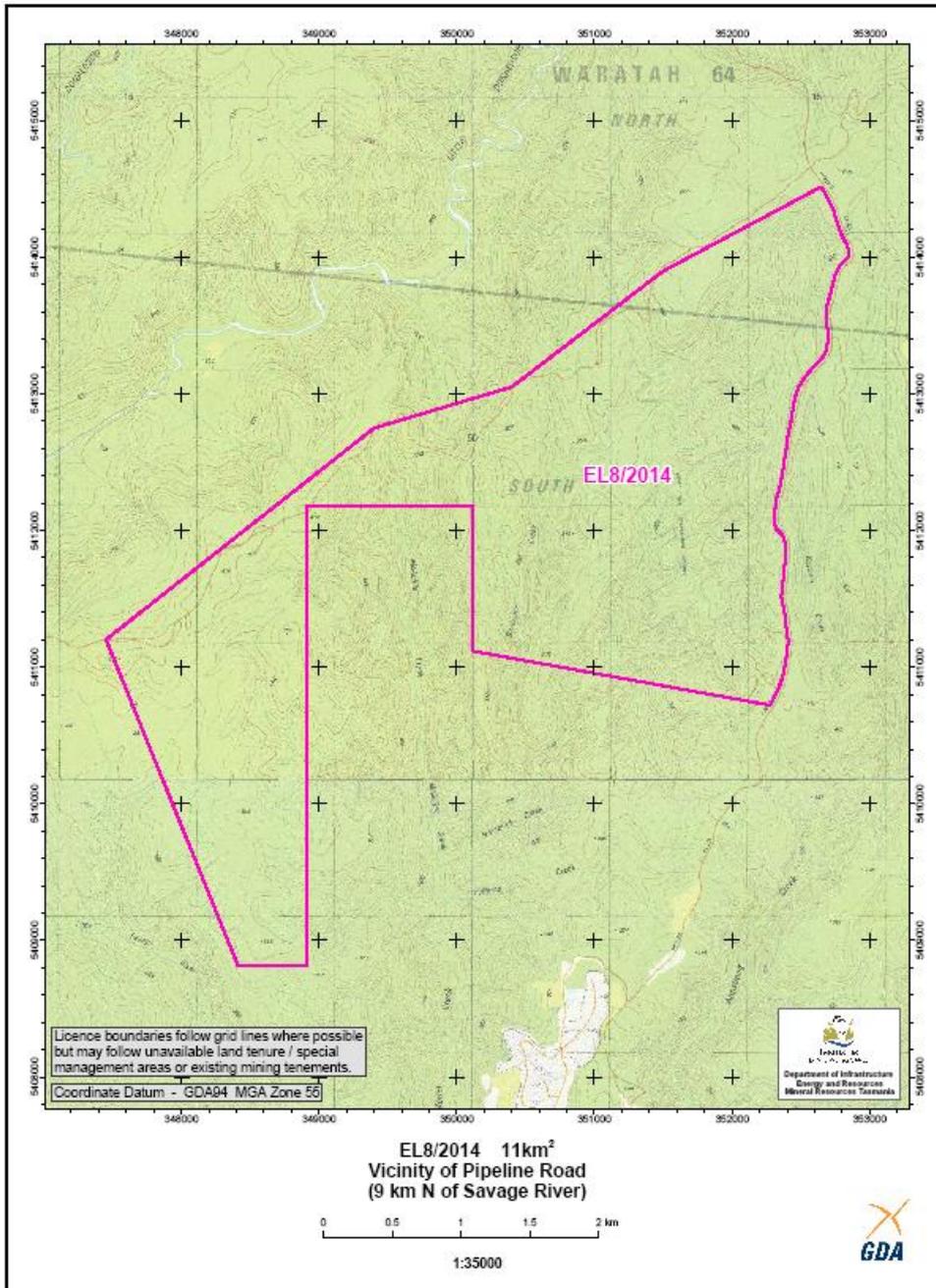


Figure 3 Land Tenure EL8-2014 granted 8 August 2014

Geology

The project area covers that portion of the Arthur Metamorphic Complex (“AMC”) immediately to the north of the Savage River iron deposit. The complex is also known as the Arthur Lineament. It is an elongate zone that has been subject to multiphase metamorphism, tectonism, alteration, and veining. The central portion of the complex strikes north-northeast along the centre of the project area. Alteration was especially intense to the south of the tenement at Savage River, where iron deposits formed within the zone as the result of skarn replacement.

The original rock units within the complex were of Neoproterozoic age and have been interpreted to include basaltic volcanoclastics and/or lithic arenites, dolerite, and dolomite. Low grade regionally metamorphosed Neoproterozoic clastic, sediments, basalts, and dolomite are present, and strike parallel to the complex, both to its west and east. Cambrian mafic and ultramafic rocks are to the southeast of the project area and have been prospected and mined for platinum group elements and base metals.)

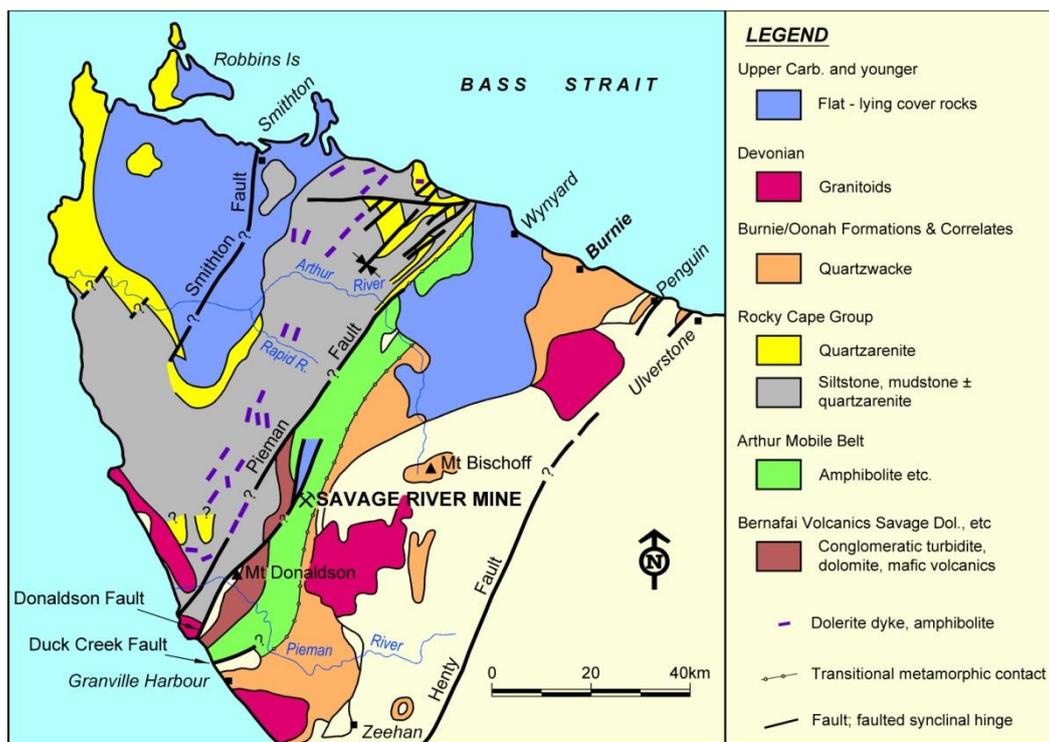


Figure 4 Geology

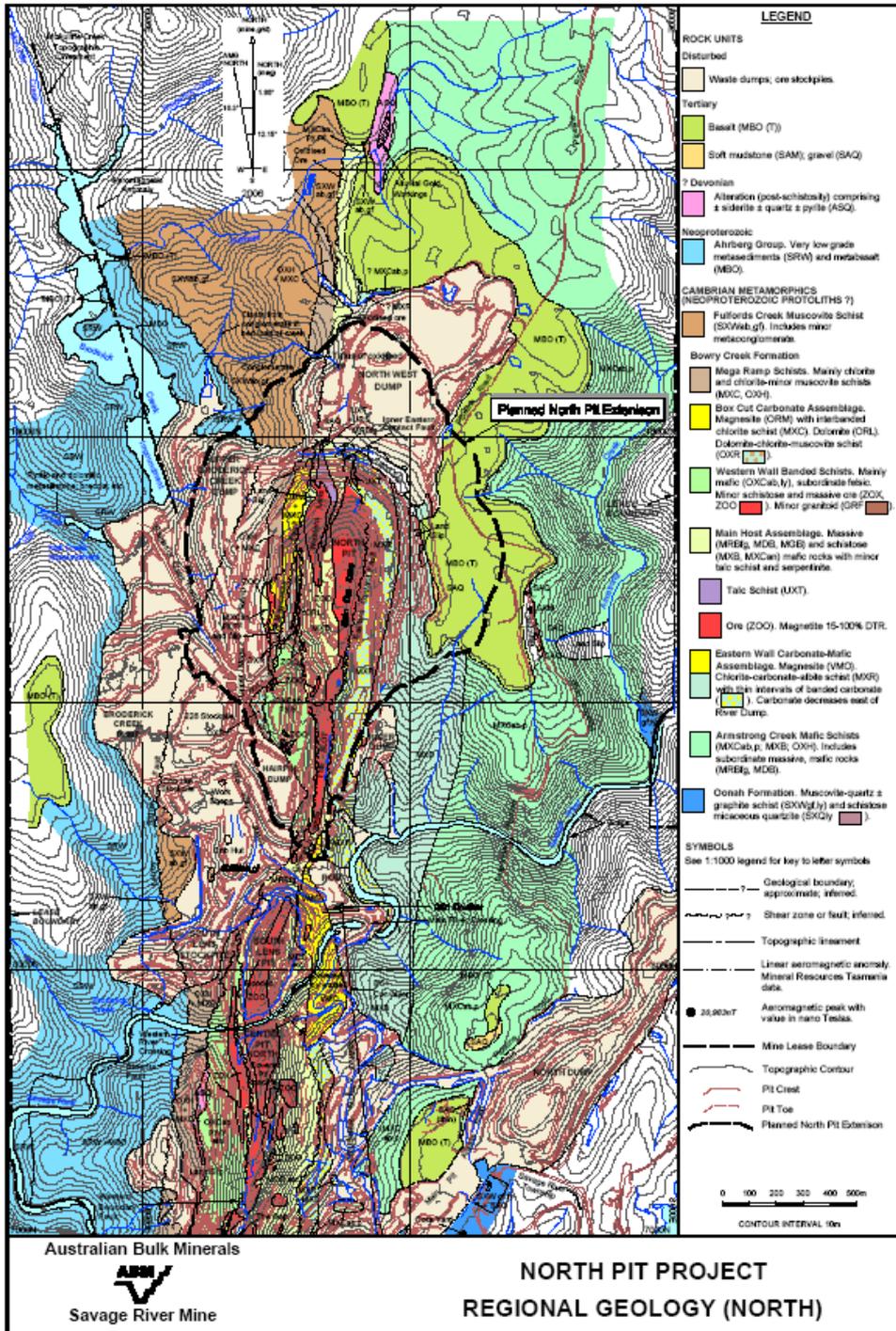


Figure 5 Local Mine Scale Geology

Review of previous work

Prior to Current Tenement- Literature search summary 2015

Specimen Reef Field was discovered by Thomas Greenway and Joseph Thunder in late 1882 and was visited by Government Geologist G. Thureau in 1884.

A thorough discussion of the field at that time is given in the following references;

- Thureau, 1884, pp3-4.
- Report of the Secretary of Mines for 1896-97, p.xlvii.

A century later, Industrial Mining and Investigations reported on the Specimen Reef Field as well as other local prospects then held under tenement EL4/61.

During the late 1960's to 1982 Industrial Mining and Investigations (then Savage Resources) completed geological, geochemical and geophysical surveys Geochemical surveys including stream sediment surveys at Davis and Specimen Creeks in 1981-2 with discouraging results.

In 1982, 15 diamond drill holes were drilled over a 600m strike length at Specimen Reef.

Only one significant result was DDH SPC1, as a narrow but high grade gold intersection; 0.2m @ 910g/t Au.

Savage Resources attempted to deepen several holes in 1989 after discovering the reef dipped steeper than originally targeted, with limited success, such that only 3 holes penetrated the reef. Savage concluded in 1988 (prior to deepening the holes) that most gold occurrences were like Specimen Reef; as narrow flat-lying carbonate-magnetite-gold zones with very little quartz. They further concluded that there was little scope for a bulk mineable gold target, existing as two narrow gold zones.

In 1997, GoldStream Mining NL / Titan Resources NL completed two diamond drill holes, intersecting 2m @ 0.56g/t Au in one hole and only 0.05g/t Au from the reef position in the second hole.

The aero-magnetic interpretation indicates that Specimen Reef is within a northeast trending structure which may extend for up to 2km in either direction.

No potentially economic magnetite was encountered in any of the holes drilled.

In June 2007 Regency Resources filed a final report on EL11/2005 and stated that ;"Within EL11/2005, magnetite having the resource potential as defined at Savage River is unlikely". The identified magnetite targets do not suggest a high probability for development to sustain a stand-alone operation, but smaller lenses may occur. Regency recommended geologically controlled airborne magnetic and gravity modelling focussing on a 2-3km stretch under the Comstock/Pineapple Creek area that has a prominent but low intensity magnetic signature. This may be influenced by capping Tertiary basalts.) This work was never done.

ref: EL11-2005 Specimen Reef 2010 Savage River Annual 1; John Doepl 2009

1999 MRT ; An archaeological survey of the historic Specimen Reef Goldfield. Parry Kostoglou. Specimen Creek

Exploration Completed during the Reporting Period

Work during the period consisted of arranging for a LiDAR survey of the tenement area to aid in long term planning and exploration planning and conducting a desktop study of previous work in the area. Two reconnaissance surveys were conducted in early March 2015.

An airborne LiDAR survey was carried out by AAM for Grange Resources Tasmania over the Savage River Mine and surrounds and specifically over the new tenement EL8-2014. The project area of the aerial survey covered approximately 23km².

LiDAR data was acquired from a fixed wing aircraft on the 18th of February 2015.

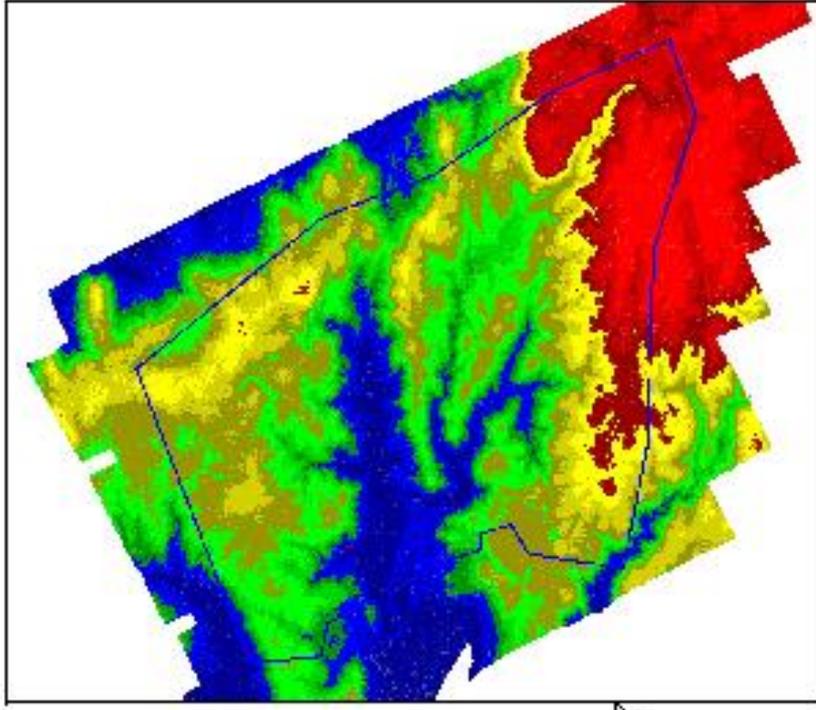


Figure 6 LiDAR results over EL8-2014 (February 2015)

Airborne LiDAR (Light Detection And Ranging) involves mounting a laser scanner in an aircraft that measures the height of discrete points in the landscape below the aircraft. This technology can capture hundreds of square kilometres in a single day. By measuring 10-80 points per square metre a detailed digital model of the landscape can be created. The accuracy of the point measurements allows the models created to be used in any planning, design, and decision making processes.

LiDAR can also pierce dense canopy, making it able to capture bare earth structure that satellites cannot see, as well as ground cover in enough detail to allow vegetation categorisation and change monitoring.

Data

This volume:

- Classified point cloud in LAS1.2 format
(Volume 24344A01NOK- .las format)
(Volume 24344A01NOK- .dxf format)
- Project Extent and Tile Index in ESRI SHP format

Data capture and post-processing has been controlled to achieve a vertical accuracy of 0.15m (RMS). All data is projected to GDA94 (MGA Zone 55).

(*red scandisk Cruzer Switch 16Gb thumb-drive in the hardcopy send by post)

Regional Exploration Activities; None

Prospect-Based Exploration Activities.

Two reconnaissance traverses were conducted on the tenement with the objectives of:

- a) Determine condition of access tracks into Specimen Creek workings and the Northern access track (a ~30yr old logging coupe access track).
- b) Map and locate accessible tracks and historical mining hazards (adits and shafts from Specimen creek area) with modern RTK GPS)"rover" equipment as part of planning for next years exploration activities.

A literature search of the tenement was conducted during August '14 to January '15.

Prospectivity Analysis:

149, 102, 111 Tarkine South - Neoproterozoic to Permian – very variable geology. Includes Savage River Fe Mine and Mt Lindsay Sn-W-Fe skarn (new development in feasibility). Potential for Skarn Fe, Skarn Sn-W, magnesite and silica flour (Score=160)

252 Tarkine North Neoproterozoic overlain by Permian sediments. Includes Keith & Arthur River magnesite deposits and overlaps Savage River Mine Lease. Potential for magnesite, Fe-skarn, silica flour and dolomite. (Score=157)
Comment: Large area should be divided, based on mineral potential

source: <http://www.environment.gov.au/system/files/resources/eefde0e6-0f83-486d-b0c3-8b1d25abc497/files/ivgmineralsprospectivity.pdf>

Expenditure:

Exploration Quarterly Report 1st Quarter 2015	EL8/2014 near Pipeline Road (Specimen Creek) 1st Quarter 2015			
1. Geoscientific Costs	Geology		\$	10,000
	Geochemistry		\$	-
	Geophysics		\$	-
	Remote Sensing	LIDAR survey	\$	32,660
	Total		\$	42,660
2. Drilling & Gridding Costs	Gridding		\$	-
	Drilling	Diamond m		0
		Reverse Circulation m		0
	Total	(see note below)	\$	-
3. Land Access Costs				
4. Rehabilitation Costs				
5. Feasibility Study Costs			\$	-
6. Other Costs				
		Sub Total	\$	42,660
9. Cumulative Expenditure at time of last report			\$	-
				Q4 2014
Total expenditure to date	(sum of 8 and 9)		\$	42,660
				Q1 2015
Exploration Progress Report				
EL8 2014 Literature review and LIDAR survey				

Table 1 EL8-2014 Quarterly Expenditure Report-Jan-Mar 2015

EL8 2014 Pipeline Road Q1 2015					
Jan-15	Feb-15	Mar-15	Q1 2015	Category	Comments
\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 10,000.00	Geology	Geology manning 1/3 full time employee for 3 months
	\$ 32,660.00		\$ 32,660.00	Remote sensing	AAM LIDAR survey PO: 048995 \$32,660
EL8 2014 Pipeline Road Q1 2015			Q1 2015	Category	
			\$ 10,000.00	Geology	
			\$ 32,660.00	Feasibility	

Table 2 EL8-2014 Pipeline Road Expenditure details Q1 2015

Planned expenditure on the exploration licence was \$15,000 in each of the first two years, namely:
 Yr 1 Reconnaissance mapping (\$10,000) , literature review and analysis of existing database (\$5,000) totalling \$15,000 and;
 Yr 2 Follow-up field work to investigate areas of interest identified in Yr1 (\$15,000)

Actual expenditure in Yr 1 included \$10,000 on geologists for the literature review, reconnaissance visits and field surveying as well as \$32,660 for remote sensing consisting of the LiDAR survey. Thus, the total spend in yr 1 exceeds the proposed spend for the first two years. (licence application document).

The revised proposed work plan for year 2 is outlined in the next section.

Work Plan for July 2015-July 2016

The exploration work plan has the objective to follow-up field work to investigate areas of interest identified in year1; being:

- 1) Evaluate the LiDAR and other remote sensing data sets to complete a geological compilation on the licence area including;
 - a) record and classify the existing hazards on the exploration licence.*
 - b) record and classify the geo-hazards on the exploration licence.**
- 2) Limited reconnaissance geological mapping to evaluate by surface outcrop mapping the weathered soil depth and surface geology along the stream catchments in order to evaluate the foundation for potential waste dumps and areas that may eventually be inundated (or have the potential for inundation during flooding events).*

Given the expenditure of \$42,660 in year 1, Grange would like to suggest that the expenditure requirement for yr 2 be reduced to \$5,000 for a desktop study to complete the compilation as above.

Appendix 1

Digital file=

- Classified point cloud in LAS1.2 format
(Volume 24344A01NOK- .las format)
(Volume 24344A01NOK- .dxf format)
- Project Extent and Tile Index in ESRI SHP format

Data capture and post-processing has been controlled to achieve a vertical accuracy of 0.15m (RMS). All data is projected to GDA94 (MGA Zone 55).

(*red scandisk Cruzer Switch 16Gb thumb-drive in the hardcopy)

Appendix 2

Grant and Issue of Exploration Licence EL8/2014 at Pipeline Road

Department of State Growth

MINERAL RESOURCES TASMANIA

Enquiries: Tenement Administration
Ph: (03) 6165 4724 Fax: (03) 5233 8538
Email: info@mrt.tas.gov.au Web: www.mrt.tas.gov.au
Our Ref 14AUG003.1:NT EL8/2014



8 August 2014

Grange Resources (Tasmania) Pty Ltd
34a Alexander Street
BURNIE TAS 7320

Attention: Mr Roger Hill

Dear Mr Hill

GRANT AND ISSUE OF EXPLORATION LICENCE EL8/2014 AT PIPELINE ROAD

Please find enclosed your copy of the exploration licence. The term of the licence expires on 29 July 2019.

The exploration program for the first two years of the licence, as outlined in the licence conditions, is as follows:

- literature review and compilation; and
- reconnaissance mapping for gold, base metals and iron.

In accordance with s.26 of the *Mineral Resources Development Act 1995*, the minimum expenditure for the first two years of the licence has been determined to be \$30,000.00.

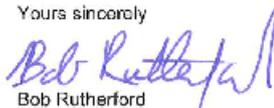
Please note that, prior to commencing any on-ground exploration work, approval of that work must be sought from Mineral Resources Tasmania (MRT). The attached information sheet outlines the process required to gain that approval.

Useful information for explorers is available on the MRT website, including:

- *Information for Explorers*
- *MRT Guidelines for Reporting*
- *Mineral Exploration Code of Practice*

If you need further assistance please contact Tenement Administration on (03) 6165 4724 or email info@mrt.tas.gov.au.

Yours sincerely


Bob Rutherford
DIRECTOR OF MINES

Encl.

Appendix 3

SAVAGE RIVER LIDAR SURVEY 18.02.2015



GRANGE RESOURCES TASMANIA

SAVAGE RIVER LIDAR SURVEY 18.02.2015

VOLUME 24344A02NOK

Summary

Project

An airborne LiDAR survey carried out by AAM for Grange Resources Tasmania over the Savage River Mine and surrounds. The project area covers approximately 23km². LiDAR data was acquired from a fixed wing aircraft on the 18th of February 2015.

Data

This volume contains:

- Thinned Ground point cloud in DXF format
- Project Extent and Tile Index in ESRI SHP format

Data capture and post-processing has been controlled to achieve a vertical accuracy of 0.15m (RMS). All data is projected to GDA94 (MGA Zone 55).

CONTENTS Page Nos.

1. Project Report.....	3
2. Data Installation.....	4
3. Additional Services And Extra Data.....	5
4. Metadata.....	6
5. Accuracy.....	7
5. Conditions Of Supply	9
6. Validation Plot.....	10

GRANGE RESOURCES TASMANIA

SAVAGE RIVER LIDAR SURVEY 18.02.2015 DATA DOCUMENTATION

Ó AAM Pty Limited 24 March 2015 Page 3 of 10

1. PROJECT REPORT

Safety: No safety Incidents were reported during the project

Acquisition: LiDAR data was acquired from a fixed wing aircraft on the 18th of February 2015. Delays in acquiring the data were due to low cloud over the project area.

Ground Support: GPS base station support was provided by Omnistar Tasmania and SmartNet CORS networks. The ground check points acquired by the Grange Resources allowed an assessment of the accuracy of the LiDAR data.

Data Processing: Reduction of the ALS data proceeded without any significant problems. Laser strikes were classified into ground and non-ground points using a single algorithm across the project area. Manual checking and editing of the data classification further improved the quality of the terrain model.

Data Presentation: The data provided on this volume has been supplied in accordance with a specification agreed with the primary client. Subsequent users experiencing difficulties in handling the data should please contact AAM to arrange a more appropriate data presentation.

Further Issues: There are no further issues to report.

Project Contacts:

Client

Michael Sadural michael.sadural@grangeresources.com.au

Company

Grange Resources

AAM Account Manager

Rohan Potter (Ph 03 9572 8704) r.potter@aamgroup.com

AAM Project Manager

Mark Lander (Ph 02 8879 1620) m.lander@aamgroup.com

AAM Data Analyst

Mohd Rizal Bin Idris (Ph +60 3 6203 8063) m.rizal@aamgroup.com

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SAVAGE RIVER LIDAR SURVEY 18.02.2015 DATA DOCUMENTATION

Ó AAM Pty Limited 24 March 2015 Page 4 of 10

2. DATA INSTALLATION

Data format : DXF, SHP, XML, PDF

Number & type of media : 1 x 4.7 GB DVD

Information files on media : 83, viz: 34 DXF files, 39 Metadata files, 4 Tile Index files, 4 Project Polygon files, 1 File List and Readme_24344A02NOK.pdf

Data formatted on : 24.03.2015

Disk volume : 124344A02NOK

README FILE

This document (README_24344A02NOK.PDF) is provided as an Acrobat file in this volume.

To open the file, double click on the PDF file to activate Acrobat Reader Software.
Adobe Acrobat Reader may be downloaded from:
<http://www.adobe.com/products/acrobat/readstep2.html>

LOADING NOTES

Data may be copied using a file copy utility such as Windows Explorer or similar.

REVISION HISTORY

Volumes previously issued under this project include:

24344A01NOK 12.03.2015 SAVAGE RIVER LIDAR SURVEY 18.02.2015 Classified point cloud in LAS1.2 format

FILE SIZES AND NAMES

Data is provided in tiles 1km by 1km to the following filenaming convention:

eg. e347n5409.dxf

e347 - coordinate easting (in thousands) of south west tile corner.

n5409 - coordinate northing (in thousands) of south west tile corner

.dxf - laser strikes classified to ASPRS V1.2 standards, model key point class.

.shp - ESRI Shapefile format

A list of the files contained on this volume is provided in 24344A02NOK_File_List.txt

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SAVAGE RIVER LIDAR SURVEY 18.02.2015 DATA DOCUMENTATION

Ó AAM Pty Limited 24 March 2015 Page 5 of 10

3. ADDITIONAL SERVICES AND EXTRA DATA

Product Generation

AAM can perform the following additional services on the data contained on this volume if required:

Change horizontal datum : to AMG other local grid

Alter geoid modeling : by transforming ALS data to fit orthometric survey heights

Improve data classification : by tailoring parameters to suit regional variations

Further classification : assist building identification by further classifying nonground strikes

Data thinning : to remove superfluous points not adding to the terrain definition

Data subset : by dividing the data into different tiles or polygons

Data presentation : by creating contours, profiles, perspectives, fly-throughs, colour-coded height plots etc.

Ground truthing : by comparing the ALS terrain model with extra independent height data

Data gridding : to convert the measured spot heights into a regular grid

Extra data : extra data was collected beyond that supplied on this volume (see below)

Intensity Image : greyscale image created from laser's intensity returns

3d Perspectives Image draping /slope models

Extra Data Captured

Laser Data shown in the above image outside the project boundary may be of a lower accuracy. It is not supplied within this volume and no manual classification editing has been undertaken.

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SAVAGE RIVER LIDAR SURVEY 18.02.2015 DATA DOCUMENTATION

Ó AAM Pty Limited 24 March 2015 Page 6 of 10

4. METADATA

SOURCE DATA

Item Source Description Ref No Date

Laser System AAM Pegasus 24344A 18.02.15
Pulse Rate Frequency AAM 150kHz 24344A 18.02.15
GPS Base Data Omnistar Static GPS 24344A 18.02.15
SmartNet Static GPS 24344A 18.02.15
Base Stn Coords Omnistar Published 24344A 18.02.15
SmartNet Published 24344A 18.02.15
Field Survey Data Grange Resources RTK GPS 24344A 19.02.15

LASER DATA CHARACTERISTICS

Characteristic Description

Device Name Pegasus
Half Scan Angle 30 degrees
Laser Pulse Rate 150kHz
Survey Speed (Kts) 140 Kts
Laser Pulse Mode Multi Pulse
Laser return 1st, 2nd, 3rd and last
File Format LAS 1.2, ESRI SHP
Horizontal Datum GDA94
Vertical Datum AHD using Ausgeoid09
Map Projection MGA Zone 55
Vertical Accuracy Specification $\pm 0.15\text{m}$ Standard Error (68% confidence level or 1 sigma)
Horizontal Accuracy Specification $\pm 0.20\text{m}$ Standard Error (68% confidence level or 1 sigma)

REFERENCE SYSTEMS

Horizontal Vertical

Datum GDA94 AHD
Projection MGA Zone 55 N/A
Geoid Model N/A Ausgeoid09
Primary Reference Station TSRV (TP Savage River) TSRV
350385.499 E 5405342.926 N 354.216 Ellipsoidal
Additional Survey Control ABM7 ABM7
350385.501 E 5405342.938 N 354.111 Ellipsoidal
This data is GDA-compliant

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SAVAGE RIVER LIDAR SURVEY 18.02.2015 DATA DOCUMENTATION

Ó AAM Pty Limited 24 March 2015 Page 7 of 10

5. ACCURACY

PROJECT DESIGN ACCURACY

Project specifications and technical processes were designed to achieve data accuracies as follows:

Measured

Point

Derived

Point

Basis of Estimation

Vertical data 0.15m Project Design
Horizontal data < 0.20m System specifications (
1/5500 flying height)
Test points 0.05m Survey methodology used

Notes On Expected Accuracy

- Values shown represent standard error (68% confidence level or 1 sigma), in meters.

- “Derived points” are those interpolated from a terrain model.
- “Measured points” are those observed directly.
- Accuracy estimates for terrain modeling refer to the terrain definition on clear ground. Ground definition in vegetated terrain may contain localized areas with systematic errors or outliers which fall outside this accuracy estimate.
- Laser strikes have been classified into “ground” and “non-ground”, based upon algorithms tailored for major terrain/vegetation combinations existing in the project area. The definition of the ground may be less accurate in isolated pockets of dissimilar terrain/vegetation combinations.

LIMITATIONS OF DATA

- The definition of the ground under trees may be less accurate.

DATA VALIDATION

- Ground data in this volume has been compared to 192 test points obtained by field survey and assumed to be error-free. The test points were distributed in 192 groups across the mapping area and located on open clear ground . Comparison of the filed test points with elevations interpolated from measured data resulted in:

Ref Point Site No. of Points

Mean

Difference (m)

Std Deviation

(m)

RMS

(m)

REF_001 94 -0.218 0.064 0.227

REF_002 98 -0.289 0.055 0.294

The mean difference has been removed from the data. Final accuracy estimates after removing the mean offset yielded:

Ref Point Site No. of Points

Mean

Difference (m)

Std Deviation

(m)

RMS

(m)

REF_001 94 0.032 0.064 0.071

REF_002 98 -0.039 0.055 0.067

- Data classification has been manually checked and edited against any available imagery.

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SAVAGE RIVER LIDAR SURVEY 18.02.2015 DATA DOCUMENTATION

Ó AAM Pty Limited 24 March 2015 Page 8 of 10

USE OF DATA

- Intended use : Planning, Conceptual Design
- Intended use : Exploration
- Intended scale of use : 1:500

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SAVAGE RIVER LIDAR SURVEY 18.02.2015 DATA DOCUMENTATION

Ó AAM Pty Limited 24 March 2015 Page 9 of 10

5. CONDITIONS OF SUPPLY

The data in this volume has been commissioned by **GRANGE RESOURCES TASMANIA**. The data in this volume is provided by AAM Pty Limited (AAM) to **GRANGE RESOURCES TASMANIA** under **AAM Terms of Engagement (MQM020)**, which provide a license for

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3. The data is not used for purposes beyond that explicitly agreed in the description of the Services provided by AAM.

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90 Camberwell Rd,

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Email info@aamgroup.com

Web www.aamgroup.com

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SAVAGE RIVER LIDAR SURVEY 18.02.2015 DATA DOCUMENTATION

Ó AAM Pty Limited 24 March 2015 Page 10 of 10

6. VALIDATION PLOT

Thinned Ground points coded by elevation

References: Literature Search

Prospectivity:

<http://www.environment.gov.au/system/files/resources/eefde0e6-0f83-486d-b0c3-8b1d25abc497/files/ivgmineralsprospectivity.pdf>

Related Reports

Company Report - Onshore: : Project Review and Recommendations, Savage River North Iron Project

Company Report - Onshore: : Annual Report for EL11/2005 Savage River for the period 11/5/2007 to 12/5/2008

Company Report - Onshore: : Part of the annual report for EL11/2005 Savage River for the period 12/05/09 to 11/05/10

Company Report - Onshore: : EL11/2005 Specimen Reef annual report June 2010 to May 2011

Company Report - Onshore: : EL11/2005 Specimen Reef NW Tasmania final exploration report

Company Report - Onshore: : Specimen Reef Project, Tasmania Airborne Magnetic Survey: Data Processing and Interpretation

Company Report - Onshore: : EL11/2005 Specimen Reef NW Tasmania exploration report

Company Report - Onshore: : Specimen Reef Project, Tasmania - airborne magnetic survey - data processing and interpretation

Company Report - Onshore: : Specimen Reef iron oxide-copper-gold-uranium project EL11/2005, western Tasmania

References:

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