Fifth Annual Report

on

EL 9/2010 – Deloraine

Reporting Period:	14 September 2014 – 13 September 2015
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Date:	10 September 2015

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1 ABSTRACT

Objective

Exploration Licence (**EL**) 9/2010 "Deloraine" was applied for by ABx4 Pty Ltd (**ABx4**) 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 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 bauxite 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 bauxite profile.
5. Systematic drill testing at close spacings to obtain data for resource estimation in the best target areas defined by programme under 4.

Results

In March 2015 Australian Bauxite Limited subsidiary company ABx4 completed infill drilling of the DL-130 South target as well as scout drilling on the Looseleigh target. In total 57 holes were drilled for 402m – 42 for 227m at DL-130 South and 15 for 175m at Looseleigh.

A preliminary set of drillhole samples from both targets were sent to the ALS laboratory in Brisbane for chemical analysis. These results were relatively disappointing as no samples assayed met bauxite grade.

Several desktop reviews have taken place in the last 12 months in order to assess and prioritise the bauxite targets across all ABx4 tenements. A recent desktop review led to the recommendation to relinquish 32 km^2 from the EL9/2010 licence area. The remaining licence area will be proposed for renewal.

Recommendations for future work

The following exploration activities are planned for EL 9/2010:

- 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 bauxite profile.
- Chemical analyses of samples, including specialist analyses to determine total and available alumina, total and reactive silica, loss and ignition and sieving.
- 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 bauxite profile.
- Systematic sampling and drilling at waypoints with best bauxite potential.
- Detailed analysis of assay results to determine assaying strategy for future drilling.
- Pit testing of the DL-130 target to test mineability of the deposit.
- Sieve testing to find optimal sieve size for Tasmanian bauxites.
- Testing new sample processing techniques to improve silica reduction.

2 INTRODUCTION

Exploration Rationale

Exploration Licence (**EL**) 9/2010 "Deloraine" 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

The historic work done by H.B. Owen ('Bauxite in Australia', 1954) demonstrated that bauxite in Tasmania can be found in both Jurassic Dolerite and Tertiary Basaltic Volcanics. According to Owen, these bauxite deposits - regardless of host rock type - are thought to form either as 'grouped remnants of former continuous sheet' or 'formed in lenticular or pod shaped bodies in localised depressions'.

Tenement Information

EL 9/2010 "Deloraine" was granted on and from 14 September 2010 for a period of 5 years to ABx4.

This is the Fifth Annual Report for the reporting period 14 September 2014 - 13 September 2015 incorporating the results of work completed during the fifth year of tenure. This report will also accompany an application by ABx4 to extend the term of the exploration licence for a further 12 months which will include a partial relinquishment of the licence area..

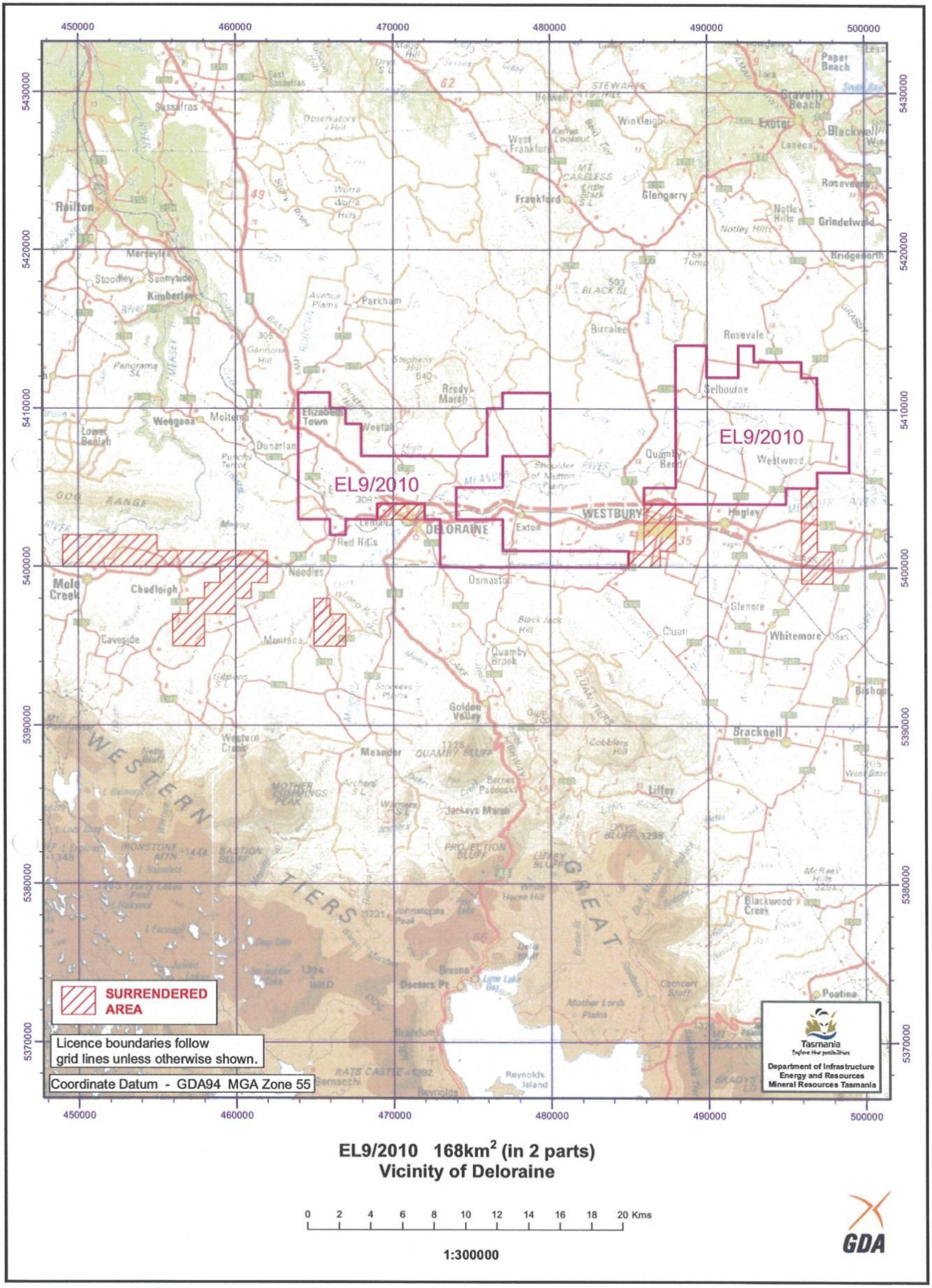
Total current area of the licence is 168 km^2. ABx4 relinquished 56km^2 in the second year of tenure and plans to relinquish a further 32 km^2 in the pending renewal application. The Mineral Category of EL 9/2010 is 1 – Metallic Minerals and Atomic Substances.

Location

EL 9/2010 is located around the town of Deloraine (Map 1) 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 Deloraine Tenement is only 42km from Devonport. EL 9/2010 is close to the city of Launceston and could offer a wide range of services and skilled work force.

Tenure, including joint venture details and title transfers

EL 9/2010 "Deloraine" is 100% owned by ABx4 which is a wholly-owned subsidiary of Australian Bauxite Limited.



Map 1. Location of EL 9/2010 “Deloraine”. Datum GDA94 (MGA94 Zone 55).

3 REVIEW OF PREVIOUS WORK

Prior to Current Tenement

Exploration for Bauxite was conducted by C.R.A Exploration Pty Limited (**CRA**) in the late 1960s and early 1970s. CRA decided to relinquish its tenement in central northern Tasmania as no worthwhile results were obtained.

Two reports were composed by CRA:

1. Miss S.E. Close, Feb 1970, Scintillometer Search for Bauxite, Northwest Tasmania, *CRA Exploration Pty Limited*
2. Miss S.E. Close, June 1971, Final Report on Bauxite Search, Devonport E.L. 36/70 Tasmania, *CRA Exploration Pty Limited*

The following is an extract from the second report, summarizing CRA's findings:

Final Report on Bauxite Search, Devonport E.L. 36/70 Tasmania

Final testing of this area in central northern Tasmania was carried out using a Gemco Model 210A auger drill. A total footage of 1148 feet was drilled in 57 holes and 206 samples were sent to Zinc Corporation for Al_2O_3, SiO_2 and Fe_2O_3 analysis.

Drilling was concentrated on the two most promising areas, near Sassafras and near Deloraine, although all areas of soil over basalt within the E.L. were tested.

CONCLUSION

It is recommended that the E.L. be relinquished before the renewal date of 24th June, 1971. A memo has already been written to this effect.

No worthwhile results were obtained. Most of the 206 samples contained less than 30% total alumina, while 8 contained between 30 and 40% total alumina, but were also high in Fe_2O_3 and SiO_2. The higher values occurred in holes B20 and B25.

GENERAL DISCUSSION

As stated before, the drilling was carried out on all the areas of soil over basalt within the E.L. These have been described in preceding reports.

Prior to Current Reporting Period

In the years prior to the current annual reporting period a total of 331 reverse circulation (RC) holes were drilled for a total of 2,519 metres. A total of total of 1956 drillhole samples have underwent specialist chemical analysis at ALS Laboratories, Brisbane. 1,363 of these tests involved wet sieving of the drill sample at 0.26mm prior to analysis (the +0.26mm residue being assayed, -0.26mm discarded), with the remaining samples being tested unsieved.

Another 1,062 assays on drilling samples were conducted in-house using a hand-held Niton XRF device.

The majority of holes drilled - and samples assayed - originate from ABx4's "DL-130" (formerly "Blackwood") deposit, including its southern extension “DL-130 South”. The greater DL-130 area has a JORC-compliant inferred resource base of 5.7 million tonnes of bauxite.

A great amount of field reconnaissance, geological mapping and surface sampling (for chemical analysis) has been undertaken and has allowed geologists to prioritise targets for drilling and/or other works. Two botanical surveys have been undertaken during the term of the exploration licence.

Ongoing desktop reviews have also taken place over the past five years in order to assess and prioritise the bauxite targets across all ABx4 tenements.

4 EXPLORATION COMPLETED DURING THE REPORTING PERIOD

Regional Exploration Activities

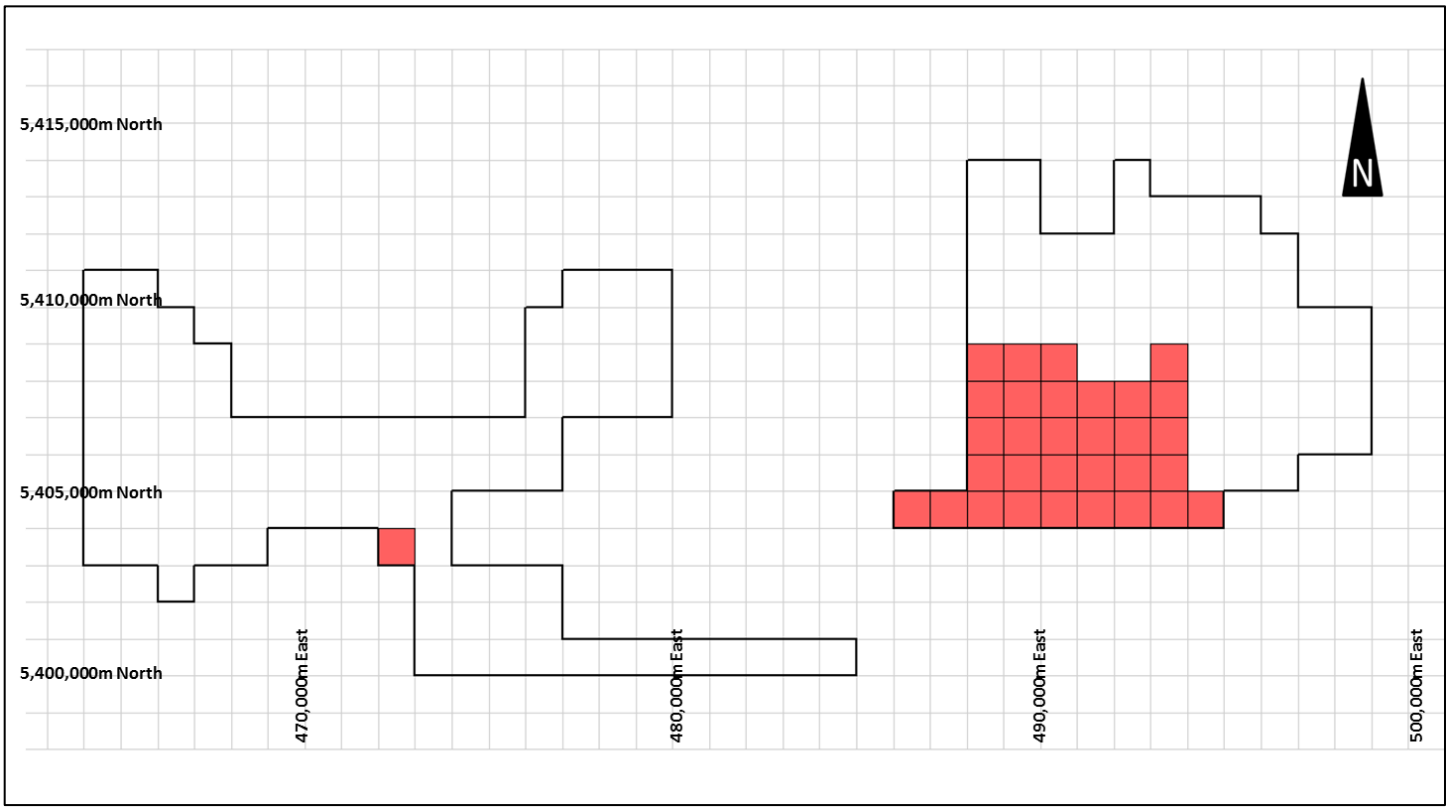
Several desktop reviews have taken place in the last 12 months in order to assess and prioritise the bauxite targets across all ABx4 tenements.

The most recent review incorporating EL9/2010 "Deloraine" led to the recommendation for relinquishment of 32 km^2 of the licence area (see map below).

The reasons for relinquishment include:

1. Very little work has been completed in the area,
2. Work that has been completed in the area suggests that it is unlikely that any significant tonnages of bauxite occur, and/or
3. The areas consist of high-value agricultural land which would not be suitable for mining.

An application to surrender these areas will accompany the application to renew the remainder of the tenement for a further 12 months.



Map 2. Areas of EL9/2010 proposed for surrender are shaded red. The remaining area is proposed for renewal. Tenements are lying on a 1km^2 MGA94 grid.

Prospect Based Exploration Activities

In March 2015 Australian Bauxite Limited subsidiary company ABx4 completed infill drilling of the DL-130 South target as well as scout drilling on the Looseleigh target. In total 57 holes were drilled for 402m – 42 for 227m at DL-130 South and 15 for 175m at Looseleigh.

The DL-130 South target was scout drilled in September 2012 so the purpose of the recent works was close-spaced infill drilling to assess ore continuity and help prove up bauxite resources in the area. This recent drilling was made possible by the clearing of a forestry plantation which had previously made a large part of the target area inaccessible.

Selected prospective drillhole samples were sent to the ALS laboratory in Brisbane for chemical analysis.

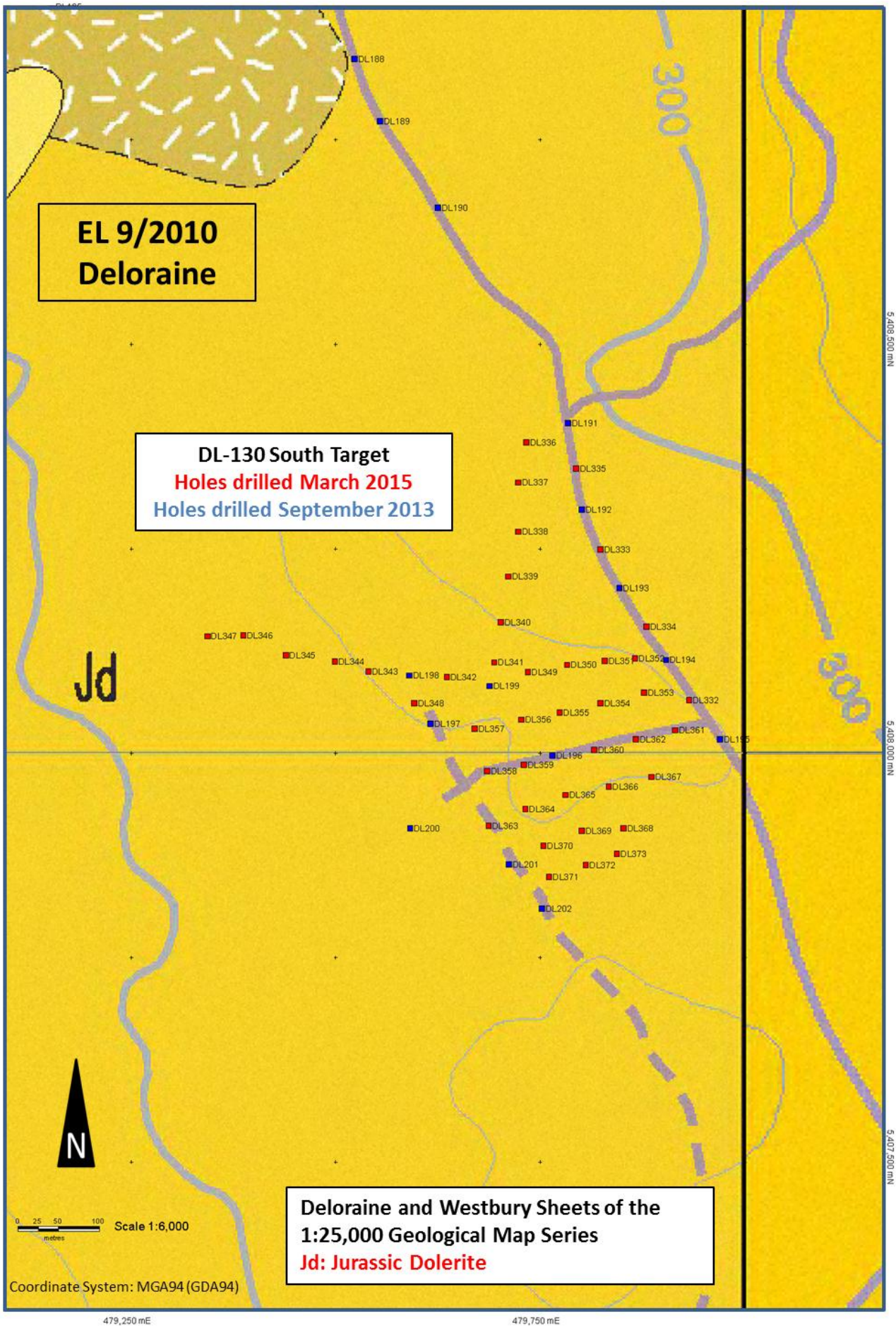
Drilling Results

DL-130 South

42 holes were drilled for 227 metres at the DL-130 South target with spacings of approximately 50-60 metres. Preliminary assay results show that bauxite was intersected in only 7 of the 42 holes (using a cutoff of 25% Avl Al2O3 for samples sieved at 0.26mm), however, further drill sample assays are required as well as a detailed assessment of results.

Looseleigh Target

15 holes were drilled for 175 metres at the Looseleigh target. Bauxite was intersected in only 2 of the 15 holes (using the same cutoff as applied above) and was only 1 metre thick in both.

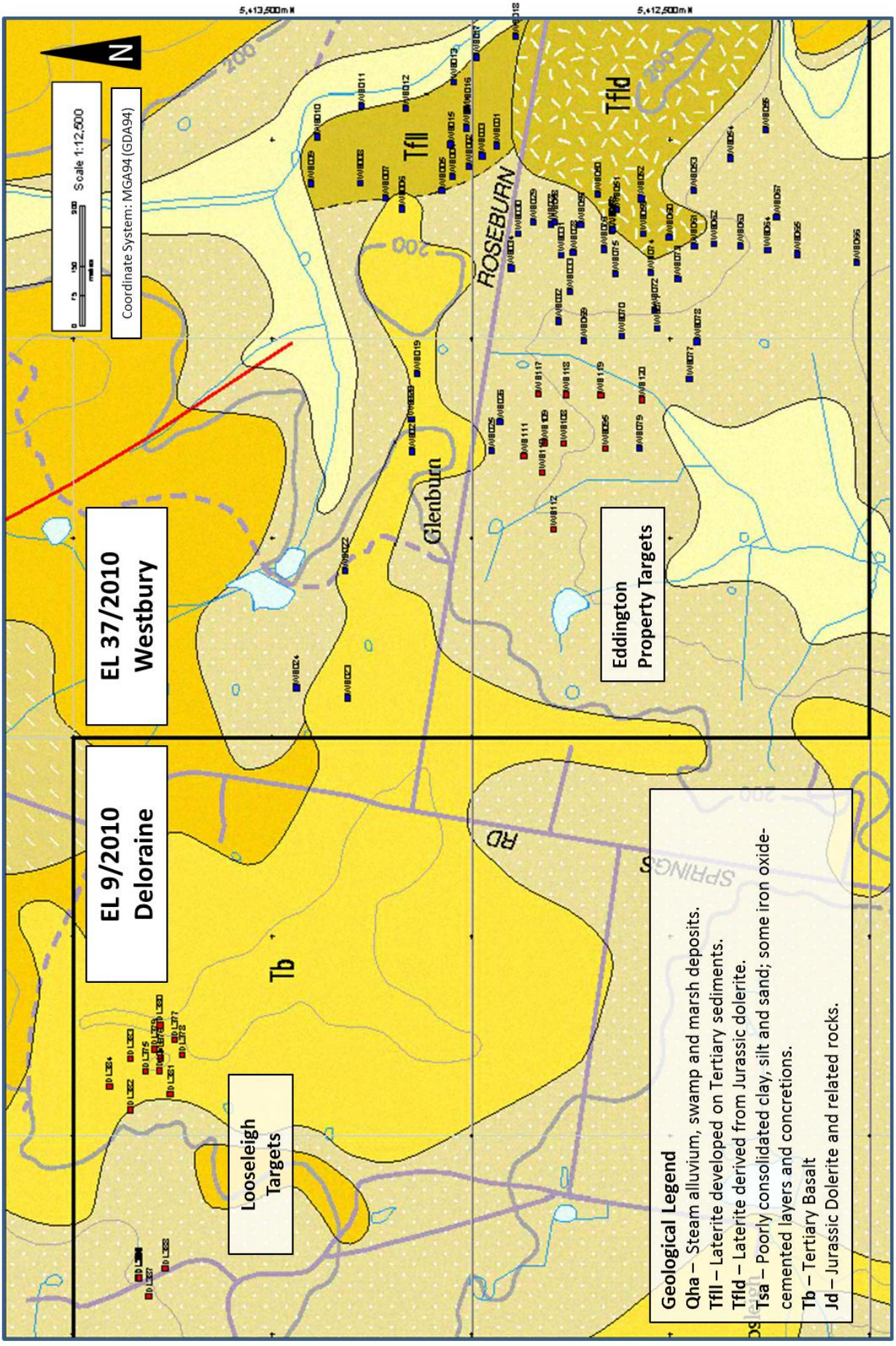


Map 3. Holes drilled on the DL-130 South target in March 2015; overlying Deloraine and Westbury sheets of the 1:25,000 Geological Map Sheet. Datum GDA94 (MGA zone 55).

Table 1. Preliminary assay results of drillhole samples from the DL-130 South target area.

Sample No.	Al-LICP01 Al2O3avl	Si-LICP01 Rx SiO2	ME-XRF13b Al2O3	ME-XRF13b SiO2	ME-XRF13b Fe2O3	ME-XRF13b TiO2	ME-GRA05 LOI	Yield +0.26mm
DL33201	19.6	13	35.29	18.95	24.3	1.54	19.27	**35.9**
DL33202	10.1	23.4	34.04	28	19.2	0.85	17.36	**41.8**
DL33301	11.7	20.2	34.73	27.6	20.2	0.97	15.85	**35.1**
DL33302	14.1	16.3	33.78	25.1	20.5	1.04	18.62	53.8
DL33401	18.1	6.7	29.94	12.05	37.9	4.12	15.25	**39.6**
DL33402	14.4	1.7	22.26	5.15	55.2	4.54	12.06	69.5
DL33403	17.8	1.2	24.49	3.82	52	3.72	15.15	67.1
DL33404	22.1	1.2	27.95	3.34	48	3.24	16.65	59
DL33501	12	12.2	27.61	28.3	25.9	2.38	14.81	**40.3**
DL33502	7.5	9.9	20.21	35.8	29.8	0.96	12.58	52.1
DL33503	4.2	19.4	25.17	26.1	33.4	0.7	14.02	62.7
DL33801	17.8	13.9	35.44	18.75	25.8	1.84	17.35	53.6
DL33802	35.8	7.9	46.19	12.65	14.1	0.89	25.65	53.4
DL33803	3.7	33.1	34.32	39.2	10.4	0.55	15.08	68.8
DL34301	22.7	1.3	28.12	2.57	47.6	5.31	15.43	63.3
DL34302	27	1.9	30.99	2.81	42	5.39	17.81	48.1
DL34303	24.2	0.7	27.27	1.52	48.5	6.03	15.65	74
DL34304	28.8	0.7	32.36	1.27	40.2	5.78	19.29	88.4
DL34401	9.1	19.7	30.16	22.9	29.3	3.95	13.03	52.4
DL34402	5.3	33.4	36.34	36.5	8.96	2.56	15.25	69.7
DL34501	3.3	27.1	29.7	32.1	21.5	1.4	14.62	**19.4**
DL34502	2.9	22.2	25.95	26.2	30.5	2.25	14.26	**13.4**
DL34701	2.9	22.4	25.05	27.3	27.7	3.33	15.45	**15.8**
DL34702	1.7	21.5	22.01	26.3	33.2	5.43	11.97	**8.7**
DL35001	5.4	28.5	32.93	34.8	14.9	0.75	15.97	**31.6**
DL35002	11.2	19.6	32.87	27.2	20.4	1.14	17.77	**39.3**
DL35003	2.6	30.7	31.1	38	15	0.8	14.45	46.4
DL35101	11.9	22.2	35.22	28.4	16.75	0.9	18.07	**31.5**
DL35102	17.8	15.8	36.26	24.1	17.85	1.11	19.85	53.2
DL35201	29.8	8.4	41.06	13.5	20.3	1.39	23.1	46
DL35202	35.1	5	43.69	8.87	20.1	1.12	25.61	49.3
DL35203	24.3	10.1	37.84	14.5	23.8	1.18	22.03	**39.4**
DL35204	9.9	21	32.91	26.5	21.9	0.96	17.17	**37.5**
DL35205	5	24	29.31	28.3	25.9	1.04	14.86	**18.3**
DL35301	33.1	6.9	43.32	10.5	19.2	1.14	25.32	53.2
DL35302	39.5	4.7	46.94	8.8	15.45	0.98	27.24	55.7
DL35505	32.6	9.3	44.56	16.15	13.5	0.78	24.44	45.9
DL35506	19	15.6	37.62	23.5	17	1	20.14	53.4
DL35701	6.5	26.7	33.1	34.4	15.1	0.81	16	64.3
DL35702	2.6	33.6	33.07	40.8	10.65	0.54	14.56	56.8
DL35703	3.2	33.7	34.2	39.7	10.1	0.49	15.11	**40.4**
DL36001	11.6	25.6	36.39	29.7	14.75	0.83	17.88	51.6

DL36002	1.8	37.3	34.16	40.9	9.81	0.43	14.32	61.5
DL36301	5.7	34.3	37.11	37.1	8.82	0.45	16.04	**43.6**
DL36401	13.7	1.1	18.6	2.01	63.1	4.9	10.55	77.8
DL36402	18.9	1.5	24.63	2.43	52.6	5.17	14.29	86
DL36604	26.7	9.5	39.26	15.95	20	1.03	22.93	47.2
DL36902	26.2	8.7	38.78	14	22.7	0.99	22.86	51
DL37001	18.6	3.4	26.33	6.94	45.9	4.02	15.94	65.6
DL37002	15	1	21.9	2.62	58.8	3.71	12.04	83.9
DL37003	23.2	2.7	30.5	4.72	41.5	3.22	19.18	63.5
DL37004	24.9	4.6	33.67	7.6	34.3	2.57	21.08	69.1
DL37201	17.8	12.2	32.39	18.85	29.1	2.16	16.73	**35.5**
DL37202	5.4	24.2	29.32	27.1	27.3	0.64	14.98	50.8



Map 4. Holes drilled on the Looseleigh Target in March 2015 (western side of map area); overlying the Bridgenorth sheet of the 1:25,000 Geological Map Series. Datum GDA94 (MGA zone 55).

Table 2. Assay results for selected drillhole samples from the Looseleigh target area.

Sample No.	Al-LICP01 Al2O3avl	Si-LICP01 Rx SiO2	ME-XRF13b Al2O3	ME-XRF13b SiO2	ME-XRF13b Fe2O3	ME-XRF13b TiO2	ME-GRA05 LOI	SCR-38 +0.26mm
DL37405	26.6	10.4	37.62	11.4	26.9	2.64	20.67	**42.4**
DL37406	24.6	10.4	36.51	11.4	27.6	3.02	20.76	**42.9**
DL37407	20.3	16.4	37.03	17.3	22.7	2.66	19.51	**31.8**
DL37501	18.4	10.8	31.99	12.1	33.1	3.63	18.04	57.7
DL37502	17.1	12.1	31.34	13.35	32.2	3	18.54	56
DL37503	15.2	10.2	27.77	11.7	39.4	2.72	17.47	46.4
DL37601	24.9	8.1	34.67	8.82	33.9	3.23	18.51	47.3
DL37602	18.2	6.6	27.64	7.78	43.2	2.17	18.09	61.8
DL37603	25.1	6.5	35.2	7.48	31.8	2.63	21.81	**29.7**
DL37604	9.2	21.3	30.61	23.2	26.5	2.8	16.06	**5.9**
DL37605	2.3	11	13.12	13.8	60.6	1.3	10.37	**11.2**
DL37801	0.8	24.2	21.26	40.2	24.7	1.38	11.33	**19**
DL37802	0.9	28	24.6	40.2	20.5	1.06	12.31	**30.2**
DL37803	0.6	24	20.77	27.2	37.1	2.25	11.94	**39.5**
DL38101	4.2	13.8	19.23	23.6	43.6	2.17	10.42	**24.1**

5 DISCUSSION OF RESULTS

In March 2015 Australian Bauxite Limited subsidiary company ABx4 completed infill drilling of the DL-130 South target as well as scout drilling on the Looseleigh target. In total 57 holes were drilled for 402m – 42 for 227m at DL-130 South and 15 for 175m at Looseleigh.

Preliminary drilling results from the DL-130 South and Looseleigh targets were both disappointing.

However, further assaying is required for the DL-130 South drilling samples in addition to a detailed review of drilling results. More work is required on this target.

6 CONCLUSIONS AND RECOMMENDATIONS

Preliminary drilling results from the DL-130 South and Looseleigh targets were both disappointing.

However, further assaying is required for the DL-130 South drilling samples in addition to a detailed review of drilling results. More work is required on this target.

ABx4 is in the process of lodging an application to partially renew EL9/2010 for a further 12 month period. An area of 32 km^2 has been proposed for relinquishment.

Recommendations for future work

The following exploration activities are planned for EL 9/2010:

- 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 bauxite profile.
- Chemical analyses of samples, including specialist analyses to determine total and available alumina, total and reactive silica, loss and ignition and sieving.
- 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 bauxite profile.
- Systematic sampling and drilling at waypoints with best bauxite potential.
- Detailed analysis of assay results to determine assaying strategy for future drilling.
- Pit testing of the DL-130 target to test mineability of the deposit.
- Sieve testing to find optimal sieve size for Tasmanian bauxites.
- Testing new sample processing techniques to improve silica reduction.

7 ENVIRONMENT

Surface Disturbing Operations:

ABx4's surface disturbing operations are in general, minimal.

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

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 landowners or the department. Saplings and over hanging branches were removed when necessary and fallen trees and braches were pushed aside.

Surveys (archaeological, botanical):

No surveys were undertaken within EL9/2010 within the current reporting period.

Rehabilitation:

ABx4 has a policy that all drill holes and tracks are fully rehabilitated immediately after drilling. Drillholes are plugged using "octo-plugs" at a depth of 1.5m and re-filled using innocuous material from the drill hole.

8 EXPENDITURE

Table 3. Exploration expenditure for EL9/2010 over the 5th annual reporting period.

EL 9/2010 Deloraine - Expenditure over 5th Year of Tenure		
1. Geoscientific costs		
	Geology	$121,374
	Geochemistry	$2,325
	Geophysics	
	Remote sensing	
2. Drilling and Gridding Costs		
	Gridding	
	Drilling	$19,588
	Holes/metres	*57 for 402m*
3. Land Access Costs		
4. Rehabilitation Costs		
5. Feasability Study Costs		
6. Other Costs		$1,440
7. Administration Costs (< 10%)		$2,612
8. Total Costs		$147,339

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

9 REFERENCES

Miss S.E. Close, Feb 1970, Scintillometer Search for Bauxite, Northwest Tasmania, *CRA Exploration Pty Limited*

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