

Sixth Annual Report
on
EL 6/2010 – Cleveland

Reporting Period: 14 September 2015 – 13 September 2016
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1 ABSTRACT

Objective:

Exploration Licence EL6/2010 “Cleveland” 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 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 silica, 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 Mitsubishi truck to get samples representing the whole bauxite profile.
5. Systematic drill testing at close spacing's to obtain data for resource estimation in the best target areas defined by programme under 4.

Results

A desktop review of targets shows that the Deddington Road bauxite target will have greater priority if the botanical survey and mining assessments at Nile road Deposit are positive. This area could provide additional tonnage to the Nile Road Prospect.

The Botanical report for the summer period 2015-2016 will highlight potential issues which will need to be address prior to mining (report yet to be completed). The existence of the Grass Land Candles (*Stackhousia subterranea*) is already of particular note. This species occupies the edges of the bauxite deposit, which would be difficult to avoid when mining.

Recommendations for future work include:

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 silica, loss on ignition and other analyses as required in the bauxite search.
4. Drill testing of zones with best potential defined by work under 1, 2. and 3, using 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.
6. Complete Detailed Flora and Fauna survey on Nile Road Target.

2 INTRODUCTION

Exploration Rationale

ABx4 Pty Ltd, the holder of Category 1 Exploration Licence EL6/2010, is a wholly-owned subsidiary of Australian Bauxite Ltd. Australian Bauxite Limited (ABx) (ASX: ABZ) is an exploration company that holds the core of the Tasmanian Bauxite Province with all tenements selected on 3 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.

Land within the tenement consists of freehold agricultural land with some natural forests. Bauxite targets are located mostly on freehold land.

EL 6/2010 “Cleveland” was applied for in order to facilitate an exploration program to discover economically viable deposits of bauxite associated with Tertiary Volcanics and Jurassic Dolerite in an area with old peneplained surfaces preserved as plateaus. The goal of the program was 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 EL6/2010, the majority of bauxite targets are hosted in Tertiary Volcanics and from Jurassic Dolerite, both types have been identified in this tenement.

The historic work done by H.B. Owen (‘Bauxite in Australia’, 1954) showed that Bauxite in Tasmania forms either as ‘grouped remnants of former continuous sheet’ or ‘in lenticular or pod shaped bodies in localised depressions’. This generally occurs in areas with high water flow and low erosion where the old surface has been preserved.

Tenement Information

EL 6/2010 “Cleveland” was granted on and from 14 September 2010 for a period of 5 years to ABx4 Pty Ltd (ABx4).

This is the Sixth Annual Report for the reporting period 14 September 2015 - 13 September 2016 incorporating the results of work completed during the sixth year of tenure.

A renewal application will accompany this report in order to extend the licence term for a further 12 months.

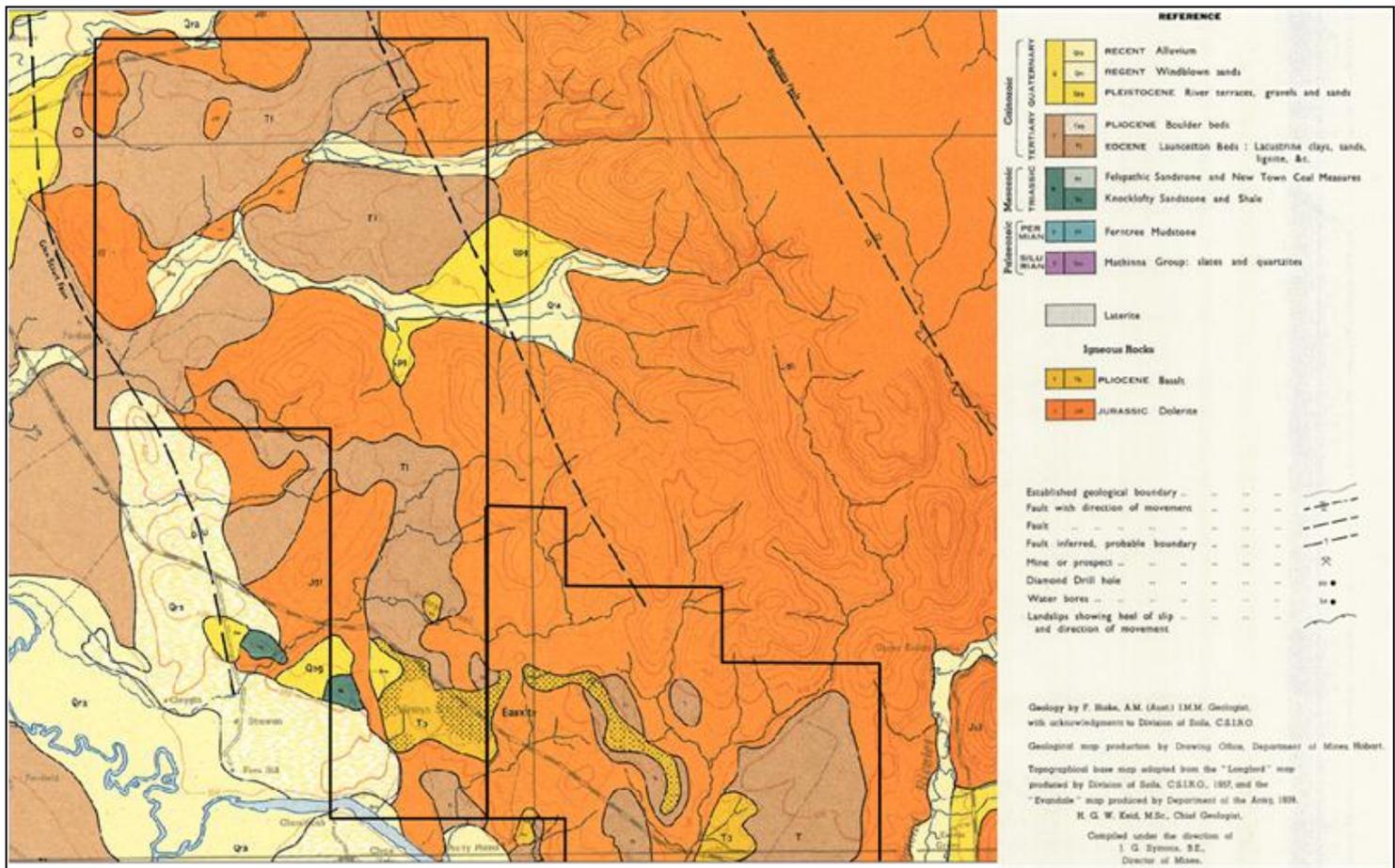
Total area of the Licence is 34 sq km and its Mineral Category is 1 – Metallic Minerals and Atomic Substances. ABx4 relinquished 202sq km in 2012 in order to focus on those areas most prospective for bauxite discovery.

Tenure, including joint venture details and title transfers

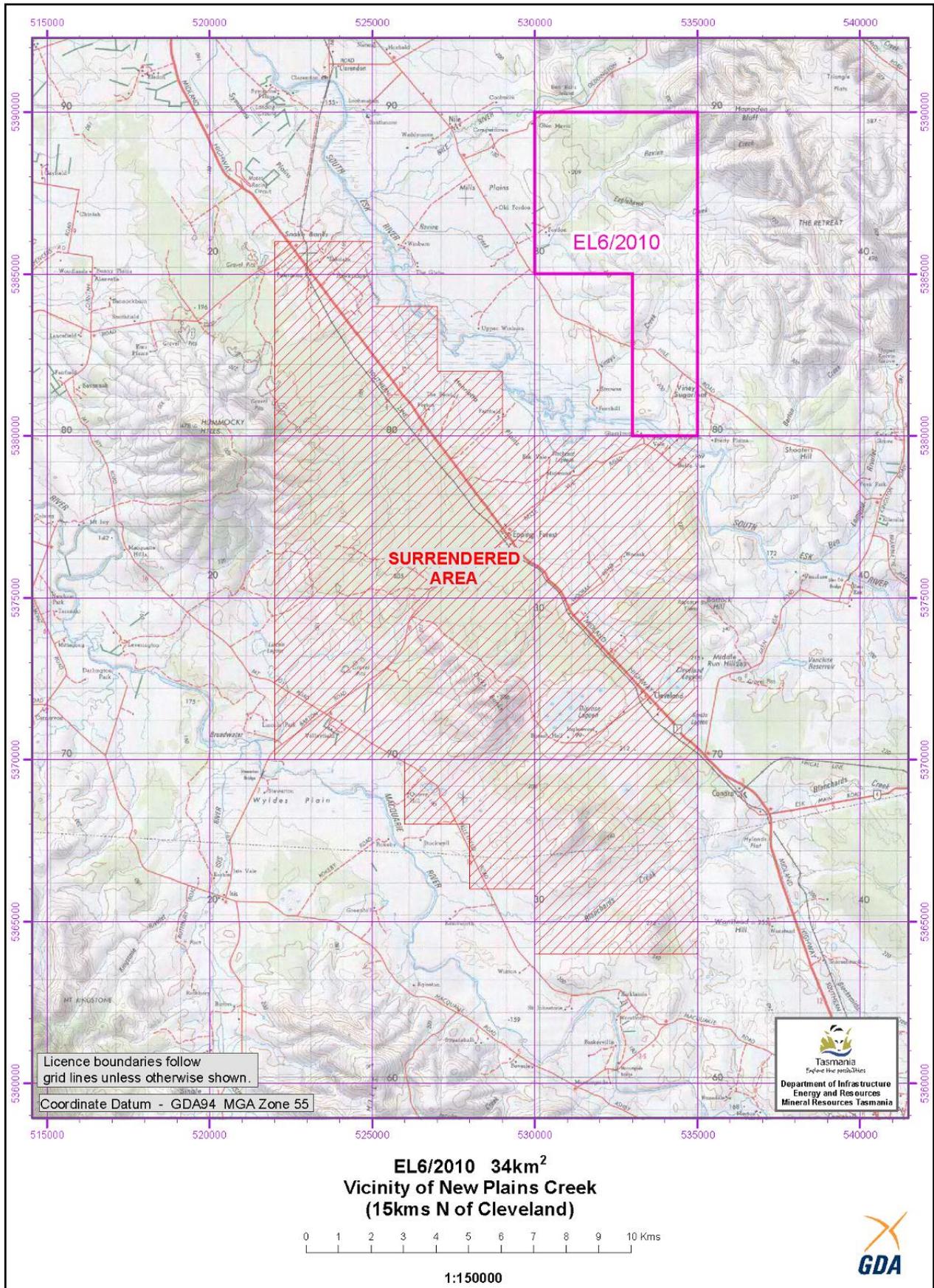
EL 6/2010 “Cleveland” is 100% owned by ABx4 which is a wholly-owned subsidiary of Australian Bauxite Limited.

Location

The current EL 6/2010 area is located ~6km northeast of the town of Epping Forest. The tenement is nearby an active railway with a siding at Conara 10km to the south and is only 75km away from the deep water port at Bell Bay. The tenement is close to the City of Launceston which could offer a wide range of services and skilled work force.



Map 1. Longford sheet of the 1:63600 Geological Atlas Series centred on EL 6/2010. Datum GDA94 (MGA94 Zone 55).



Map 2. Location map of EL 6/2010 showing previously surrendered areas. Datum GDA94 (MGA94 zone 55).

3 REVIEW OF PREVIOUS WORK

Prior to Current Reporting Period

Over the course of the term of tenure, 1 Reverse Circulation (RC) drillhole was drilled for 14m. This hole was drilled in conjunction with the EL5/2010 Powranna Drilling Programme which was a contiguous tenement to EL6/2010. A botanical survey was conducted prior to drilling. This area has since been relinquished from the EL.

EL7/2010 is contiguous with EL6/2010 and hosts the majority of the Nile Road Deposit. Some small satellite deposits occur in EL6/2010 hence extensive field reconnaissance and mapping (including surface sampling for chemical analysis) has been undertaken to try to extend the resources. Also numerous Botanical surveys have been completed on the Nile Road target which covers a very small portion of EL6/2010.

Additional bauxite mineralisation has been identified 500m from Deddington Road; this is derived from dolerite and is buried along the north-eastern edge.

4 EXPLORATION COMPLETED DURING THE REPORTING PERIOD

Regional Exploration Activities

A desktop review has taken place in the last 12 months in order to assess and prioritise the bauxite targets across all ABx4 tenements. This is an informal process and, as such, no reports or figures have culminated from any recent reviews.

ABx4 has prioritised its human and financial resources in much of 2015-2016 towards developing and optimising the production of its Bald Hill Mine (ML 1961P/M) and the drilling of more prospective targets within other mineral tenements. On-site exploration activities did not occur within EL 6/2010 besides the inclusion in several desktop reviews of bauxite targets across Tasmania. Exploration is set to continue within EL6/2010 within the next term of tenure.

Prospect-based Exploration Activities

Nile Road Bauxite Deposit

Numerous botanical surveys have taken place on the Nile Road target area by EcoTas in order to assess environmental values when assessing the viability of mining.

A field trip was undertaken by EcoTas in the summer 2015-2016, in order to review threatened flora locations in the summer period and assess issues arising with the prospect of mining. **This report is yet to be completed.**

This target occurs across both the EL 6/2010 Cleveland and EL7/2010 Conara tenements despite all drilling on the target to date occurring within the EL7/2010 Conara tenement.

Any future mining lease at Nile Road will most likely cover part of the Cleveland tenement.

5 DISCUSSION OF RESULTS

A desktop review of targets shows that the Deddington Road bauxite target has an increased priority if the botanical survey and mining assessments at the Nile Road Deposit are positive. This could provide additional tonnage to the Nile Road Prospect.

The Botanical report for the summer period 2015-2016 will highlight potential issues which will need to be address prior to mining. The existence of the Grass Land Candles (*Stackhousia subterranea*) is already of particular note. This species occupies the edges of the bauxite deposit, which would be difficult to avoid when mining.

6 CONCLUSIONS AND RECOMMENDATIONS

The remaining licence area of EL6/2010 is quite modest in size and covers the north-west extensions of the Nile Road target which remains to be drill-tested. The Nile Road target within the contiguous EL7/2010 has a JORC-compliant inferred resource of 0.73 million tonnes of bauxite.

ABx4 has prioritised the majority of its human and financial resources in much of 2015-2016 towards developing and optimising the production of its Bald Hill Mine (ML 1961P/M) with preliminary work being completed at the Nile Road target to assess mineability of the resource. Any future mining lease on the Nile Road target will likely overlap onto the Cleveland tenement.

ABx4 is in the process of lodging an application to extend the term of the EL6/2010 and to consolidate it with EL7/2010. The application will be submitted shortly after this report is submitted.

Recommendations for future work include:

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 silica, 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, using 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.
6. Complete Detailed Flora and Fauna survey on Nile Road Target.

7 ENVIRONMENT

Surface Disturbing Operations:

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

Rehabilitation:

No rehabilitation was required during the current reporting period.

8 EXPENDITURE

Table 1. Exploration expenditure for EL6/2010 over the 6th annual reporting period.

EL 6/2010 Cleveland - Expenditure over 6th Year of Tenure	
1. Geoscientific costs	
Geology	\$1,171
Geochemistry	
Geophysics	
Remote sensing	
2. Drilling and Gridding Costs	
Gridding	
Drilling	
Holes/metres	
3. Land Access Costs	
4. Rehabilitation Costs	
5. Feasibility Study Costs	
6. Other Costs	
7. Administration Costs (< 10%)	
8. Total Costs	
	\$1,171

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

9 REFERENCES

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