

EXPLORATION LICENSE EL 16/2012

PARTIAL RELINQUISHMENT REPORT MAY 2016

Reporting Period: 16 June 2013 – 3 May 2016

Project Operator: ABx4 Pty Ltd

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SUMMARY

EL16/2012 was applied for in 2012 to facilitate exploration near areas where Australian Bauxite Limited had identified bauxite occurrences with the potential of extending current known deposits. A 2010 drilling program commenced in February of 2015 aimed at drilling areas identified during field reconnaissance with bauxite nodules identified at surface. At the Blackwood South target a total of 13 holes for 151m were drilled. Only RM166 intersected bauxite (1m with 31.9 Avl Al₂O₃ and 5.4% Rx SiO₂). The scout drilling undertaken at the Blackwood South target was largely unsuccessful thus, the potential for any significant quantities of bauxite to be found at this target appears to be very low. Hence this area and other areas with low prospectively have been relinquished from the tenement.

INTRODUCTION

Australian Bauxite Limited (ABx) (ASX: ABZ) is an exploration company that holds the core of the Eastern Australian Bauxite Province with 33 tenements in Queensland, NSW, Victoria and Tasmania covering over 3250km² - all selected on 3 firm principles:

- **Quality** – good quality bauxite with potential for significant resource tonnages;
- **Proximity** – easy access to infrastructure connected to export ports; and
- **Accessibility** – free of socio-environmental or native title land constraints.

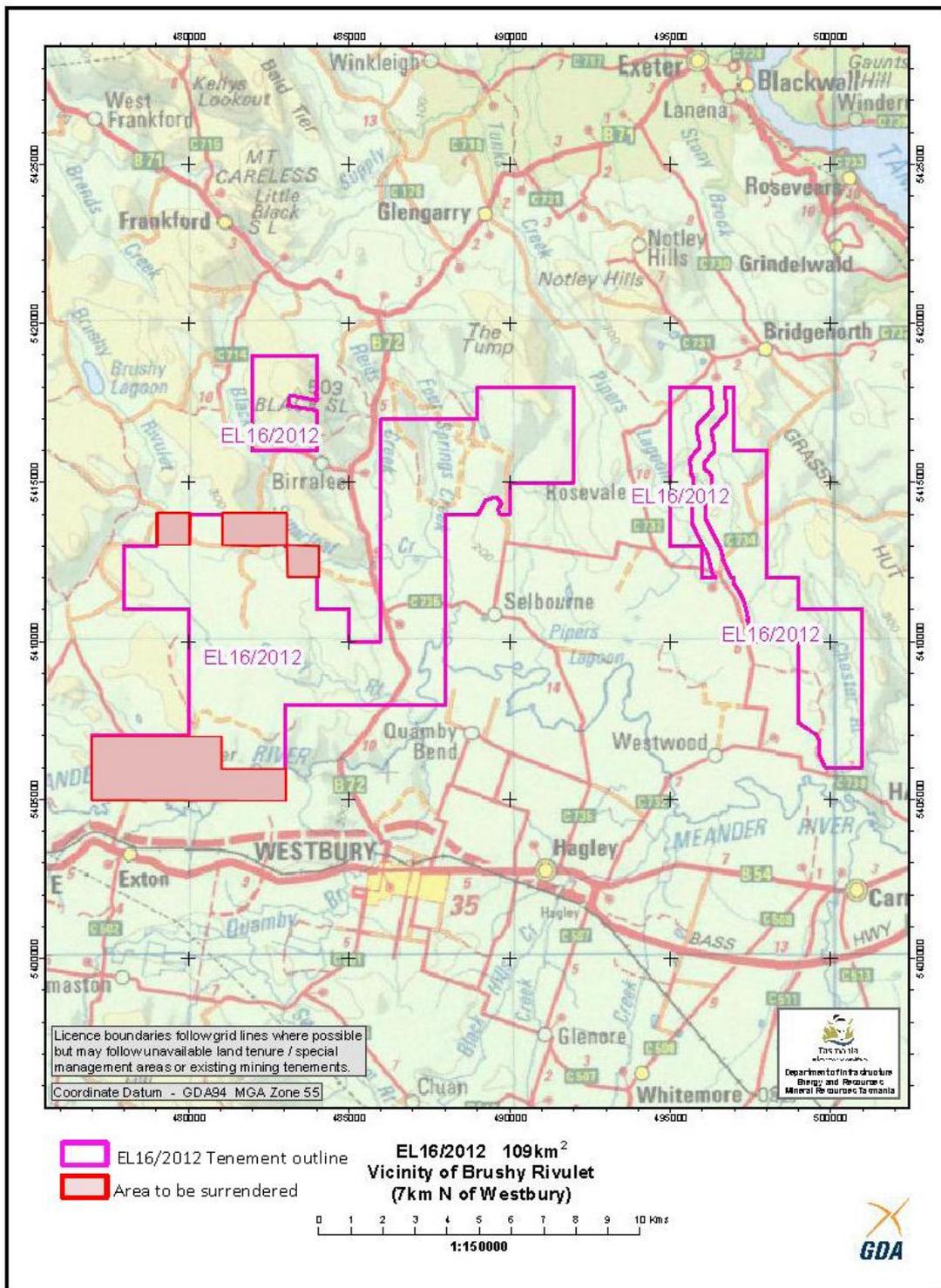
ABx bauxite is high quality and can be processed into alumina at low temperature – a type that is in short supply globally. Australian Bauxite Limited aspires to identify bauxite resources in excess of 200 million tonnes in one of the world's best bauxite provinces.

ABx has the potential to create three state-significant bauxite processing projects and has several bauxite deposits that are favorably located for direct shipping of bauxite to export customers. Our business plan is to prove up the largest tonnage of high quality bauxite resources of any comparable company and to market premium-priced bauxite products into both the rapidly growing Asia-Pacific region (especially China) and the large eastern Australian Aluminium industry.

LOCATION

The Reedy Marsh tenement area is composed of three main land parcels. The large southwest parcel is located just to the North of the Bass Highway connecting Exton and Hagley. The eastern parcel (dissected by a north-south-running Gas Pipeline Corridor) is located 1.3 km east of Rosevale and extends to the south-east towards Westwood. The small north-east parcel is located ~2km NW of Birralee along Birralee Rd. The tenement area is only located approximately 35 km south of the large operating port at Bell Bay.

The main land category in the tenement area is private land (incl. forestry operations), with other land categories including National Parks, Forrest Reserves, and Conservation areas.



Map 1. Overview map of EL16/2012 tenement with relinquishment areas outlined in red

ACCESS AND LAND USAGE

The majority of the land usage in the tenement is private reserves, natural forest and agricultural land with land categories between 4-6. Gaining access to farming properties was very successful, most landowners contacted by ABx allowed the drill rig to operate on their property.

AREA RELINQUISHED

A partial relinquishment of approximately 14km² of tenement EL 16/2012 will be relinquished (area includes exclusion zones).

EXPLORATION ON TENEMENT IN AREAS TO BE RELINQUISHED

Blackwood South

Blackwood South is a bauxite target located on a large cleared farming property located approximately 2km southwest of the Rubble Flats bauxite deposit. The target area lies entirely within the Reedy Marsh EL16/2012 tenement. A day and a half was spent on the target (22-23 Feb 2015), drilling 13 holes for 151 metres. The farmland – a recently-cleared immature hardwood plantation now used for livestock grazing – occupies a low-lying floodplain area adjacent to the Meander River on the south.

Prior to drilling, field observations of bauxitised rock exposed along some small creeks led geologists to believe there was potential for bauxite discovery underneath the thin topsoil that covers most of the farming property.

Geological Setting

The Blackwood South target is a flat-lying floodplain area mapped as Quaternary 'Stream alluvium, swamp and marsh deposits' (Qha) on the Westbury Sheet of the MRT 1:25,000 Geological Map Series.

The majority of the land is covered by grass growing in a thin layer of soil and/or river sediments (to the south). Bauxite is observed in some small creeks and on surface as loose rocks in a few areas.

Jurassic Dolerite (Jd) outcrops were observed on the western and northern sides of the property (as shown on the MRT geological maps) and is thought to form the steep hills to the northwest, north and northeast.

Most of the target area is categorised as Class 6 ('severely restricted agricultural use') on the 'Tamar' sheet of the Land Capability Survey of Tasmania (note: bauxite at surface makes for limited agricultural production), Some Class 4 land exists in the southwest part of the property.

Drilling Results

A total of 13 holes for 151m were drilled at the Blackwood South target.

Only RM166 intersected bauxite (1m with 31.9 Avl Al₂O₃ and 5.4% Rx SiO₂).

Geological Discussion

Drilling results indicate that the Blackwood South geological profile is very clay-rich, with small quantities of hard Fe-rich material existing near surface within a clay matrix.

There appears to be lateral zonation of the weathering profile which can be generalised as (from top down):

- (1) *Hard, Fe-rich material in Clay Matrix*
- (2) *Mottled Clay*
- (3) *Mottled/Weathered Dolerite*
- (4) *(Hard Dolerite Basement)*

RM16607, the only sample that proved to be bauxite, occurs near the bottom of a 9m-deep “Fe-rich material” zone. Why bauxite has mineralised in this particular location, but nowhere else, is not fully understood.

Some of the drill holes located closer to the Meander River contained river sediments (with rounded pebbles) either as overburden or interburden. For example, RM171 had such river sediments from 5-7m below surface which represents an unconformity. Interestingly, RM175 was logged as bearing volcanics and RM173 was logged as penetrating Quartzite in the final meter. If these observations are true then there must have been a complicated array of processes to form the current regolith (weathering) profile.

Conclusion and Recommendations

The scout drilling undertaken at the Blackwood South target was largely unsuccessful with only one meter of one drill hole intersecting bauxite. Thus, the potential for any significant quantities of bauxite to be found at this target appears to be very low.

No further drilling was recommended at this location.

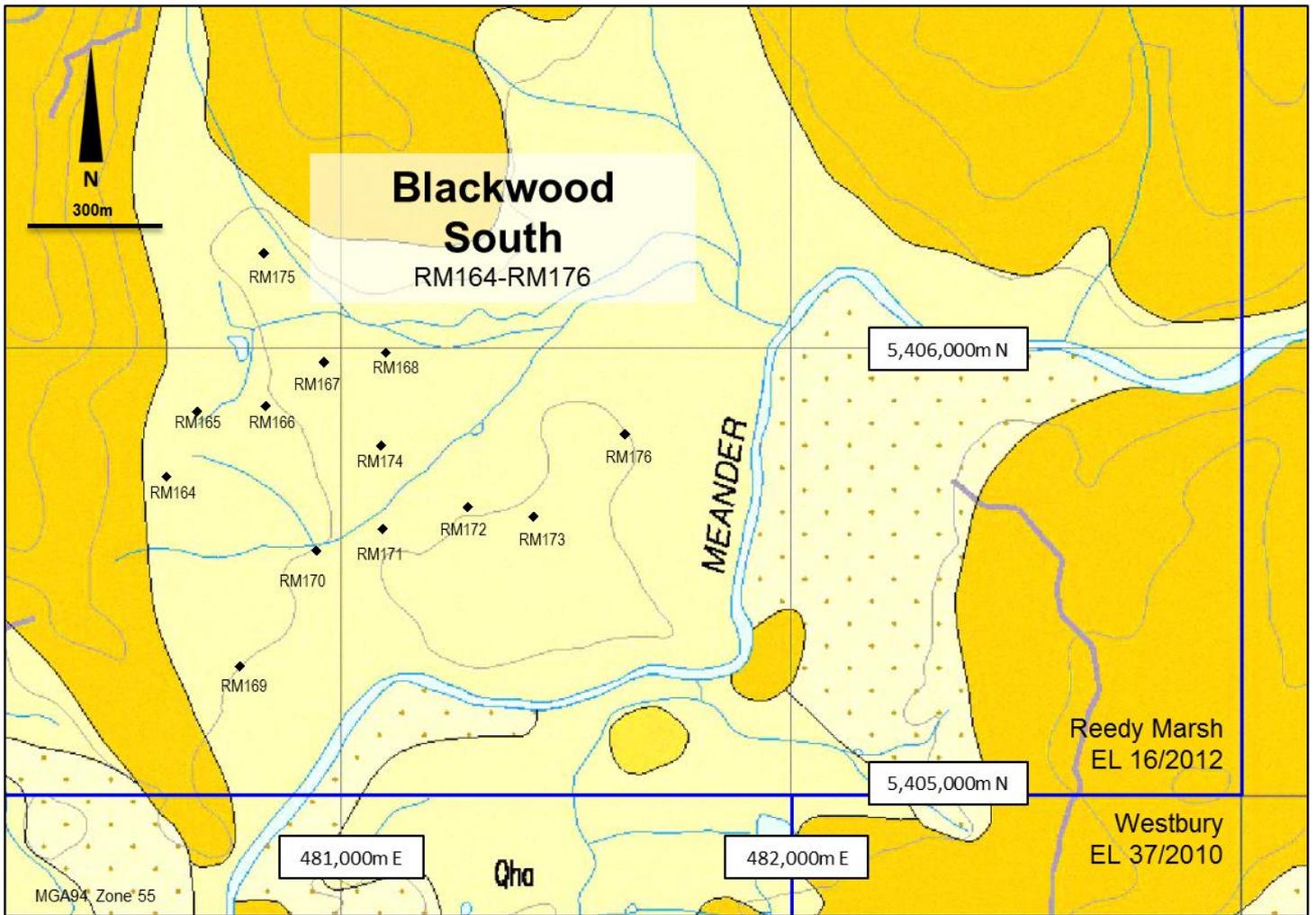
TABLE 1. BLACKWOOD SOUTH DRILLHOLES AND TOTAL DEPTHS.

Hole ID	Hole Depth (m)	Hole ID	Hole Depth (m)
RM164	4	RM171	14
RM165	4	RM172	9
RM166	22	RM173	7
RM167	26	RM174	18
RM168	8	RM175	10
RM169	8	RM176	9
RM170	12	Total	151 metres

TABLE 2. SIEVED ASSAY RESULTS OF BLACKWOOD SOUTH SAMPLES.

Sample No.	Avl Al ₂ O ₃	Rx SiO ₂	Al ₂ O ₃	SiO ₂	Fe ₂ O ₃	TiO ₂	LOI	+0.26mm Sieved Recovery
	%	%	%	%	%	%	%	%
RM16401	0.5	13.8	11.24	37.7	41.1	1.42	6.83	27
RM16402	0.5	27.4	23.5	37.1	23.2	0.98	13.18	11.1
RM16501	0.6	10.2	9.37	46.9	23.1	0.71	3.4	37.6
RM16601	5.1	15.8	22.23	20.5	43.1	1.21	11.12	24.4
RM16602	0.4	27.2	20.32	31.2	33.1	2.48	11.05	10.5
RM16603	1	18.9	16.9	21.1	48.3	1.5	11.38	27.4
RM16604	1.2	27.2	23.99	29.7	31.2	1.94	12.33	20.5
RM16605	0.9	24.8	21.52	27.4	37	1.15	12.01	42.7
RM16606	1.7	17.2	17	19.7	49.6	1.16	11.39	31.3
RM16607	31.9	5.4	39.3	7.33	27.6	1.42	23.5	59.3
RM16608	12.2	18.6	31	21.8	27.5	1.48	16.88	27.9
RM16609	2.2	25.9	25.85	29.7	27.9	1.94	13.31	16.4
RM16610	3.1	21.5	23.93	25.7	33.3	2.15	13.74	12.9
RM16701	2.1	14.7	17.42	21	49.4	0.57	10.57	25.2
RM16702	1.5	16.2	16.66	22.1	49.5	0.57	10.47	28.9
RM16703	1.1	27.6	24.62	33.6	28.5	0.97	11.66	33.3
RM16801	3.2	13.4	18.44	21.1	49.3	0.83	9.62	19.2
RM16901	0.3	21.4	3.23	75.6	16.6	0.46	3.61	16.8
RM17003	1	14.6	15.14	19.35	50.7	1.77	12.22	35.2
RM17102	2.5	9.9	14.3	28.2	46.6	0.89	9.14	16.4
RM17103	1	15.9	15.04	32.4	41.3	0.84	9.49	16.6
RM17104	1.2	11.6	12.65	21.8	53	1.2	10.36	40.4
RM17204	1.1	15.6	16	18.35	48.2	1.64	14.24	22.9
RM17301	0.3	18.5	7.96	65.6	17.25	0.75	5.27	14.8
RM17401	3.8	14.5	20.11	22.1	43.7	1.86	11.22	34.9
RM17402	1.9	21.7	23.13	24.5	36.1	1.96	13.16	34.8
RM17403	2.3	17.4	20.49	19	41.7	3.13	13.79	34.1
RM17404	2.2	24.2	25.2	26	30	2.9	14.08	38.8
RM17405	1.8	26	26.3	28.7	25.7	3.26	13.54	27.8
RM17503	0.3	20.5	13.08	67.3	8.6	0.78	5.48	8.5
RM17601	0.7	8.6	7.55	49.6	36.4	0.85	4.79	35.3
RM17602	1.3	15.2	17.27	18.95	47.4	1.71	13.33	20.1
RM17603	1.3	14.3	16.3	18.65	48.3	2.01	13.21	21.4

Map 2. Drill Hole Map of Blackwood South Target



REHABILITATION

All drill holes and tracks were fully rehabilitated immediately after drilling. Drill holes were plugged using octo-plugs at a depth of 1.5m and re-filled using innocuous material from the drill hole.

CONCLUSION

Exploration in EL16/2012 in the area to be relinquished was largely unsuccessful. Bauxite was identified in small quantities but the prospects are not believed to be economic even when in close proximity to other larger economic deposits. Hence this area and other areas with low prospectivity have been relinquished from the tenement.

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