

Sixth Annual Report

on

EL 7/2010 – Conara

Reporting Period: 14 September 2015 – 13 September 2016

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1. ABSTRACT

Objective:

Exploration Licence EL7/2010 “Conara” 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.

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 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, 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.
6. Mine-ability study of Tasmanian bauxite using a small excavator to dig bauxite and screen test on a larger scale.

Results:

During the current reporting period, ABx4 conducted a full assessment of the geology of the Fingal Rail deposit to determine any issues which may arise if the deposit was mined. Preliminary findings identified a large number of potential challenges associated with a mine lease.

Some of these issues include:

1. Narrow ore zones with insufficient drilling in the surrounding area to determine the width of the ore body.
2. High variability of the ore zone in certain areas, a greater drilling density is required, Some test work on optimum drilling spacing and duplicates holes should be completed
3. Dilution from variability of the ore zone.
4. Cut-off grade needs assessment to best meet consumer demand
5. Cost of mining will be greatly increased because of land use and rehabilitation, the requirement for getting a mining lease will also be stricter and ore boundaries will need to be well defined.

Many of these issues can be overcome with more drilling and pit work over the next reporting period.

The preliminary ecological assessments undertaken for the Nile Road target area by EcoTas identified a number of challenges which will need to be assessed to determine the viability of mining in the area.

Recommendations for future work:

Recommendation for future work include further:

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 bauxite profile.
3. Chemical analyses of samples, including specialist analyses to determine total and available alumina, total and reactive silica, loss on ignition and sieving.
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 bauxite profile.
5. Pit testing of the Fingal Rail target to test mineability of the deposit.
6. Additional drilling at Fingal Rail to delineate the ore body
7. Testing new sample processing techniques to improve silica reduction.
8. Constant monitoring of rehabilitated pit locations.
9. New application for a Mining Lease over the Fingal Rail Deposit.
10. Complete the reporting for the Botanical Survey at Nile Road

1. INTRODUCTION

Exploration Rationale

ABx4 Pty Ltd the holder of Category 1 Exploration Licences EL 7/2010 wholly owned subsidiary of Australian Bauxite Ltd. Australian Bauxite Limited (ABx) (ASX: ABX) 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 forests and plantations.

EL 7/2010 “Conara” 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 quality and quantity of the bauxite in the area using an RC drill rig mounted on a light 12 tonne truck.

Geological Setting

In EL7/2010, the majority of bauxite targets are hosted in Tertiary Volcanics, however, some bauxite derived from Jurassic Dolerite could also be present.

The historic work done by H.B. Owen (‘Bauxite in Australia’, 1954) showed that bauxite in Tasmania is formed as either ‘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 7/2010 “Conara” 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. This report will also accompany an application by ABx4 to extend the term of the exploration licence for another 12 months.

Total area of the original Mineral Category 1 licence was 238 km², however, ABx4 chose to relinquished 85 km² in 2012 bringing the total area to 154 km².

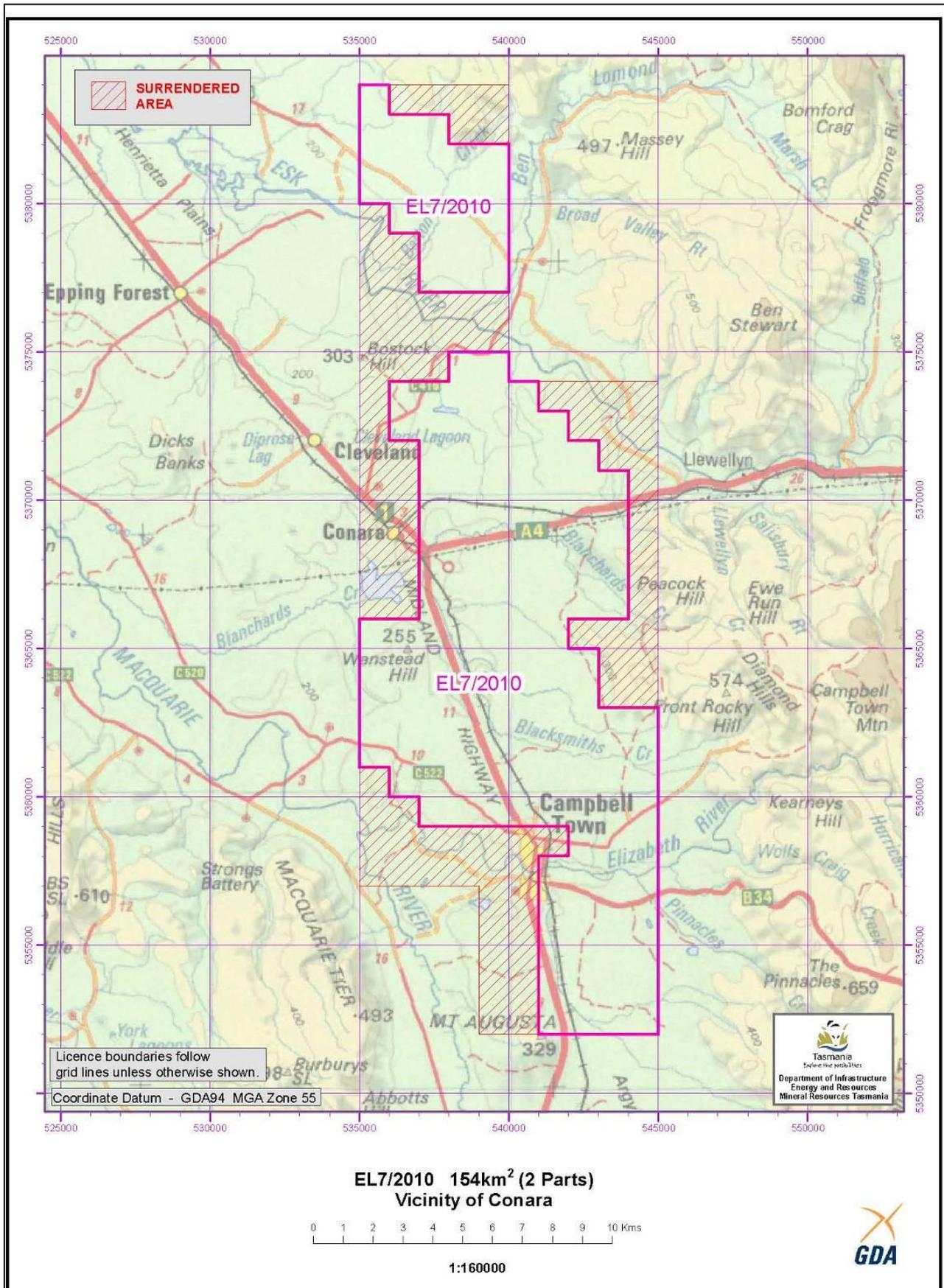
Tenure, including joint venture details and title transfers

EL7/2010 “Conara” is 100% owned by ABx4 which is a wholly-owned subsidiary of Australian Bauxite Limited.

Location

The Conara tenement is centred on the railway town of Conara where there is a railway siding and active railway. The tenement is only 90km from the large operating port at Bell Bay and the Midlands highway passes through the centre of the tenement. The Conara tenement is ideally located for both rail

and road transport to the port. EL 7/2010 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 private reserves, natural forest and agricultural land with land categories 4-6.



Map 1. Location of EL7/2010 "Conara".

2. REVIEW OF PREVIOUS WORK

Work Completed during First Five Years of Tenure

In the first five years of tenure a total of 721 RC holes were drilled for 8,023 metres. A total of 2,970 drilling samples underwent specialist chemical analysis at ALS Laboratories, Brisbane. 1,787 of these tested samples were wet sieved at 0.26mm prior to analysis in order to test upgrade and yields of bauxitic material (majority of clay is washed out during this process).

Another 4,414 assays on drilling samples were conducted in-house using a hand-held Niton XRF device.

The results of drilling in the first five years of tenure led to the current JORC-compliant bauxite resources of 1.84 Mt inferred and a further 1.67 Mt indicated (total 3.51Mt) within the Conara tenement (these figures are recent to 2015 but build on previous estimates). These are a combination of the Bald Hill area which is now under a mining lease with 1.60 Mt, Fingal Rail with 1.18 Mt and Nile Road with 0.73 Mt. Other targets have been drill-tested but did not contain economic quantities of bauxite.

Four test pits were dug in 2013 (three on the Bald Hill target, one on the Fingal Rail target) to assess resource extraction, mining equipment, processing equipment and shipping grade and yields.

A mining lease for the Bald Hill bauxite deposit was applied for and later approved on September 19, 2014. The Bald Hill Mine ("ML 1961P/M") opened in December 2014 and has been in production since January 2015.

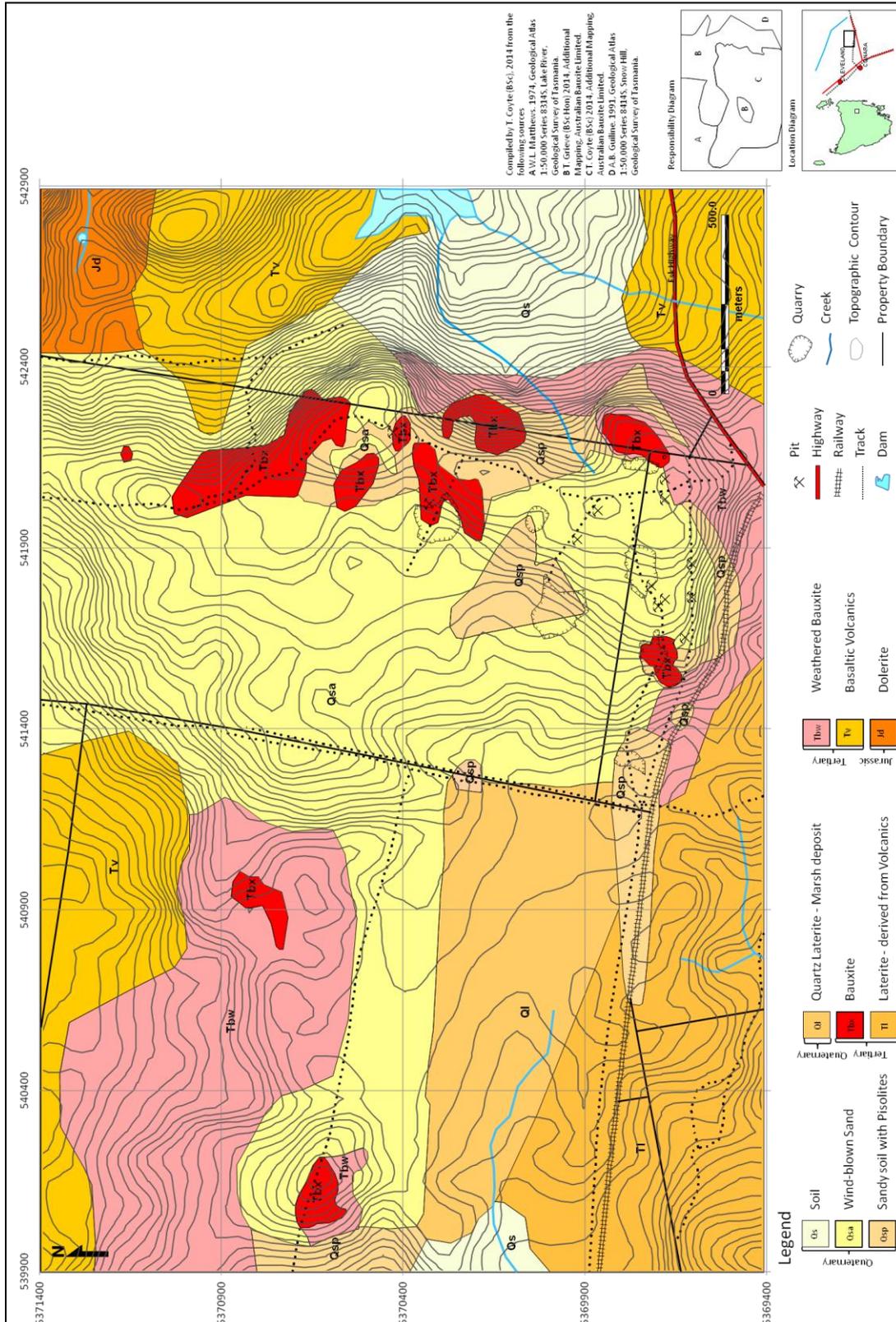
A great amount of field reconnaissance, geological mapping and surface sampling (for chemical analysis) has been undertaken and has allowed geologists to prioritise targets for drilling and other works. Multiple botanical and/or archaeological surveys have been conducted in the first five years.

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

3. EXPLORATION COMPLETED DURING THE REPORTING PERIOD

Prospect-based Exploration Activities

Fingal Rail - Assessment



Map 2. Surface Geology of the Fingal Rail deposit (Basemap- Calver et al, 1991, 1:50,000 Geology of the Snow Hill Area, Geological Atlas 1:50,000 Series, Mineral Resources Tasmania)

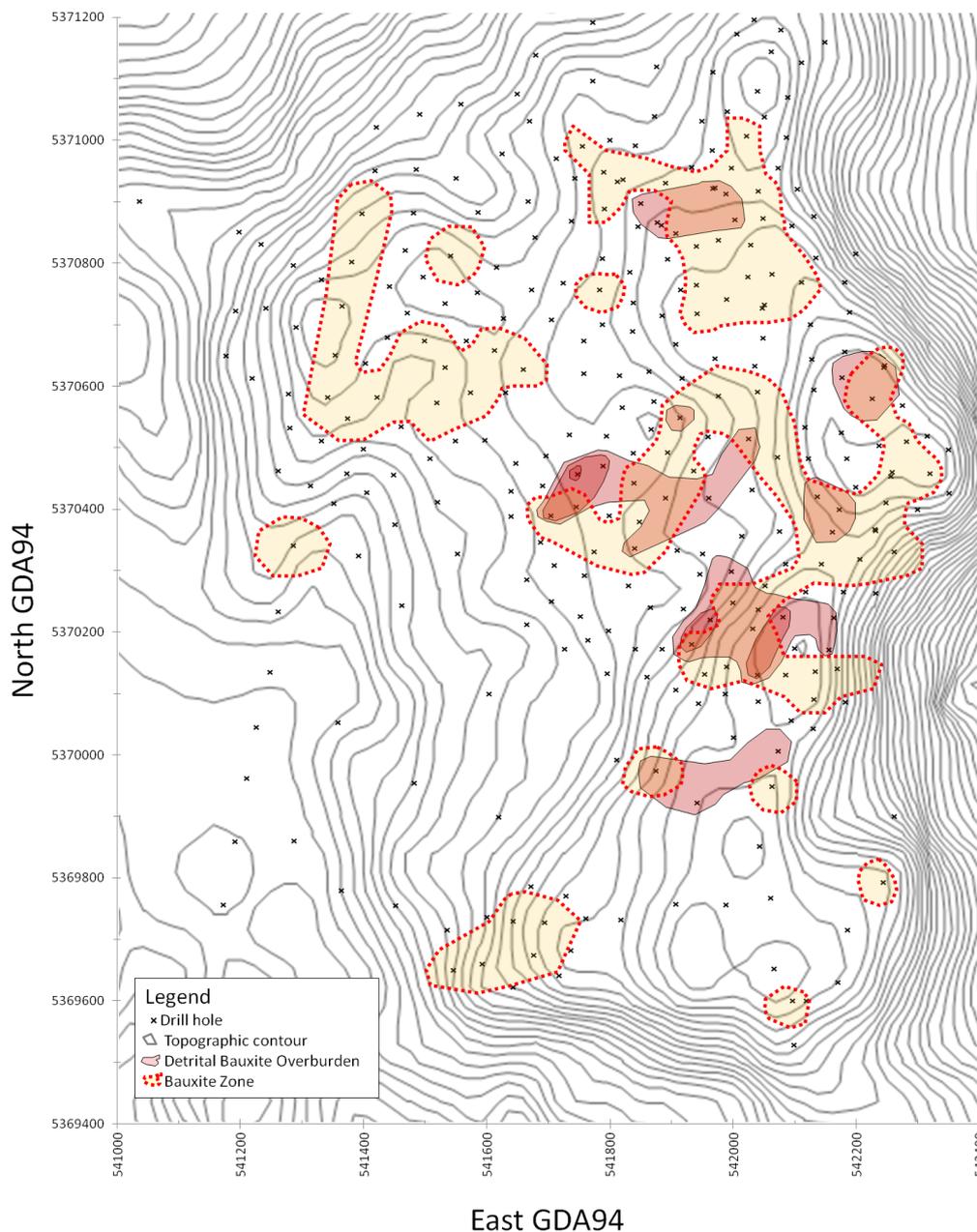
Stratigraphy of the Fingal Rail Deposits

The Pit sampling program completed in 2013 characterized the top layers of the Fingal Rail Deposit and recent drilling has confirmed that the deposit contains a similar profile throughout.

Overburden

The Fingal Rail bauxite is concealed beneath a layer of post-glacial wind-blown sand and clay. Wind-blown sand generally makes up the first 0.5-2m of overburden. Detrital pisolitic bauxite sometimes occurs at the base of the wind-blown sand and is 0.1-2m in thickness, but rarely contains enough alumina to make ore grade. The distribution of this layer shown in Map 4 characteristically occurs adjacent to gaps in the deposit. The gaps in the deposit may have once been outcropping bauxite and have possibly been eroded to form the detrital bauxite layers. The lower part of the overburden is a layer of yellow muddy sediments which can have a layer of remobilized pisolites at the base that sometimes contains hallosite infiltrations.

Map 3. Areas with Detrital Bauxite in overburden



Upper Bauxite Zone

As the main bauxite type encountered, this bauxite type can be very hard and sometimes required the hammer drill bit to drill through the layer. This bauxite appears to be cemented by hematite, gibbsite and PDM dispersed as discrete layers or bands. The bauxite mostly occurs as large hard nodules at depth. Cemented bauxite nodules become larger and more cemented with depth with increasing amounts of PDM which significantly increases the hardness. The matrix is light grey; low iron material as random halos around hard nodules, possibly due to deposition-conditions or iron migration during cementation. This bauxite layer could potentially be detrital in some areas of the deposit.

This location has a minor increase in the MnO concentration which is localized to pit area and surrounding drill holes

Lower Bauxite Zone (not intersected in pit work)

This bauxite is the main economic ore zone at Fingal Rail and is significantly higher grade than the upper layer. The bauxite is typically dark red to yellow and softer than the upper layer, with a variety of textures. It generally grades from Earthy slightly pisolitic (PDM) in to a vuggy breccia of hematite, gibbsite with increase clay content towards the lower contact. It occurs typically in the Far East and Far west of the deposits close to the edge of the 'plateau'.

Gradational Contact (not intersected in pit work at Fingal Rail)

The basal bauxite contact appears to be gradational and often contains large blebs of bauxite below the contact; this is frequently logged as Tx (transitional bauxite) and frequently contains available alumina above 10% with sieving, but cannot be upgraded further. So unlike Bald hill this layer is highly unlikely to be economic. The difference in the Tx at Bald Hill to the Tx at Fingal Rail is that Bald Hill: the gibbsite forms hard cemented concretions which are almost entirely gibbsite without kaolin. The Tx at Fingal rail contains cemented concretions but these are less formed and contain a lot of interstitial kaolin in the lumps.

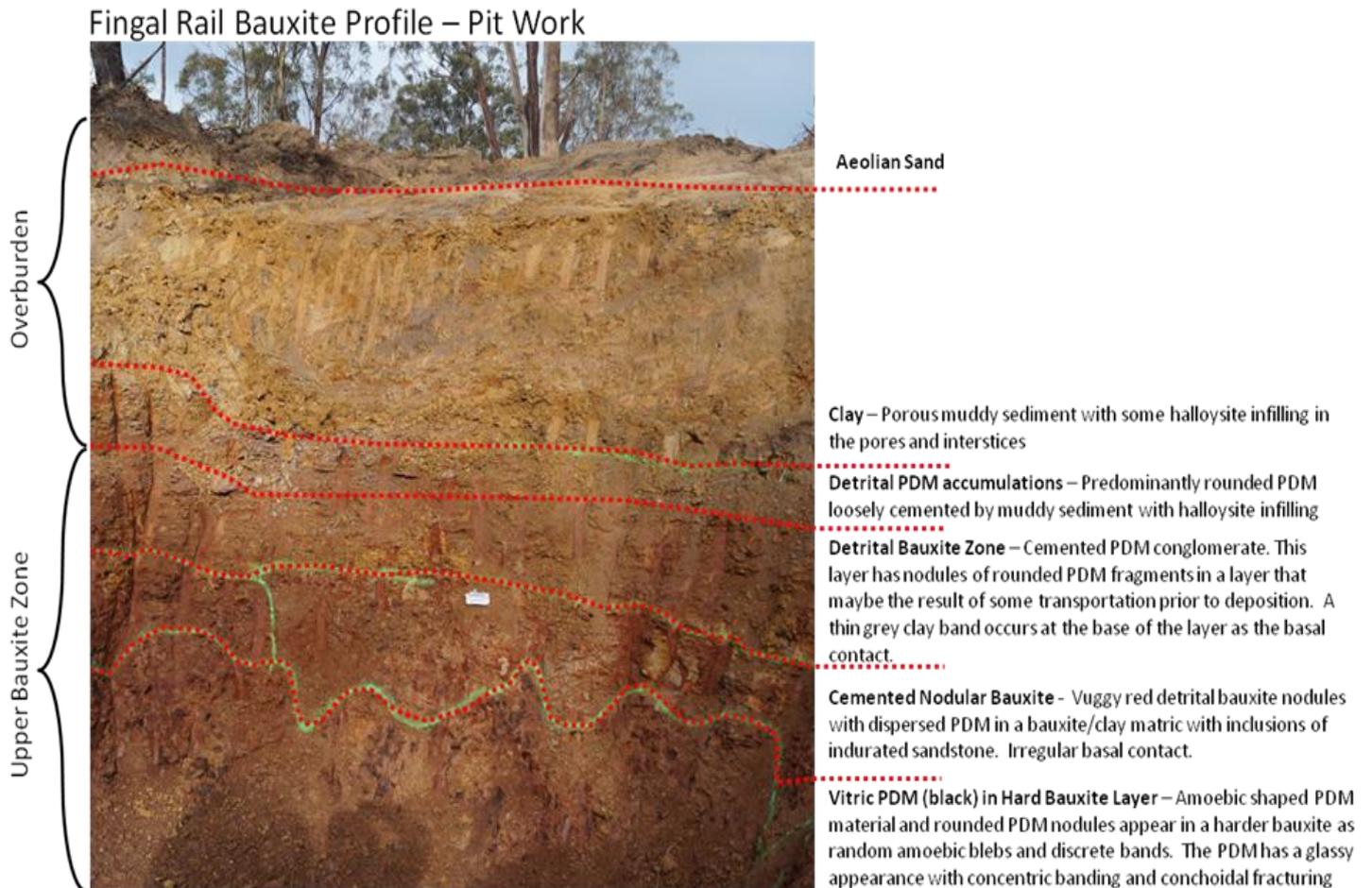
Kaolin Zone (not intersected in pit work at Fingal Rail)

The Kaolin zone sits between the basaltic volcanics and bauxite. The gradational contact with the bauxite means it often contains lumps of vuggy cemented semi-bauxitized material but this material very rarely contains available alumina and not in economic quantities. The kaolin zone is generally 20m thick and in some areas has a pure white band of kaolin clay about 5m below the lower bauxite contact. The bottom contact is also gradational, with an increasing number of hard vuggy altered volcanic lumps occur approaching the contact.

Basaltic Volcanics

The Volcanics underlie the entire sequence and was frequently intersected in deep holes greater than 25m below the bauxite layer. The top contact is gradational with the clay rich zone characterized by hard vuggy altered volcanic lumps. The basal contact has not been intersected in drill hole but the basement rock type is most likely Jurassic dolerite which outcrops in the surrounding area. The volcanics grade from altered purple mottled lumps of kaolin to weathered vuggy grey volcanic with white coatings filling the vughs.

Photo 1 - FRP001 pit ; Detailed description of composition of overburden and upper bauxite zone.



Bauxite Types and Mineralogy

Three types of bauxite were identified in the drilling and of these; 2 types have been characterized by the pit work. The bauxite at Fingal Rail appears to be derived from basaltic volcanics which underlies the area.

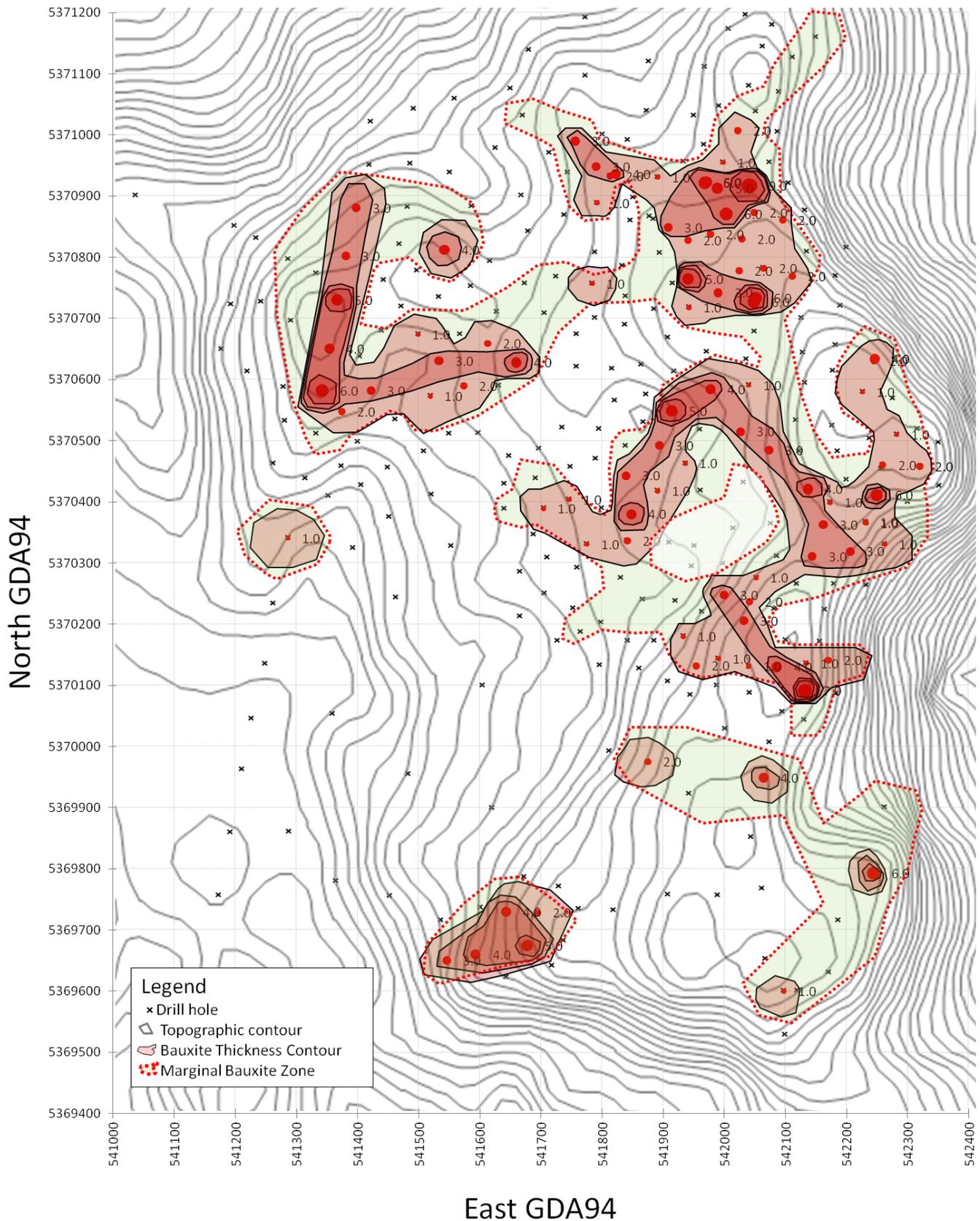
Detrital Bauxite in overburden

Detrital pisolite accumulations have been intersected in many drill holes at Fingal Rail. The accumulations are suspected to sometimes contain economic bauxite grades. The layer(s) are occurring above and below the clay overburden at an average depth between 1m-4m. The pisolites predominantly consists of rounded PDM fragments but where accumulations are up to 3m thick it can contain some pisolitic (PDM rich) hematitic bauxite nodules.

PDM stands for Poorly Diffracting Material under XRD and is the main component of the shiny black glassy pisolites and the other amoebic shaped glassy material found in the bauxite. The pisolites contain maghemite, hematite, spinel and other minor constituents but comprises of approximately 70-80% PDM. The PDM component is almost pure alumina in the possible form of a poorly crystalline alumina spinel.

Map 6. Fingal Rail Resources July 2014, Bauxite thickness with 1m topographic contours

Bauxite Thickness (m)



A similar layer was intersected in the pit sampling, identified as a layer of 'Low Cementation'. A more granular matrix material occurred beneath the clay overburden from 2.5m to 3.0m depth. This material is less cemented and easier to free dig. This layer has less bauxite nodules and higher pisolite accumulation. Rounded fragments in the layer may be a result of some form of transportation prior to deposition. No quartz grains were observed in hand specimen.



Photo 2 - Example of bauxite with low cementation

Upper Bauxite Zone

This bauxite appears to be 'nodular' type bauxite cemented by hematite and gibbsite with PDM dispersed as discrete layers or bands. Cemented bauxite nodules become larger and harder with depth. The bauxite has light-grey, low iron matrix material as random halos around hard nodules. No quartz or sand particles were observed when examined in hand specimen.

The bauxite is generally high in iron in the forms of magnetite and hematite with kaolin decreasing as the bauxite moves away from the hanging wall contact.

Amoebic shaped PDM material and spherical (normal) PDM appear in the harder bauxite as random amoebic blebs and discrete bands. The PDM is glass like in nature and has the appearance of the concentric banding and conchoidal fracturing found in other deposits.



Photo 3- Example of PDM in the hard bauxite layer

Irregular shaped inclusions of argillic and sandy material were randomly distributed throughout the upper bauxite layer but do not form any distinct layers. The material is confined to the upper soft bauxite layer and has the appearance of infilled cracks during surface drying.

It is possible that the entire upper layer is detrital in this pit.



Photo 4 - Example of argillic inclusions in bauxite

Lower Bauxite Zone

The lower bauxite zone is a dark red to yellow hematitic, gibbsitic and PDM bauxite breccia. This layer is often earthy near the top with a small amount of PDM present near the contact with the upper bauxite zone and grades into softer vuggy bauxite with relic crystal textures from the parent volcanic and some sugary gibbsite crystals present in hand specimen. Vughs decrease in size near the basal contact. This bauxite contains less hematite and magnetite than the upper zone and more gibbsite, with kaolin increasing near the lower contact.

Interburden Waste

Interburden Waste is uncommon and has more to do with the resource definition than a geological layer. Interburden Waste occurs in meters where the grade is generally low. The interburden waste commonly has Available Alumina around 10-20% and has usually failed to upgrade as well as the surrounding material.

Table 1. Interburden waste, example of failure to upgrade

CN462			Whole							Screened					
From	To	Sample ID	AvAl ₂ O ₃	RxSiO ₂	Al ₂ O ₃	SiO ₂	Fe ₂ O ₃	LOI	Yield	AvAl ₂ O ₃	RxSiO ₂	Al ₂ O ₃	SiO ₂	Fe ₂ O ₃	LOI
m	m		%	%	%	%	%	%	%	%	%	%	%	%	%
0	1	CN46201	5.1	27.8	32.8	33.7	14.9	15.26	15.1	19.1	6	32	9.07	39.2	15.78
1	2	CN46202	18.4	13.3	34.4	14.35	27.9	18.76	53.6	25.8	4.7	34.5	5.4	34.6	20.65
2	3	CN46203	19.3	11.5	33.8	12.35	28.6	19.43	49.3	26.4	6.3	34.9	7.34	31.5	21
3	4	CN46204	16	12.3	30.6	13	32.7	17.72	37.9	28.4	8.2	38.3	8.53	26.6	22.11
4	5	CN46205	10.7	17.9	29.9	19.3	28.8	16.52	35.3	19.1	12.7	33	13.3	30.2	19.47
5	6	CN46206	11.2	20.2	31.5	21.2	25.7	16.79	32.2	20.4	13.1	35.4	13.9	27.6	19.81
6	7	CN46207	10.6	20.5	30.9	21.3	26.3	16.39	32.8	27.1	11.1	39	11.65	24.3	21.7

The table above shows an example of material which could be included in the resource depending on the cut off grade. This shows material of similar whole grade being screened and some samples upgrading more than others hence some samples make the resource cut off grade and others do not. In reality this layer will need to be treated as a whole and the in a bulk mining setting wet or dry screening is unlikely to achieve the upgrade shown here. Hence interburden waste is not a geological layer but an artifact of the resource modeling process.

Overburden

The overburden consists of 2-3 types. The first type is quartz rich sandy soil, over the majority of the deposit this sandy layer is very thin and contaminated with organic matter and iron pisolitic lag. This layer is usually less than 50cm thick but is difficult to determine from the 1m RC sampling. Towards

deposit FN2 the sandy layer becomes more pure and thicker in the form of a buff-grey well sorted loose quartz sand which could be 1-4m thick but is mostly isolated to the ridge top.

The second type is a yellow quartz rich clay layer, best identified in Pit FRP001. This layer occurs below the loose sandy layer and is usually 1-4m thick when overlying the bauxite layer (can be thicker when not overlying the bauxite). The layer contains a cemented layer of detrital bauxite at the base. The layer is generally well sorted and does not contain sufficient grade to be defined as bauxite, the layer is 30cm -2m thick. The detrital bauxite is poorly understood and difficult to identify in RC drilling with 1m samples. The layer needs to be assayed and assessed on a case by case basis to avoid discarding good ore or dilution of the ore until the layer is better understood. More pit sampling is required.

Footwall waste

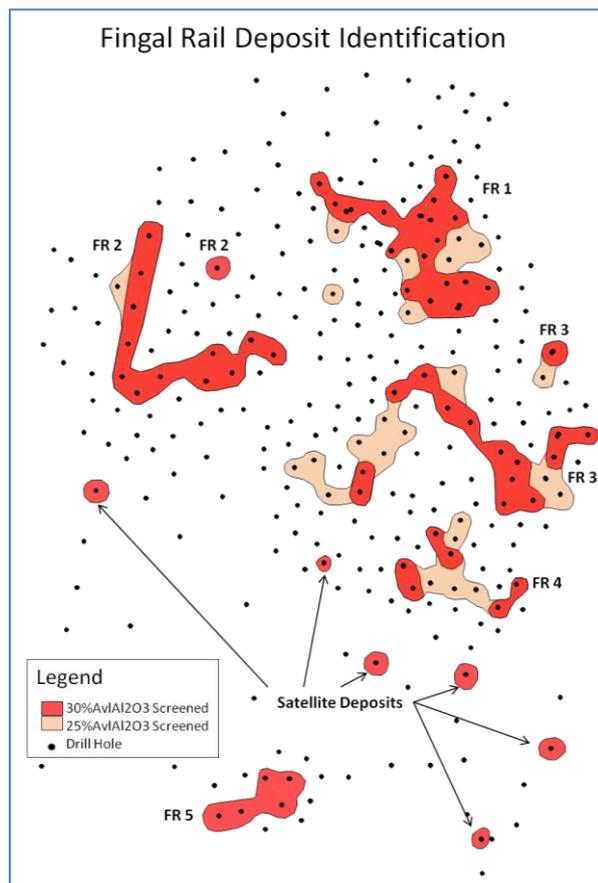
The basal contact at Fingal Rail has not been seen in pit or diamond drilling. Either of these methods would give us a greater understanding of the contact but currently we can only speculate on what we have seen in RC 1 meter samples. From what we have seen; the foot wall contact is gradual with low quality bauxite lumps occurring below the 'solid bauxite layer'. This contact can be sharp or be gradual over many meters; the bauxite in the gradual contact is mostly uneconomic. Sometimes screening of this layer can give some economic bauxite grades but experience from Bald Hill demonstrates that this maybe very difficult to reproduce on a bulk dry screen. A wet screening process which has some form of agitation and break down of lumps may have more success. The gradual contact often has a white clay band 5m below the contact (more often in the southern part of the Fingal Rail area). The material then is a kaolin clay unit with some lumps of highly altered volcanic which then grades into altered volcanic by the 25m mark (see basalt volcanic description).

Cross-section analysis

FR1

FR1 is a lenticular ore body with no specific dip direction but with some internal fluctuations within the ore body possibly due to the old surface topography. FR1 deposited is 200m wide and approximately 470m long, thinning out in the north. FR1 is the thickest of the bauxite deposits at Fingal Rail, at its thickest point it's approximately 10m thick. The shear width and thickness of this deposit means it is the most consistent deposit at Fingal Rail in terms of Grade and Distribution. There are some grade anomalies which are prevalent throughout the Fingal Rail deposits. This will cause some inconsistency in the screening when mining, possibly making it difficult to predict grade and causing some downgrading or dilution.

Map 4. Map indicating names and locations of each deposit



This deposit displays the full range of stratigraphic units seen at Fingal Rail but is primarily made up of the Upper Bauxite layer with a suspected layer of detrital bauxite over much of the deposit. When using an RC drill rig sampling at 1m intervals it is difficult to tell the difference between Detrital Pisolites and a partial meter of the upper bauxite zone in contact with loose clay sediments.

FR2

FR2 has a maximum thickness of 6m. It is slightly dipping south east in some areas but is mostly flat lying. Paleo-topography appears to have had strong controls on the formation of this deposit. The overburden is a very young loose sandy soil. The deposit is 700m long in a distinct 'L' shape with an unknown width. The width of this deposit is currently assumed at 50m but there is little evidence to support this. More drilling of this deposit is absolutely essential as it contributes significant grade and tones but its narrow formation is unusual. This is the highest grade deposit at Fingal Rail and consists of a fairly consistent gibbsite rich (Lower Bauxite Layer only) Bauxite which is very consistent from drill hole to drill hole.

This deposit lacks the upper bauxite layer (lower grade) which could cause dilution and downgrading, hence it's likely to upgrade quite well according to drilling information. The nature of clays within the FR2 ore body is largely unknown and only pit testing will determine if there are any potential issues.

FR3

FR3 is a sporadic highly inconsistent deposit which changes direction, grade and thickness from hole to hole. The grade is highly variable from good grade to marginal. This deposit has the most marginal grade bauxite at Fingal Rail and will probably be the most difficult to mine.

FR3 has a slight dip to the west away from the edge of the plateau. It's approximately 100m width and 800m long in a zig-zag shape with many small outlying satellite deposits between FR3 and FR4. Some of these are single drill holes which have intersected ore.

The thickness varies with some thicker irregular zones occurring through the middle of the deposit. The grade does not specifically correlate with the bauxite thickness. There is a high likelihood of significant dilution and downgrading of this deposit with mining.

All duplicate holes in the area also show the bauxite layer to be very inconsistent.

FR4

FR4 is very similar to FR3 in all aspects, FR4 dips slightly to the west, with the bauxite deposit shaped like a 'T', with economic bauxite is sporadically located at each tip. The ore body is highly discontinuous because of varying sieving upgrade, and less continuous than the map suggests. Even thick bauxite sections appear inconsistent; with very few economic bauxite intersect having more than one hole intersecting the same layer. The economic grades are very patchy with most economic grades only being achieved through sieving from a very low grade precursor. This material is unlikely to be metallurgical grade using 2015 Bald Hill mine processing as standard, because this upgrade is probably not achievable and the recovery is exceptionally poor. A different form of processing is probably required by may still be difficult because of the poor yield.

The deposit is poorly delineated to the south due to lack of bauxite assays. Material logged as bauxite has not been assayed along the best part of this deposit. It is suspected of pinching out along this zone but the sudden stop is due to lack of assays.

FR5

FR5 is a narrow channel of bauxite orientated and dipping in a south westerly direction. The bauxite is partially topographically constrained to the north-east. The formation style and paleo-topography constrains the bauxite to the north-west and south eastern edges of the deposit. The bauxite has not been fully delineated to the south-west, the dip and presence of overburden could mean a small extension in this direction. This was not drilled previously because the deposit was assumed to be flat lying and hence would have not persisted in this direction.

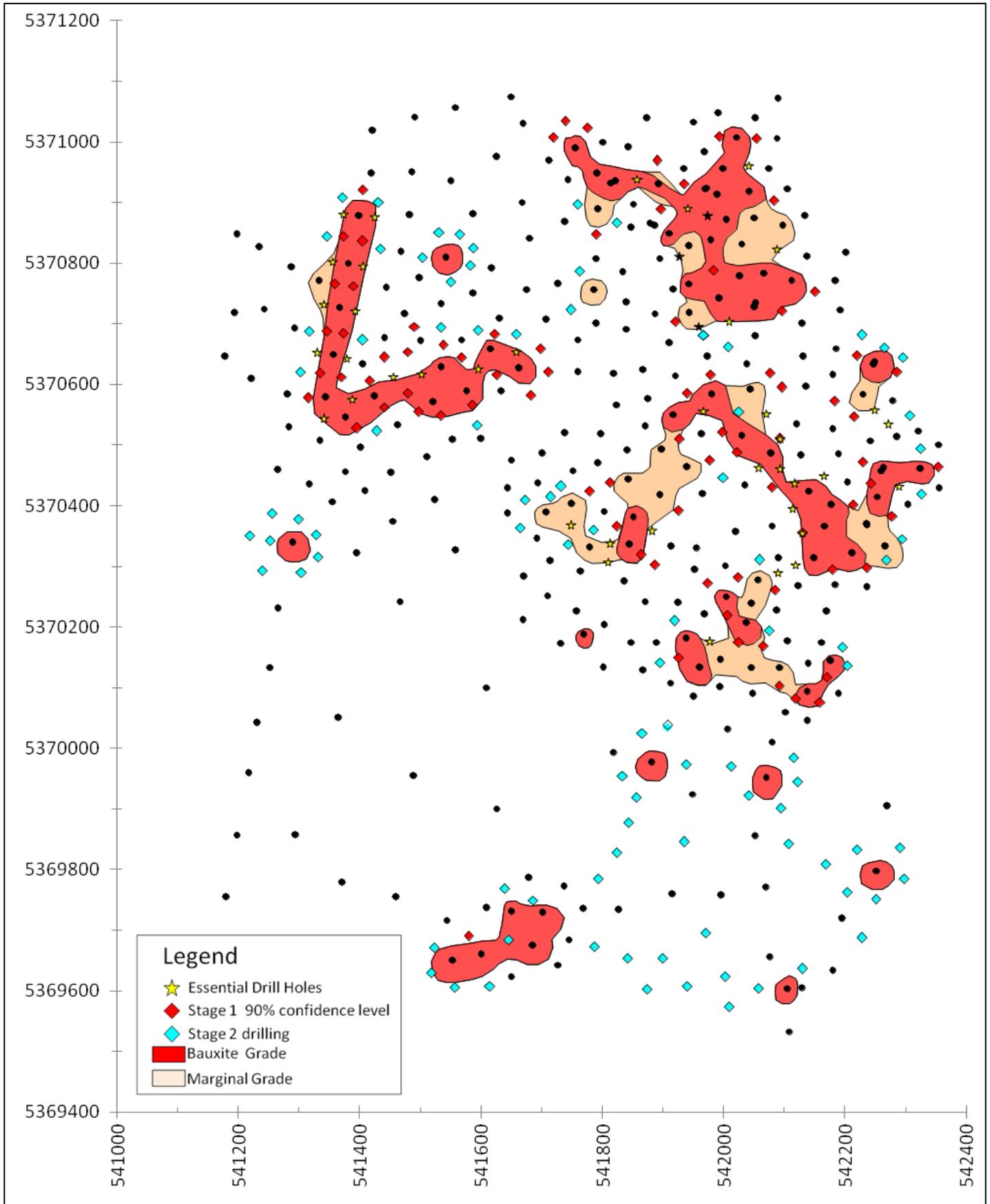
Flora and fauna reported

Two Small Botanical surveys were completed by ECOTAS at Fingal Rail between September 2015 and September 2016. The first of these, assessed rehabilitation at the Fingal Rail 2013 Pit site to monitor rehabilitation and to determine if any threatened species had moved into the area. The assessment found that Rehabilitation was progressing well, follow-up herbicide treatment and/or hand-grubbing (with a small hoe for example) was completed to largely eradicate the extent of these herbaceous weeds on the test pit site. The test pits represent a highly localised disturbance but have the potential to be colonised by pioneer weed species, although the scale of colonisation is limited by the extent of disturbance.

The Second survey was a botanical Clearance survey to determine if any threatened species would be affected by the proposed pit test. No threatened species directly in the pit area will be affected although species growing on main access tracks will be affected.

Desktop assessment - additional drilling at Fingal Rail

Map 5. Recommended drill holes for next drilling program at Fingal Rail



Nile Road

A large botanical survey was completed for this area in late 2015 to capture the spring and summer periods, the goal of this survey was to determine if there were any threatened species which could impede a mining proposal in the area or if mining could cause significant and permanent damage to a threatened species. The field work was completed and the final results are pending.

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. This is an informal process and, as such, no reports or figures have culminated from any recent reviews.

4. DISCUSSION OF RESULTS

During the current reporting period, ABx4 conducted a full assessment of the geology of the Fingal Rail deposit to determine any issues which may arise if the deposit was mined. Preliminary findings identified a large number of potential challenges associated with a mine lease.

Some of these issues include:

1. Narrow ore zones with insufficient drilling in the surrounding area to determine the width of the ore body.
2. High variability of the ore zone in certain areas, a greater drilling density is required, Some test work on optimum drilling spacing and duplicates holes should be completed
3. Dilution from variability of the ore zone.
4. Cut-off grade needs assessment to best meet consumer demand
5. Cost of mining will be greatly increased because of land use and rehabilitation, the requirement for getting a mining lease will also be stricter and ore boundaries will need to be well defined.

Many of these can be overcome with more drilling and pit work over the next reporting period.

The preliminary ecological assessments undertaken for the Nile Road target area by EcoTas identified a number of challenges which will need to be assessed to determine the viability of mining in the area.

6. CONCLUSIONS AND RECOMMENDATIONS

The detailed geological assessment of Fingal Rail showed that significant drilling and pit test work is needed before a DPMP can be confidently applied for. It would be preferable if this work was completed before a mining lease application was made.

The pit work will need to test screening of the deposit although a single pit is suspected to be insufficient to properly test the resource and more than one pit is strongly recommended.

ABx4 is in the process of lodging an application to extend the term of the EL7/2010 exploration licence for a further 12 months along with a consolidation application to combine the Cleveland EL6/2010 with EL7/2010. These applications will be submitted alongside this report

Recommendation for future work include further:

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 bauxite profile.
3. Chemical analyses of samples, including specialist analyses to determine total and available alumina, total and reactive silica, loss on ignition and sieving.
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 bauxite profile.
5. Pit testing of the Fingal Rail target to test mineability of the deposit.
6. Additional drilling at Fingal Rail to delineate the ore body
7. Testing new sample processing techniques to improve silica reduction.
8. Constant monitoring of rehabilitated pit locations.
9. New application for a Mining Lease over the Fingal Rail Deposit.
10. Complete the reporting for the Botanical Survey at Nile Road

7. ENVIRONMENT

Surface Disturbing Operations:

No drilling, surface sampling or any other type of surface-disturbance activities occurred in the current year of tenement.

8. EXPENDITURE

Table 2. Exploration expenditure for EL7/2010 over the 6th annual reporting period.

EL 7/2010 Conara - Expenditure over 6th Year of Tenure	
1. Geoscientific costs	
Geology	\$19,663
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	\$19,663

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

9. REFERENCES

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